



“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 2017
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I. EXECUTIVE SUMMARY

- The Fiscal Year (FY) 2017 Strategic Plan for Tropical Texas Behavioral Health (TTBH) anticipates the upcoming legislative session that promises a tight budget. TTBH currently has a behavioral health wait list for both adults and children. Supported housing funds are tight with no new people are receiving housing. The local demand/need in the RGV for psychiatric inpatient beds has surpassed Tropical's level of funding. TTBH continues to expand the dual diagnosis substance use treatment and detox services. TTBH leadership continues to proactively plan for possible funding opportunities. South Texas is an area of significant population growth and there continues to be a growing demand for TTBH services. As the Centers for Medicare and Medicaid Services (CMS)/Texas Health and Human Services (HHSC) Healthcare Transformation and Quality Improvement Program 1115 five-year demonstration waiver is coming to completion an extension has been filed. TTBH works on sustainability of these innovative programs that have transformed the health care delivery system for low income Texans, increased access to quality preventative primary and behavioral health care services. TTBH continues to monitor and report on fifteen projects to the regional health plan.

In FY2016 TTBH was selected as one of seven sights in Texas to pursue designation as a Certified Community Behavioral Health (CCBHC). After much work and preparation TTBH was certified, however Texas was not selected as a state for this project.

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. For the 2017 CARF Survey TTBH plans on adding Integrated BH/Primary Care, Supported Living (Housing), Alcohol and

Other Drugs (Substance Use Disorders), and Consumer-Run (Drop-In Centers). Tropical has more service lines accredited by CARF than any other Texas Community Behavioral Health 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, AOT, EOT)
21. Certified ASIST training site
22. Continued improvement in compensation package
23. Commitment and hard work of our improvement teams
24. 50 years of services to the Rio Grande Valley

Weaknesses/Barriers

1. Limited physical environment (Space, Parking)
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
7. Not Enough Time (to collect, process, reflect, discuss, process mapping)
8. Turnover
9. Lack of data to analyze next moves
10. Lack of ability to analyze the data/extract the data (data management software)
11. No single Regional HIE
12. Complicated processes
13. Communication (lack of clear directives)

Opportunities

1. Strong financial position
2. Improvement in service delivery
3. Leadership development (Staff strengthening, mentorship)
4. Skill Building
5. Employee engagement
6. Improve use of information systems to support and track performance improvement (analyze data more effectively)
7. Improve employee satisfaction
8. Implementation of Human Resources and Payroll software.
9. Diversify funding streams
10. Network Development
11. Medical school expansion and psychiatric residency program

12. Strengthen supervisory training
13. Substance Abuse Services
14. Succession Planning/Building the Bench
15. MCOs funding what TTBH is doing

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. Increase in forensic beds leading to a decrease in civil beds
8. Movement of case management, rehabilitation and IDD services to managed care in the future
9. Expansion of IDD service coordination for community first choice
10. Political influence on programs and services
11. Not finding funding sources to sustain innovative programs

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	<input type="text"/>	3.25 - 3.59	<input type="text"/>	3.6 +	<input type="text"/>
B. Employee turnover is minimized in:							
B.1. Employees overall	> 27%	23.6-27%	<input type="text"/>	20.01-23.5%	<input type="text"/>	< 20%	<input type="text"/>
B.2. % of total FTE separations w/ < 1 year tenure	> 50%	50%-46.99%	<input type="text"/>	47% - 43%	<input type="text"/>	<43%	<input type="text"/>
B.3. % of total FTE separations w/ 1 - 2 yrs tenure	> 39%	39%-34.01%	<input type="text"/>	34% - 29%	<input type="text"/>	<29%	<input type="text"/>
C. Number of adverse HR related outcomes	> 2	2	<input type="text"/>	1	<input type="text"/>	0	<input type="text"/>
D. Supervisor Training: number of trainings	< 3	3	<input type="text"/>	4	<input type="text"/>	5+	<input type="text"/>
E. Hiring timeliness: ave # of days from posting to hiring authority selection	> 30	30 - 26	<input type="text" value="-"/>	25 - 20	<input type="text" value="-"/>	< 20	<input type="text"/>
F. Minimize average number of vacant posted positions	> 51	50-46	<input type="text"/>	45 - 40	<input type="text"/>	< 40	<input type="text"/>
			=====		=====		=====

