"Tropical Texas Behavioral Health improves the lives of people with behavioral health needs through the efficient and effective provision of quality services delivered with respect, dignity, cultural sensitivity, and a focus on recovery."

STRATEGIC PLAN
FY 2016
CONTENTS

I. EXECUTIVE SUMMARY

- The Fiscal Year (FY) 2016 Strategic Plan for Tropical Texas Behavioral Health (TTBH) reflects the legislative session that started in January 2015. It is anticipated that this recent session will bring additional funding for the behavioral health wait list, crisis services, supported housing services, and funding for dual diagnosis substance abuse detox services. TTBH leadership continues to proactively plan for possible funding opportunities. South Texas is an area of significant population growth and there is a corresponding growing demand for TTBH services. With the assistance of the additional funding to remove people from the waiting list, more people will have access to TTBH services. TTBH has been an active participant in the Centers for Medicare and Medicaid Services (CMS)/Texas Health and Human Services (HHSC) Healthcare Transformation and Quality Improvement Program 1115 demonstration waiver. The waiver is transforming the health care delivery system for low income Texans, increasing access to quality preventative primary and behavioral health care services as a means to improve both individual and system level outcomes while containing cost growth. TTBH is monitoring and reporting on fifteen projects to the regional health plan.

  As Tropical Texas Behavioral Health continues to lead in the innovative management and provision of healthcare for our local communities, the Center follows its Mission Statement: "Tropical Texas Behavioral Health improves the lives of people with behavioral health needs through the efficient and effective provision of quality services delivered with respect, dignity, cultural sensitivity, and a focus on recovery." This mission is indicative of the Center's total commitment to providing healthcare services that will improve the quality of life for the individuals served.

  The Center has established goals and objectives to act as a guide in achieving our mission. Information was collected through the analysis of the internal/external environments and organizations, as well as consulting groups. This Strategic Plan will provide guidance for promoting linkage and cohesion among the various functional components of outcome based quality management, business and utilization management plans. TTBH is proud of the accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF) which commenced in August of 2008. As of the August 2014 CARF survey the following programs are accredited: Assertive Community Treatment-Mental Health Adults; Outpatient Treatment-Mental Health Adults; Outpatient Treatment-Mental Health Children and Adolescents; Governance: Crisis Services; and MH Case Management. Tropical has more service lines accredited by CARF than any other Texas Community MHMR Center.

  The goals and objectives for the operational strategies fall under the following categories:

  - □ Management of Human Resources
  - □ Management of Fiscal Resources

- □ Management of Service Delivery
- □ Management of 1115 Waiver Projects
- □ Standards Compliance
- □ Community Relations

These goals will be continuously reassessed due to the constant change in the healthcare system throughout the state and across the nation. Progress on goals and objectives will be published for review by, and celebrated with, agency employees and stakeholders. This progress will also be presented and reviewed by the Board of Trustees on a regular and on-going basis. Many improvements have been realized by Tropical Texas Behavioral Health during the preceding twelve months, and many more opportunities for improvement exist. Undertaking the activities outlined in this strategic plan will result in the achievement and accomplishment of the goals/objectives and, ultimately, lead to fulfillment of the Center Vision Statement - "Tropical Texas Behavioral Health continues its commitment to excellence and will be an innovative provider of comprehensive and compassionate recovery-oriented services to individuals with behavioral health needs. We will treat all stakeholders with honesty, fairness and respect."

II. OVERVIEW

A. STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT analysis)

Strengths

1. Dedication to clients
2. Quality of service provision
3. Financial position
4. Solid relationships with local stakeholders
5. Lean organization – administrative overhead costs low
6. Adaptable/flexible staff
7. Change oriented
8. High level of client satisfaction
9. Understanding numerous external requirements
10. Advocate on behalf of clients
11. Involvement in the community and MHMR system, viewed as leaders and a valuable resource, statewide.
12. Integrity
13. Strong productivity of staff
14. New/renovated facilities
15. CARF accreditation of key programs
16. Expanded crisis services
17. Expanded funding for local in-patient psychiatric care
18. Innovative use of technology
19. Fully electronic health record (EHR)

20. Involvement in State and National improvement projects (Wraparound, ASIST, COPSD, Recovery)
21. Certified ASIST training site
22. Continued improvement in compensation package
23. Commitment and hard work of our improvement teams
24. Expanded funding for waiting list reduction, telemedicine, supported housing, peer services, and co-occurring psychiatric and substance use disorder services
25. New funding for substance abuse detox program, primary (integrated) care, chronic care management, peer drop-in centers, and mental health officer team.

Weaknesses

1. Limited physical environment (Space)
2. Under served area/recruitment challenges for licensed master level staff and physicians
3. Bureaucracy (reporting requirements, external audits, etc.)
4. Border Issues/Poverty
5. Transportation
6. Continual increasing demand for services

Opportunities

1. Current 1115 Medicaid Transformation Waiver projects
2. Improvement in financial position
3. Improvement in service delivery
4. Leadership development
5. Employee engagement
6. Improve use of information systems to support and track performance improvement
7. Increase in funding
8. Improve employee satisfaction
9. Development of TTBH intranet and ability to complete online applications
10. Diversify funding streams
11. Network Development
12. Federal Healthcare Reform-Affordable Care Act
13. Medical school expansion and psychiatric residency program
14. Strengthen supervisory training
15. Develop better mentoring program
16. Substance Abuse Services

Threats

1. Medicaid reform-managed care
2. Economy
3. Increased demands of regulatory environment/contracts (targets, 10% withholding for clinical outcomes, PASRR, etc)
4. Federal Deficit Changes in Hospital Bed Utilization
5. Changes in Local Political Environment

6. State budget concerns
7. Federal Healthcare Reform-Affordable Care Act
8. Increase in forensic beds leading to a decrease in civil beds
9. Movement of case management, rehabilitation and IDD services to managed care in the future
10. Expansion of IDD service coordination for community first choice

B. VISION STATEMENT

Tropical Texas Behavioral Health continues its commitment to excellence and will be an innovative provider of comprehensive and compassionate recovery-oriented services to individuals with behavioral health needs. We will treat all stakeholders with honesty, fairness and respect.

C. MISSION STATEMENT

Tropical Texas Behavioral Health improves the lives of people with behavioral health needs through the efficient and effective provision of quality services delivered with respect, dignity, cultural sensitivity, and a focus on recovery.

D. PHILOSOPHY/CORE VALUES:

Ethical Tropical Texas Behavioral Health (TTBH) is committed to abide by all honest, legal and moral principles in its operations.

Competent TTBH is committed to providing efficient and quality services through qualified, trained and credentialed professional staff.

Trustworthy TTBH is committed to responsibly provide an organized system of care through the careful and planned expenditure of all available resources.

Dedicated TTBH is committed to the caring support of the individuals it is privileged to serve.

