



## TEXAS DEPARTMENT OF STATE HEALTH SERVICES

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December 20, 2013

To: Executive Directors,  
Local Mental Health Authorities (LMHAs)

From: Roderick Swan, Director, Contract Services Section, MH/SA Division

Re: Third Party Payor Reimbursement

Thank you for the services your organization provides under contract with the Department of State Health Services. The purpose of this letter is to inform you of recent changes enacted during the 83<sup>rd</sup> Texas Legislative Session regarding third party payor reimbursement and how these changes affect your organization.

DSHS contractors are currently required to ensure the state is the payor of last resort for health-related services provided through DSHS-funded programs. While contract requirements related to payor of last resort are not new, additional action and information will be needed from contractors to comply with the recently enacted requirements to ensure state funds are maximized through all potential payor sources, including health insurance plans offered through the federal health insurance marketplace, to be known as the Marketplace. DSHS will host informational calls with your program in early January to discuss the new requirements, provide details about contractor responsibilities, and provide contractors with the opportunity to ask questions.

DSHS' funding for fourteen specific programs was reduced to reflect the fiscal impact of the Marketplace portion of the Affordable Care Act. These reductions were based on the Legislative Budget Board (LBB) assumption that 25% of those clients eligible for the Marketplace would enroll in state fiscal year (FY) 2014 and 50% of those clients eligible for the Marketplace would enroll in FY 2015. The budget reductions, coupled with a piece of legislation and two budget riders, guide the changes for maximizing third party payor reimbursement.

1. Senate Bill (SB) 1057 reinforces the current obligation for DSHS to ensure that general revenue funds are used as the payor of last resort within specific DSHS programs, specifically through the collection of a client certification statement about access to coverage through private health insurance and to provide consumer education materials to eligible clients about the Marketplace and associated subsidies.
2. Rider 75 requires a report to the LBB that monitors the implementation of SB 1057 through reporting on the number of attestation forms and consumer education activities along with measuring the actual caseload and fiscal impact on these specific programs.

3. Rider 76 provides instructions for DSHS to request additional funds in the event that the caseload and fiscal impact show that the actual revenue gain is lower than LBB anticipated when calculating the reductions. It also requires DSHS to request from the LBB authorization to use any revenue in excess of what was anticipated in the calculations.

For FY 2014, most of the programs receiving reductions in the programs were able to absorb the reductions and did not have to reduce contract amounts. Although the federal and state requirements align with the current contractual provisions to ensure DSHS is payor of last resort (Section 4.12 Local Mental Health Authority Performance Management Contract General Provisions), a number of program and policy changes will be necessary. These include additional data elements on reports submitted to DSHS and making available informational materials on the Marketplace to individuals over 100% federal poverty level currently served by DSHS funded programs.

Your contract manager will be sending additional details about the informational calls in the coming days. Along with the call invitation, we will also be providing a more detailed document about the contractor requirements that will be covered on the call.

If you have any questions, please feel free to email Rachel Samsel, Director, Healthcare Delivery Redesign, at [healthcareredesign@dshs.state.tx.us](mailto:healthcareredesign@dshs.state.tx.us) or call at 512-776-3805.