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 <u>unduplicated</u> persons to necessary svcs	< 2200	2200-2300	<input type="text"/>	2301-2400	<input type="text"/>	2400+ <input type="text"/>
2. Number of COPSD encounter/services	< 3500	3500-4000	<input type="text"/>	4001-4500	<input type="text"/>	4501+ <input type="text"/>
3. Expand telemedicine use, electronic consultations	< 4624	4624-5017	<input type="text"/>	5018-5411	<input type="text"/>	5412+ <input type="text"/>
4. Primary AND behavioral care svcs provided (number of patients)	< 1000	1000-1248	<input type="text"/>	1249-1497	<input type="text"/>	1498+ <input type="text"/>
b. % of these patients w/3rd party payor source	< 10%	10-12.49%	<input type="text"/>	12.5 - 14.9%	<input type="text"/>	15%+ <input type="text"/>
5. MH Officer Program - service contacts	< 1800	1800-1962	<input type="text"/>	1963-2125	<input type="text"/>	2126+ <input type="text"/>
6. TTBH conducted medical clearances	< 300	300-356	<input type="text"/>	357-413	<input type="text"/>	414+ <input type="text"/>

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

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%	<input type="text"/>	96 - 99.99%	<input type="text"/>	100%	<input type="text"/>
A.2. # of external audits with significant deficiencies cited and confirmed (repeat findings, imm jeopardy)	> 2	2	<input type="text"/>	1	<input type="text"/>	0	<input type="text"/>
B. Internal Reviews of TTBH Services							
B.1. Plans of Correction submitted on time	< 90%	90 - 95.99%	<input type="text"/>	96 - 99.99%	<input type="text"/>	100%	<input type="text"/>
B.2. # of internal audits with significant deficiencies cited and confirmed	> 2	2	<input type="text"/>	1	<input type="text"/>	0	<input type="text"/>
C. Total annual valid/confirmed sanctions or penalties from DSHS or DADS are minimized	> \$35,001	\$25,001-\$35,000	<input type="text"/>	\$25,000-\$15,001	<input type="text"/>	\$0 - \$15,000	<input type="text"/>
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	<input type="text"/>	4 - 6	<input type="text"/>	7 +	<input type="text"/>

BUSINESS PLAN for FY 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 a contract with Health and Human Services (HHS) which is made up of what was formerly 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 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 2017 *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 - 101 days
 - Increase the efficiency of the third-party claims billing and collection processes so that a maximum of Medicaid claims is billed within 30 days of service and 100% of the federal Medicaid revenue is collected within 90 days
 - Keep administrative costs below 10.75%

- 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 2016 financial assessments 96.3% 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.

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 2017, 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. Most of these services are reimbursed by the Medicaid Managed Care insurance companies. 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. These changes began impacting services rendered in 2016, and continues through 2017.

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 of 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. Currently TTBH is paid at the enhancement rate level 23 for all service except Day Habilitation which we are paid at level 16.

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. Payments 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. People 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.

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).

Substance Use Services

The Center currently has a contract with the State to provide the Outreach, Screening, & Referral (OSR) services for substance use services throughout Region 11, which includes our catchment area as well as Laredo, Kingsville, and Corpus Christi areas. TTBH has recently been awarded the contract to provide Substance Use services and the ability to bill under Medicaid. In addition to this contract the Center is actively pursuing additional contracts with the state of Texas for the Texas Targeted Opioid Response Grants.

Staff Productivity

Client Treatment Hours (CTH)

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. CTH is continually updated since it impacts all client services staff and is a measure of productivity for the Center.

An incentive program was developed to coincide with the productivity initiative. Individual performance has been monitored since 2006 and was replaced by a group incentive program during the summer of 2007 and continues today. Incentives paid were \$149,404 and \$200,009 for FY 2015 and FY 2016, respectively. During 2017 we are planning to use the lapsed salaries from budgeted but unfilled positions to cover the monthly incentives.