Quality TTBH is committed to the provision of excellent customer service driven by the needs of all people it serves.

Advocate TTBH is committed to furthering the interests of those served and to help them lead meaningful lives as members of the community. This includes helping them to achieve their right to belong, to be valued, to participate and to make meaningful contributions.

Resiliency & Recovery TTBH is committed to using evidence based practices which ensures the provision of interventions with empirical support to eliminate or manage symptoms and promote recovery.

III. STRATEGIC ACTION PLAN:

1. Function and Purpose: **Management of Human Resources**

Evidenced by the development and maintenance of an effective management team; maintaining staffing levels that ensure appropriate quality of services and safety for consumers; providing an effective mechanism for staff orientation and ongoing training and development; and ensuring that a positive and growth-oriented system of employee performance and evaluation is developed and implemented.

		NOT MET (No score)	MEETS	score 1	EXCEEDS	score 2	COMMENDABLE	score 3
A.	Staff satisfaction survey results are positive and compare to national benchmarks. (5pt scale, 5 is highest)							
	A.1. Score on "Grand Mean"	< 3	3.0 - 3.24		3.25 - 3.59		3.6 +	
B.	Employee turnover is minimized in:							
	B.1. Employees overall	> 27%	23.6-27%		20.01-23.5%		< 20%	
	B.2. % of total FTE separations w/ < 1 year tenure	> 50%	50%-46.99%		47% - 43%		<43%	
	B.3. % of total FTE separations w/ 1 - 2 yrs tenure	> 39%	39%-34.01%		34% - 29%		<29%	
C.	Number of adverse HR related outcomes	> 2	2		1		0	
D.	Supervisor Training: number of trainings	< 3	3		4		5+	
E.	Hiring timeliness: ave # of days from posting to hiring authority selection	> 30	30 - 26	-	25 - 20	-	< 20	
F.	Minimize average number of vacant posted positions	> 51	50-46		45 - 40		< 40	

Function and Purpose:

Management of Fiscal Resources

FY2016

An acceptable annual fiscal audit is approved by the Board of Trustees (Board); acceptable controls in place for management of Center funds with timely reporting of financial status to the Board; and the development and implementation of a balanced operating budget (major funding reductions outside of the Center's control will be taken into consideration if applicable).

		NOT MET (No score)	MEETS	score 1	EXCEEDS	score 2	COMMENDABLE	score 3
A	Identified financial indicators (across FY):							
	1. Debt Service Coverage Ratio	< 1	1.25 - 1.5		1.5 - 1.75		1.76+	
	2. Days of Operating Reserve	< 60	60 - 90		91 - 99		100 +	
	3. Acid Test Ratio	< .25	.25 - 2.0		2 - 2.74		2.75 +	
	4. Current Ratio	< 1.75	1.75 - 4.0		4.01 - 4.25		4.26 +	
B	Medicaid and other 3rd party claims							
	1. Average days in A/R	120+	119 - 91		90 - 61		60 or less	
	2. % of Medicaid/Medicare claims billed in 30 days	< 70%	70% - 79.9%		80% - 89.9%		90% +	
	3. Collections of Billed Claims	< 80%	80% - 84.99%		85% - 89.99%		90% +	
C	Administrative/indirect cost control	11.6% +	11.5% - 11.1%		11% - 10.5%		less than 10.5%	
D	Consumer benefits - average # of applications submitted/month	< 35	35-36.99		37-39.99		40+	
E	E.H.R. system functional (downtime in hours/year) Unscheduled, based on 2080 work hours, all users	<98.27% (36hrs+)	98.27-98.84% (25-36 hours)		98.85-99.419% (13-24 hours)		99.42%+ (0-12 hours)	
F.	Reduce energy consumption system wide, calculated per square foot	< 1%	1 - 1.99%		2 - 2.99%		3% +	

3. Function and Purpose: **Management of Service Delivery Systems** FY2016

Includes the implementation of systems for long and short-range planning; maintenance services designed to meet the needs of the consumers the system serves. All systems are effective and efficient and incorporates a quality assurance evaluation and improvement program.

		NOT MET (No score)	MEETS	score 1	EXCEEDS	score 2	COMMENDABLE	score 3
	Program Services / Chief Operating Officer							
A.	Client Satisfaction (based on national benchmarks, 3=good, 5=excellent).							
	1. MH services - Overall, Outcome and Reputation	≤ 2.9	3.0 - 3.5		3.51 - 3.99		4 +	
	2. IDD services - Overall, Outcome and Reputation	≤ 2.9	3.0 - 3.5		3.51 - 3.99		4 +	
B.	Clinical Outcomes							
	1. % of adults with a jail booking match	> 11.5%	11.01 - 11.5		10.47 - 11 %		< 10.46 %	
	2. % of enrollment dates met for HCS/TxHmLvg Waivers	< 90%	90 - 92%		93 - 96%		96%+	
	3. Adult Community Tenure	< 96	96- 96.3 %		96.4 - 97 %		> 97%	
	4. Kids Community Tenure	< 97.5 %	97.5-98%		98.1-98.6 %		> 98.6 %	
	5. Adult Monthly Svc Provision	<94.5	94.5-94.9		95-95.5		>95.5	
	6. Kids Monthly Svc Provision	<64.5	64.5-64.9		65-65.5		>65.5	
	7. % adults with reliable improvement	<15	15-19		20-25		>25	
	8. % kids with reliable improvement	<20	20-24		25-30		>30	
	9. % of adults with independent employment	<9.8	9.8-10		10.01-10.2		>10.2	
	10. % of TTBH crisis patients who avoid in-patient treatment for at least 30 days.	< 75%	75 - 77.5 %		77.51 - 79.99 %		80 % +	
	11. % of TTBH adults admitted to in-patient care 3+ times in 180 days	> 0.3 %	0.29 - 0.27 %		0.274 - 0.25 %		< 0.25 %	

C.	**Prescribers (MDs and APNs) / UM / Chief Medical Officer**				
	1. % of prescriptions transmitted electronically	< 75%	75 - 84.99%	85 - 94.99%	95% +
	2.% of FTE prescribers reaching productivity goals	< 30 %	30-39.99%	40-54.99%	55% +
	3.% of FTE prescribers reaching quality target	< 70%	70 - 79.99%	80 - 89.9%	90% +
	4.Pharmacy - Average medication cost per client per visit	> $175	$175 - $151	$150 - $126	< $126
E.	PESC Utilization target	< 750	750 - 774	775 - 799	800 +
F.	SIC Utilization (average bed days)	more than 10	7 - 8	8 - 9	9 - 10

4. Function and Purpose: Management of 1115 Waiver Projects

Includes the development, implementation, and management of program systems for the Medicaid 1115 Waiver projects

