

By: Johnson

H.B. No. 5030

A BILL TO BE ENTITLED

AN ACT

relating to the provision of certain mental and behavioral health services under Medicaid, Medicaid coverage and reimbursement for those services, and the regulation of psychiatric residential treatment facilities; requiring an occupational license.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 540.0703(a), Government Code, as effective April 1, 2025, is amended to read as follows:

(a) In this section:

(1) "Behavioral [~~,"~~ ~~"behavioral~~ health services" means mental health and substance use disorder services. The term includes crisis services, intensive outpatient services, and partial hospitalization services.

(2) "Crisis services" means mental health community services or other necessary interventions provided to an individual in crisis. The term includes:

(A) crisis respite services, including mobile and facility-based services;

(B) crisis stabilization services, including mobile crisis stabilization services and services provided in an extended observation unit or crisis stabilization unit; and

(C) other crisis services as the commission determines.

(3) "Intensive outpatient services" means outpatient

treatment services, including treatment services for substance use disorders, depression, eating disorders, and other mental health conditions that do not require detoxification or 24-hour supervision, provided to patients who require a time-limited, multifaceted array of services, structures, and supports by a team of clinical staff capable of providing, at a minimum, the following services:

(A) individual counseling;  
(B) group counseling;  
(C) family counseling;  
(D) motivational enhancement training; and  
(E) relapse prevention, drug refusal, and coping skills training.

(4) "Partial hospitalization services" means distinct and organized intensive ambulatory treatment services provided for periods of not more than 24 hours at a location other than a patient's home or in an inpatient or a residential care setting. The term includes the services described by 42 C.F.R. Section 410.43(a)(4).

SECTION 2. The heading to Chapter 577A, Health and Safety Code, is amended to read as follows:

CHAPTER 577A. PSYCHIATRIC RESIDENTIAL [~~YOUTH~~] TREATMENT FACILITIES

SECTION 3. Section 577A.001(3), Health and Safety Code, is amended to read as follows:

(3) "Psychiatric residential [~~youth~~] treatment facility" means a private facility that provides psychiatric health

1 treatments and services in a residential, nonhospital setting  
2 exclusively to individuals who are 21 years of age or younger [~~and~~  
3 ~~is licensed as a general residential operation under Chapter 42,~~  
4 ~~Human Resources Code~~]. The term includes a facility that provides  
5 room and board.

6 SECTION 4. The heading to Subchapter B, Chapter 577A,  
7 Health and Safety Code, is amended to read as follows:

8 SUBCHAPTER B. LICENSURE [~~CERTIFICATION~~], FEES, AND INSPECTIONS

9 SECTION 5. Section 577A.051, Health and Safety Code, is  
10 amended to read as follows:

11 Sec. 577A.051. LICENSE REQUIRED [~~VOLUNTARY QUALITY~~  
12 ~~STANDARDS CERTIFICATION~~]. A person may not operate a psychiatric  
13 residential treatment facility unless the person holds a license  
14 issued by the commission [~~The commission shall, using existing~~  
15 ~~resources to the extent feasible, develop and implement a voluntary~~  
16 ~~quality standards certification process to certify a psychiatric~~  
17 ~~residential youth treatment facility that meets standards for~~  
18 ~~certification~~] under this chapter.

19 SECTION 6. The heading to Section 577A.052, Health and  
20 Safety Code, is amended to read as follows:

21 Sec. 577A.052. LICENSE [~~CERTIFICATE~~] APPLICATION.

22 SECTION 7. Section 577A.052(a), Health and Safety Code, is  
23 amended to read as follows:

24 (a) To obtain a license [~~certificate~~] under this chapter, an  
25 applicant must submit to the commission an application in the form  
26 and manner prescribed by the commission.

27 SECTION 8. Section 577A.053, Health and Safety Code, is

1 amended to read as follows:

2       Sec. 577A.053. FEES. The executive commissioner by rule  
3 shall establish a nonrefundable license [~~certificate~~] application  
4 fee and a nonrefundable license [~~certificate~~] renewal fee in  
5 amounts necessary to cover the costs of administering this chapter.

6       SECTION 9. Section [577A.054](#), Health and Safety Code, is  
7 amended to read as follows:

8       Sec. 577A.054. ISSUANCE AND RENEWAL OF LICENSE  
9 [~~CERTIFICATE~~]. (a) The commission shall issue a license  
10 [~~certificate~~] to an applicant if on inspection and investigation  
11 the commission determines the applicant meets the requirements of  
12 this chapter and commission rules. [~~The commission may not issue to~~  
13 ~~an applicant a certificate under this chapter unless the applicant~~  
14 ~~is licensed as a general residential operation under Chapter [42](#),~~  
15 ~~Human Resources Code.~~]

16       (b) A license [~~certificate~~] issued under this chapter  
17 expires on the second anniversary of the date the license  
18 [~~certificate~~] is issued or renewed.

