Behavioral Health Programs

Rate Setting and Intergovernmental Transfers

February 4, 2020

Agenda

10:00 – 10:05	Welcome and Introductions
10:05 – 10:45	Presentation: Current Process in San Diego - Andy Pease
10:45 – 11:15	Overview of Current Physical Health Rate Setting Methodologies and Intergovernmental Transfers
11:15 – 12:00	Proposed Rate Setting Methodology
12:00 – 1:00	Break for Lunch
1:00 – 2:00	Continue: Proposed Rate Setting Methodology
2:00 – 2:30	Presentation: Alameda County Behavioral Health Payment Transformation – Rebecca Gebhart
2:30 – 2:40	Discuss Future Meeting Approach And Workgroup Suggestions
2:40 – 2:55	Public Comment
2:55 – 3:00	Closing and Next Steps

Welcome and Introductions

Workgroup Objectives

The objective of the behavioral health payment reform workgroup is to:

- Discuss opportunities and challenges around reforming behavioral health payment methodologies
- Provide feedback on proposed transition to HCPCS Level I coding and implementation timeline
- Provide recommendations on payment structure for each behavioral health delivery system

Current Process in San Diego

Andy Pease

Overview of Rate Setting Methodologies

- Medi-Cal Fee-for Service
- Diagnostic Related Group Hospital Inpatient
- Long-Term Care Provider Rates

Medi-Cal FFS Rates

- Rates are established for specific procedure codes.
- Most rates are based on the Medicare physician fee schedule.
- Med-Cal adds a step for different localities.

Diagnostic Related Group Hospital Inpatient Rates

- DRG rates set a price for a product, where the product is admission to a hospital.
- Each completed inpatient stay is assigned to a DRG based upon variable such as age, diagnosis, and treatment received.
- Each DRG is assigned a relative weight that accounts for the relative resource use of patient in the DRG.

Long-Term Care Provider Rate Setting

- Free Standing Nursing Facility - Level B
- Intermediate Care Facilities
- Distinct Part Nursing Facilities – Level B
- Subacute Care Units

Intermediate Care Facility Rates

- Intermediate care facilities are placed into geographic peer groups.
- Rates are based upon different cost categories, such as fixed costs and labor costs.
- Each of the cost categories that make up the rate is adjusted annually by a different cost of living index.

Distinct Part Nursing Facilities – Level B

- DHCS develops facility specific cost-based rates.
- Costs are projected to the rate year.
- Each facility's rate is limited to the median projected cost among all facilities.

Subacute Care Units/Facilities

- Facilities are grouped into hospital-based providers and freestanding nursing facilities.
- Rates are equal to each facility's projected costs limited to the median projected cost among facilities in the peer group.

Intergovernmental Transfers (IGT)

- What is an IGT?
- How does an IGT Work?
- Benefits of an IGT
- Challenges of an IGT

What is an IGT?

- States are required to pay a share of the cost to provide Medicaid services.
- The State's share may include funds **transferred** from another public agency.
- An IGT is the transfer of funds from one governmental entity to another governmental entity.

How Does an IGT Work?

- Billing Process followed by counties would be same as under current CPE methodology except with additional step after system processes county submitted claims
- DHCS determines the non-federal share of the adjudicated claims.
- The county transfers the non-federal share of the adjudicated claims.
- DHCS pays total adjudicated amount (both non-federal and federal portion) to the county.

Potential Benefits

- Reimbursement does not have to be limited to cost as it does with a CPE process.
- Counties do not have to submit a cost report to demonstrate cost as they do with a CPE process.
- Counties do not have to wait years to finalize the federal payment.

Potential Challenges

- Counties may have to put up more cash in the short term.

Behavioral Health Payment Methodology

The State is proposing to reform its behavioral health reimbursement to counties via a multi-phased approach with the goal of increasing available reimbursement to counties for services provided and to incentivize quality objectives.

This proposal would move reimbursement for all inpatient and outpatient specialty mental health and substance use disorder services from Certified Public Expenditure-based methodologies to a rate schedule that instead utilize intergovernmental transfer-based to fund the county non-federal share.

Behavioral Health Payment Methodology: SMHS

- Currently Medi-Cal covered specialty mental health services are grouped into the following three modes of service:
  - Outpatient services (mode 15): Mental Health Services, Crisis Intervention, Medication Support, and Targeted Case Management
  - Day services (mode 10): day treatment intensive and day rehabilitation, and
  - 24-hour services (mode 05): adult residential treatment, crisis residential treatment, psychiatric health facility services, and psychiatric inpatient hospital services.

