

1-1 By: Sparks, Blanco, Perry S.B. No. 513  
1-2 (In the Senate - Filed November 26, 2024; February 3, 2025,  
1-3 read first time and referred to Committee on Health & Human  
1-4 Services; March 24, 2025, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;  
1-6 March 24, 2025, sent to printer.)

1-7	COMMITTEE VOTE			
1-8		Yea	Nay	Absent
1-9	Kolkhorst	X		PNV
1-10	Perry	X		
1-11	Blanco			X
1-12	Cook	X		
1-13	Hall	X		
1-14	Hancock	X		
1-15	Hughes	X		
1-16	Miles	X		
1-17	Sparks	X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 513 By: Perry

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to a rural community-based care pilot program.  
1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
1-23 SECTION 1. Chapter 264, Family Code, is amended by adding  
1-24 Subchapter B-2 to read as follows:  
1-25 SUBCHAPTER B-2. RURAL COMMUNITY-BASED CARE PILOT PROGRAM  
1-26 Sec. 264.181. DEFINITIONS. In this subchapter:  
1-27 (1) "Catchment area" has the meaning assigned by  
1-28 Section 264.152.  
1-29 (2) "Community-based care" means the provision of  
1-30 child welfare services in accordance with state and federal child  
1-31 welfare goals by a community-based nonprofit or local governmental  
1-32 entity under the pilot program.  
1-33 (3) "Eligible rural region" means a catchment area for  
1-34 which the department requested but did not receive bids, proposals,  
1-35 or other applicable expressions of interest to implement  
1-36 community-based care under Subchapter B-1 in which at least  
1-37 two-thirds of the counties comprising the area have a population of  
1-38 50,000 or less.  
1-39 (4) "Pilot program" means a rural community-based care  
1-40 pilot program implemented under this subchapter.  
1-41 Sec. 264.182. IMPLEMENTATION OF PILOT PROGRAM. The  
1-42 department, in partnership with a lead entity selected under  
1-43 Section 264.183, shall develop and implement a rural  
1-44 community-based care pilot program in an eligible rural region to:  
1-45 (1) implement a community-based model of child welfare  
1-46 services and increase community engagement in the child welfare  
1-47 system;  
1-48 (2) improve outcomes for children and families by  
1-49 expanding the availability of child welfare services and promoting  
1-50 innovation in the delivery of child welfare services to children  
1-51 and families; and  
1-52 (3) develop a sustainable, replicable model for the  
1-53 provision of child welfare services in rural areas.  
1-54 Sec. 264.183. QUALIFICATIONS OF LEAD ENTITY; SELECTION;  
1-55 PROCUREMENT. (a) To enter into a contract with the department to  
1-56 serve as a lead entity to provide services under this subchapter, an  
1-57 entity must be:  
1-58 (1) a nonprofit entity that has a board of directors  
1-59 composed entirely of residents of the catchment area; or  
1-60 (2) a local government entity.

(b) In selecting a lead entity, the department shall consider whether a prospective contractor has:

- (1) strong community support and partnerships;
- (2) demonstrated experience leading collaborative initiatives in the region; and
- (3) the capacity to coordinate with local community organizations to serve children and families.

(c) The department shall request local stakeholders in an eligible rural region to provide any necessary information about the region that will assist the department in:

- (1) preparing the department's request for bids, proposals, or other applicable expressions of interest to provide community-based care in the eligible rural region; and
- (2) selecting a lead entity to provide community-based care in the eligible rural region.

(d) The department's request for bids, proposals, or other applicable expressions of interest to provide community-based care in the eligible rural region may include, in a single request, services to develop the pilot program model and implement the pilot program.

(e) Notwithstanding any other law and to address the unique challenges of providing community-based care to rural areas of this state in an efficient manner the department may:

- (1) procure, as a single procurement, services to develop a pilot program model under Section 264.184(a) and implement the pilot program under Section 264.184(b); and
- (2) separately procure the services of the independent evaluator under Section 264.194.