	NOT MET (No score)	MEETS	score 1	EXCEEDS	score 2	COMMENDABLE	score 3
1. Behavioral Health Expansion - Number of xports of uninsured unduplicated persons to necessary svcs	< 2200	2200-2300		2301-2400		2400+	
2. Number of COPSD encounter/services	< 3500	3500-4000		4001-4500		4501+	
3. Expand telemedicine use, electronic consultations	< 4624	4624-5017		5018-5411		5412+	
4. Primary AND behavioral care svcs provided (number of patients)	< 1000	1000-1248		1249-1497		1498+	
b. % of these patients w/3rd party payor source	< 10%	10-12.49%		12.5 - 14.9%		15%+	
5. MH Officer Program - service contacts	< 1800	1800-1962		1963-2125		2126+	
6. TTBH conducted medical clearances	< 300	300-356		357-413		414+	

7. Peer support services - number receiving services (unique clients served?)	< 1750	1750-1800		1801-1850		1851+	
8. Peer drop in centers - number of participants (unique clients served?)	< 558	558-575		576-600		601+	
9. IDD crisis intervention - number receiving service	< 500	500-623		624-747		748+	
10. Mobile clinic service - # of encounters	< 405	405-468		469-532		533+	
11. Subst abuse detox - # rec service unduplicated	< 221	221-245		246-270		271+	
12. Weslaco OP Expansion - Add'l unique indigent persons admitted to svcs over FY13 baseline	< 450	450-506		507-563		563+	

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5. Task and Purpose: **Standards Compliance**

Demonstrated by ensuring all programs and services are operated in compliance with state contracts, appropriate regulations, standards and laws, Texas Administrative Code, rules, public responsibility laws, Mental Health Code, etc; and by ensuring the Center performs acceptably on evaluation site visits such as Quality Assurance / Program / Fiscal Reviews, CARF surveys, etc.

	NOT MET (No score)	MEETS	score 1	EXCEEDS	score 2	COMMENDABLE	score 3
A. External Reviews of TTBH Services							
A.1. Plans of Correction submitted on time	< 90%	90 - 95.99%		96 - 99.99%		100%	
A.2. # of external audits with significant deficiencies cited and confirmed (repeat findings, imm jeopardy)	> 2	2		1		0	
B. Internal Reviews of TTBH Services							
B.1. Plans of Correction submitted on time	< 90%	90 - 95.99%		96 - 99.99%		100%	
B.2. # of internal audits with significant deficiencies cited and confirmed	> 2	2		1		0	
C. Total annual valid/confirmed sanctions or penalties from DSHS or DADS are minimized	> $35,001	$25,001-$35,000		$25,000-$15,001		$0 - $15,000	
D. Quality Assurance audits of network/contracted services (inpatient and outpatient services) # of audits per year and completion of any indicated follow-up	< 3	3 - 4	-	4 - 6	-	7 +	

BUSINESS PLAN for FY 2016-2017

Introduction

The purpose of Tropical Texas Behavioral Health's (Center) *Business Plan* is to identify financial mechanisms that can be used to respond to fluctuations in the Center's revenues in ways that least affects the level and quality of services the Center provides its consumers. The *Business Plan* includes long-term strategies for dealing with reasonably predictable revenue and expense fluctuations and shorter-term strategies that are more effective in addressing unusual, unpredictable, or time-limited budgetary issues as they arise.

The dualistic long-term/short-term approach enables us to make the best use of current resources while we prepare for leaner times while operating within a fee-for-service environment. It maximizes our flexibility in responding to changes in our financial environment without having to reduce or eliminate programs and services when such changes occur.

The Center's primary revenue source is state general revenue received through contracts with the Department of State Health Services (DSHS) and the Department of Aging and Disability Services (DADS). The revenue is state appropriated every biennium and is dependent on the legislative funding of the appropriation request submitted by the Health & Human Services Commission. The 84th Legislative session increased funding for Mental Health services and also increased the targets for the Center.

The most significant challenge facing the Center is the monumental growth we are seeing while trying to address the increasing demands regarding service targets and external reviews of the consumer and financial data.

Goals & Objectives

Many of the goals and objectives included in the FY 2016 *Strategic Plan* have financial implications. Collaboration by program and financial staff is essential to achieve successful outcomes for the various goals and objectives. Below is a list of Program and Services, and Administrative Support that need to be provided to meet goals and objectives.

1. Program and Services:
    - Elimination of wait lists
    - Client satisfaction surveys
    - Client Treatment Hours
    - Reductions in pharmacy costs
    - Technology Upgrades
    - Clinical Outcomes
    - Inpatient Hospitalization usage
    - Maximize the usage of the 1115 Waiver Programs

2. Administrative Support
   - Maintain a minimum operating fund balance of 60-101days.
   - Increase the efficiency of the third-party claims billing and collection processes so that a minimum of Medicaid claims are billed within 30 days of service and 100% of the federal Medicaid revenue is collected within 90 days.
   - Keep administrative costs below 10.5%
   - Reduce energy consumption center-wide
   - Minimize employee turnover, hiring timeliness and # of posted vacant positions

Environmental Considerations

Programs and Services

Mental Health
The shift to a fee-for-service model has presented many challenges for the mental health programs under the Texas Resilience and Recovery (TRR) model and provider of last resort initiatives for both Mental Health (MH) and Intellectual Developmental Disabilities (IDD) programs. Many of the required services performed by the Center have no payor source other than state general revenue while other services are not covered due to server credentials. Based on the FY 2015 financial assessments 95.3% of our clients are living below the Federal poverty level, and therefore do not have the ability to pay for services. The rates paid for eligible services at this time are consistent with the Medicaid rates. Those rates are based on historical cost. The rates set for mental health services are based on services performed primarily by community mental health centers and tend to be more consistent with the Center's actual cost.

Card Services
In March 2012, Medicaid Managed care was expanded into the Center's catchment area. Five insurance companies were awarded contracts to provide managed care programs to clients currently enrolled in the State Medicaid program. The Center secured contracts with each of the managed care insurance companies in the area. There have not been any considerable changes in the reimbursement rates. In FY 2016, the Diagnostic and Statistical Manual of Mental Disorders (DSM) was updated and is to be followed starting in October 2015. In addition to the DSM, International Statistical Classification of Diseases (ICD) was changed from ICD-9 to ICD-10. The reimbursement impact to the Center due to these changes is still unknown.

Rehab and Case Management
Medicaid reimbursement rates include a federal and a state portion. Prior to FY 2010, the state portion was sent to the state directly and the state would then allocate it down to the centers with the state general revenue funds. From 2010 thru 2014 the Center has been receiving both the state and federal portions directly. Medicaid services are paid at 100% of the published rate and reconciliation is done to settle any differences between the state portion and the federal portion. Reimbursement is scheduled to change again in September 2014. On that date, these services will be reimbursed by the Medicaid Managed Care insurance companies (MCOs). We anticipate that this change will have an impact on the cash flow as it will take longer to receive payment for

services rendered; however, Tropical performs well on these types of services and anticipates an increase in revenue---changes occurred with the Service Request Form in which MCOs were not able to deny deviation requests.

