



Behavioral Health Payment Reform Workgroup 2.27.20 Meeting Summary

The Department of Health Care Services (DHCS) held the third and final Behavioral Health Payment Reform workgroup meeting on February 27, 2020.

The meeting was attended by DHCS staff, [workgroup members](#), and members of the public. Molly Brassil from Harbage Consulting facilitated the meeting and Lindy Harrington was the lead presenter for DHCS.

This meeting focused on the proposed peer grouping methodologies and provided workgroup members and DHCS an opportunity to revisit discussions from previous workgroup meetings regarding the proposed payment methodology. A full agenda can be found [here](#).

Discussion Summary

DHCS provided an overview of the proposed peer grouping methodologies, then asked workgroup members to weigh in on key questions. See slides [here](#) (4-9).

- Below is a summary of the dialogue and comments made by workgroup members regarding the questions outlined on slide 8:
 - In general, workgroup members expressed concerns with relying solely on cost report data to establish peer groups.
 - Workgroup members suggested that in addition to cost report data, multiple factors should be taken into consideration to establish peer groups. Members made the following recommendations: Cost of doing business/cost of living, number of Medi-Cal eligibles, penetration rates, and network adequacy.
 - Several workgroup members recommended that DHCS consider average cost by mode of service.
 - Most workgroup members were in support of using the latest submitted cost reports vs. settled cost reports as the basis for the cost data. Several workgroup members also recommended that cost data should be extracted from consistent fiscal years.
 - Workgroup members underscored that there is a lot of variation across counties. The suggestion was made that significant outliers be considered/placed in their own peer group.

- Workgroup members continued to advise that implementation of payment reform on the SUD side should be on a different timeline. On the SUD side, counties do not have access to enough historical data to inform the rates, which could contribute to distortions in the peer grouping methodology.

Next, DHCS used this opportunity to revisit some discussions that occurred in the previous meeting held on February 4 around county administrative costs, and the intergovernmental transfer (IGT) process. See slides [here](#) (10-16).

- Below is a summary of comments made by workgroup members regarding the questions outlined on slide 13:
 - Workgroup members were overwhelmingly in support of option #2.
 - Workgroup members raised question regarding how utilization review/quality assurance (UR/QA) costs would be captured in this new structure.
 - In addition to the proposed 15% administrative add-on, a proposal to add a UR/QA add-on was also discussed. Several workgroup members voiced support of this proposal and stated it would provide counties with additional resources to strengthen existing UR/QA efforts and activities.
 - There was a recommendation to clearly define what activities are included in the administrative add-on, and to ensure mechanisms are in place to monitor the appropriate use of funds at the local level.
 - Call for more information regarding travel time and how it will be accounted for.
 - Recommendation that DHCS should consider establishing a financial floor to buffer counties against a significant decrease in utilization which could have an impact on fixed costs like county staffing levels.
 - Although this discussion focused on the add-on to support county administrative costs, several workgroup members flagged the importance of ensuring provider rates are adequate to cover provider administrative and operational costs.
- Regarding the question outlined on slide 15 about the IGT process, workgroup members were in support of option #1.

Finally, members of the public were invited to comment. Below is a summary of public comment:

- As these policies continue to be refined, remember that clients and family members can be helpful partners in this process. There is uncertainty and we want to ensure that these conversations are grounded in the goal of improving beneficiary care.
- Recommendation to implement payment reform for SUD services on a slower timeframe. The implementation of the DMC-ODS is still very new for counties and providers.

Next Steps for DHCS

This was the last meeting of the Behavioral Health Payment Reform Workgroup. DHCS noted the following next steps:

- DHCS will post a summary of key proposal improvements and updates in April 2020.
- Public comment & public hearings will take place in May 2020.
- DHCS intends to submit the 1115 waiver renewal & consolidated 1915(b) to CMS in June 2020.