Behavioral Health Services and Support Payment Rate Approach: Kickoff Meeting

ARKANSAS DEPARTMENT OF HUMAN SERVICES

Arkansas Department of Human Services

June 29, 2022

Introductions

Arkansas Department of Human Services

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Agenda

1	Overview of DHS' BH continuum Medicaid payment rate strategy
2	Counseling service payment rate update
3	Development of comparison payment rates for targeted PASSE member BH services
4	PRTF comparison rate development
5	Use of independent rate model for team-based comparison rate and comparison rates for individual services
6	Next steps

Please submit questions in the chat box during this presentation. We will answer as many as possible during the presentation, with follow up afterwards as needed.

OVERVIEW OF DHS' BH CONTINUUM MEDICAID PAYMENT RATE STRATEGY

Child/Youth BH Continuum – Current Services

Increasing intensity of services

Counseling	Home & Community Based Services (HCBS)	Residential HCBS	Psychiatric Residential Treatment Facility (PRTF)	Psychiatric Hospital Sub-Acute Unit
• Individual • Family • Group • Crisis Intervention	• Behavioral Assistance • Child and Youth Support • Life Skills Development • Planned Respite • Family Peer Support Partner • Crisis Stabilization Intervention	• Residential Community Reintegration Program	• Residential Treatment Center	• Residential Treatment Unit • Inpatient Stay (short-term stabilization)
Provider types: OBHA or ILP/ILP groups	*Provider types:* OBHA or CSSP	*Provider types:* OBHA or CSSP	*Provider types:* U21 Inpatient Psychiatric RTC	*Provider types:* U21 Inpatient Psychiatric RTC, psych hospital or hospital with psych unit

← **Crisis Services** →

Acute crisis unit beds

Adult BH Continuum – Current Services

Increasing intensity of services

Counseling	Home & Community Based Services (HCBS)	Transitional Housing	Residential HCBS	Hospital
• Individual • Family • Group • Crisis Intervention	• Adult Rehab Day Service • Supportive Employment • Supportive Housing • Adult Life Skills Develop. • Peer Support • Aftercare Recovery • Assertive Community Treatment	• Not a Medicaid reimbursable service but often needed to for individuals who don't meet the level of need for Therapeutic Communities but need housing and additional supports	• Therapeutic Communities	• Inpatient Psychiatric Units in General Hospitals
Provider types: OBHA or ILP/ILP groups	*Provider types:* OBHA or CSSP	*Provider types:* OBHA or CSSP	Provider types: OBHA or CSSP	*Provider types:* General Hospital

← Crisis Services → **Crisis stabilization units / acute crisis unit beds**

Themes from Stakeholder Feedback Regarding Challenges Under the Current System

Structure of PASSE Program Policy and Regulations

- Policy and regulations are restrictive and complicated.
- There are currently unresolved service gaps, e.g., team-based delivery of home and community based services to address behavioral issues
- Overall process and paperwork are administratively burdensome.

Workforce Challenges

- Difficulty in hiring and retaining BH workforce, primary due to:
  - Lower wage levels that are not keeping pace with the market
  - Challenging clients as compared to clients covered by private health insurance
  - Excessive paperwork
- High turnover leads to increased time training and supervising new employees

Desired Changes

- Revise and streamline BH policies and regulations, particularly regarding provider types able to provider a service
- Overhaul BH payment rates across the continuum
- Increased transparency regarding DHS' strategy to address challenges

DHS Payment Rate Strategy Across the BH Continuum

July 2022

Counseling rate update

Comparison payment rate development for targeted PASSE member services

- Targeted individual services
- New team-based service that includes targeted individual services and crisis services
- PRTF services

Regulations and provider manual review and updates

January 2023

Continued assessment of the need for additional changes to payment approaches across the BH continuum

Crisis services planning

- Development of a plan for a behavioral health statewide integrated crisis system
- Stakeholders will include but not limited to behavioral health providers, developmental disabilities providers, hospital providers, emergency transport providers, schools and law enforcement

Consideration of stakeholder feedback, including feedback raised in legislatively-coordinated BH workgroups

Counseling Service Payment Rate Update

Counseling Service Payment Rate Update

- DHS is in the process of updating the payment rate for counseling services
- DHS will consider the following to determine the appropriate update:
  - Provider survey, to be released by July 11
  - Payment rates used for similar services by:
    - Other states in Region 6 (Louisiana, New Mexico, Oklahoma, and Texas)
    - Medicare
  - Arkansas Medicaid access and utilization data

