Drug Medi-Cal ODS in San Mateo County

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June 6, 2017

SMC DMC-ODS Background

* Launched ODS implementation February 2017
* Our philosophy
* Provider partnership is key
* SMC ODS Fiscal Plan/setting state interim rates
  * see ppt and materials from 12/13/16 Fiscal Leadership
* Distinction between state interim rate setting and county rate setting with contractors (contract negotiations)
Significant Challenges

* Provider Contract Negotiations
  * Changing from Fee for Service to Cost Reimbursement
  * Projecting FFP and Match, by provider
  * Contract monitoring changes

Cost Reimbursement

Unexpected and significant budget inflation
* New DMC implementation costs
* Ramp up costs
  * what do providers need to be ready?
  * How pay if there are costs? Cannot bill without executed ODS contract
  * Set time and dollar limits with providers
* Provider optimism
  * Building a Cadillac system
  * Best case scenario planning
  * Aggressively addressing real cost of living issues
 Providers Budget Analysis

- Cost analysis
  - FTE and position classification for each provider
  - Ensure costs belong to DMC not other payers
  - Are costs reasonable and appropriate
- Revenue analysis
  - Include all private pay, non-SUD funded services and anticipated SUD Tx funding for existing non-DMC sources
- Project FFP and Match Requirements
  - Analysis of client mix by Medi-Cal aid code
  - Anticipated units by service

 Contract Negotiation Lessons

- Balancing various provider needs with limited funds is challenging.
- Set ODS budget expectations early
  - Recommend modest or flat percent increase and provider can decide how to allocate funds
- Ensure costs are reasonable – this protects contractors in an audit.
- State auditors will look at relative cost increase year over year
More Lessons

- Contractors must justify any significant increases/new costs over prior year
- What evidence does provider have of demand increases?
- What are the “one-time costs” What costs will drop out next year?
- Can any one-time costs be deferred to future years? Stagger one-time costs.
- “Ramp up” costs – set limits on timeframe and total dollars pre ODS launch. (i.e. pre-hires before contract execution date)

Contract Monitoring

Changed monitoring for county SUDS staff
- Pre ODS: Monitor units and pay based on rates (FFS)
- Post ODS: monitor costs and staff productivity
- Track agency overpayment/underpayment based on costs
- Quarterly costs reporting, 90% cost requirement or withhold, year-end cost reporting and reconciliation
- Concerns: client mix or low UOS (cash flow for provider or county), esp for CM, RS, and county of residency
- Establish productivity standards for direct service staff (24 hrs/wk)
- Disallowances, PSPP
Final Thoughts

* Strong Partnership between SUDS Program and Fiscal Staff is key
* Communicate early and often with staff, providers.
* Impact of client mix and units on FFP revenue and county match
* Monitor costs and productivity
* Start with known demand and build your network as the need emerges

Thank you!

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