Local Planning and Network Development (LPND)

The FY 2016 Local Planning and Network Development (LPND) Cycle begins on November 16, 2015. Networks developed through this process will not serve individuals who are covered by Medicaid Managed Care. LMHAs must conduct a new assessment of provider availability for 2016. Contracting with individuals practitioners is not included in the Local Provider Network Development planning process. Provider organizations can register their interest in contracting with one or more LMHAs through the DSHS website or by contacting an LMHA directly. DSHS will forward Provider Inquiry forms to LMHAs as they are submitted. If there are no provider organizations interested in providing a full level of care or specialty services, an LMHA is not required to develop a procurement plan. The Local Network Development Plan does not restrict an LMHA from pursuing other opportunities for contracting with providers. LMHAs are not required to obtain community input before developing the revised plan. The draft plan must be posted for public comment for at least 30 days. The Planning and Network Advisory Committee (PNAC) must be actively involved in the development of the Local Provider Network Development Plan. Current plans are due on March 1, 2016.

YES Waiver Services

Youth Empowerment Services (YES) waiver program includes services for Children and Adolescents at risk of being removed from their families or at risk of parental relinquishment due entirely to the parents not being equipped to properly provide for their severe emotionally disturbed children. The YES waiver program provides for: Art; Music; Animal Assisted, and Recreational Therapies; Community Living Supports; Family, and Paraprofessional Services; Supported Employment, and Employment Assistance; Respite; Adaptive Aids, and Minor Home Modifications. This program also provides a one-time pre-engagement service and a one-time transitional service coordination service for the youth who are aging out of services.

The rates we pay to external providers are based on the published rates from the Texas Health and Human Services Commission.

TTBH is currently recruiting external providers for all available services. We have received positive feedback from the families who have a child or youth in the program and these families are seeing the positive impact on their lives and behaviors.

Supported Housing

TTBH has three Supported Housing Programs; Long Term, Short Term, and Tenant Based Rental Assistance. In the short term, program rental and utility assistance are available for up to 3 months for individuals who are literally or marginally homeless. Assistance with housewares and other necessities is also available in this program, however the clients must provide evidence of attempt to access assistance from at least 3 resources in the community without success prior to being admitted into this program.

In the long term program rental and utility assistance may be provided for up to 12 months and is only available to those who are homeless. Assistance with the costs of necessary housewares and furniture is available through this program.

In the tenant based rental assistance program rental subsidies are available for up to 24 months while the household engages in a self-sufficiency program geared to increase income and achieve housing stability. This program is available to clients meeting Federal low-income or disability guidelines and the amount of the subsidy available depends upon the client's income and the fair market rental standards.

Intellectual Developmental Disabilities (IDD)

The Center actively practices “person directed planning” which provides for consumers and their families to select the provider of their choice. Center staff provides employment services and augments the contracted services to avoid gaps in service. The increase in external providers led to a shift within the Center’s IDD Services department to contract monitoring and compliance.

Respite, Community Support and Day Habilitation Services
The rates set for Home & Community Services (HCS), and Texas Home Living (TxHmL) services are based on services performed primarily by private providers. The costs for the private providers tend to be lower than the costs for community IDD centers due to authority functions required by the community centers. In 2016, TTBH adjusted the paid rates to the private providers to 100% of the direct rate for Foster Care, 90% of the total rate for most of the Day Habilitation services and 90% of the direct rate on all other services. These rates are based upon the rates published by Texas Health and Human Services Commission. These rates are extended to the general revenue clients receiving similar services. DADS continues to release both TxHmL and HCS slots for GR clients to move into. This will shift general revenue to Medicaid revenues.

Service Coordination
Currently the Center is paid based on encounters defined as Type A and Type B. Only one Type A encounter will be paid a month at $92.80 and up to three Type B encounters will be paid at $30 each. This will be capped based on the number of unduplicated census for the year. Senate Bill 7 from the 2013 Texas Legislature directs HHSC to provide Medicaid acute care services to people who have Intellectual and Developmental Disabilities (IDD) through a managed care system. The change will apply to individuals determined to have IDD who are Medicaid eligible. They may live in a community-based Intermediate Care Facility for Individuals with Intellectual Disabilities or Related Conditions (ICF-IID) or receive services through an ICF-IID waiver program. Individuals who live in state supported living centers and those who receive both Medicaid and Medicare benefits are not included in this initiative. For individuals enrolled in managed care, STAR+PLUS will provide the acute care Medicaid services and DADS will continue to provide long term services and supports. This change took effect on September 1, 2014, and TTBH has not seen much of an effect due to this latest change.

Community First Choice (CFC)
Community First Choice (CFC) provides certain services and supports to individuals living in the community who are enrolled in the Medicaid program and meet CFC eligibility requirements. Services and supports may include:

- daily living (eating, toileting, and grooming), independent living in the community, and health-related tasks (personal assistance services);
- acquisition, maintenance, and enhancement of skills necessary for the individuals to care for themselves and to live independently in the community (habilitation);
- provide a backup system or ways to ensure continuity of services and supports (emergency response services); and
- train people how to select, manage and dismiss their own attendants (support management).

Staff Productivity
Client Treatment Hours

Success in a fee-for-service environment is dependent on staff productivity. Productivity targets were implemented in FY 2006. Productivity measures are reported on the 12-month Cost Accounting Methodology (CAM) report submitted to DADS and DSHS. In addition, the Cerner/Anasazi software system is used to measure and report productivity against established targets. Staff are held accountable for meeting established targets and are eligible for both team based and individual financial incentives for meeting and/or exceeding targets. Improvements have been noted as staff is continually meeting or exceeding targets.

An incentive program was developed to coincide with the productivity initiative. Individual performance has been monitored since 2006. Individual performance was replaced by a group incentive program during the summer of 2007 and continues today. Incentives paid in FY 2015 were $149,404 and for FY 2016 we have budgeted $144,000 for incentives.

The TTBH Physician incentive program was revised in 2011 in order to attract staff. The quarterly incentive in place was changed to a yearly incentive. In 2015, 5 physicians were eligible for the incentive for a total incentive payment of $94,000. In 2014, The Center added a quality measure in addition to the quantity measure.

Technology

In response to a national accreditation requirement, the Center has begun conducting an annual technology assessment, and updating or replacing equipment as necessary.

A significant portion of services are delivered in the community. The staff providing these services use laptop computers while in the community to increase their efficiency. Technology demands have shifted to keep pace with the change. Currently, TTBH uses Anasazi software system for both clinical and financial services. During 2015 the center implemented a new time and attendance system from Kronos, and we will be moving to a new HR system within the next year. During 2016 the center will be converting the fiscal system from Cerner to another software due to the fact that Cerner will no longer be supporting the Fiscal or HR systems. The clinical system is a vital component of the service delivery system, especially with the Center's continued improvement to its electronic medical record. To ensure that the system is dependable and reliable, Management Information System (MIS) staff schedule promotions and enhancements after hours. Promotions / enhancements are completed regularly.

