

Amend **CSHB 1** in Article II of the bill following the appropriation to the Texas Department of Mental Health and Mental Retardation by adding the following appropriately numbered rider:

____. **PRIVATIZATION OF MENTAL HEALTH FACILITY.** (a) Out of the funds appropriated above in Strategy B.1.1, MH State Hospital Services, (page II-71), for the state fiscal year beginning September 1, 2004, the Texas Department of Mental Health and Mental Retardation may allocate funds to contract with a private service provider to operate a mental health facility owned by the department only if the Health and Human Services Commission determines that the private service provider will operate the facility at a cost that is at least 10 percent less than the cost to the department to operate the facility and gives its prior approval of the contract.

(b) On or before April 1, 2004, the Texas Department of Mental Health and Mental Retardation shall report to the commissioner of health and human services whether the department has received a proposal by a private service provider to operate a facility. The report must include an evaluation of the private service provider's qualifications, experience, and financial strength, a determination of whether the provider can operate the facility under the same standard of care as the department, and an analysis of the projected savings under a proposed contract with the provider. The savings analysis must include all department costs to operate the facility, including costs, such as employee benefits, that are not appropriated to the department.

(c) If the Texas Department of Mental Health and Mental Retardation contracts with a private service provider to operate a facility, the department, the governor's office of budget and planning, and the Legislative Budget Board shall identify sources of funding that must be transferred to the department to fund the contract.

(d) It is the intent of the Legislature that a facility operated under a contract be required to treat a population with the same characteristics and acuity levels as that population presently

treated at that facility.