DEVELOPMENT OF COMPARISON PAYMENT RATES FOR TARGETED PASSE MEMBER BH SERVICES

Targeted PASSE Member BH Services

Targeted Community-Based Services

- Behavioral Assistance
- Family Support Partner
- Supportive Life Skills Development
- Child and Youth Support Services
- Peer Support
- Supportive Living
- Crisis Stabilization Intervention

New service: High-need Child/Youth Team-Based Service

- Goal: Prevent escalation to high-acuity, institutional-based services.
- Services delivered to individuals and their families in home and community settings and during the times they are most needed
- Services are overseen by professional
- Services address complex behavioral issues

Psychiatric Residential Treatment Facility (PRTF) Services

Purpose of Developing Comparison Rates

- Develop rates consistent with efficiency, economy, quality of care, and access to care.
- Provide an examination and understanding of the provider resources involved in delivering covered BH services.
- Support the ability of DHS and other stakeholders to assess changes to fee-for-service rates and funding for PASSEs.
- Support improved transparency in analysis and communication between DHS and other stakeholders in the Medicaid program's authorizing environment.
- Provide transparent payment rate benchmarks for use by all stakeholders, including during negotiations between PASSEs and providers

Plan and Anticipated Timing for Comparison Rate Development

Phase 1:
Kickoff & Workgroup Engagement

June – July 2022

- Conduct all stakeholder webinar to review and obtain feedback on the following:
  - DHS' overall payment rate strategy for the BH continuum
  - Development of payment rates
- Engage PRTF workgroup members (all in-state PRTFs will be invited)
- Engage providers interested in delivering new team-based service

Phase 2:
Develop Comparison Rate Assumptions and Draft Rates

July – September 2022

- Develop payment rate assumptions
- Conduct PRTF workgroup
  - Collect additional data from in-state PRTFs if needed
- Obtain feedback from providers interested in delivering new team-based service
- Develop draft rates

Note: Milliman is contracted to develop the comparison rates and related reports. Milliman's work will be informed by stakeholder feedback and will incorporate DHS decisions regarding payment rate assumptions.

Phase 3:
Obtain Stakeholder Feedback and Develop Final Report

October – November 2022

- Obtain feedback from stakeholders on draft rates and assumptions and make adjustments as appropriate
  - PRTF workgroup meeting will be used to review PRTF rates and assumptions
  - DHS to hold all-stakeholder webinar to review comparison rates for targeted individual services and new team-based service
- Release draft Milliman comparison rate reports for final stakeholder feedback
- Finalize Milliman comparison rate reports

Stakeholders are invited to provide feedback at any point in the project via BHRateDevelopment@dhs.arkansas.gov. DHS will also consider feedback gathered via on-going legislatively-coordinated BH workgroups and other DHS meetings with external stakeholders.

PRTF Comparison Rate Development

PRTF Service and Current Payment Approach

Definition	Non-acute inpatient facility care for children and youth under 21 with mental illness or substance abuse who need 24-hour care
Purpose	Improve the patient's condition or prevent further regression so that the services will no longer be needed, and the patient can be managed in a community setting.
Payment	Per diem basis based on PRTF-reported budgeted costs, with a current $350.00 per diem limit

PRTF Technical Workgroup Role

- Includes all 13 in-state PRTFs
- Provides subject matter expertise regarding:
  - Current state and local landscape with respect to PRTF service requirements
  - Programmatic and financial PRTF experience, including budgeted costs (submitted to DHS annually) and rate considerations for subpopulations
- Informs the development of rate models and related assumptions
- Provides feedback on preliminary rates

PRTF Workgroup Member Responsibilities

- Attend monthly virtual workgroup meetings, with potential additional attendance at ad hoc and/or subgroup meetings
- Provide feedback on a particular service from the perspective of their organization and the broader service delivery system in the state
- Work across their respective organizations between workgroup meetings to obtain feedback on specific payment rate assumptions

Development of PRTF Rates: Overall Approach

Overall Payment Rate Approach	Per diem prospective rate(s)

Rate Structure	• Identification of baseline rate
	• Consideration of additional costs specific to subpopulations
	  ◦ Additional staffing requirements
	  ◦ Program support

Anticipated Data Sources	• Provider budgeted cost data and other submitted cost data • Workgroup input • National and state data sources, e.g., specific to trend factors and wages and benefits

Use of Independent Rate Model Approach for Team-Based Comparison Rate and Comparison Rates for Individual Services