19       (c) The commission shall renew a license [~~certificate~~] if:

20           (1) the license [~~certificate~~] holder submits to the  
21 commission a fee established by the executive commissioner under  
22 Section [577A.053](#); and

23           (2) on inspection and investigation the commission  
24 determines the license [~~certificate~~] holder meets the requirements  
25 of this chapter and commission rules.

26       SECTION 10. Section [577A.055](#), Health and Safety Code, is  
27 amended to read as follows:

1           Sec. 577A.055. INSPECTIONS. In addition to the inspections  
2 required under Section 577A.054, the commission shall conduct an  
3 inspection not later than the first anniversary of the date a  
4 license [~~certificate~~] is issued or renewed to ensure the license  
5 [~~certificate~~] holder remains in compliance with the requirements of  
6 this chapter and commission rules.

7           SECTION 11. The heading to Subchapter C, Chapter 577A,  
8 Health and Safety Code, is amended to read as follows:

9           SUBCHAPTER C. REGULATION OF LICENSED [~~CERTIFIED~~] PSYCHIATRIC  
10           RESIDENTIAL [~~YOUTH~~] TREATMENT FACILITIES

11          SECTION 12. Section 577A.101, Health and Safety Code, is  
12 amended to read as follows:

13          Sec. 577A.101. MINIMUM STANDARDS.           The executive  
14 commissioner by rule shall establish minimum standards for the  
15 licensing [~~certification~~] of psychiatric residential [~~youth~~]  
16 treatment facilities under this chapter. The minimum standards  
17 must require a facility to:

18           (1) obtain accreditation by The Joint Commission, the  
19 Commission on Accreditation of Rehabilitation Facilities, the  
20 Council on Accreditation, or another accrediting organization  
21 approved by the commission; [~~and~~]

22           (2) provide and prescribe guidelines for the provision  
23 of the following activities, treatments, and services:

24           (A) development and implementation of individual  
25 plans of care, including the provision of services provided by a  
26 licensed psychiatrist or physician to develop individual plans of  
27 care;

(B) individual therapy;

(C) family engagement activities;

(D) consultation services with qualified professionals, including case managers, primary care professionals, community-based mental health providers, school staff, and other support planners;

(E) 24-hour nursing services; and

(F) direct care and supervision services, supportive services for daily living and safety, and positive behavior management services;

(3) satisfy federal requirements for a psychiatric residential treatment facility under 42 C.F.R. Section 441.151 et seq. and 42 C.F.R. Section 483.350 et seq.; and

(4) satisfy all requirements for licensure as a general residential operation under Chapter 42, Human Resources Code, and comply with rules adopted under that chapter.

SECTION 13. Section 577A.102, Health and Safety Code, is amended to read as follows:

Sec. 577A.102. ADMISSION CRITERIA. A facility licensed ~~[certified]~~ under this chapter may not admit or provide treatments or services to an individual unless the individual:

(1) is 21 years of age or younger;

(2) has been diagnosed with a severe emotional disturbance by a licensed mental health professional;

(3) requires residential psychiatric treatment under the direction of a licensed physician to improve the individual's condition; and

1           (4) was referred for treatments or services in a  
2 psychiatric residential [~~youth~~] treatment facility by a licensed  
3 mental health professional.

4           SECTION 14. Section 577A.151, Health and Safety Code, is  
5 amended to read as follows:

6           Sec. 577A.151. PENALTIES. A facility licensed [~~certified~~]  
7 under this chapter is subject to a civil penalty under Section  
8 571.023 or an administrative penalty under Section 571.025, as  
9 applicable, for a violation of this chapter or a rule adopted under  
10 this chapter.

11          SECTION 15. Section 32.024, Human Resources Code, is  
12 amended by adding Subsections (oo-1) and (ss) to read as follows:

13          (oo-1) The commission shall provide medical assistance  
14 reimbursement to a health care provider who delivers to a recipient  
15 under the medical assistance program services classified as  
16 multisystemic therapy by the Healthcare Common Procedure Coding  
17 System (HCPCS) code. The executive commissioner shall establish a  
18 separate provider type for multisystemic therapy providers for  
19 purposes of enrollment as a provider for and reimbursement under  
20 the medical assistance program.

