

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 533.031, Health and Safety Code, is  
6 amended by adding Subdivisions (4), (5), (6), (7), and (8) to read  
7 as follows:

23 SECTION 2. Section 533.035, Health and Safety Code, is  
24 amended by amending Subsections (a), (c), and (e) and adding

1 Subsections (b-1) and (e-1) to read as follows:

2       (a) The executive commissioner shall designate a local  
3 mental health authority and a local mental retardation authority in  
4 one or more local service areas. The executive commissioner  
5 ~~[board]~~ may delegate to the local authorities the ~~[board's]~~  
6 authority and responsibility of the executive commissioner, the  
7 commission, or a department of the commission related to [for the]  
8 planning, policy development, coordination, including coordination  
9 with criminal justice entities, resource allocation, and resource  
10 development for and oversight of mental health and mental  
11 retardation services in the most appropriate and available setting  
12 to meet individual needs in that service area. The executive  
13 commissioner may designate a single entity as the local mental  
14 health authority and the local mental retardation authority for a  
15 service area.

16       (b-1) This subsection expires September 1, 2009, and  
17 applies only to the determination of payment methodologies for  
18 mental health services and not to rate setting or the payment rates  
19 for intermediate care facilities for the mentally retarded, Section  
20 1915(c) waiver programs, mental retardation service coordination,  
21 and other Medicaid services. Before the Department of State Health  
22 Services institutes a change in payment methodology for mental  
23 health services, the department shall:

24       (1) evaluate various forms of payment for services,  
25 including fee-for-service, case rate, capitation, and other  
26 appropriate payment methods to determine the most cost-effective  
27 and efficient form of payment for services;

1                   (2) evaluate the effect of each proposed payment  
2                   methodology on:

3                   (A) the availability of services in urban and  
4                   rural service areas;

5                   (B) the availability of services for persons who  
6                   are indigent;

7                   (C) the cost certainty of the delivery of  
8                   Medicaid rehabilitation mental health services; and

9                   (D) the ability of the local mental health  
10                   authority to meet unique local needs and develop and manage a  
11                   network of providers;

12                   (3) determine the implementation and ongoing  
13                   operational costs for the state and local mental health authorities  
14                   associated with each proposed payment methodology;

15                   (4) develop an implementation plan, with the advice  
16                   and assistance of the local authority network advisory committee,  
17                   for any new payment methodology for mental health services that  
18                   integrates the department's findings under Subdivisions (1), (2),  
19                   and (3); and

20                   (5) report the department's findings and the  
21                   implementation plan for any new payment methodology for mental  
22                   health services to the executive commissioner and the legislature  
23                   not later than January 1, 2009.

24                   (c) A local mental health and mental retardation authority,  
25                   with the [department's] approval of the Department of State Health  
26                   Services or the Department of Aging and Disability Services, or  
27                   both, as applicable, shall use the funds received under Subsection

1       (b) to ensure mental health, mental retardation, and chemical  
2 dependency services are provided in the local service area. The  
3 local authority shall consider public input, ultimate  
4 cost-benefit, and client care issues to ensure consumer choice and  
5 the best use of public money in:

6               (1) assembling a network of service providers; ~~and~~

7               (2) making recommendations relating to the most  
8 appropriate and available treatment alternatives for individuals  
9 in need of mental health or mental retardation services; and

10               (3) procuring services for a local service area,

11 including a request for proposal or open-enrollment procurement  
12 method.

13               (e) Subject to Section 533.0358, in [In] assembling a  
14 network of service providers, a local mental health ~~and mental~~  
15 ~~retardation~~ authority may serve as a provider of services only as a  
16 provider of last resort and only if the local authority  
17 demonstrates to the department in the local authority's local  
18 network development plan that:

19               (1) the local authority has made every reasonable  
20 attempt to solicit the development of an available and appropriate  
21 provider base that is sufficient to meet the needs of consumers in  
22 its service area; and

23               (2) there is not a willing provider of the relevant  
24 services in the local authority's service area or in the county  
25 where the provision of the services is needed.

26               (e-1) A local mental retardation authority may serve as a  
27 provider of ICF-MR and related waiver programs only if:

1                   (1) the local authority complies with the limitations  
2 prescribed by Section 533.0355(d); or

3                   (2) the ICF-MR and related waiver programs are  
4 necessary to ensure the availability of services and the local  
5 authority demonstrates to the commission that there is not a  
6 willing ICF-MR and related waiver program qualified service  
7 provider in the local authority's service area where the service is  
8 needed.

