

**Implementation of HB 2377, 74<sup>th</sup> Legislature  
Rider 29, HB 1, 76<sup>th</sup> Legislature  
Report to the 77<sup>th</sup> Legislature  
February, 2001**

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**INTRODUCTION**

In January 1997, the initial report on HB 2377 discussed implementation strategies and progress on the delegation of the state's responsibility for planning, coordination and oversight of mental health and mental retardation services to Local Authorities. Since that initial discussion paper, four reports have been submitted related to Rider 34, HB 1, 75<sup>th</sup> Legislature, which have reported the progress of the pilot sites involved in the HB 2377 activities. This report will provide an update on FY 2000 activities.

**IMPLEMENTATION STATUS**

The Local Authority mental health and mental retardation services sites of Austin-Travis County MHMR, Lubbock Regional MHMR, and MHMR of Tarrant County continue to experience considerable success with the implementation of managed care tools such as network development, quality management, utilization management and cost accounting protocols. The pilot program for mental retardation services (MRLA) initiated in the same single Local Authority sites continue to experience success and the program will be expanded to five additional sites which will commence operations on March 1, 2001

**Development of the Authority Rule and the Authority Certification Process**

At the time of the last report, it was recommended that a rule be developed to both codify requirements for local authorities and enable delegation of planning, coordination and oversight responsibilities. The rule will describe the type of entities which will qualify to be local authorities and specify a certification process to ensure that local authorities meet all requirements for governance and business processes. This Authority Rule is currently in development along with a review process by which the department will certify an organization as a local mental health and/or mental retardation authority. Feedback is being obtained from stakeholders as well as from the Local Authority Technical Advisory Committee, which is the Legislatively established committee advising TDMHMR on local authority issues.

During the months of May through August 2000, TDMHMR conducted pilot authority certification reviews (ACR) of five local authorities. Three of these were 2377 pilot sites at Austin Travis County MHMR, MHMR of Tarrant County, Lubbock Regional MHMR. The other two centers, Texas Panhandle MHMR Center and Permian Basin MHMR Center were selected to apply the model to a more rural service area. The results were used to further develop the review process. Protocols and procedures for the certification process are currently under development.

As a further example of the generalized acceptance of the principles and practices evolving from the 2377 pilots, the Executive Directors Consortium of the Texas Council of Community MHMR Centers established a Local Authority Development Committee. This committee will be comprised of cross-functional staff members from centers and the State Authority. The purpose

of the committee is to lead and provide oversight to the Local Authority certification and implementation process.

The pilots are in the process of refining their data management mechanisms with the installation of the revised service grid for both mental health and mental retardation services. The Cost Accounting Methodology (CAM) for mental retardation services continues to be tested with the pilot sites, while the CAM for MH services will be implemented statewide by the end of FY 2001.

### **Mental Retardation Local Authority Pilots (MRLA)**

The Local Authority pilot design for mental retardation services incorporates the recommendations of the Ad Hoc Committee on Mental Retardation and Managed Care. The pilots include requirements that the local mental retardation authorities:

- be the single point of access to services;
- be responsible for service coordination;
- perform assessment, referral, and resource authorization;
- use person-directed planning processes for developing of individual's plans of care; and
- make recommendations for survey/certification of private providers.

The MRLA pilots have been operational under the MRLA Program Waiver since June 1, 1998. Each of the pilot sites has realized cost savings in individuals' plans of care on new enrollees to these waiver services. The average daily plan of care costs for new enrollees in the pilot sites is less than the statewide average for the comparable Home and Community-Based Waiver Services (HCS) program. Choice for consumers has increased through development of a larger number of providers and through the development of comprehensive plans of care through the person-directed planning process. The State Authority continues to survey the Local Authorities on the performance of their functions and continues to use the Human Services Research Institute (HSRI) to evaluate the entire pilot initiative.

The pilot sites for the MRLA waiver included the counties served by the three pilot centers named above. The initial phase of MRLA waiver statewide expansion in March 2001 will encompass the counties served by five additional centers. These are MHMRA of Harris County, Sabine Valley Center, Burke Center, ACCESS and Nueces County MHMR Community Center. Additional phase-in will occur in FY 2002 and 2003 until all remaining local authorities are converted to the MRLA waiver model. As the MRLA waiver expands geographically, the HCS and HCS-O waiver participants will be transferred into the MRLA waiver and the HCS and HCS-O waivers will be phased out.

## **Planning**

### **Local and Network Planning**

Both a local plan and a closely related network plan are required of each authority. The FY 2001 performance contracts for mental health and mental retardation authorities require the submission of a two (2) year local plan. This biannual frequency will align local planning with the state authority's strategic planning cycle. Local plans are developed through the utilization of local planning advisory committees. The Network Advisory Committee (NAC) is responsible for influencing the development and content of the network plan, which must also reflect community, consumer, and family input. The Network Advisory Committee is critical to the process of establishing fairness and objectivity as it relates to developing and managing the network of providers. The network plan embraces the managed care principles inherent in HB

2377 and applies these concepts and business practices to achieve the goals of the local plan. The local plan identifies the needs and priorities of the community and the network plan reflects the strategies the authority intends to utilize to address those needs and priorities.

## **Coordination**

### **Separation of Authority and Provider Systems**

To ensure objectivity, each of the pilots reorganized its organizational structure to separate authority functions (governance, business systems, public advisory mechanisms and planning) from service provider functions.

For mental health services, the pilots achieved varying degrees of separation between their authority and internal staff provider divisions. The separate pilots developed slightly different processes to reflect objective and fair mechanisms for procurement and determination of best value. Each pilot continues to evolve its processes for ensuring objectivity and determining best value particularly as it relates to whether the Local Authority "staff provider network" is the system of provider services that reflects best value for the public dollar.

There have been no challenges to the authority and provider separation approach for mental health services. Private providers have been able to work with the Local Authority and share in the provision of services.

After four years of implementation, concerns regarding possible conflicts of interest have not surfaced from providers. This lack of activity may indicate that there is not as much demand by private providers to provide services to our priority population as was projected in 1996.

The MRLA model requires a more specialized separation of authority and provider functions in that all service coordination services, including individual planning and service authorization, are performed by the local authority for both public and private waiver programs in their local service area. Consumers are allowed to choose among all qualified providers for authorized services, with the provision of a cap on the number of persons who may be served by the public provider. Consumers who have any newly authorized slots may only choose from among private providers.

## **Oversight**

### **Accountability**

Fiscal and programmatic accountability measures for the HB 2377 pilots have been enhanced since the beginning of the project. Increased local and network planning activities, network and public advisory committee processes, and improved business procedures in the areas of contract management, cost accounting, quality management, and utilization management have contributed towards improving accountability. The pilots continue to evolve performance indicators around

- access, e.g., time from first contact to assessment, authorization timeframes.
- choice, e.g., number of credentialed providers, number of resolved provider change requests
- quality, e.g., percent of resolved consumer complaints, consumer and provider satisfaction surveys, and

- cost effectiveness, e.g., Cost Accounting Methodology Reports.

The importance of implementing the managed care business practices evolved in the 2377 Pilots has been underscored by the development of the Technical Assistance Project of the Texas Council of Community MHMR Centers, which is assisting almost all centers in local implementation and development of these practices.

### **Cost Accounting Methodology (CAM)**

A cost accounting methodology was developed within the single pilot sites to

- promote standardized definitions of service and administrative costs,
- assist Local Authorities in determining overall best value, and
- assist the State Authority in making more accurate cost comparisons.

The cost accounting methodology rollout has required local authorities to reprogram their information systems to map to the standardized service grid. The implementation of this methodology requires some software and procedural changes for each Local Authority. The FY 2001 performance contract schedules the initial reporting on the cost accounting methodology for all local authorities. A phase-in of full implementation statewide for mental health services is required. The pilot sites continue to refine the process for cost accounting for MR services. The pilot sites have fully implemented the cost accounting methodology in FY 2001.

Implementation of the CAM requires that all local authorities collect and report data at the service encounter level, which provides much greater detail concerning service density than does CARE assignment data. In recognition of the fact that all centers will be able to report encounter level data, the state authority requested, as an exceptional LAR item, the increased capacity in its data system to utilize these data in system management and local authority oversight.

### **Quality Management**

All Local Authorities continue to develop their quality management programs to implement data based systems which provide management and advisory groups with the information needed to make decisions concerning improvement of the quality of services delivered to consumers. Improved information management systems have facilitated the availability of valid data about providers and the services they deliver. These data allow evaluation of provider performance to become a useful tool both in giving providers the information needed for improvement, as well as for shaping the network by discontinuing contracts with providers who are unable to make improvements.

### **Pilot Performance Indicators**

For mental health and mental retardation services, the pilots continue to collect measures related to access (e.g., time from first contact to assessment), choice (e.g., number of providers), quality (e.g., resolved consumer complaints), and cost (e.g., direct care cost). In addition, they collect value-added measures, such as additional resources accessed and managed.

Examples of specific mental retardation performance indicators are

- the ability of the Local Authority's person-directed planning process to identify what services are needed and desired,
- the ability of service coordinators to perform the identified functions, and
- the Local Authority's ability to perform its required functions, such as individual assessment, and the development of individual plans of care and resource authorization.

The success of these functions will be measured through evaluations performed by the Human Services Research Institute of Cambridge, Massachusetts, through a separate evaluation conducted with funds from a Robert Woods Johnson Foundation grant, and through comparisons of cost and utilization review data from the Department's own Medicaid Administration Unit. The first report, concerning Service Coordination, has been completed. Another report from key informants is in draft form, and two others, Service Costs and Survey of Consumers and Family members, are in development, with anticipated delivery of preliminary reports within three months.

### **Summary**

The processes learned from HB 2377 has moved from conceptual to planned statewide implementation. As the Local Authority Rule is developed and implemented, along with the Authority Certification Review process, this statewide implementation will be accomplished. The expansion of the MRLA program into all areas of the state is scheduled for implementation over the next biennium

### **RECOMMENDATION**

Continue the integration of HB 2377 processes into the system through the TXMHMR Performance Contract and the adoption of the Local Authority Rule.

Refine a certification process to ensure that each Local Authority has the systems in place to ensure responsibilities delegated by the State Authority will be fulfilled.