Training sessions are held for first-time users of the clinical system, and as needed for existing staff for changes and to correct problems. Key staff actively participates in the Anasazi Users Group. The involvement enables staff to receive current information about the system and participate in system design discussions. Additionally, the MIS Director is also an active participant in the Texas Council Information Management Consortium.

The use of technology at TTBH enhances individual services, efficiency and productivity of personnel, communication with stakeholders and greatly improves our ability to serve isolated populations.

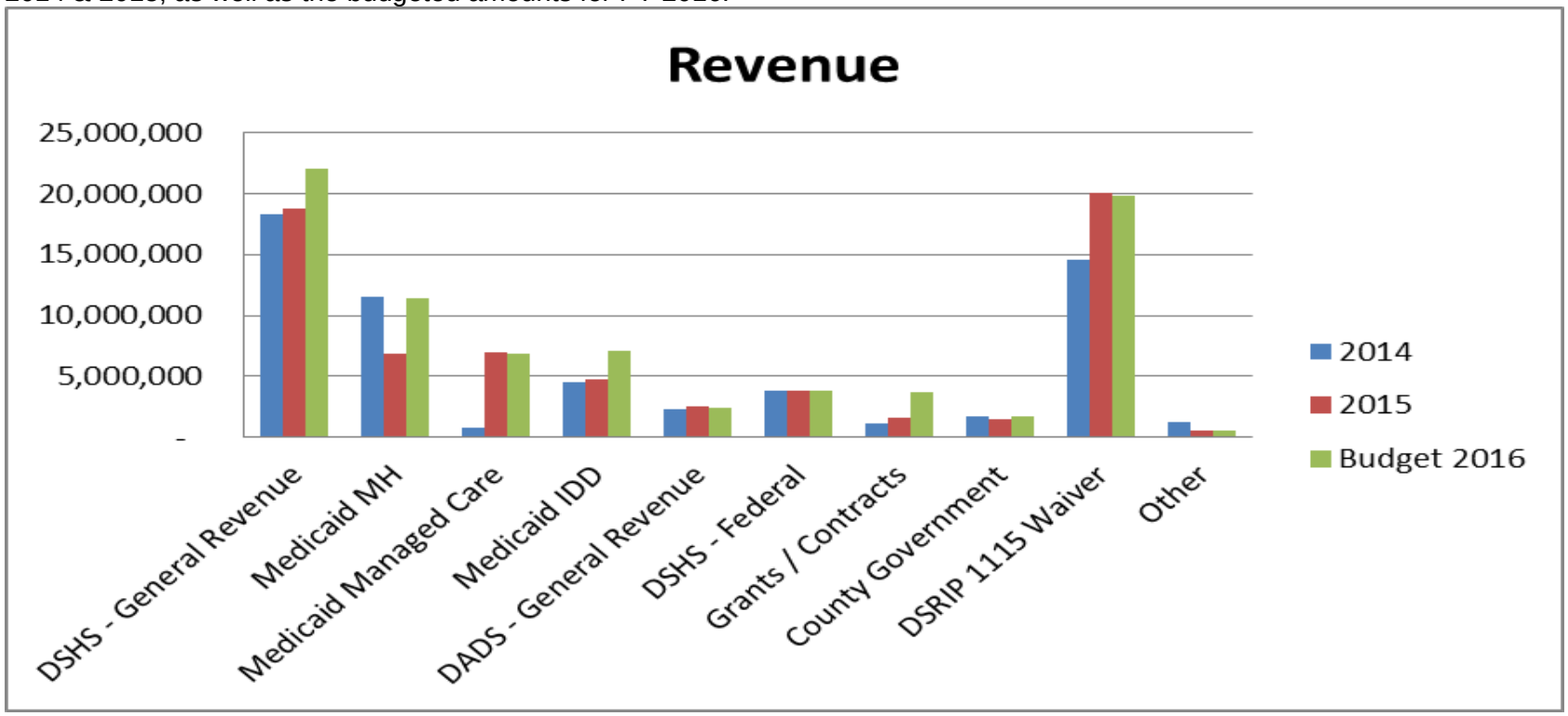
In FY 2013, the Center applied for reimbursement under the Medicare and Medicaid EHR Incentive Programs that provide incentive payments to eligible professionals for the use of certified EHR technology. The Center received $191,250 for the first year of its participation in the incentive program.

Financial Considerations

Operating Revenues

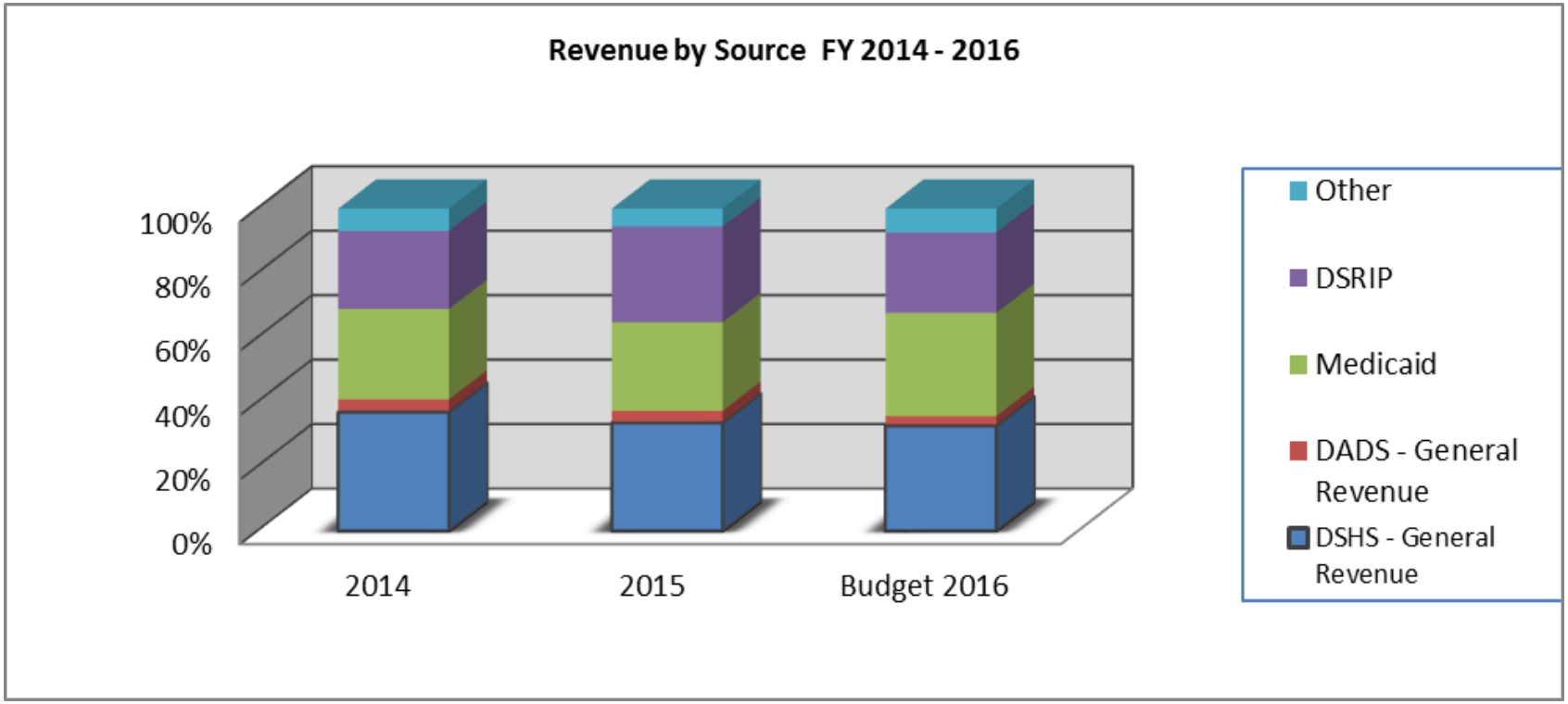
The Center's ability to generate revenue or create new revenue sources is limited by social and economic conditions, state statute, Board policy, and private provider competition. The *Texas Health and Safety Code* defines the services to be provided by a Community MHMR Center. Legal protection does not extend beyond the services listed in the statute and those defined in the Center's *Local Plan.* There have been some modifications made during the last few legislative sessions. It is anticipated that these changes will increase flexibility for MHMR Centers in Texas.