9                   SECTION 3. Section 533.0351, Health and Safety Code, is  
10 amended to read as follows:

11                   Sec. 533.0351. LOCAL AUTHORITY NETWORK [TECHNICAL]  
12 ADVISORY COMMITTEE. (a) [In this section, "local authority" means  
13 a local mental health or mental retardation authority.

14                   [b] The executive commissioner shall establish a  
15 [nine-member] local authority network advisory committee to advise  
16 the executive commissioner and the Department of State Health  
17 Services on technical and administrative issues that directly  
18 affect local mental health authority responsibilities.

19                   (b) [c] The committee is composed of equal numbers of  
20 representatives of local mental health authorities, community  
21 mental health service providers, private mental health service  
22 providers, local government officials, advocates for individuals  
23 with mental health needs, consumers of mental health services,  
24 family members of individuals with mental health needs, and other  
25 individuals with expertise in the field of mental health [and one  
26 member representing the public] appointed by the executive  
27 commissioner. In addition, the executive commissioner may appoint

1    facilitators to the committee as necessary. In appointing the  
2    members, the executive commissioner shall also ensure a balanced  
3    representation of:

4                    (1) different regions of this state;  
5                    (2) rural and urban counties; and  
6                    (3) single-county and multicounty local mental health  
7    authorities.

8                    (c) Members [(d) ~~Except for the member representing the~~  
9    ~~public, members~~] appointed to the advisory committee must have some  
10   knowledge of, familiarity with, or understanding of [expertise in]  
11   the day-to-day operations of a local mental health authority.

12                   (d) [←] The advisory committee shall:

13                   (1) review rules and proposed rules and participate in  
14   any negotiated rulemaking process related to local mental health  
15   authority operations;

16                   (2) advise the executive commissioner and the  
17   Department of State Health Services regarding evaluation and  
18   coordination of initiatives related to local mental health  
19   authority operations;

20                   (3) advise the executive commissioner and the  
21   Department of State Health Services [~~and assist the department~~] in  
22   developing a method of contracting with local mental health  
23   authorities that will result in contracts that are flexible and  
24   responsive to:

25                   (A) the needs and services of local communities;  
26   and  
27                   (B) the department's performance expectations;

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1 (4) coordinate with [and monitor the activities of]  
2 work groups whose actions may affect local mental health authority  
3 operations;

4 (5) report to the executive commissioner and the  
5 Department of State Health Services [board] on the committee's  
6 activities and recommendations at least once each fiscal quarter;  
7 and

8 (6) work with the executive commissioner or the  
9 Department of State Health Services as the executive commissioner  
10 directs.

11           (e) [f] For any written recommendation the committee  
12 makes to the Department of State Health Services [department], the  
13 department shall provide to the committee a written response  
14 regarding any action taken on the recommendation or the reasons for  
15 the department's inaction on the subject of the recommendation.

16                         (f) The [ (g) Except as provided by this subsection, the]  
17 committee is subject to Chapter 2110, Government Code, except that  
18 the committee is not subject to Section 2110.004 or 2110.008,  
19 Government Code. The committee is abolished [automatically] on  
20 September 1, 2017 [2007], unless the executive commissioner [board]  
21 adopts a rule continuing the committee in existence beyond that  
22 date.

1 SECTION 4. Subchapter B, Chapter 533, Health and Safety  
2 Code, is amended by adding Section 533.03521 to read as follows:

3 Sec. 533.03521. LOCAL NETWORK DEVELOPMENT PLAN CREATION AND  
4 APPROVAL. (a) A local mental health authority shall develop a  
5 local network development plan regarding the configuration and  
6 development of the local mental health authority's provider  
7 network. The plan must reflect local needs and priorities and  
8 maximize consumer choice and access to qualified service providers.

9 (b) The local mental health authority shall submit the local  
10 network development plan to the Department of State Health Services  
11 for approval.

12 (c) On receipt of a local network development plan under  
13 this section, the department shall review the plan to ensure that  
14 the plan:

15 (1) complies with the criteria established by Section  
16 533.0358 if the local mental health authority is providing services  
17 under that section; and

18 (2) indicates that the local mental health authority  
19 is reasonably attempting to solicit the development of a provider  
20 base that is:

21 (A) available and appropriate; and

22 (B) sufficient to meet the needs of consumers in  
23 the local authority's local service area.

24 (d) If the department determines that the local network  
25 development plan complies with Subsection (c), the department shall  
26 approve the plan.

27 (e) At least biennially, the department shall review a local

1       mental health authority's local network development plan and  
2       determine whether the plan complies with Subsection (c).

3           (f) As part of a local network development plan, a local  
4       mental health authority annually shall post on the local  
5       authority's website a list of persons with whom the local authority  
6       had a contract or agreement in effect during all or part of the  
7       previous year, or on the date the list is posted, related to the  
8       provision of mental health services.