TTBH Physician Incentive Program is designed 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. During 2016 4 physicians met the incentive target for the full year, and 2 met the quality bonus. TTBH paid out a total of \$105,000 toward this incentive. TTBH has also added an incentive breakdown for the physicians so that they are eligible for a partial incentive if they meet criteria for 6 months but not for the entire year.

Technology

In response to a national accreditation requirement, TTBH 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 Cerner/Anasazi software system for both clinical and financial services. During 2015 the Center began implementation of a new time and attendance system from Kronos, we have completed the move into Kronos for the HR talent and recruitment. During 2017 the Center is converting the fiscal system from Cerner to Financial Edge which is a web based software created by Blackbaud. The moves of both the Payroll/HR system and the Fiscal system were required as the current system will no longer be supporting either system.

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 participate in the Cerner/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.

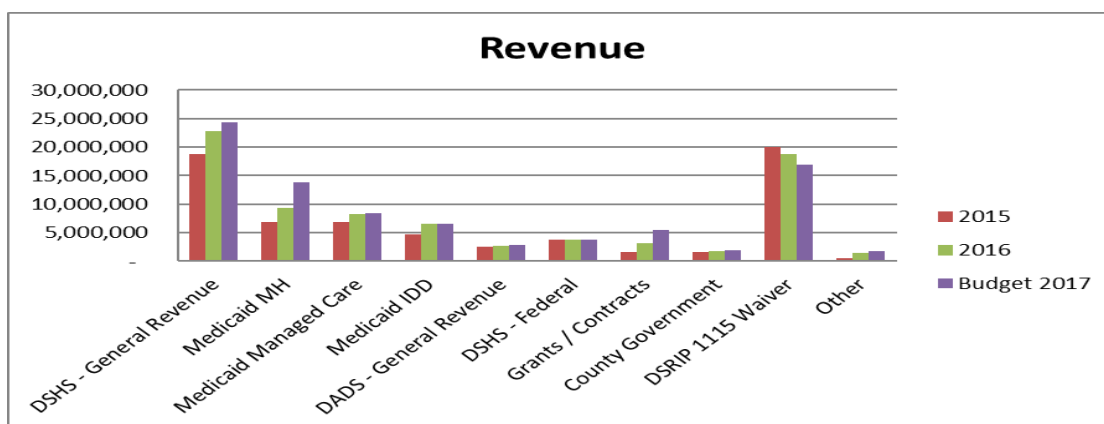
TTBH will be joining the Tejas Behavioral Health Management Association during FY 2017. Included in the monthly membership fee are a variety of resources available to the Center, which we currently purchase. TTBH will have access to resources such as: MCO/Health Plan negotiations, business and IT consulting including reporting/outcome data analytics. In addition, all current members of the association use the Cerner/Anasazi software platform for clinical services, a potential for talent boost.

Financial Considerations

Operating Revenues

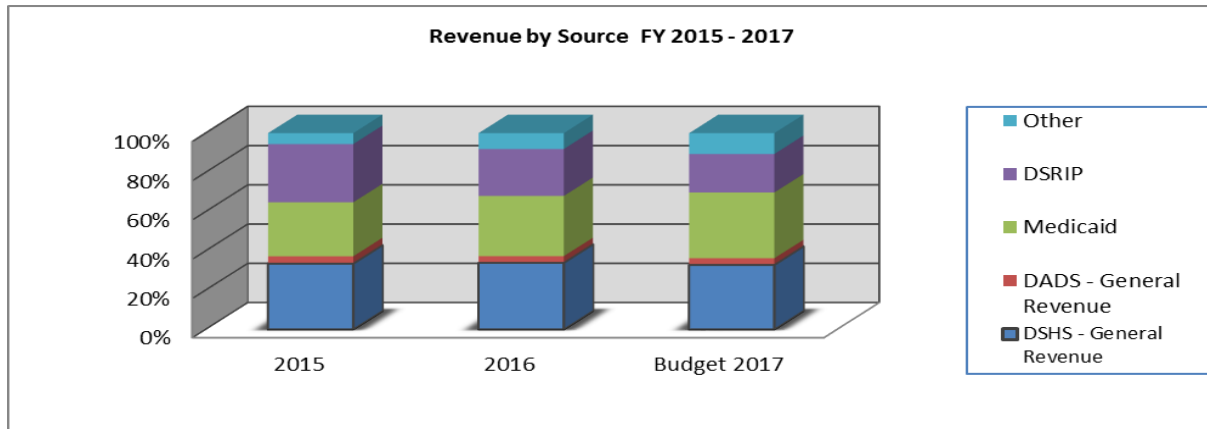
The Center's ability to generate revenue or create new revenue sources is limited by social and economic conditions, state statute, Board policy, and private provider competition. The *Texas Health and Safety Code* defines the services to be provided by a Community MHMR Center. Legal protection does 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 2017 is \$85,951,990. The following graph shows the various revenue sources comparing actual FY 2015 & 2016 to the budgeted amounts for FY 2017.