Behavioral Health Payment Methodology: SMHS

- DHCS is planning to identify a mix of CPT and HCPCS codes for mode 15 outpatient services.
- For the most part, CPT codes will be used for services provided by licensed professionals providing clinical services in their scope of practice. For example, a licensed clinician providing individual therapy for thirty minutes will bill CPT code 90832: Psychotherapy, 30 minutes with patient.
- DHCS is planning to continue using HCPCS codes for non-clinical services (e.g., rehabilitation) and services provided by non-licensed staff (e.g., targeted case management performed by an Other Qualified Provider).
  - Note: DHCS may not use the same HCPCS codes for those services. DHCS may identify additional HCPCS codes that provide more specificity regarding the service performed.

Behavioral Health Payment Methodology: SMHS

- DHCS is planning to continue using HCPCS codes for Mode 10: day services and Mode 05: 24-hour services.
- Mode 10 day services are currently reimbursed bundled rates based upon the number of hours a beneficiary spent in the service.
- Mode 05 services are currently reimbursed a bundled rate for each day a beneficiary receives the service.
- DHCS is planning to continue reimbursing counties a bundled rate for these services.

Behavioral Health Payment Methodology: DMC

- California currently groups its Medi-Cal covered substance use disorder services into the following four modalities of service:
  - Outpatient drug free services,
  - Intensive outpatient services,
  - Narcotic Treatment Programs, and
  - Residential Treatment.
- DHCS is planning to identify a mix of CPT and HCPCS codes for outpatient drug free services, intensive outpatient services, and naltrexone treatment.
- Each of these service modalities provide similar types of services that captured by a CPT code or more specific HCPCS code. For example, each of these service modalities diagnosis beneficiaries, assess their treatment needs, and develop a treatment plan.

Behavioral Health Payment Methodology: DMC

- These services can be billed using the same CPT codes. To the extent these services are similar in the Specialty Mental Health Services delivery system, the CPT code will be the same.
- When there isn't a CPT code for a service activity performed in an ODF, IOT, or Naltrexone treatment clinic, DHCS will identify a HCPCS code for that service.
- DHCS is planning to continue using HCPCS codes for NTP and residential treatment.
- These services are currently reimbursed at a bundled rate.
- DHCS is not planning to unbundle those services and require the providers to bill each service activity separately.

Behavioral Health Payment Methodology

DHCS is planning to set rates for each CPT and HCPCS code identified for each of the delivery systems:

- Specialty Mental Health,
- Drug Medi-Cal State Plan, and
- Drug Medi-Cal ODS.

Behavioral Health Payment Methodology

- DHCS is planning to set different rates for the same service that is provided by different provider types.
- For example, the rate paid to a county for individual therapy provided by a psychologist will be different than the rate paid for individual therapy provided by an LCSW.
- This approach is intended to recognize the fact that the cost of therapy provided by a psychologist is different from the cost of therapy provided by an LCSW.

Behavioral Health Payment Methodology: Workgroup Questions

- For codes that are the same in both SMHS and DMC, should DHCS set the rate for CPT/HCPCS code the same for each delivery system or should the rate be different? For example, a clinician performing a clinical evaluation to diagnose a beneficiary's mental health or substance use disorder may bill the same CPT code, should SHMS be the same as DMC?

- What additional cost factors should DHCS consider in building the rates for particular procedure codes and how should DHCS gather those cost factors?

Behavioral Health Payment Methodology

- DHCS is planning to reimburse counties a set amount per user per month for administrative and utilization review/quality assurance costs.
- This set amount can be developed from county cost reports and claims data.
- DHCS can determine the number of beneficiaries who utilized a specialty mental health and a Drug Medi-Cal service each month over the course of the year.
- Dividing the administrative and UR/QA costs by the users per month will estimate the total costs per user per month.

Behavioral Health Payment Methodology: Workgroup Questions

- DHCS is proposing to set per utilizer per month for items like County Administration and UR/QA, should DHCS instead set a separate rate for these items?

- What additional variables, if any, should DHCS use to adjust the rates for particular activities?

Behavioral Health Payment Methodology

For the establishment of reimbursement rates, DHCS is proposing to update the rate schedule annually.

Initially, DHCS is proposing to utilize updated cost data each year for the annual rate update to ensure that rates do not fall below cost. Submitted cost reports will be simplified and will not be reconciled to payments and only used to inform annual rate setting.

The goal will be to reduce submission of cost data to every three years and utilize cost trend for annual rate updates between cost submission.

Behavioral Health Payment Methodology: Workgroup Questions

- DHCS is proposing an annual rate update, is that the right schedule?
- How many years do you believe we would need to collect annual cost information to have a good trend?
- Once we have a trend, what frequency should we collect cost data? Three, Four or Five years?
- What other factors should be considered in rate updates?