9           SECTION 5. Section 533.0355, Health and Safety Code, is  
10       amended to read as follows:

11           Sec. 533.0355. LOCAL       MENTAL       RETARDATION       AUTHORITY  
12       RESPONSIBILITIES ~~[ALLOCATION OF DUTIES UNDER CERTAIN MEDICAID~~  
13       ~~WAIVER PROGRAMS]~~. (a) The executive commissioner shall adopt  
14       rules establishing the roles and responsibilities of local mental  
15       retardation authorities ~~[In this section, "waiver program" means~~  
16       ~~the local mental retardation authority waiver program established~~  
17       ~~under the state Medicaid program]~~.

18           (b) In adopting rules under this section, the executive  
19       commissioner must include rules regarding the following local  
20       mental retardation authority responsibilities:

21                (1) access;  
22                (2) intake;  
23                (3) eligibility functions;  
24                (4) enrollment, initial person-centered assessment,  
25       and service authorization;  
26                (5) utilization management;  
27                (6) safety net functions, including crisis management

1       services and assistance in accessing facility-based care;  
2               (7) service coordination functions;  
3               (8) provision and oversight of state general revenue  
4       services;  
5               (9) local planning functions, including stakeholder  
6       involvement, technical assistance and training, and provider  
7       complaint and resolution processes; and  
8               (10) processes to assure accountability in  
9       performance, compliance, and monitoring. ~~A provider of services~~  
10    ~~under the waiver program shall:~~  
11               ~~(1) develop a person-directed plan and an individual~~  
12       ~~program plan for each person who receives services from the~~  
13       ~~provider under the waiver program;~~  
14               ~~(2) perform justification and implementation~~  
15       ~~functions for the plans described by Subdivision (1);~~  
16               ~~(3) conduct case management under the waiver program,~~  
17       ~~other than case management under Subsection (c)(3), in accordance~~  
18       ~~with applicable state and federal laws; and~~  
19               ~~(4) plan, coordinate, and review the provision of~~  
20       ~~services to all persons who receive services from the service~~  
21       ~~provider under the waiver program.]~~  
22               (c) In determining eligibility under Subsection (b)(3), a  
23       local mental retardation authority must offer a state school as an  
24       option among the residential services and other community living  
25       options available to an individual who is eligible for those  
26       services and who meets the department's criteria for state school  
27       admission, regardless of whether other residential services are

1 available to the individual.

2       (d) In establishing a local mental retardation authority's  
3       role as a qualified service provider of ICF-MR and related waiver  
4       programs under Section 533.035(e-1), the executive commissioner  
5       shall require the local mental retardation authority to:

6           (1) base the local authority's provider capacity on  
7       the local authority's August 2004 enrollment levels for the waiver  
8       programs the local authority operates and, if the local authority's  
9       enrollment levels exceed those levels, to reduce the levels by  
10       attrition; and

11           (2) base any increase in the local authority's  
12       provider capacity on:

13                (A) the local authority's state-mandated  
14       conversion from an ICF-MR program to a Section 1915(c) waiver  
15       program allowing for a permanent increase in the local authority's  
16       provider capacity in accordance with the number of persons who  
17       choose the local authority as their provider;

18                (B) the local authority's voluntary conversion  
19       from an ICF-MR program to a Section 1915(c) waiver program allowing  
20       for a temporary increase in the local authority's provider  
21       capacity, to be reduced by attrition, in accordance with the number  
22       of persons who choose the local authority as their provider;

23                (C) the local authority's refinancing from  
24       services funded solely by state general revenue to a Medicaid  
25       program allowing for a temporary increase in the local authority's  
26       provider capacity, to be reduced by attrition, in accordance with  
27       the number of persons who choose the local authority as their

provider; or

(D) other extenuating circumstances that:

(i) are monitored and approved by the  
Disability Services;

(ii) do not incl

unnecessarily promote the local authority's provider role over its role as a local mental retardation authority; and

(iii) may include increases necessary to accommodate a family-specific or consumer-specific circumstance and choice [A local mental retardation authority shall:

[ (1) ~~manage any waiting lists for services under the waiver program;~~

[ (2) perform functions relating to consumer choice and enrollment for persons who receive services under the waiver program; and

[ (3) conduct case management under the waiver program relating to funding disputes between a service provider and the local mental retardation authority ]

[ (d) The department shall perform all administrative functions under the waiver program that are not assigned to a service provider under Subsection (b) or to a local mental retardation authority under Subsection (c). Administrative functions performed by the department include:

[ (1) any surveying, certification, and utilization review functions required under the waiver program; and

[ (2) managing an appeals process relating to decisions that affect a person receiving services under the waiver program].

