

Texas Child Mental Health Care Consortium

89th Texas Legislature & Congressional Update

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State Update

A Decade of Commitment at the Texas Capitol

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Session	Medicaid Behavioral Health Budget	Behavioral Health Budget (GAA)	Supplemental Budget Funding	Combined Behavioral Health Budget
84th (2015)	\$3.00B	\$6.59B	\$1.3M	\$6.59B
85th (2017)	\$3.52B	\$7.60B	\$15.1M	\$7.62B
86th (2019)	\$3.31B	\$7.78B	\$445.4M	\$8.23B
87th (2021)	\$3.68B	\$8.12B	\$321.3M \$405.9M (ARPA)	\$8.85B
88th (2023)	\$3.48B	\$9.41B	\$2.26B	\$11.67B
89th (2025)	\$3.88B	\$10.41B \$600M (DPRIT)	\$214.9M	\$11.23B
% Increase Since 2015	29%	67%	-	70%

Full Funding for Grant Programs

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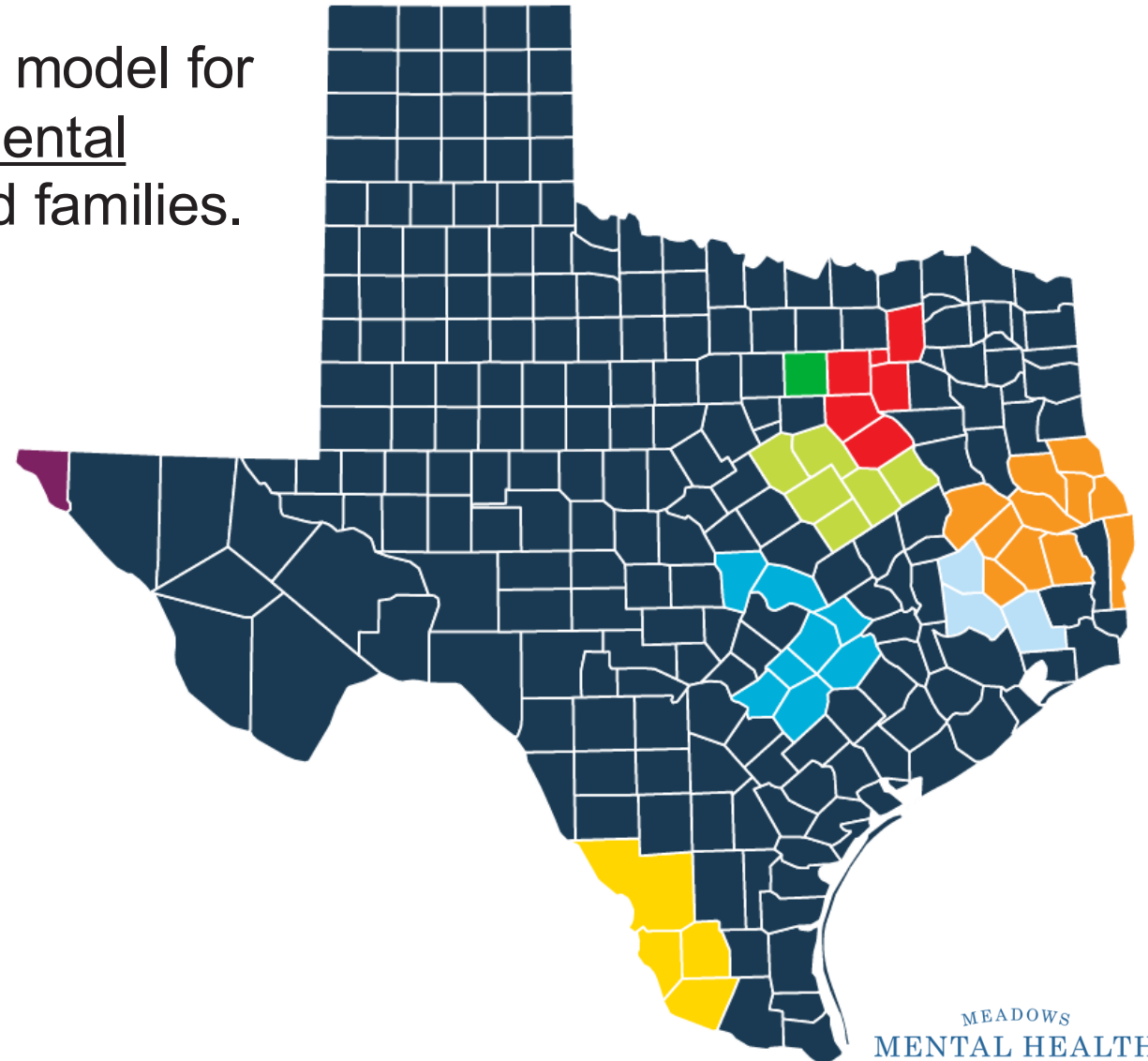
- **Rider 52 Needs and Capacity Assessment** (July 2023) – **Children's Crisis Respite, Coordinated Specialty Care**, Crisis Facilities and Diversion Centers, **Multisystemic Therapy**, State Hospital Step-Down Programs, and **Youth Crisis Outreach Teams**.
- **Mental Health Grant Program for Justice-Involved Individuals** (November 2023) – \$90 million
- **Community Mental Health Grant Program** (January 2024) – \$55 million
- **SMART Innovation Grant Program** (January 2024) – \$29.5 million
- **Texas Veterans + Family Alliance** (TV+FA) – \$20 million
 - *HB 114 (Cortez) transfers TV+FA to the Texas Veterans Commission.*
- **Healthy Community Collaboratives** – \$38 million (\$5 million increase)

Youth Crisis Outreach Teams (YCOTs)

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YCOTs are considered the best-practice model for addressing immediate and crisis-level mental health needs among children, youth, and families.