21          (ss) The commission in the commission's rules and standards  
22 governing the scope of services provided under the medical  
23 assistance program shall include psychiatric treatment and related  
24 services provided by a psychiatric residential treatment facility  
25 licensed under Chapter 577A, Health and Safety Code, to the extent  
26 permitted by federal law.

27          SECTION 16. Section 32.027, Human Resources Code, is

amended by amending Subsection (l) and adding Subsection (m) to read as follows:

(l) Subject to appropriations, the commission shall assure that a recipient of medical assistance under this chapter may select a licensed psychologist, a licensed marriage and family therapist, as defined by Section 502.002, Occupations Code, a licensed professional counselor, as defined by Section 503.002, Occupations Code, or a licensed clinical ~~master~~ social worker, as defined by Section 505.002, Occupations Code, to perform any health care service or procedure covered under the medical assistance program if the selected person is authorized by law to perform the service or procedure. This subsection shall be liberally construed.

(m) The commission shall assure that a recipient of medical assistance under this chapter may select the following to perform any health care service or procedure covered under the medical assistance program if the selected person is licensed and authorized by law to perform the service or procedure:

(1) a licensed marriage and family therapist associate, as defined by Section 502.002, Occupations Code, who is working toward fulfilling the supervised practice requirements to be licensed as a licensed marriage and family therapist, as defined by that section;

(2) a licensed master social worker, as defined by Section 505.002, Occupations Code, who is actively pursuing the education and training required to be licensed as a licensed clinical social worker, as defined by that section; or



1           (3) a licensed professional counselor associate, as  
2 described by 22 T.A.C. Chapter 681, who is working toward  
3 fulfilling the supervised practice requirements to be licensed as a  
4 licensed professional counselor, as defined by Section 503.002,  
5 Occupations Code.

6           SECTION 17. Subchapter B, Chapter 32, Human Resources Code,  
7 is amended by adding Section 32.04261 to read as follows:

8           Sec. 32.04261. REIMBURSEMENT FOR FUNCTIONAL FAMILY THERAPY  
9 SERVICES. (a) In this section:

10           (1) "At-risk youth" means children who are at risk of  
11 involvement with the child welfare system, the criminal justice  
12 system, or the juvenile justice system.

13           (2) "Functional family therapy" means an intensive,  
14 short-term, family-based therapeutic treatment program for at-risk  
15 youth designed to improve family dynamics, communication, and  
16 support by:

17                   (A) addressing core causes of dysfunctional  
18 behavior patterns;

19                   (B) decreasing negativity in the household; and

20                   (C) providing tools to improve parental skills  
21 and relationships.

22           (b) The commission shall ensure that medical assistance  
23 reimbursement is provided to a provider who provides functional  
24 family therapy services to a recipient under the medical assistance  
25 program.

26           SECTION 18. Subchapter B, Chapter 32, Human Resources Code,  
27 is amended by adding Section 32.079 to read as follows:

1       Sec. 32.079. REIMBURSEMENT FOR CERTAIN COUNSELING  
2 SERVICES. (a) The commission shall provide reimbursement under  
3 the medical assistance program to a provider described by Section  
4 32.027(1) who is a licensed marriage and family therapist, licensed  
5 professional counselor, or licensed clinical social worker, is  
6 selected by a recipient of medical assistance, and provides  
7 counseling services covered under the medical assistance program  
8 that the provider is authorized by law to perform. The commission  
9 shall ensure that the provider is reimbursed at a rate equal to the  
10 reimbursement rate established for a licensed psychiatrist or  
11 licensed psychologist for providing similar services.

12       (b) The commission shall provide reimbursement under the  
13 medical assistance program to a provider described by Section  
14 32.027(m) who is selected by a recipient of medical assistance and  
15 who provides counseling services covered under the medical  
16 assistance program that the provider is authorized by law to  
17 perform. The commission shall ensure that the provider is  
18 reimbursed at a rate equal to 70 percent of the reimbursement rate  
19 established for a licensed psychiatrist or licensed psychologist  
20 for providing similar services.

21       (c) This section shall be liberally construed.

