Provider Rate Setting, Network Adequacy and Market Forces
Here We Are Again

• 6 Months ago
  – Provider rate setting discussion.
  – Description of cost drivers relative to personnel, operating and indirect costs.

• Today
  – Update on application of those principles and possible next steps.
  – Discussion of broader impacts of provider rates under the Waiver.
Rate Setting Methodology

• Level of Care
  – Unit of Service

• Most Recent Certified Cost Report
  – Proposed Interim Rate
    » Projected Units of Service
    » Projected Number of Clients
    » Projected Total Expenditures
The Missing Parameter . . .

• Is the projected provider level cost of service delivery that meets Waiver staffing and operational standards.

• And so, that’s what we tried to quantify in a couple of counties.

• And what happened was -
Many Providers Were Unclear on the Concept

- With regard to staffing complement.
  - New business and clinical functions.
- With regard to operating expenses.
  - IT, advertising
- With regard to indirect costs.
- With regard to utilization management and medically necessary transitions in level of care.
What we found

• About half did not respond.
• And for those that did –
  – New staff for new functions but,
    • Maybe did not include all functions.
    • No increase in salary
  – No new staff but existing staff got raises.
  – Admin costs tripled but counselors still got a $15 hourly salary.
Plan B

• More training, orientation for providers.

• Pre-populate line items on rate setting worksheets.

• Descriptions of ASAM Criteria for Levels 2.1, 3.1, 3.3 & 3.5.
  – In terms of staff and service
Waiver Cost Drivers - Staff

- Eligibility determination, access to benefits.
- Client rights - grievances & appeals.
- Case management.
- Recovery support.
- Physician consultation, MAT coordination.
- Continuing education.
- Legal and Accounting.
- Non-Billing Clinical Staff, e.g. Outreach Workers
Waiver Cost Drivers - Staff

• Access to care (24/7/365)
• Residential authorizations
• Language capacity/translation services
• EBP implementation – training, fidelity management, clinical supervision, measurement.
• Care coordination with other SUD providers, levels of care.
• UR/UM; Title 22 documentation compliance.
Waiver Cost Drivers - Staff

• Integration with PC & MH
• Compliance and QI monitoring and management, EQRO
• Reporting functions – County, DHCS, etc.
• Ongoing training in general – EBP fidelity
• Billing & revenue cycle management
• IT, EHR support
• Specialty programs – youth, women, co-occurring.
Waiver Cost Drivers - Operations

• Faster turnover of residential beds as ALOS decreases.

• Need to increase staff in outpatient settings as ALOS increases
  – As a function of better retention
  – Or increased caseload.

• Cash reserves to cover reimbursement lag time, denials & disallowances.

• Competitive staff salaries.

• IT – Software licensing & support.
How Market Forces Might Work

County A - $90/Bed Day

CDCR - $125 Bed Day

Spanish Speaking Counselor

County B - $110/Bed Day
More Market Forces

Who has the competitive advantage?

Provider A
• Outreach Workers

Provider B
• Bilingual/Bicultural Staff

Provider C
• Advertising Budget

Provider D
• Multiple Levels of Care

Provider E
• Welcoming Environment and Hope for Recovery

Provider F
• Tracks and Analyzes Data on Client Response to Care
Questions?

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