General Revenue

The percentage of state general revenue received by the Center has decreased from 68% in 2005 to 34% in 2016 and is budgeted to decrease even further. During the same time-period Medicaid earnings have increased from 23% to 31%, 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 2017 is expected to be \$24,410,648 compared to \$22,859,538 in FY 2016. The increase is primarily due to funding from DSHS for the increase in the required targets, and a couple of new programs.

IDD General Revenue FY 2017 is expected to be \$2,889,316 compared to \$2,656,099 in FY 2016. The increase is due to a few new funding streams in the IDD area.

Medicaid Revenue

Medicaid revenue was \$24,131,246 in FY 2016, and is budgeted to be \$28,795,726 in FY 2017. The steady increase in Medicaid revenues since FY 2005 is due to an increase in the number of services delivered and the increase in the number of clients covered by Medicaid as well as the fact that Medicaid started being paid at 100% in FY 2010.

The Center’s goals include an increase in revenue received from Medicaid and other sources. Procedures implemented to expand Medicaid revenue include the following:

- Five (5) 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 Medical or 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 verifying and data entering the payor source for every consumer during each visit to a mental health program.
- Monitoring the percent of consumers with Medicaid to determine if there is an increase or a decrease so that measures can be taken as soon as a change is detected.
- Bi-monthly review of MBOW reports for Potential Medicaid revenue.
- Comparing the Medicaid data base with our Consumer Data system to determine if any consumers have third-party coverage which was not previously identified.

- 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.

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. In FY 2017, the Center is re-negotiating the contracts due to the integration of both Substance Use Services and Integrated Primary Care.

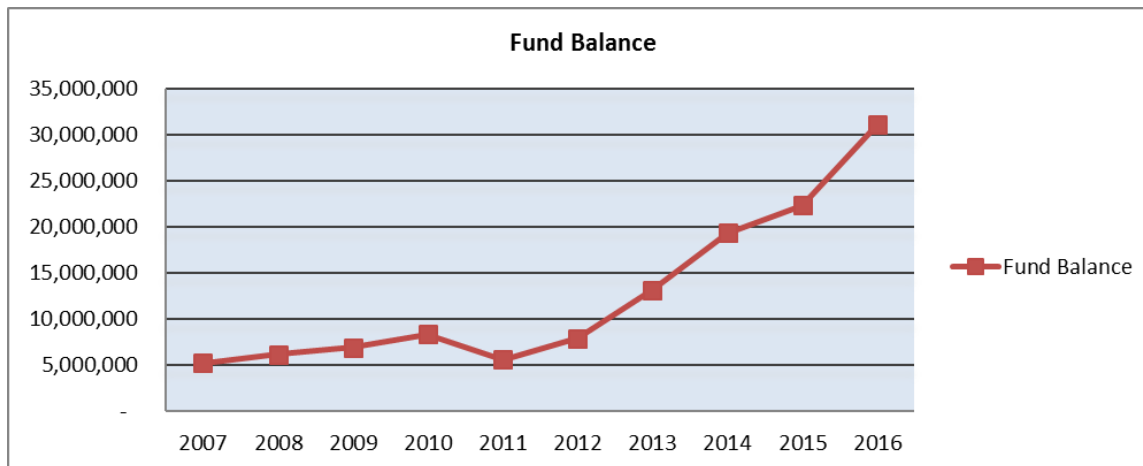
Other Revenue Sources

In FY 2017 the Center budgeted \$26,003,677 from other revenue sources compared to \$25,184,228 in FY 2016. The increase is due mainly to new grants and contracts that we have received.