1                   (e) Any increase based on extenuating circumstances under  
2 Subsection (d)(2)(D) is considered a temporary increase in the  
3 local mental retardation authority's provider capacity, to be  
4 reduced by attrition [The department shall review:

5                   [(1) ~~screening and assessment of levels of care;~~  
6                   [(2) ~~case management fees paid under the waiver~~  
7 ~~program to a community center; and~~  
8                   [(3) ~~administrative fees paid under the waiver program~~  
9 ~~to a service provider~~].

10                  (f) At least biennially, the Department of Aging and  
11 Disability Services shall review and determine the local mental  
12 retardation authority's status as a qualified service provider in  
13 accordance with criteria that includes the consideration of the  
14 local authority's ability to assure the availability of services in  
15 its area, including:

16                  (1) program stability and viability;  
17                  (2) the number of other qualified service providers in  
18 the area; and  
19                  (3) the geographical area in which the local authority  
20 is located [The department shall perform any function relating to  
21 inventory for persons who receive services under the waiver program  
22 and agency planning assessments].

23                  (g) The Department of Aging and Disability Services shall  
24 ensure that local services delivered further the following goals:  
25                  (1) to provide individuals with the information,  
26 opportunities, and support to make informed decisions regarding the  
27 services for which the individual is eligible;

1                   (2) to respect the rights, needs, and preferences of  
2                   an individual receiving services; and

3                   (3) to integrate individuals with mental retardation  
4                   and developmental disabilities into the community in accordance  
5                   with relevant independence initiatives and permanency planning  
6                   laws. [The review required under Subsection (c) must include a  
7                   comparison of fees paid before the implementation of this section  
8                   with fees paid after the implementation of this section. The  
9                   department may adjust fees paid based on that review.]

10                  [(h) The department shall allocate the portion of the gross  
11                  reimbursement funds paid to a local authority and a service  
12                  provider for client services for the case management function in  
13                  accordance with this section and to the extent allowed by law.]

14                  [(i) The department may adopt rules governing the functions  
15                  of a local mental retardation authority or service provider under  
16                  this section.]

17                  SECTION 6. Subchapter B, Chapter 533, Health and Safety  
18                  Code, is amended by adding Sections 533.0357, 533.0358, and  
19                  533.0359 to read as follows:

20                  Sec. 533.0357. BEST PRACTICES CLEARINGHOUSE FOR LOCAL  
21                  MENTAL HEALTH AUTHORITIES. (a) In coordination with local mental  
22                  health authorities, the department shall establish an online  
23                  clearinghouse of information relating to best practices of local  
24                  mental health authorities regarding the provision of mental health  
25                  services, development of a local provider network, and achievement  
26                  of the best return on public investment in mental health services.]

27                  (b) The department shall solicit and collect from local

1       mental health authorities that meet established outcome and  
2       performance measures, community centers, consumers and advocates  
3       with expertise in mental health or in the provision of mental health  
4       services, and other local entities concerned with mental health  
5       issues examples of best practices related to:

6               (1) developing and implementing a local network  
7       development plan;

8               (2) assembling and expanding a local provider network  
9       to increase consumer choice;

10               (3) creating and enforcing performance standards for  
11       providers;

12               (4) managing limited resources;

13               (5) maximizing available funding;

14               (6) producing the best client outcomes;

15               (7) ensuring consumers of mental health services have  
16       control over decisions regarding their health;

17               (8) developing procurement processes to protect  
18       public funds;

19               (9) achieving the best mental health consumer outcomes  
20       possible; and

21               (10) implementing strategies that effectively  
22       incorporate consumer and family involvement to develop and evaluate  
23       the provider network.

24               (c) The department may contract for the services of one or  
25       more contractors to develop, implement, and maintain a system of  
26       collecting and evaluating the best practices of local mental health  
27       authorities as provided by this section.

1        (d) The department shall encourage local mental health  
2 authorities that successfully implement best practices in  
3 accordance with this section to mentor local mental health  
4 authorities that have service deficiencies.

5        (e) Before the executive commissioner may remove a local  
6 mental health authority's designation under Section 533.035(a) as a  
7 local mental health authority, the executive commissioner shall:

8            (1) assist the local mental health authority in  
9 attaining training and mentorship in using the best practices  
10 established in accordance with this section; and  
11            (2) track and document the local mental health  
12 authority's improvements in the provision of service or continued  
13 service deficiencies.

14        (f) Subsection (e) does not apply to the removal of a local  
15 mental health authority's designation initiated at the request of a  
16 local government official who has responsibility for the provision  
17 of mental health services.