Sec. 264.184. PILOT PROGRAM MODEL AND IMPLEMENTATION SCHEDULE; AUTHORITY. (a) The department, in partnership with the lead entity, shall develop a pilot program model that includes a timeline, with identified funding, for implementing community-based care in the eligible rural region and that addresses:

- (1) the following services for families and children:
  - (A) family-based services to ensure child safety and prevent entry into foster care;
  - (B) family preservation services, as defined by Section 262.401;
  - (C) case management;
  - (D) foster care and kinship care services;
  - (E) adoption and post-adoption services;
  - (F) transition services for youth aging out of foster care; and
  - (G) any additional services necessary to meet the needs of children and families in the region;
- (2) the development of and coordination with a diverse network of service providers, including faith-based organizations, local mental health authorities, and others to ensure comprehensive service delivery;
- (3) the development and implementation of innovative approaches to improve outcomes for children and families;
- (4) any identified geographic disparities in service availability and access in the region's child welfare system;
- (5) the creation and oversight of a quality assurance system; and
- (6) the implementation of a system to manage financial risks and resources, including state and federal funds.

(b) To implement the pilot program model developed under Subsection (a), a lead entity may:

- (1) develop and implement policies and procedures regarding the provision of community-based care within the scope of applicable law and consistent with department policies and procedures, unless waived under Section 264.189;
- (2) allocate resources as needed to meet community needs; and
- (3) enter into contracts with service providers, including contracts for case management services.

Sec. 264.185. COMMUNITY ALLIANCE. (a) The department and

lead entity shall establish a community alliance or similar group of stakeholders to provide a forum for community participation and governance of community-based care under the pilot program. The department and lead entity shall collaborate with:

(1) local families with lived experience in the child welfare system;

(2) local representatives from sectors related to the child welfare system, including the judiciary, education, and health care; and

(3) other community stakeholders.

(b) The duties of the community alliance or similar group of stakeholders described by Subsection (a) shall include:

(1) joint planning with the department and lead entity regarding resource utilization in the community, including resources appropriated to the department and any funds provided by local funding sources for that purpose;

(2) conducting needs assessments and establishing of community priorities for service delivery;

(3) determining community outcome goals to supplement state-required outcomes;

(4) serving as a catalyst for community resource development, including:

(A) identifying existing programs, services, and assistance available from community- and faith-based organizations;

(B) encouraging the development and increased availability of programs, services, and assistance available from community- and faith-based organizations; and

(C) informing the department and the lead entity of programs, services, and assistance available from community- and faith-based organizations and working to facilitate the lead entity's use of the available resources;

(5) providing for community education and advocacy regarding issues related to delivery of services; and

(6) promoting family preservation services.

Sec. 264.186. DEVELOPMENT OF FUNDING AND RESOURCES. (a) The department shall seek input from the lead entity regarding the feasibility of a capitated funding model for the provision of services under the pilot program. If the department determines that a capitated funding model is feasible, the department shall develop a capitated funding model that provides a fixed rate of funding per child receiving services under the pilot program.

(b) Regardless of whether the department implements a capitated funding model under Subsection (a), the department shall ensure that the funding model for the pilot program:

(1) accounts for the additional costs of providing services to geographically dispersed populations in rural areas, including:

(A) increased transportation costs;

(B) challenges in achieving economies of scale in the provision of services;

(C) increased costs for recruiting and retaining qualified staff in rural areas; and

(D) costs related to building and maintaining service provider networks in rural areas;

(2) includes financial risk-sharing mechanisms;

(3) incentivizes desired outcomes and cost savings;

(4) supports innovation;

(5) allows for the reinvestment of cost savings into the program; and

(6) allows the lead entity to flexibly allocate funds within the scope of applicable law.

(c) The department shall pursue leveraging various funding sources, including state and federal funds, to implement and sustain the pilot program.

Sec. 264.187. DATA MANAGEMENT AND INFORMATION SHARING. (a) The department shall determine the feasibility of implementing an integrated electronic case management system for community-based care provided under the pilot program that:

(1) allows for real-time case management;  
 (2) facilitates coordination among service providers;  
and  
 (3) supports outcome tracking and reporting.

(b) Regardless of whether the department implements an integrated electronic case management system, the department shall:

(1) provide to the lead entity technical support and access to data as necessary to facilitate implementation of a data management system for effective case management and service coordination;

(2) ensure secure and efficient information sharing with stakeholders; and

(3) support outcome tracking and reporting through existing or modified systems.

(c) The department shall establish protocols related to any data management and information-sharing systems used for the pilot program to ensure:

(1) privacy and security of data; and

(2) the efficient sharing of information.

Sec. 264.188. WORKFORCE DEVELOPMENT. The department, in collaboration with the lead entity, shall incorporate into the pilot program a workforce development plan that includes:

(1) strategies that address rural workforce challenges, including strategies for recruiting and retaining child welfare professionals;

(2) training programs aligned with best practices in child welfare; and

(3) career advancement opportunities.

