

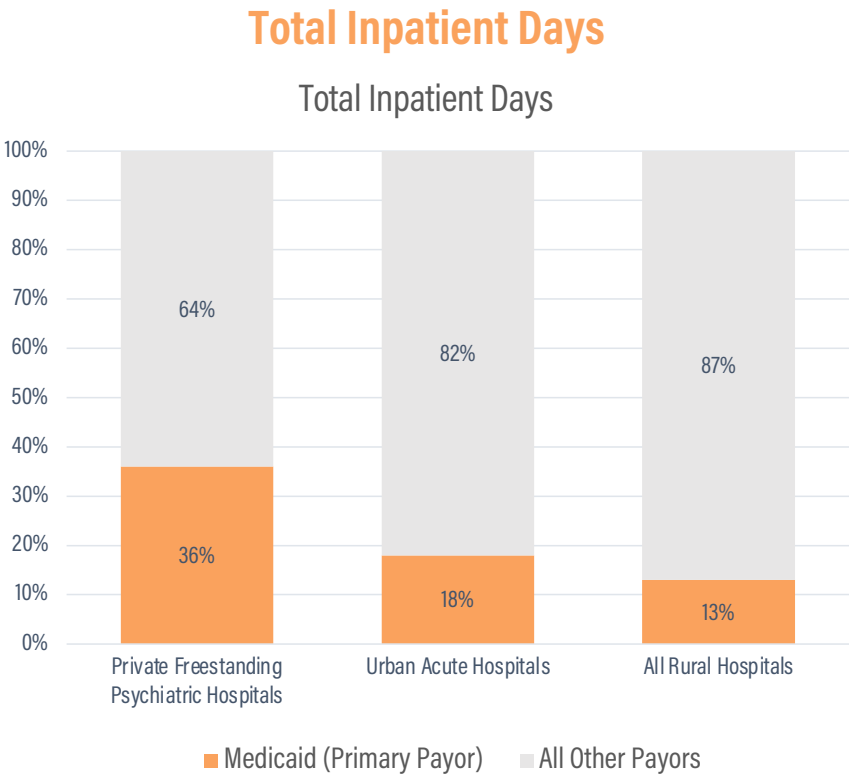
Private Freestanding Behavioral Health Hospitals: The Backbone of Texas' Inpatient Behavioral Health System



The Public Health Safety Net for Inpatient Behavioral Health Care

The Texas Medicaid system cannot function without Texas' private freestanding behavioral health hospitals. All Texans, including Medicaid beneficiaries, turn to Texas' private freestanding behavioral health hospitals for their inpatient behavioral health care needs. Without these hospitals, Texas would be facing a massive gap in terms of delivering inpatient behavioral health care to all Texans.

Private Freestanding Behavioral Health Hospitals Are High Medicaid Providers
Medicaid makes up 36 percent of all inpatient days in Texas' private freestanding behavioral health hospitals.



Data sources: HHSC's 2024 DSH qualification file

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TEXAS ASSOCIATION OF
BEHAVIORAL HEALTH SYSTEMS

The Medicaid Safety Net for Inpatient Behavioral Health Care

Private freestanding behavioral health hospitals operate over 70 percent of the non-state-owned inpatient behavioral health beds in Texas. The state's health care system cannot function without these hospitals.

Medicaid Rate Increase:

Private Freestanding Behavioral Health Hospitals Are Left Behind

The Medicaid rates for private freestanding behavioral hospitals (Institution for Mental Diseases - IMD) are insufficient to support both the increasing costs to deliver Medicaid and the demand from the Medicaid population.

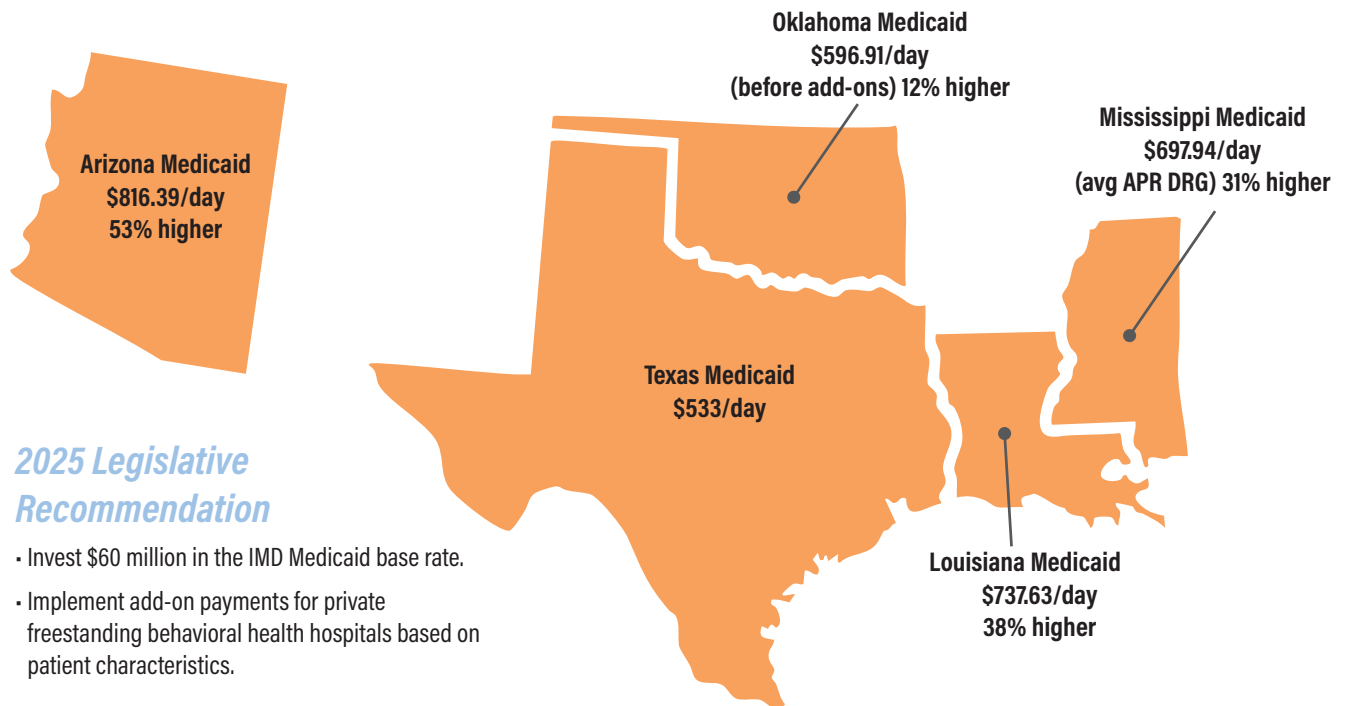
"We're 90% percent full and we're losing money. That's why we're sounding the alarm. We really are the safety net."
- Alan Eaks, Signature Healthcare

2007	2011
The last year for an inpatient psychiatric hospital Medicaid rate increase in Texas.	Inpatient psychiatric hospitals suffered an 8 percent Medicaid rate cut in Texas.

The Cost to Deliver Inpatient Psychiatric Care

Texas' private freestanding behavioral health hospitals are the backbone of inpatient behavioral health care in Texas. Thirty-six percent of the hospitals' inpatient days are Medicaid.

While Texas Medicaid features an average daily rate reimbursement of \$533, Medicare's FY 2025 IMD base rate is \$876.53.



2025 Legislative Recommendation

- Invest \$60 million in the IMD Medicaid base rate.
- Implement add-on payments for private freestanding behavioral health hospitals based on patient characteristics.