The projected revenue for FY 2016 is $79,337,362. The following graph shows the various revenue sources comparing actual FY 2014 & 2015, as well as the budgeted amounts for FY 2016.



General Revenue

The percentage of state general revenue received by the Center has decreased from 68% in FY 2005 to 38% in 2015 and is budgeted to decrease even further. During the same time period Medicaid earnings have gone from 23% to 32%, and the Center has received new funding streams as well. The change in funding streams helped "force" the statewide Community MHMR Centers to become more efficient. See graph below:



MH General Revenue FY 2016 is expected to be $22,037,798 compared to $18,771,043 in FY 2015. The increase is primarily due to funding from DSHS for the increase in the required targets.

IDD General Revenue FY 2016 is expected to be $2,362,976 compared to $2,518,084 in FY 2015. The decrease was due to one-time funding received during 2015.

Medicaid Revenue

Medicaid revenue was $18,543,010 in FY 2015, and is budgeted to be $25,419,971 in FY 2016. The steady increase in Medicaid revenues since FY 2005 is due to an increase in the number of services delivered and also an increase in the number of our clients covered by Medicaid as well as the fact that Medicaid started being paid at 100% since FY 2010.

The Center's goals include a further expansion of revenue received from Medicaid and other sources. Procedures implemented to expand Medicaid revenue include the following:

- Six (6) staff dedicated to assisting MH and MR consumers access Social Security and Medicaid benefits. Two (2) staff to assist consumers in the Texas Council on Offenders with Mental Impairments (TCOOMMI) programs.
- Thirteen (13) staff dedicated to assist in getting pre-authorizations needed with the expansion of Medicaid managed care.
- Training staff in TMHP Eligibility Verification and Cerner data entry of payor source for every consumer during each visit to a mental health program.
- Monthly monitoring of the percent of consumers with Medicaid to determine if there is an increase.
- Bi-monthly review of MBOW reports for Potential Medicaid revenue.
- Benefits Eligibility Comparison Application (BECA) implemented. Batches Cerner Data and compares to the Medicaid Eligibility File (TMHP) to identify discrepancies in client's Medicaid, Medicare, and Managed Care coverages.
- Service Request Form Generator creates and faxes the Service Request Forms to the Managed Care companies.

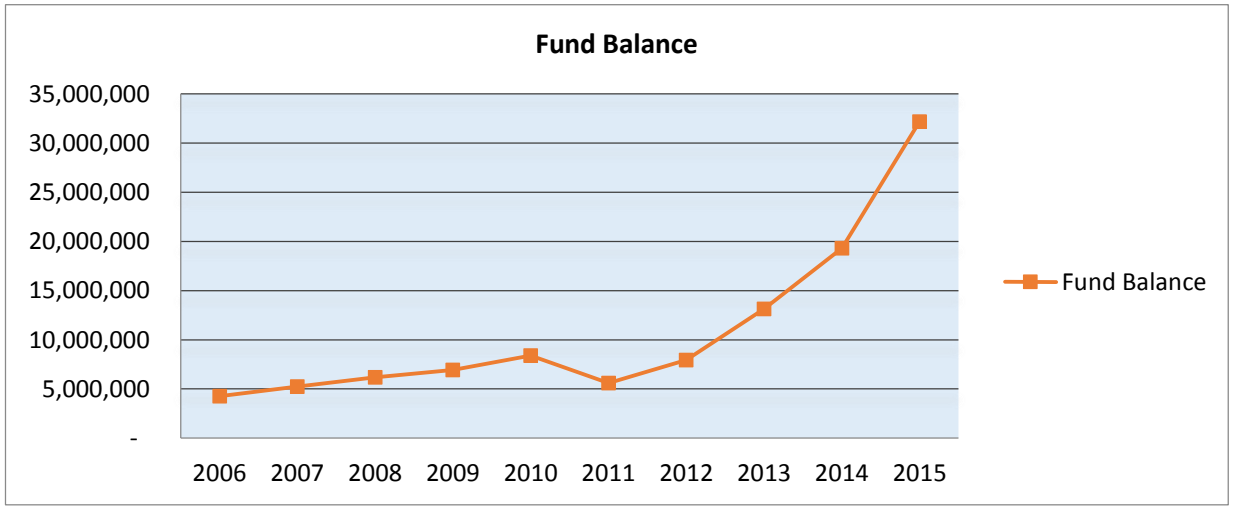
Other Revenue Sources

In FY 2016, the Center budgeted $29,516,617 from other revenue sources compared to $27,590,286 in FY 2015. The increase is due mainly to new grants and contracts that we have received. In FY 2015, the Center submitted proposals for consideration. The Knapp Foundation awarded the Center three grants: Weslaco Mobile Crisis Outreach Team Vehicles - $40,000; Assertive Community Treatment (ACT) – Weslaco - $471,500; and Mindscape: Behavioral Health Today - $7,500. Methodist Healthcare Ministries (MHM) also awarded the Center $804,587 for the Si Texas Project. One requirement in the MHM grant is that the Center would provide matching funds. Valley Baptist Legacy Foundation awarded the Center the matching funds in the same amount of $804,587 for the MHM grant.

