Ten Percent Withhold and Payment Methodology

Withhold Methodology

- DSHS will withhold 10% of all general revenue contracted funds for the performance based incentive payment from Strategies B.2.1, B.2.2, and B.2.3 from each LMHA Performance Contract

- The 10% withhold of funds in Strategies B.2.1, B.2.2, and B.2.3 will be **the total** of general revenue funds from these strategies that is allocated in the Program Attachments (i.e. Performance Contract Notebook, Veterans, PESC, OCR , etc.) for each individual LMHA Performance Contract. Ten percent of the contracted funds from Strategies B.2.1, B.2.2, and B.2.3 will be withheld from the Performance Contract Notebook (PCN) attachment; therefore, all LMHA Performance Contracts will have more than 10% of the PCN attachment withheld. For example, Harris County may have a PESC and OCR program attachment in addition to the PCN. DSHS will withhold the equivalent of the sum of dollars allocated from Strategies B.2.1, B.2.2, and B.2.3 for all the attachments from the PCN. The sum will be 10% of funds from the strategies but may equate to 16% of the PCN attachment.

- The above approach reduces the complexity of withholding and payment of the 10% in multiple Program attachments.

- The historical quarterly allocation for general revenue funds has been as follows:

  1st Quarter= 30% 2nd Quarter= 30% 3rd Quarter= 20% 4th Quarter= 20%

- Quarterly allocation payments for general revenue are prospective and occur in September, December, March, and June.

- To maintain cash flow for service provision, the Texas Council requested a modification to this allocation schedule as follows:

  1st Quarter= 35% 2nd Quarter= 35% 3rd Quarter= 15% 4th Quarter= 15%

- DSHS is finalizing payment schedules that recognizes the 10% withhold as follows:

  1st Quarter= 30% 2nd Quarter= 30% 3rd Quarter= 15% 4th Quarter= 15%

- Therefore a total of 5% of funds from Strategies B.2.1, B.2.2, and B.2.3 will be withheld from the September 2013 (1st Q) and December 2013(2nd Q) payments.

Payment Methodology

- DSHS will review LMHA performance related to Outcomes following the end of the 2nd Quarter. Data for the first half of the year will be finalized in March 2014 or early April 2014. Previously withheld payments will be made in April provided that outcome measures are met for the 6 month period.

- DSHS will review LMHA performance related to Outcomes following the end of the 4th Quarter. Data for the second half of the year will be finalized in September 2014 or early October 2014. Previously withheld payments will be made in October provided that outcome measures are met for the 6 month period.

- If DSHS determines that that there are LMHAs who did not meet the required performance thresholds for one or more measures, the withheld funds associated with those measures will be retained. Depending on the level of funding available, DSHS will use the retained funds to:
  1. Provide technical assistance to LMHAs; and/or,
  2. Provide incentive payments to eligible LMHAs in accordance with a defined DSHS methodology.

- Redistributions made under the Outcomes and Accountability rider are one-time payments and do not change budgeted allocations.

- Overall, as described in this document, DSHS will distribute LMHAs general revenue payments from Strategies B.2.1, B.2.2, and B.2.3 in September, December, March, April, June, and October.