22       SECTION 19. Section 42.041(b), Human Resources Code, is  
23 amended to read as follows:

24       (b) This section does not apply to:

- 25               (1) a state-operated facility;  
26               (2) an agency foster home;  
27               (3) a facility that is operated in connection with a

1 shopping center, business, religious organization, or  
2 establishment where children are cared for during short periods  
3 while parents or persons responsible for the children are attending  
4 religious services, shopping, or engaging in other activities,  
5 including retreats or classes for religious instruction, on or near  
6 the premises, that does not advertise as a child-care facility or  
7 day-care center, and that informs parents that it is not licensed by  
8 the state;

9           (4) a school or class for religious instruction that  
10 does not last longer than two weeks and is conducted by a religious  
11 organization during the summer months;

12           (5) a youth camp licensed by the Department of State  
13 Health Services;

14           (6) a facility licensed, operated, certified, or  
15 registered by another state agency;

16           (7) an educational facility that is accredited by the  
17 Texas Education Agency, the Southern Association of Colleges and  
18 Schools, or an accreditation body that is a member of the Texas  
19 Private School Accreditation Commission and that operates  
20 primarily for educational purposes for prekindergarten and above, a  
21 before-school or after-school program operated directly by an  
22 accredited educational facility, or a before-school or  
23 after-school program operated by another entity under contract with  
24 the educational facility, if the Texas Education Agency, the  
25 Southern Association of Colleges and Schools, or the other  
26 accreditation body, as applicable, has approved the curriculum  
27 content of the before-school or after-school program operated under

1 the contract;

2 (8) an educational facility that operates solely for  
3 educational purposes for prekindergarten through at least grade  
4 two, that does not provide custodial care for more than one hour  
5 during the hours before or after the customary school day, and that  
6 is a member of an organization that promulgates, publishes, and  
7 requires compliance with health, safety, fire, and sanitation  
8 standards equal to standards required by state, municipal, and  
9 county codes;

10 (9) a kindergarten or preschool educational program  
11 that is operated as part of a public school or a private school  
12 accredited by the Texas Education Agency, that offers educational  
13 programs through grade six, and that does not provide custodial  
14 care during the hours before or after the customary school day;

15 (10) a family home, whether registered or listed;

16 (11) an educational facility that is integral to and  
17 inseparable from its sponsoring religious organization or an  
18 educational facility both of which do not provide custodial care  
19 for more than two hours maximum per day, and that offers an  
20 educational program in one or more of the  
21 following: prekindergarten through at least grade three,  
22 elementary grades, or secondary grades;

23 (12) an emergency shelter facility, other than a  
24 facility that would otherwise require a license as a child-care  
25 facility under this section, that provides shelter or care to a  
26 minor and the minor's child or children, if any, under Section  
27 [32.201](#), Family Code, if the facility:

1 (A) is currently under a contract with a state or  
2 federal agency; or

3 (B) meets the requirements listed under Section  
4 51.005(b)(3);

5 (13) a juvenile detention facility certified under  
6 Section 51.12, Family Code, a juvenile correctional facility  
7 certified under Section 51.125, Family Code, a juvenile facility  
8 providing services solely for the Texas Juvenile Justice  
9 Department, or any other correctional facility for children  
10 operated or regulated by another state agency or by a political  
11 subdivision of the state;

12 (14) an elementary-age (ages 5-13) recreation program  
13 operated by a municipality provided the governing body of the  
14 municipality annually adopts standards of care by ordinance after a  
15 public hearing for such programs, that such standards are provided  
16 to the parents of each program participant, and that the ordinances  
17 shall include, at a minimum, staffing ratios, minimum staff  
18 qualifications, minimum facility, health, and safety standards,  
19 and mechanisms for monitoring and enforcing the adopted local  
20 standards; and further provided that parents be informed that the  
21 program is not licensed by the state and the program may not be  
22 advertised as a child-care facility;

23 (15) an annual youth camp held in a municipality with a  
24 population of more than 1.5 million that operates for not more than  
25 three months and that has been operated for at least 10 years by a  
26 nonprofit organization that provides care for the homeless;

27 (16) a food distribution program that:

1 (A) serves an evening meal to children two years  
2 of age or older; and

3 (B) is operated by a nonprofit food bank in a  
4 nonprofit, religious, or educational facility for not more than two  
5 hours a day on regular business days;

6 (17) a child-care facility that operates for less than  
7 three consecutive weeks and less than 40 days in a period of 12  
8 months;

9 (18) a program:

10 (A) in which a child receives direct instruction  
11 in a single skill, talent, ability, expertise, or proficiency;

12 (B) that does not provide services or offerings  
13 that are not directly related to the single talent, ability,  
14 expertise, or proficiency;

15 (C) that does not advertise or otherwise  
16 represent that the program is a child-care facility, day-care  
17 center, or licensed before-school or after-school program or that  
18 the program offers child-care services;

19 (D) that informs the parent or guardian:

20 (i) that the program is not licensed by the  
21 state; and

22 (ii) about the physical risks a child may  
23 face while participating in the program; and

24 (E) that conducts background checks for all  
25 program employees and volunteers who work with children in the  
26 program using information that is obtained from the Department of  
27 Public Safety;

1           (19) an elementary-age (ages 5-13) recreation program  
2 that:

3                   (A) adopts standards of care, including  
4 standards relating to staff ratios, staff training, health, and  
5 safety;

6                   (B) provides a mechanism for monitoring and  
7 enforcing the standards and receiving complaints from parents of  
8 enrolled children;

9                   (C) does not advertise as or otherwise represent  
10 the program as a child-care facility, day-care center, or licensed  
11 before-school or after-school program or that the program offers  
12 child-care services;

13                   (D) informs parents that the program is not  
14 licensed by the state;

15                   (E) is organized as a nonprofit organization or  
16 is located on the premises of a participant's residence;

17                   (F) does not accept any remuneration other than a  
18 nominal annual membership fee;

19                   (G) does not solicit donations as compensation or  
20 payment for any good or service provided as part of the program; and

21                   (H) conducts background checks for all program  
22 employees and volunteers who work with children in the program  
23 using information that is obtained from the Department of Public  
24 Safety;

25           (20) a living arrangement in a caretaker's home  
26 involving one or more children or a sibling group, excluding  
27 children who are related to the caretaker, in which the caretaker:

1 (A) had a prior relationship with the child or  
2 sibling group or other family members of the child or sibling group;

3 (B) does not care for more than one unrelated  
4 child or sibling group;

5 (C) does not receive compensation or solicit  
6 donations for the care of the child or sibling group; and

7 (D) has a written agreement with the parent to  
8 care for the child or sibling group;

9 (21) a living arrangement in a caretaker's home  
10 involving one or more children or a sibling group, excluding  
11 children who are related to the caretaker, in which:

12 (A) the department is the managing conservator of  
13 the child or sibling group;

14 (B) the department placed the child or sibling  
15 group in the caretaker's home; and

16 (C) the caretaker had a long-standing and  
17 significant relationship with the child or sibling group, or the  
18 family of the child or sibling group, before the child or sibling  
19 group was placed with the caretaker;

20 (22) a living arrangement in a caretaker's home  
21 involving one or more children or a sibling group, excluding  
22 children who are related to the caretaker, in which the child is in  
23 the United States on a time-limited visa under the sponsorship of  
24 the caretaker or of a sponsoring organization;

25 (23) a facility operated by a nonprofit organization  
26 that:

27 (A) does not otherwise operate as a child-care



1 facility that is required to be licensed under this section;

2 (B) provides emergency shelter and care for not  
3 more than 15 days to children 13 years of age or older but younger  
4 than 18 years of age who are victims of human trafficking alleged  
5 under Section 20A.02, Penal Code;

6 (C) is located in a municipality with a  
7 population of at least 600,000 that is in a county on an  
8 international border; and

9 (D) meets one of the following criteria:

10 (i) is licensed by, or operates under an  
11 agreement with, a state or federal agency to provide shelter and  
12 care to children; or

13 (ii) meets the eligibility requirements for  
14 a contract under Section 51.005(b)(3);

15 (24) a facility that provides respite care exclusively  
16 for a local mental health authority under a contract with the local  
17 mental health authority; ~~[or]~~

18 (25) a living arrangement in a caretaker's home  
19 involving one or more children or a sibling group in which the  
20 caretaker:

21 (A) has a written authorization agreement under  
22 Chapter 34, Family Code, with the parent of each child or sibling  
23 group to care for each child or sibling group;

24 (B) does not care for more than six children,  
25 excluding children who are related to the caretaker; and

26 (C) does not receive compensation for caring for  
27 any child or sibling group; or

1           (26) a psychiatric residential treatment facility  
2 licensed under Chapter 577A, Health and Safety Code.

3           SECTION 20. Section 577A.003, Health and Safety Code, is  
4 repealed.

5           SECTION 21. As soon as practicable after the effective date  
6 of this Act, the executive commissioner of the Health and Human  
7 Services Commission shall adopt rules as necessary to implement the  
8 changes in law made by this Act.

9           SECTION 22. If before implementing any provision of this  
10 Act a state agency determines that a waiver or authorization from a  
11 federal agency is necessary for implementation of that provision,  
12 the agency affected by the provision shall request the waiver or  
13 authorization and may delay implementing that provision until the  
14 waiver or authorization is granted.

15           SECTION 23. Notwithstanding the changes in law made by this  
16 Act to Chapter 577A, Health and Safety Code, a psychiatric  
17 residential treatment facility that is licensed under Chapter 42,  
18 Human Resources Code, on the effective date of this Act is not  
19 required to be licensed under Chapter 577A, Health and Safety Code,  
20 until the expiration of the facility's license under Chapter 42,  
21 Human Resources Code.

22           SECTION 24. This Act takes effect September 1, 2025.