The Center continues to expand and diversify the funding sources through various grants and contracts. The Center has applied for a Section 501(c)(3) designation with the Internal Revenue Service and we anticipate receiving this designation during FY 2016. The designation will allow the Center to continue to qualify for grants awarded by foundations, certain federal agencies, and federal pass-through grants such as Community Development Block Grants.

Fund Balance

The Center's fund balance in the General Fund, as of August 31, 2015, was $32,185,718 and was $19,311,387 at the end of 2014. The Center has had a positive fund balance since FY 2001 and it has continuously grown since FY 2003. The decrease in FY 2011 is due to a resolution from the Board of the Center to commit funds to the capital projects fund for planned construction.



Financial Ratios

The following financial ratios are completed monthly to monitor the liquidity, days of operating cash available and debt load. The ratios were developed by Capital Markets in order to have an industry standard for Texas Community MHMR Centers.

- Current Ratio — The ability to meet short-term obligations. This is presented in "times". If the ratio is too low, the Center may not be able to pay its obligations. If the ratio is too high, the Center may have money tied up in investments/savings that could be used for the provision of services.
  Acceptable range for community centers: 1.75 – 4.00
  Ratio at August 31, 2015 4.82 Times

- Quick Ratio / Acid Test Ratio — A more stringent measure of liquidity. Eliminates the variable of converting investments and other tangible assets to cash.
  Acceptable range for community centers: .025 – 2.00
  Ratio at August 31, 2015 4.77 Times

- Days of Operation Reserve — Expresses the cash position of the organization in terms of the number of days it can operate if there was no further inflow of revenue. Represented in days.
  Acceptable range for community centers: 60 – 90
  Ratio at August 31, 2015 130.95 Days

- Debt Service — A measure of how well the Center has managed the assumption Coverage Ratio of long-term debt. Indicates available cash levels to accommodate debt service payments. Represented in "times". Acceptable range for community centers: > 1.25
  Ratio at August 31, 2015 23.08 Times

The ratios are included in the monthly financial statement packet presented to the Board of Trustees. The ratios reported are limited to the General Fund.

Financial ratios are also a key component of the internal monitoring system for the Center. The following graph outlines the acceptable minimum ranges and the Centers ratios. We have consistently been meeting the acceptable ranges and do not anticipate any changes in the near future.

Financial Ratios
Community Services Performance Report
August 31

Financial Measure	FY 2014	FY 2015	Minimum Acceptable Range	Maximum Acceptable Range
Current Ratio	4.89	4.82	1.75	4.00
Acid Test Ratio	3.47	4.77	0.25	2.00
Debt Service Coverage Ratio	24.08	23.08	1.25	Unlimited
Days of Operation without Further Funding	137.09	130.95	60.00	90.00

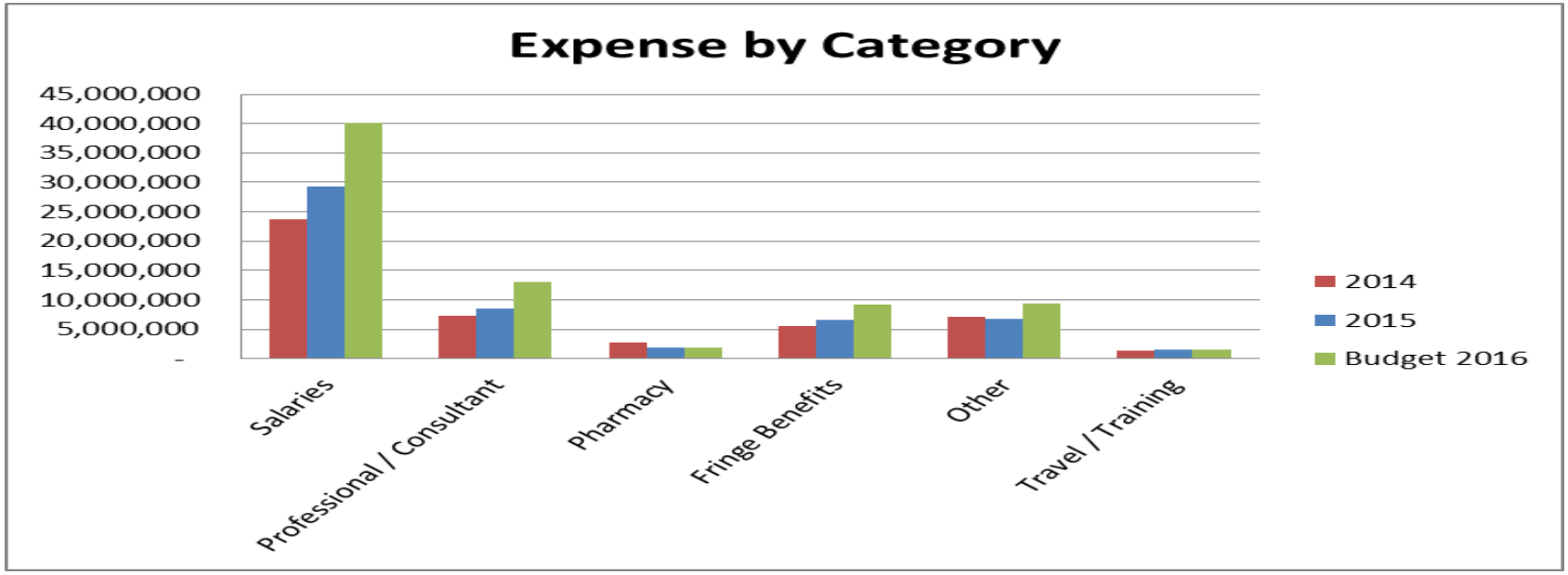
The strategic goals included having a 60-110 day operating reserve. An increased emphasis on maximizing revenue sources and holding expenses constant should assist the Center in achieving the goal.

Expenditures

The Center's FY 2016 adjusted operating budget totals $75,343,183. As with other service industry organizations, the majority of the expenses are for personnel costs. FTE's in FY 2015 were 875 and budgeted FTE's for FY 2016 are 1,019. The increased positions are to be funded by Medicaid revenues.

FY 2015 fringe benefit rate is 22.72% and our anticipated FY 2016 is 23.23% due primarily to an anticipated increase in the retirement participation. The Centers retirement plan was revised to include an opt-out clause where employees are automatically enrolled at a 3% rate unless they opt-out of the plan. This has increased participation significantly. In addition to this the Center has a retirement match of up to 10%. For FY 2016 a number of staff received a market increase and all other staff was awarded a COLA of 3%.

