



Mental Health Clinic Reimbursement Rate Analysis and Proposal Project Report

The Coalition of Behavioral Health Agencies, Inc.

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Process

- Project started by Coalition two years ago
- Funded in part by foundation support:
 - Herman Goldman Foundation
 - Robert Sterling Clark Foundation
 - United Way of New York City
- Consultant conducted background research on
 - New York State healthcare rate methodologies
 - New York State mental health Medicaid and COPS
 - National and local trends
- Coalition Board created Coalition workgroup which met regularly in 2006 and 2007

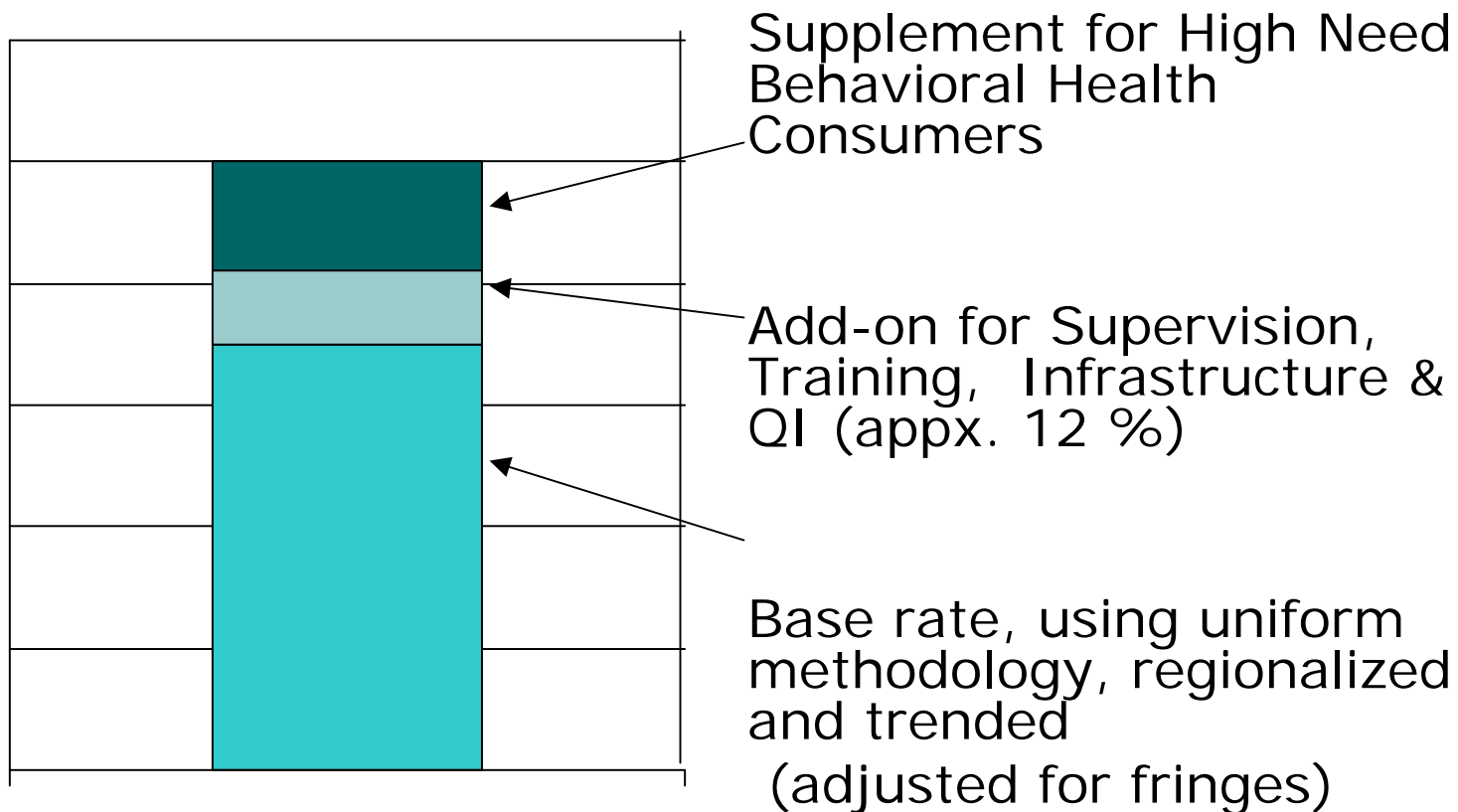
Process (cont.)

- 10 workgroup members submitted CFR data, representing 18 clinics
 - Consultants developed detailed fiscal picture of clinic revenues and expenses
 - Data represented 12% of NYC Medicaid MH clinic volume and 6-7% of State total
 - Anonymous data shared with and analyzed by workgroup and consultants
- Additional analysis done on performance measures and tying measures to reimbursement
- Consultants and workgroup jointly developed recommendations for new rate structure

Key Points

- Clinic system can no longer treat all consumers effectively
 - Clinic system suffers from fiscal deprivation, loss of qualified staff and even some program closures
- The Coalition proposal offers increased effectiveness and efficiency in exchange for revised rate structure
- The Coalition welcomes collaboration to create a new system with long term viability

Basic Funding Proposal – With annual adjustment and periodic review



Other Major Points

- Proposal would eliminate COPS
- State must decide how to address uncompensated care
- State must address current Medicaid subsidy of managed care
- Rates should be regionally based with a pass-through for agencies which provide health care insurance, retirement or similar worker support
- Actual statewide data should be brought to bear on rate calculations
- State and Coalition objectives coincide