Behavioral Health Payment Methodology

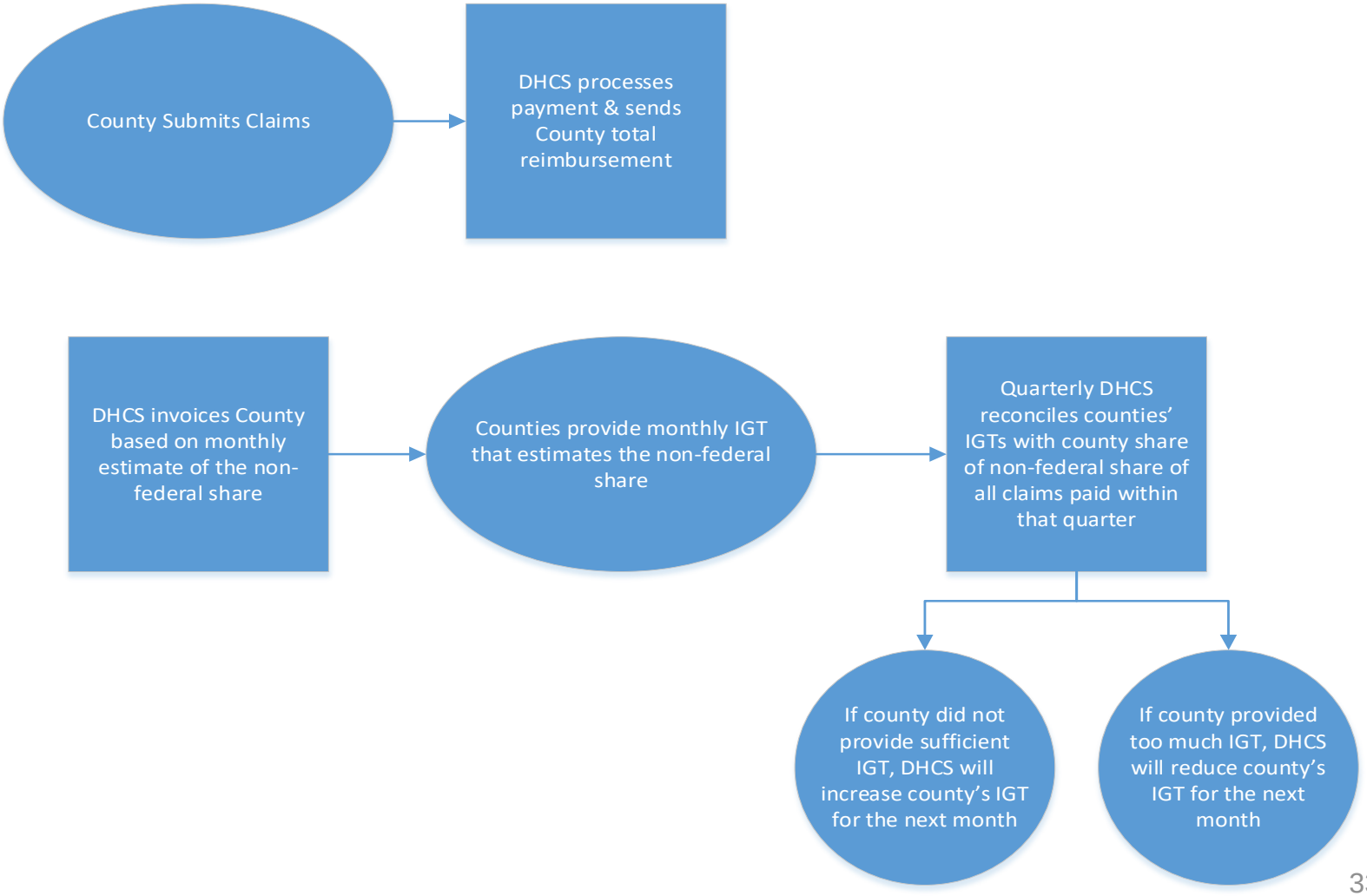
The shift from CPE to IGT will result in initial impact to cash flow for counties due to requirement to have paid for service & transfer non-federal share to state for payment.