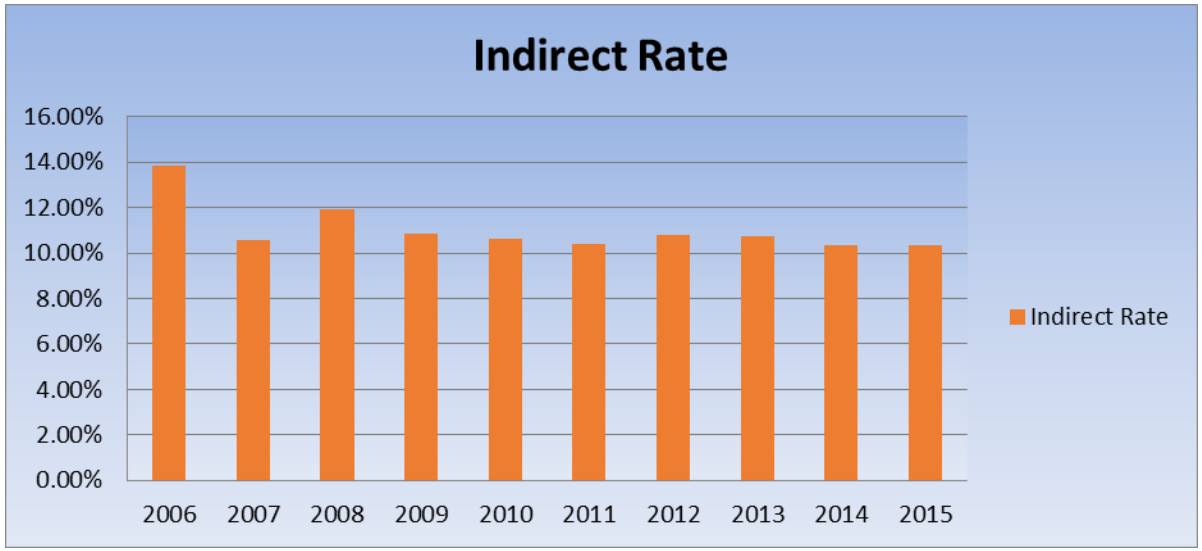
Medications expense represents approximately 3% of our FY 2013 operating budget, and will be 3% for the FY 2016. In FY 2010 we contracted with US Scripts to provide a choice to clients who preferred to get their medications from a retail pharmacy. US Scripts provided the Center with valuable information regarding prescribing patterns and suggestions on how to reduce costs by changing doses of the same medication. Significant work has been completed to date to reduce the expense. The most significant initiative was the expansion of the Patient Assistance Program (PAP). PAP allows the Center to request medications on behalf of eligible consumers directly from the manufacturer. FY2015 PAP 6,591 applications submitted were for a value of $9,037,952.



Indirect Cost

The Center uses the indirect cost percentage as an indicator of its administrative efficiency. The indirect cost is a relationship of the administrative costs to the direct / program costs. The indirect cost percentage was calculated in accordance with the *Audit Guidelines for Community MHMR Centers,* 20th Revision – summer 2003, the cost principles in the OMB Circular A-87 and the *Cost Accounting Methodology* promulgated by Health & Human Services.

The following graph shows the indirect cost percentage for the past ten (10) years as well as the estimated indirect cost rate for FY 2015. The guidelines used have changed during that time period which contributed to the variances.



The Center's Performance Contract with DSHS and DADS includes a 10% funding limitation for state general revenue that can be used to fund administrative costs. Any additional funding needs are covered by various other funding streams. The Center has successfully demonstrated the ability to operate within the funding limitation.

The preliminary indirect cost percentage as of August 31, 2015 is 10.36%. Administrative costs are monitored closely to determine where reductions can be made without doing harm to the programs or the Center's system of internal controls.

Capital Projects

The Center has completed construction on the Harlingen building. The new building in Harlingen has consolidated all of our main services into one (1) building. We have also completed the renovation of the Edinburg building as well as the addition to the current building in Brownsville. The Center has purchased land in Weslaco and is early in the process of designing and constructing a building in Weslaco. The floor plan and square footage has not been approved by the Board at this time.

The Center fleet has also been evaluated and we are continuing to update aging vehicles. By the end of FY 2016 the center fleet will consist of: 54 sedans, 2 RV's, 14 Officer Sedans, 39 vans and 2 pick-up trucks.

Other items in the infancy stage for projects are:

- Replacement of existing "aged" computers and printers
- Financial software system to provide the growing needs of the Center
- HR/Payroll System
- Facility in Weslaco
- Training Center in Weslaco

1115 Waiver and Other Considerations

In FY 2012 HHSC received federal approval of a waiver that allowed the state to expand Medicaid managed care programs, the waiver provided incentives for health care improvements. The waiver called for Regional Healthcare Partnerships (RHP) comprised of counties. The RHP's were allocated a dollar amount based on its population that is under 200% of the federal poverty level. TTBH belongs to RHP 5 which is comprised of 4 counties, Hidalgo, Willacy, Cameron and Starr. The RHP's first allocation was approximately $801,878,997. Of the money allocated to our RHP $294,862,928 was approved in the first pass to the entire RHP 5 for DSRIP projects. This allocation is for demonstration years 1-5. HHSC later reallocated the money left over within the RHP's and gave RHP 5 $381,973,983 which allowed those performing providers within the RHP the ability to submit additional projects for consideration.

TTBH's portion approved by HHSC for the first pass consisted of 12 projects valued at $110,308,950 for all 5 years. Under the rules, TTBH is considered both a performing provider and an IGT entity. The waiver is a matching program, IGT entities send approximately 40% and it is matched with 60% for the total of the allocation. TTBH submitted three (3) additional projects in Pass 2 with a total value of $23,321,067. The combined total submitted for the 12 initial projects and the 3 additional projects is $133,630,017. If all metrics are approved TTBH would need to IGT approximately $53,452,007 over the course of 5 years.

Anticipated 1115 Waiver project related costs
- Facility space to house approximately 159 additional FTE's
- Facility space to house our peer drop in centers.
- Facility space to house our primary care units in both counties
- Facility space for a new building in our Weslaco location.
- Technology to provide the services including telemedicine equipment and connectivity from the community at large
- Vehicles for transportation of clients
- Vehicles for our MH Taskforce services
- Vehicles and supplies for our Mobile Clinics
- Recruitment
- Training
- Equipment for the additional FTE's
- Medical equipment and supplies for our primary care services

2. Program and Services:
    - Elimination of wait lists
    - Client satisfaction surveys
    - Client Treatment Hours
    - Reductions in pharmacy costs
    - Technology Upgrades

2. Administrative Support
    - Maintain a minimum operating fund balance of 60-101days.
    - Increase the efficiency of the third-party claims billing and collection processes so that a minimum of Medicaid claims are billed within 30 days of service and 100% of the federal Medicaid revenue is collected within 90 days.
    - Keep administrative costs below 10.5%