Independent Rate Model Framework

Overview

Ground-up approach

- Rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service

Commonly applied method for rate determination for community-based services

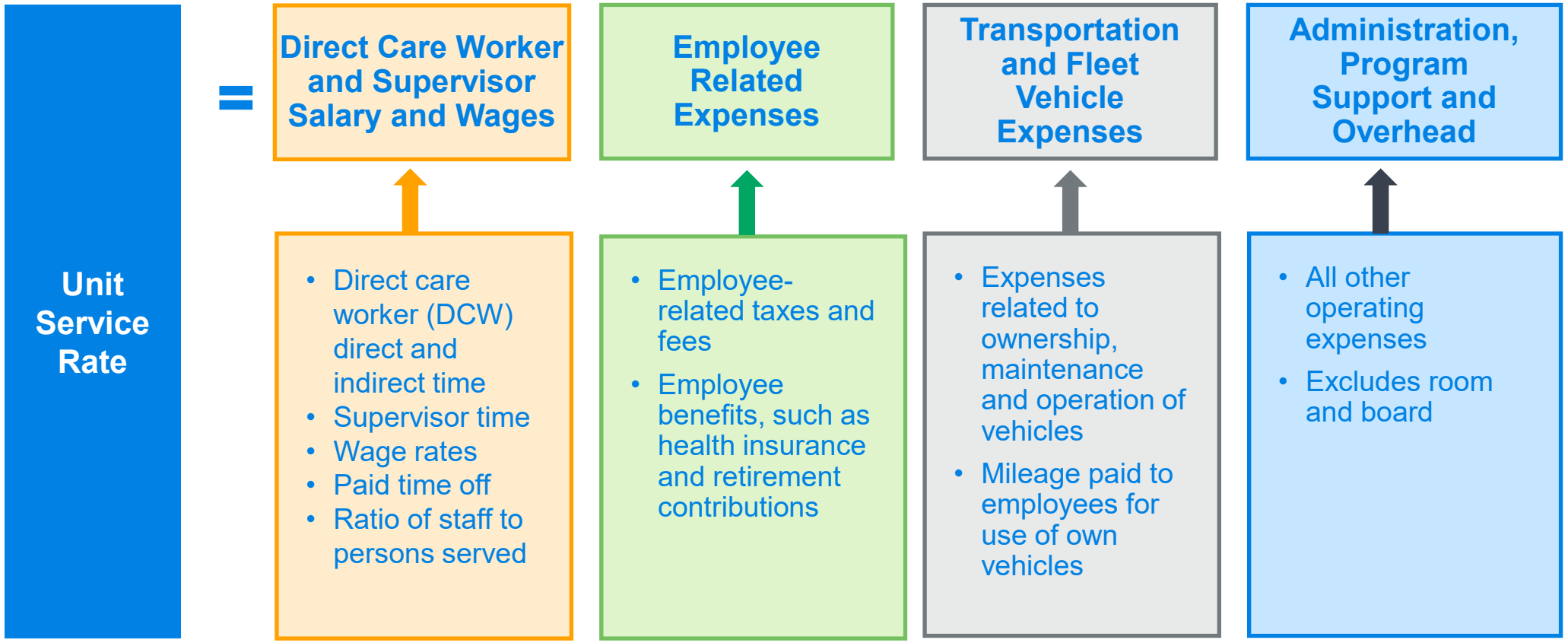
- Many states employ independent rate model approach
- One acceptable method based on CMS guidance for HCBS services

Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates payment rate updates and modification efforts
- Facilitates comparison of actual costs of providing services
- Developed independently from actual costs incurred – not tied to historical costs

Independent Rate Model Framework

Rate Build Up Components



Independent Rate Model Framework

Major Components and Elements

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Clinical Staff and Supervisor Salaries and Wages	Service-related Time	Direct time	• Corresponding time unit or staffing requirement assumptions where not defined. • Adjusted for staffing ratios for some services (i.e., more than one person served concurrently, e.g., in group counseling sessions).
		Indirect time	• Service-necessary planning, note taking and preparation time
		Transportation time	• Travel time related to providing service
		PTO/training/ conference time	• Paid vacation, holiday, sick, training and conference time. • Also considers additional training time attributable to employee turnover
		Supervisor time	• Accounted for using a span of control variable
	Wage Rates	Can vary for overtime and weekend shift differentials	• Wage rates vary depending on types of direct service employees, which have been assigned to provider groups
	Stipends	Payments for on-call capacity	• Used for selected services
Employee Related Expenses	Payroll-related Taxes and Fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	• Applicable to all employees, and varies by wage level assumption
	Employee Benefits	Health, dental, vision, life and disability insurance, and retirement benefits	• Amounts may vary by provider group
Transportation – Fleet Vehicle Expense	Vehicle Operating Expenses	Includes all ownership and maintenance-related expenses	• Varies by service. Some services assume employee-owned vehicle at federal rate. Other services assume fleet vehicle expenses or vans.
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	• Does not include room and board (excluded per Medicaid federal regulations)