The Center continues to expand and diversify the funding sources through various grants and contracts. In late FY 2015, the Center received a Section 501(c)(3) designation with the Internal Revenue Service. This designation allows 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, 2016, was \$31,060,694 and was \$22,318,613 at the end of 2015. The Center has had a positive fund balance since FY 2001 and it has continuously grown since 2003. The decrease in 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, 2016 6.26 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, 2016 3.79 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, 2016 118.24 Days
- **Debt Service Coverage Ratio** A measure of how well the Center has managed the assumption 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, 2016 21.89 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	2015	2016	Minimum Acceptable Range	Maximum Acceptable Range
Current Ratio	4.67	6.26	1.75	4.00
Acid Test Ratio	3.49	3.79	0.25	2.00
Debt Service Coverage Ratio	24.12	21.89	1.25	Unlimited
Days of Operation without Further Funding	132.88	118.24	60.00	90.00

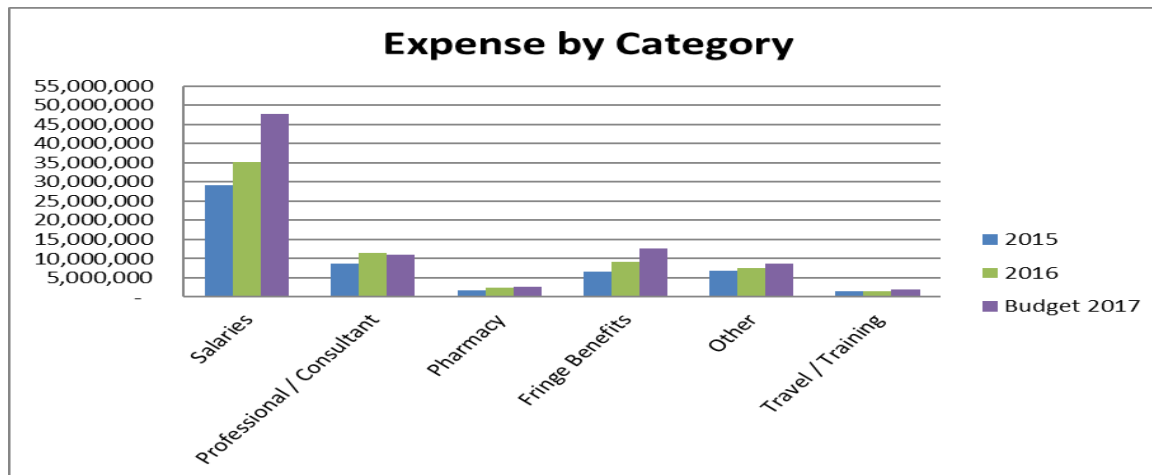
The strategic goals included having a 60-110 day operating reserve. An increased emphasis on maximizing revenue sources and holding expenses constant should assist the Center in achieving the goal.

Expenditures

The Center's FY 2017 adjusted operating budget totals \$84,438,619. As with other service industry organizations, the majority of the expenses are for personnel costs. FTE's in FY 2016 were 1,065 and budgeted FTE's for FY 2017 are 1,275. The increased positions are to be funded by Medicaid revenues.

FY16 fringe rate is 26.06% and our anticipated FY17 is 26.57% due primarily to an anticipated increase in the retirement participation. We are anticipating an increase in health insurance, as we have not had one in years. 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. The opt-out clause has increased participation significantly. In addition, the Center has a retirement match of up to 10%.