SB 1 (Huffman) provides a **\$40 million increase** (\$54 million total) to add **eight new YCOTs** and fully fund the eight existing YCOTs.



Mental Health Workforce

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- HB 1716 (Darby) / SB 469 (Sparks) – would have authorized Medicaid reimbursement for **LPC Associates**, **LMFT Associates**, and **LMSWs** while completing their clinical supervision hours. *The House passed HB 1716, but the Senate Health & Human Services Committee never heard the bill.*
- SB 646 (West) expands the **Loan Repayment Program for Mental Health Professionals** eligibility to LPC Associates, LMFT Associates, LMSWs, and certain certified school counselors.
- SB 1 (Huffman) provides **\$5 million** for 88(R) HB 400, the **Behavioral Health Innovation Grant Program**, tailored to community colleges.
- *Neither chamber held hearings on licensure compact legislation.*

State Hospital Redesign

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In April 2025, HB 500 (Bonnen) included \$150 million for the new El Paso State Hospital, \$10 million for planning in Brazoria County, \$10 million for planning in Tarrant County, and \$12.9 million for renovations at the Harris County Psychiatric Center (HCPC). The final version of HB 500:

- Includes **\$12.9 million** for renovations at **HCPC**;
- Reappropriates **\$43.4 million** to **El Paso** for the construction and operation of *new crisis service facilities, including crisis stabilization units, extended observation, and crisis respite care* (Eastside Behavioral Health Campus); and
- Provides **\$98 million** for deferred maintenance at **state hospitals** and **state supported living centers**.

Facility Operations Funding

The 89th Texas Legislature transitioned to funding operations at completed hospital projects to bring new beds into service.

- SB 1 (Huffman) includes **\$165.9 million** to staff **additional state hospital capacity** in Austin, Kerrville, the **Rio Grande Valley**, Rusk, **San Antonio**, and Terrell as well as staff new builds in Lubbock and Amarillo.
- SB 1 (Huffman) and HB 500 (Bonnen) together provide **\$114.2 million** to operate the new **Dallas State Hospital**, with contracting opportunities TBD.
- SB 1 (Huffman) provides **\$92.6 million** for rate increases and operation of expanded capacity at **community mental health hospitals**, including **\$12.5 million** for the **Uvalde Behavioral Health Campus**.
- SB 1 (Huffman) also provides **\$6 million** to operate a new 16-bed Extended Observation Unit and Crisis Residential Facility in **Comal County**.

Dementia Prevention Research Institute of Texas

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Lt. Governor Dan Patrick named the Dementia Prevention Research Institute of Texas (DPRIT) as one of his top legislative priorities for the 89th Legislative Session.

- SB 5 (Huffman) establishes DPRIT to **expedite innovation in research on dementia, Alzheimer's, Parkinson's and related disorders, accelerate medical or scientific breakthroughs, and enhance Texas's research superiority.**
- SJR 3 (Huffman) proposes **\$3 billion** for DPRIT over a 10-year period. The funding went before **Texas voters as Proposition 14.**
- With voter approval, SB 1 (Huffman) now allocates **\$600 million** to DPRIT for the 2026-27 biennium.

Federal Policy

One Big Beautiful Bill Act & Texas Impacts

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- Reconciliation, the **One Big Beautiful Bill Act (OBBBA)**, signed into law on July 4, 2025.
- OBBBA will reduce federal health care spending by **\$1.2 trillion over 10 years**, resulting in **11.8 million people** losing health coverage and remaining uninsured.
- Texas is expected to see a **\$20 billion cut**, largely due to provider taxes and state-directed payment cuts.

OBBBA Relevant Provisions

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- **Medicaid Eligibility**
- **Provider Tax Thresholds**
- **State-Directed Payments**
- **Rural Health Transformation Fund**

OBBBA Timeline and Impacts

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Not all provisions go into effect at the same time.

- Many of the health care-related provisions will not be felt by the public until **after the 2026 midterm elections**.
- With some provisions **not taking effect until 2028**, there may be opportunities to work with Congress to either delay or prevent some of the changes from being implemented.

OBBBA Timeline

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- **December 2025:** Enhanced premium tax credits on Marketplace premiums expire (OBBBA did not extend).
- **January 2026:** Increase to physician pay under Medicare Physician Fee Schedule; Rural Health Transformation Fund Dollars become available.
- **December 2026:** Changes to the frequency of Medicaid eligibility checks.
- **January 2027:** Medicaid work requirements go into effect for *the expansion population*.
- **January 2028:** Annual decrease in provider tax thresholds begins for *expansion states*; state-directed payment rates in *non-expansion states* begin phasing down by 10% annually.
- **October 2028:** Medicaid cost-sharing requirements go into effect.

Government Funding for Fiscal Year 2025

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Government Shutdown and Continuing Resolution:

- ACA subsidy expiration
- New funding deadline: **January 30, 2026**
- Health care extensions



Questions?

Thank You!

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