Independent Rate Model Framework

Framework is adjusted to reflect complexity of modality and/or service delivery model

Examples of variation in payment rate approaches	
Service Delivery	Examples of Types of Services
Per unit - One direct care staff person with presence of direct care staff supervisor	Day habilitation services paid per hour
Case load - Determine costs on a monthly basis, then convert to service unit based on assumptions related to the average number of individuals served and/or units provided during the month	Assertive Community Treatment
Shift-based rate model - Used for services when more than one individual is served, typically in a residential setting, where direct care staff are expected to be on-site for scheduled periods or shifts, set up to provide service coverage over an extended period of time, or on a 24/7 basis.	Residential care

Data Sources Informing the Independent Rate Model

- **Bureau of Labor Statistics (BLS)**
  - Wage amounts specific to Arkansas, by occupational code
  - Workers' compensation
  - Retirement
  - Health, dental, vision and life insurance rates
- **Internal Revenue Service**
  - Standard mileage rates
  - FICA percentages and limits and FUTA tax information
- Published policies and guidance by the State of Arkansas
- Subject matter expert feedback
- Additional data sources, as identified

Note: An ad hoc provider survey is not included in the development of the comparison rates for the individual BH rates and team-based services.

Independent Rate Model Framework

Example For Illustration Purposes Only: Comprehensive Community Support Services Rate Build Up per 15 min (not an actual rate calculation)

Ref.	Description	DCW	Supervisor	Total	Notes
A	Average minutes of direct time per unit	15.00			6 hours and 31 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	1.50			39 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	1.90			50 transportation minutes per 8 hours || 1 trips spread over 21.56 units per day
D	Total minutes per unit	18.40			D = A + B + C
E	Staffing ratio	1.00			
F	Supervisor span of control		10.00		10 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		1.84		G = D / F
H	PTO/training/conference time adjustment factor	15.7%	15.7%		Based on separate PTO build
I	Adjusted total minutes per unit	21.29	2.13		
J	Hourly wage	$ 14.65	$ 18.28		Based on separate wage build
K	Total wages expense per unit	$ 5.20	$ 0.65	**$ 5.85**	K = J * I / 60
L	Employee related expense (ERE) percentage	26.1%	23.2%		Based on separate ERE build
M	Total ERE expense per unit	$ 1.36	$ 0.15	**$ 1.51**	M = K * L
N	Estimated average MPH			32.97	Urban 30 MPH || Rural/Urban 40 MPH || Rural 50 MPH
O	Estimated miles driven per unit			1.04	O = N * C / 60 / E
P	Federal reimbursement rate			$0.58	
Q	Mileage reimbursement or vehicle costs per unit			**$0.61**	Q = O * P
R	Administration / program support / overhead			10.0%	Portion of total rate
S	Administration expenses			**$ 0.88**	V = (K + M + Q) * R / (1 - R)
T	**Per 15 minute payment rate**			**$8.84**	**T = (K + M + Q + S)**

Next Steps

Next Steps

New team-based service and targeted individual service rates

- Review existing data and identify service requirements
- Conduct PRTF workgroup meetings
- Develop payment rate assumptions
- Engage providers in discussion of new team-based service

Counseling rate update

- Conduct survey of other state payment rates

Policy and regulatory changes

- Conduct related workgroup
- Identify necessary changes and timeframe for implementation

Statewide Support

- Training to support provision of services for complex populations
- Crisis system

Email BHRateDevelopment@dhs.arkansas.gov if you have any feedback or questions during this important project.

Thank you

Limitations

The information contained in this presentation was developed by the State of Arkansas, Department of Human Services with input from Milliman. Milliman's input was specific to the approach for developing comparison payment rates for targeted PASSE member BH services. Milliman's work for DHS is subject to the terms of Milliman's contract with the Arkansas Department of Human Services #4600041898. Milliman does not intend to benefit, or create a legal duty to, any third-party recipient of its work. This presentation should only be reviewed in its entirety.

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