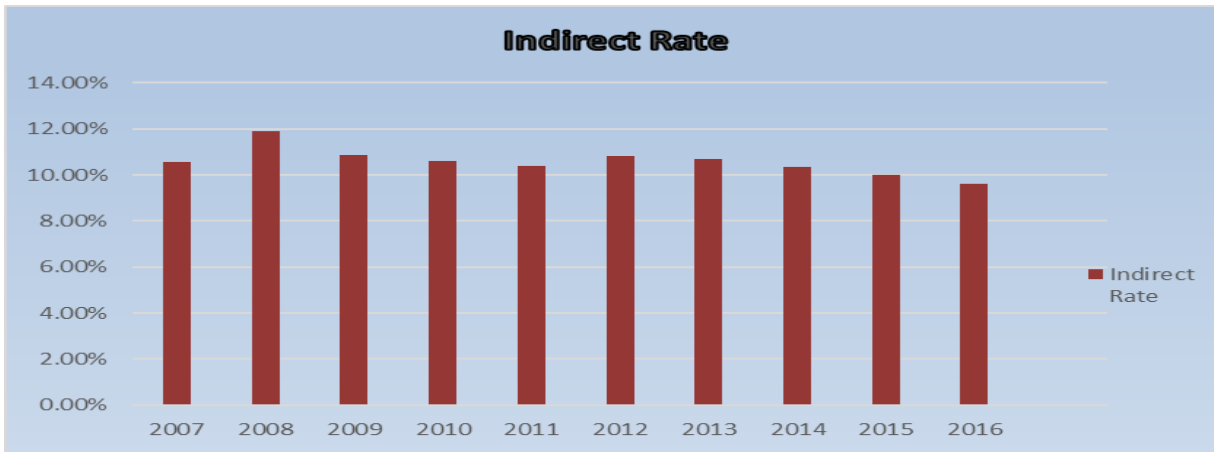
Medications expense represents approximately 3.47% of our FY 2016 operating budget, and will be 3.13% for the FY 2017. In FY 2010 we contracted with US Scripts to provide a choice to clients who preferred to get their medications from a retail pharmacy. US Scripts provided the Center with valuable information 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. In FY16 there were 7,338 PAP applications submitted for a value of \$14,574,502. During FY 2017 the Center has begun using AmeriCare and we believe that this will have a positive effect on medication expenditures.



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. The guidelines used have changed during that time period which contributed to the variances.



The Center’s Performance Contract with HHS, formerly 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 indirect cost percentage as of August 31, 2016 was 9.63%. 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 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 started construction of a campus in Weslaco which includes numerous buildings for client services as well as a training facility, and is actively looking for space in Brownsville.

The Center’s transportation fleet has also been evaluated and we are continuing to update aging vehicles. At the end of 2016 the fleet consisted of: 41 sedans, 2 RV’s, 14 Officer Sedans, 34 vans and 2 pick-up trucks.

Other items in the infancy stage for projects are:

- Replacement of existing “aged” computers and printers.

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 initial waiver provided incentives for health care improvements by

establishing a Delivery System Reform Incentive Payment (DSRIP). The waiver was approved through September 30, 2016 and an extension was granted through December 21, 2017.

The first five demonstration years (DYs), December 12, 2011 – September 30, 2016 was the initial demonstration period. The awarded extension, Demonstration Year (DY) 6, began on October 1, 2016. DY6 is comprised of two parts: DY6A, October 1, 2016 – September 20, 2017, and DY6B, October 1, 2017 – December 31, 2017. The state DSRIP pool allocation to Regional Healthcare Partnerships (RHPs) for DY6 is \$3.875 billion: \$3.1 billion is allocated to DY6A and \$775 million is allocated to DY6B.

TTBH's total value for DY6A is equal to its total value for DY5 of \$43.5 million. However, reporting requirements have changed for DSRIP projects. Each project must have four milestones in DY6A:

1. A total Quantifiable Patient Impact (QPI) milestone valued at 25% of each DSRIP project's value;
2. A Medicaid and Low-income or Uninsured (MLIU) QPI milestone valued at 25% of each DSRIP project's value;
3. A core component reporting milestone valued at 25% of each DSRIP project's value; and
4. A sustainability planning milestone valued at 25% of each DSRIP project's value.
5. The Category 3 outcome values for DY6A are equal to the Category 3 outcome values for DY5,

DY7-8 will reflect the evolution of the DSRIP program from project-level reporting to provider core activities supporting outcomes that measure continued transformation of the Texas healthcare system at the provider level. DY7-8 will serve as an opportunity to providers to move further towards sustainability of their transformed systems, including development of alternative payment models to continue services for Medicaid and low-income uninsured individuals after the waiver ends.