Sec. 264.189. WAIVERS. To implement the pilot program, the lead entity may apply to the commissioner of the department for a waiver from any department policy or procedure that governs the provision of child welfare services. The commissioner shall adopt a procedure for the application for a waiver described by this section.

Sec. 264.190. CONFLICT RESOLUTION PROCESS. The department and lead entity shall establish a formal process for resolving conflicts or disputes that arise related to the pilot program.

Sec. 264.191. CHANGE ORDER PROCESS. (a) The department shall request any change to the contracted scope of work of the lead entity related to the pilot program in writing. The request must include:

(1) a detailed explanation of the proposed change and reasons for the proposed change; and

(2) a comprehensive cost analysis for implementing the proposed change that includes:

(A) the source of funding for the proposed change; or

(B) if funding sufficient to implement the change is not available, an explanation of how existing requirements will be modified for the cost of the proposed change to fit into the existing budget.

(b) A change request under this section is subject to negotiation between the lead entity and the department. The lead entity may reject any proposed change that is not adequately funded or substantially alters the provision of community-based care under the contract executed between the department and the entity, unless the change is required by federal or state law or court order or is necessary to ensure child health or safety. In the event of a dispute between the department and the entity regarding a proposed change or the funding for the change, the department and lead entity shall follow the conflict resolution process described by Section 264.190.

(c) This section may not be construed to limit or restrict the authority of the department to include necessary oversight measures and review processes in a contract under this subchapter to maintain compliance with federal and state requirements. The department retains responsibility for the quality of contracted services and programs and shall ensure that, at a minimum, services

are delivered in accordance with applicable state and federal law.

(d) A lead entity and its subcontractors must comply with each applicable court order:

(1) issued in a suit regarding a child for whom the lead entity or its subcontractors have assumed case management responsibilities; or

(2) imposing a requirement on the department that relates to contracted functions assumed by the lead entity or its subcontractors.

Sec. 264.192. CONFIDENTIALITY. Subchapter C, Chapter 261, of this code and Chapter 552, Government Code, apply to the records of a lead entity or its subcontractors that relate to the provision of community-based care under the pilot program in the same manner as the records of the department.

Sec. 264.193. PRIVILEGED COMMUNICATION. The lead entity and its employees, agents, and representatives are client's representatives of the department for purposes of the attorney-client privilege under Rule 503, Texas Rules of Evidence, as that privilege applies to communications with a prosecuting attorney or other attorney representing the department or that attorney's representative in a proceeding under this subtitle.

Sec. 264.194. POST-IMPLEMENTATION INDEPENDENT EVALUATION. (a) The department shall contract with an independent evaluator with expertise in child welfare and the delivery of child welfare services in rural areas to conduct a comprehensive evaluation of the pilot program. The department shall consult with the lead entity and the entities described by Section 264.185(a) when selecting the independent evaluator.

(b) The independent evaluator shall assess:

(1) the outcomes for children and families receiving services under the program;

(2) the cost-effectiveness of the program;

(3) the effectiveness of the community-based care approach to providing child welfare services in rural areas;

(4) community engagement and satisfaction with the program;

(5) program implementation fidelity; and

(6) any systemic changes made in provision of child welfare services in the region under the program.

(c) The department and the lead entity shall cooperate with the evaluation process and provide the independent evaluator all necessary data and information to conduct the evaluation required by this section.

(d) The department, lead entity, and entities described by Section 264.185(a) shall review the independent evaluator's findings under Subsection (b) and develop an action plan to address any areas for improvement identified by the independent evaluator.

Sec. 264.195. PROGRAM DEVELOPMENT REPORT. Not later than January 1, 2027, the department shall submit a report to the legislature regarding the pilot program model developed under this subchapter. The department shall implement the pilot program only if the pilot program is sufficiently funded.

Sec. 264.196. ANNUAL IMPLEMENTATION REPORT. Not later than December 1, 2028, and annually thereafter, the department shall submit a report to the legislature relating to the implementation of the pilot program that includes:

(1) the findings of the independent evaluator under Section 264.194, if applicable, including any recommendations from the independent evaluator for improving and expanding the pilot program;

(2) information about each denied waiver under Section 264.189, including the reason for denial; and

(3) a detailed account of each agreed-upon change order under Section 264.191 that includes an explanation of:

(A) the change and the reason for the change; and

(B) the cost of funding the change and how the cost was addressed.

Sec. 264.197. RULEMAKING. The department may adopt rules necessary to implement this subchapter.

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