18        (g) The department shall implement this section using only  
19 existing resources.

20        (h) The Department of State Health Services shall ensure  
21 that a local mental health authority providing best practices  
22 information to the department or mentoring another local mental  
23 health authority complies with Section 533.03521(f).

24        Sec. 533.0358. LOCAL MENTAL HEALTH AUTHORITY'S PROVISION OF  
25 SERVICES AS PROVIDER OF LAST RESORT. (a) A local mental health  
26 authority may serve as a provider of services under Section  
27 533.035(e) only if, through the local network development plan

1 process, the local authority determines that at least one of the  
2 following applies:

3                   (1) interested qualified service providers are not  
4 available to provide services or no service provider meets the  
5 local authority's procurement requirements;

6                   (2) the local authority's network of providers does  
7 not provide a minimum level of consumer choice by:

8                   (A) presenting consumers with two or more  
9 qualified service providers in the local authority's network for  
10 service packages; and

11                   (B) presenting consumers with two or more  
12 qualified service providers in the local authority's network for  
13 specific services within a service package;

14                   (3) the local authority's provider network does not  
15 provide consumers in the local service area with access to services  
16 at least equal to the level of access provided as of a date the  
17 executive commissioner specifies;

18                   (4) the combined volume of services delivered by  
19 qualified service providers in the local network does not meet all  
20 of the local authority's service capacity for each service package  
21 identified in the local network development plan;

22                   (5) the performance of the services by the local  
23 authority is necessary to preserve critical infrastructure and  
24 ensure continuous provision of services; or

25                   (6) existing contracts or other agreements restrict  
26 the local authority from contracting with qualified service  
27 providers for services in the local network development plan.

1        (b) If a local mental health authority continues to provide  
2        services in accordance with this section, the local authority shall  
3        identify in the local authority's local network development plan:  
4                (1) the proportion of its local network services that  
5        the local authority will provide; and  
6                (2) the local authority's basis for its determination  
7        that the local authority must continue to provide services.

8        Sec. 533.0359. RULEMAKING FOR LOCAL MENTAL HEALTH  
9        AUTHORITIES. (a) In developing rules governing local mental  
10      health authorities under Sections 533.035, 533.0351, 533.03521,  
11      533.0357, and 533.0358, the executive commissioner shall use  
12      rulemaking procedures under Subchapter B, Chapter 2001, Government  
13      Code.

14        (b) The executive commissioner by rule shall prohibit a  
15      trustee or employee of a local mental health authority from  
16      soliciting or accepting from another person a benefit, including a  
17      security or stock, a gift, or another item of value, that is  
18      intended to influence the person's conduct of authority business.

19        SECTION 7. Sections 533.035(f) and (g), Health and Safety  
20      Code, are repealed.

21        SECTION 8. If before implementing any provision of this Act  
22      a state agency determines that a waiver or authorization from a  
23      federal agency is necessary for implementation of that provision,  
24      the agency affected by the provision shall request the waiver or  
25      authorization and may delay implementing that provision until the  
26      waiver or authorization is granted.

27        SECTION 9. Not later than January 1, 2008, the Health and

1 Human Services Commission shall submit a report to the governor,  
2 the lieutenant governor, and the speaker of the house of  
3 representatives that includes:

4 (1) whether a waiver from a federal agency is  
5 necessary for implementation of any provision of this Act and, if a  
6 waiver is necessary, the date the commission applied for that  
7 waiver or will apply for the waiver; and

8 (2) any other information the commission finds  
9 relevant regarding the implementation of Sections 533.035,  
10 533.0351, 533.03521, 533.0355, 533.0357, and 533.0358, Health and  
11 Safety Code, as amended or added by this Act, by local mental health  
12 and mental retardation authorities.

13 SECTION 10. Not later than November 1, 2007, the executive  
14 commissioner of the Health and Human Services Commission shall  
15 re-create and appoint the members of the local authority network  
16 advisory committee under Section 533.0351, Health and Safety Code,  
17 as amended by this Act.

18 SECTION 11. This Act takes effect immediately if it  
19 receives a vote of two-thirds of all the members elected to each  
20 house, as provided by Section 39, Article III, Texas Constitution.  
21 If this Act does not receive the vote necessary for immediate  
22 effect, this Act takes effect September 1, 2007.

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President of the Senate

Speaker of the House

I certify that H.B. No. 2439 was passed by the House on April 26, 2007, by the following vote: Yeas 142, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2439 on May 17, 2007, by the following vote: Yeas 133, Nays 1, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2439 was passed by the Senate, with amendments, on May 15, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor