



# Behavioral Health Payment Reform Workgroup

February 27 , 2020



# Agenda

- 10:00 – 10:05 Welcome and Introductions
- 10:05 – 10:45 Proposal to Establish Peer Groupings
- 10:45 – 11:30 Proposed Rate Setting Methodology - Revisit
- 11:30 – 11:45 Public Comment
- 11:45 – 12:00 Closing and Next Steps



# Welcome and Introductions





# Overview of Proposed Peer Grouping Methodologies

- Cost-Basis
- Quartiles
- Standard Deviation Adjustments



# Cost Basis

- DHCS is proposing to develop peer groupings based upon average unit cost to provide Medi-Cal covered mental health and substance use disorder services as reported in the most recently settled cost report.



# Quartiles

- DHCS is proposing to group counties into a minimum of four peer groups based upon quartiles.
- A quartile incorporates twenty-five percent of the observations in a data set.
  - Per group 1: Lowest 25%
  - Per group 2: Between 25% and 50%.
  - Peer group 3: Between 50% and 75%
  - Peer group 4: Highest 25%.



# Standard Deviation Adjustments

- Counties in the 1<sup>st</sup> quartile that are two standard deviations below the mean create a new peer grouping.
- Counties in the 4<sup>th</sup> quartile that are two standard deviations above the mean create a new peer grouping.
- Counties above and below the quartile means create new peer groupings between each quartile.
  - For example, counties in the 1<sup>st</sup> quartile that are two standard deviations above the mean create a new peer group with counties in the 2<sup>nd</sup> quartile that are two standard deviations below the mean.



# Workgroup Questions

- Is Cost the correct basis for creating peer groups?
- DHCS is proposing average unit cost, is this the right cost set or should it be total costs or some other set of costs?
- Are quartiles an appropriate statistical method for creating peer groups?
- Is two standard deviations from the mean and appropriate means of confirming the members of a peer group?





# Committee Discussion





# Revisit Payment Methodology

- In previous meeting, Members expressed concern regarding establishing a per utilizer per month administrative reimbursement.
- With this feedback, DHCS revisited options



# Revisit Payment Methodology

Option 1: Set a Per Utilizer Per Month rate for Administrative Costs (as discussed in last meeting)

Option 2: Add an Administrative Cost add-on at 15% of services for each claim submitted.



# Revisit Payment Methodology – Option 2

For Each Claim File submitted, the final reimbursement would include the adjudicated services at the rate schedule & add 15% to reimburse the county administrative costs

The 15% is tied to current Statutory Limitation for Administrative Costs

\*\*As a reminder – this would be to fund the county costs to operate the Mental Health Plan & DMC Plan, not provider administrative costs



# Revisit Payment Methodology: Workgroup Questions

- Should DHCS consider Option 2?
- If DHCS considers Option 2, should we use the proposed 15% or should we use the administrative percentage from cost reports to determine the percentage per peer grouping?



# Revisit Payment Methodology IGT Collection

## Reminder of Options

- Option 1 – DHCS invoices County for the average monthly non-federal share & the IGT collection is trued up quarterly. County claims processed under current timeline.
- Option 2 – DHCS invoices County for IGT after processing the submitted claim & reimburses county after IGT is received



# IGT Collection: Workgroup Questions

DHCS did not receive much feedback/comment so let's spend some additional time today:

Is there additional data or feedback that should be considered when deciding between two options?



# Committee Discussion







# Public Comment

Please limit comments to 2 minutes





# What to Expect Next

- DHCS intends to submit the 1115 waiver renewal & consolidated 1915(b) to CMS in June 2020
- DHCS will post a summary of key proposal improvements and updates in April 2020
- Public comment & public hearings will take place in May 2020
- Please [subscribe](#) to DHCS' stakeholder email service to receive the latest updates and information about Medi-Cal Healthier California for All



## Closing and Next Steps



- REMINDER: DHCS is seeking input, edits, comments, or questions by Friday, March 6, 2020.