



TEXAS DEPARTMENT OF STATE HEALTH SERVICES

DAVID L. LAKEY, M.D.
COMMISSIONER

P.O. Box 149347
Austin, Texas 78714-9347
1-888-963-7111
TTY: 1-800-735-2989
www.dshs.state.tx.us

September 26, 2011

Alex Smith
Executive Director
North Texas Behavioral Health Authority
1201 Richardson Dr, Ste 270
Richardson, TX 75080

Liam Mulvaney
Chairman, Provider Advisory Council
Chief Executive Officer, Lifenet
9708 Skillman Street
Dallas Texas
75243-5150

Dear Mr. Smith and Mr. Mulvaney:

This letter serves to provide you with information related to the NorthSTAR appropriation and budget.

Stakeholders have commented that the NorthSTAR appropriation does not align well with the total annual funds paid to ValueOptions. Their observations are based on published performance reports on the NorthSTAR website and statements provided by ValueOptions in public forums.

There are three primary reasons for this difference. The first is that some funds are appropriated to other DSHS funding strategies, and then transferred to the NorthSTAR budget. Secondly, the NorthSTAR appropriation contains projected estimates of federal Medicaid funds that will be paid to ValueOptions. These estimates are significantly understated when compared to actual federal Medicaid funds that are paid or projected to be paid to ValueOptions for Medicaid enrollees. The third reason is that the NorthSTAR appropriation contains estimates of funds anticipated from other sources (ex. County contributions and interagency contracts). These serve as estimates only, and the actual county contributions and interagency funds may vary from fiscal year to fiscal year.

The NorthSTAR funds for the FY12-FY13 biennium are currently projected to remain relatively consistent with funding for the FY10-FY11 biennium. On August 5, 2011, DSHS presented the summary FY12 NorthSTAR budget to Value Options and to the North Texas Behavioral Health Authority (NTBHA). Details supporting the amounts in the fiscal year 2012 budget, as well as a comparison to fiscal year 2011 funds paid to Value Options, were provided at that time.

Below is a comparison of the NorthSTAR program's budgeted funds for FY10, FY11, and FY12, and projected funds for FY13.

NorthSTAR FY10 and FY11 budgeted, FY12 budgeted and FY13 estimated

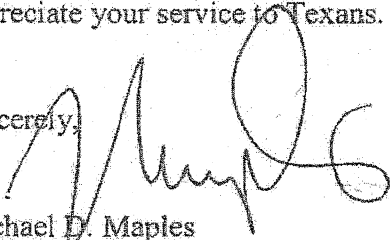
	FY10 (budget)	FY11 (budget)	FY12 (budget)	FY13 (estimated)
Medicaid Funds	\$ 52,111,697	\$ 63,000,000	\$ 66,000,000	\$ 66,000,000
Non Medicaid Funds	\$ 59,035,888	\$ 61,126,185	\$ 53,563,407	\$ 56,163,394
Annual Total	\$ 111,147,505	\$ 124,126,185	\$ 119,563,407	\$ 122,163,394
Biennium Total	\$ 235,273,690		\$ 241,726,801	

Note: Amounts do not include state hospital allocation dedicated to NorthSTAR.

The amounts appropriated in the NorthSTAR Strategy in the 2012-13 General Appropriations Act are greater than the level needed to maintain the fiscal years 2010 and 2011 biennial spending level. It is our understanding that the intent of the Conference Committee was to maintain the 2010-11 spending level in the 2012-13 biennium.

I hope this information helps provide clarity to questions related to the NorthSTAR budget. We appreciate your service to Texans.

Sincerely,



Michael D. Maples
Assistant Commissioner
Mental Health and Substance Abuse Division