

November 18, 2011

Thomas Suehs, Executive Commissioner
Texas Health and Human Services Commission
Brown-Heatly Building
4900 N. Lamar Blvd.
Austin, TX 78751-2316

Re: 2012 Impact on Local Behavioral Health Services

Dear Commissioner Suehs:

We would like to ask you to help us better understand a complex and confusing situation in the NorthSTAR Behavioral Health system. Our local providers (and the community) are being told by ValueOptions that services must be cut significantly due to state funding reductions. The contracts that have been offered to the SPN (specialty provider network) outpatient providers include a 10% to 15% cut in actual dollars, increased penalties, an increase in individuals to be seen, and fewer services available that help reduce crises. Indigent Texans in the NorthSTAR systems will see their services reduced dramatically.

Our local providers have expressed serious concern about their continued financial viability in this system that has already reduced reimbursements several times over the life of the NorthSTAR pilot. Our largest provider in Collin County, LifePath Systems, is projecting a \$15,000 to \$25,000 monthly cut in income. With only one BHO (behavioral health organization) in the area, providers have no real ability to negotiate rates or contract requirements.

The most confusing part of this situation is the attached letter of September 6, 2011 from DSHS Assistant Commissioner Mike Maples that actually shows an increase in budgeted funds for NorthSTAR. ValueOptions has repeatedly claimed they have to cut \$10 million per year out of the NorthSTAR system due to state funding. Can you help us reconcile these two? Clearly our providers are struggling already and the planned cuts will have a negative impact on services in Collin County and throughout the NorthSTAR area.

Thank you in advance for your assistance.