The level of impact will be determined by timing of claiming. Let's take a look at the flow …

IGT and County Reimbursement

- Counties would submit claims to Short Doyle and would receive reimbursement at the established rate for the CPT or HCPCS code.
- The reimbursement would include both the federal and non-federal share.
- Further discussion regarding options for timing of payment & IGT collection

IGT and County Reimbursement: Option 1



IGT and County Reimbursement: Option 1

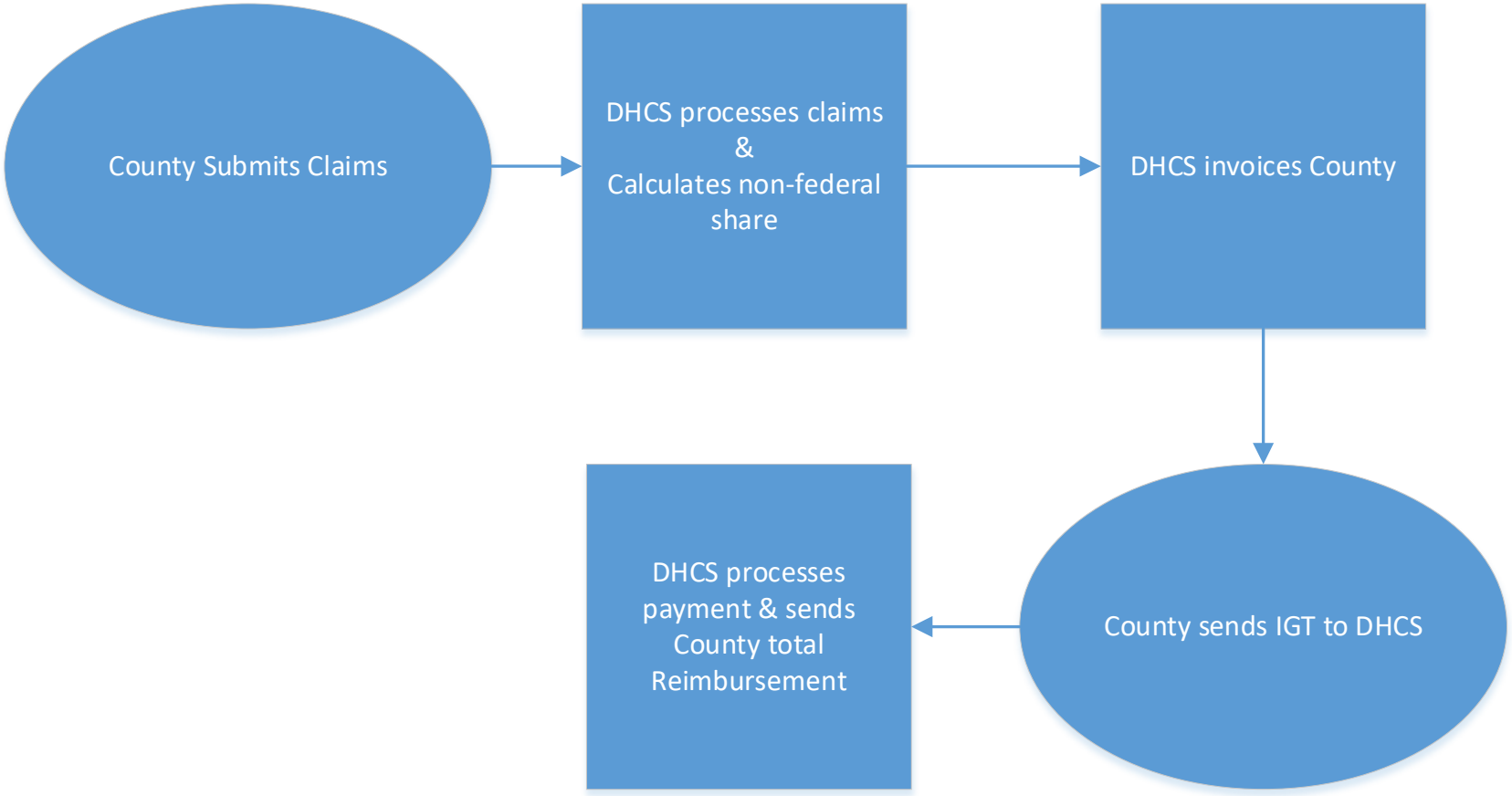
Pros:

- County knows IGT amount needed monthly
- Maintains current reimbursement timing

Cons:

- Doesn’t tie to monthly reimbursement

IGT and County Reimbursement: Option 2



IGT and County Reimbursement: Option 2

Pros:

- IGT amount collected matches reimbursement amount
- Accounts for fluctuations in claiming

Cons:

- Delays reimbursement timing

Behavioral Health Payment Methodology: Workgroup Questions

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

Committee Discussion

Presentation

Alameda County
Behavioral Health:
FSP Payment Transformation Initiative

Rebecca Gebhart

Future Meeting Planning

Future Workgroup Meeting Dates:

- Thursday, February 27th

Workgroup Feedback

- Hear from workgroup members what they would like to discuss at next meeting
- What additional information is needed to inform policy recommendations?

Public Comment

Please limit comments to 2 minutes

Closing and Next Steps

- REMINDER: DHCS is seeking input, edits, comments, or questions for next meeting by Tuesday, February 11, 2020.

- Next Meeting: Thursday, Feb 27th