Things to Keep in Mind

- Proposal is a major change in practice
 - It institutes performance measures
 - It will fit most programs in the system
 - Accommodation will need to be made for high cost specialty services
 - Some providers will need to be held harmless for some period of time to allow for transition
- The proposal does not address payment for all uncompensated care nor those receiving services through third party providers and transferred costs of managed care
- This analysis assumes a cost factor for clinics staffed with full time professionals receiving insurance and other benefits

Current Risks

- Existing funding does not cover the costs of delivering clinic services for all mental health populations
 - Particularly true for high behavioral health needs, care that is uncompensated or partially compensated (including managed care)
 - Resource shortage contributes to staff turnover, negatively impacting continuity of care
 - Financial risk and staff shortages have led to clinic closure
- Medicaid is the primary payer for most mental health clinic services
 - Will only pay for services it deems “medically necessary”
 - Primary, secondary prevention and outreach not funded
- Federal expectations and limitations on service delivery are in a state of continuous flux, probably on a trajectory of constriction

Current Risks

- Many people believe that the current Comprehensive Outpatient Program Services (COPS) system is at risk of elimination
 - Growing opinion that replacing it will be in the best long term interest of both the State and providers
 - COPS is worth \$230 million per year (\$115 million Federal) and at least 3 years worth of previous compensation is at stake. (\$345 million total at risk)
 - Crucial to retain the federal, state and local support that comprises the COPS program.
- Current reimbursement system is unnecessarily complex and inflexible
 - Detracts from the therapeutic and rehabilitative goals of care
 - Wastes money with administrative requirements and unfunded mandates



A New System of Care and Reimbursement

- Services and reimbursements are linked to results, particularly for high need behavioral health users
- Proposal: Rates would be based on:
 - Regional provider costs and revenues
 - Annual adjustments tied to established inflation indicator
 - Periodic rebasing
 - Pass-through for certain costs such as property and utilities
 - Pass-through for clinics employing full time staff with full benefits

A New System of Care and Reimbursement

- Results will be measured with agreed upon performance measures
 - Measures will be prioritized to reflect medical necessity
 - Secondarily to other social benefits
- Essential non-Medicaid services should be funded separately
 - Non-“Medicaidable” services required for high-needs behavioral health consumers and uninsured should be funded with State revenues
 - Services should be funded at appropriate levels with built in cost-of-living adjustments
- Some more-than-incident case management services should be connected to clinics serving high needs populations
 - Services can be provided--effectively, most continuously and with least delay—to the hardest to serve

Performance Measures

- Proposal ties a portion of reimbursement for high need behavioral health user consumers to population specific outcomes
 - After a period of transition, failure to achieve outcomes leads to probation for year 1 and loss of rate enhancement after year 2
- State benefits if outcomes achieved
 - Improved lives for consumers
 - Performance measures should save money in prisons, shelters, hospitals, etc
- Acceptable outcomes must be achievable for community mental health providers

Potential Performance Measures by Population

Related to Medical Necessity

- Reduce hospital use
- Reduce emergency room use
- Improve functioning

Secondary to Medical Necessity

- Reduce criminal justice involvement
- Reduce family court involvement
- Reduce homelessness
- Improve school attendance

Cost Analysis - Methodology

- Cost analysis based on CFR data from Coalition workgroup members
- Participating clinics
 - Employ full time professional staff receiving benefits
 - Meet the extensive requirements for COPS clinics established in OMH regulations Part 592.7. These include but are not limited to
 - Serving all regardless of the ability to pay
 - Priority access for adults with serious mental illness or children with serious emotional disturbance
 - 24 hour emergency services
 - Providing culturally competent care
 - Providing or arranging for case management services
 - Participating in local mental health planning processes

Cost to Serve High Behavioral Health User Populations

- High behavioral health user consumers are more expensive to serve for a variety of reasons
 - They require more experienced and better trained personnel
 - They are likely to require more psychiatric time
 - They are involved with multiple systems of care requiring more time for care coordination
 - They have a variety of general health care challenges that often tie to their behavioral health problems
 - Children's services require more specialized expertise as well as coordination with schools and various other service providers
 - Fragile and homebound geriatric cases and homeless populations are more likely to require off-site services



Assuring Quality and Effectiveness: Supervision, Training, and Outcome Measures

- Assuring the achievement of new outcome expectations requires
 - Improved training
 - Performance measurement
 - Provision of adequate supervision and technology
- None of these expenses have been overtly considered in previous reimbursements
- Need to explicitly include them and pay for them
 - Financial experience is limited in this area
 - Recommend experimenting with different configurations
- Cost of these efforts will be approximately a 12 percent surcharge on the rate (Coalition estimate based on 1/3 of direct care costs)

Proposed New Rates

- The proposed new base rate of \$151 reflects the current average across all adult clinical encounters in New York City, including COPS, some uncompensated care, managed care subsidy and excluding CSP
- Current cost to serve high behavioral health users is about 20% higher than average current reimbursement with COPS – about \$181 per service. (Supported by independent analysis of the New York City Department of Health and Mental Hygiene)
- The cost of training, performance measurement and supervision, to assure outcomes, will be approximately a 12 percent surcharge on the base rate
- An analysis is needed of the current mix of high need behavioral health users and more traditional consumers to determine the final estimate of appropriate reimbursement levels for all services

Current Summary Analysis

- Base Rate in New York City - \$151 per clinic visit
- Upward adjusted 12% for training, supervision, technology, system change
- Enhanced rate for high need consumers
- Downward adjusted for contract staff without insurance or pension benefits
- Downward adjusted if performance satisfaction for service to high users is not reached
- Annual trend based on Medicaid CPI
- Unified Audit to assure clear implementation and reduce waste