




CALIFORNIA INSTITUTE FOR
BEHAVIORAL HEALTH SOLUTIONS

LEADERS IN
POLICY,
TRAINING,
EVALUATION
AND RESEARCH

Fiscal Leadership Institute


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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

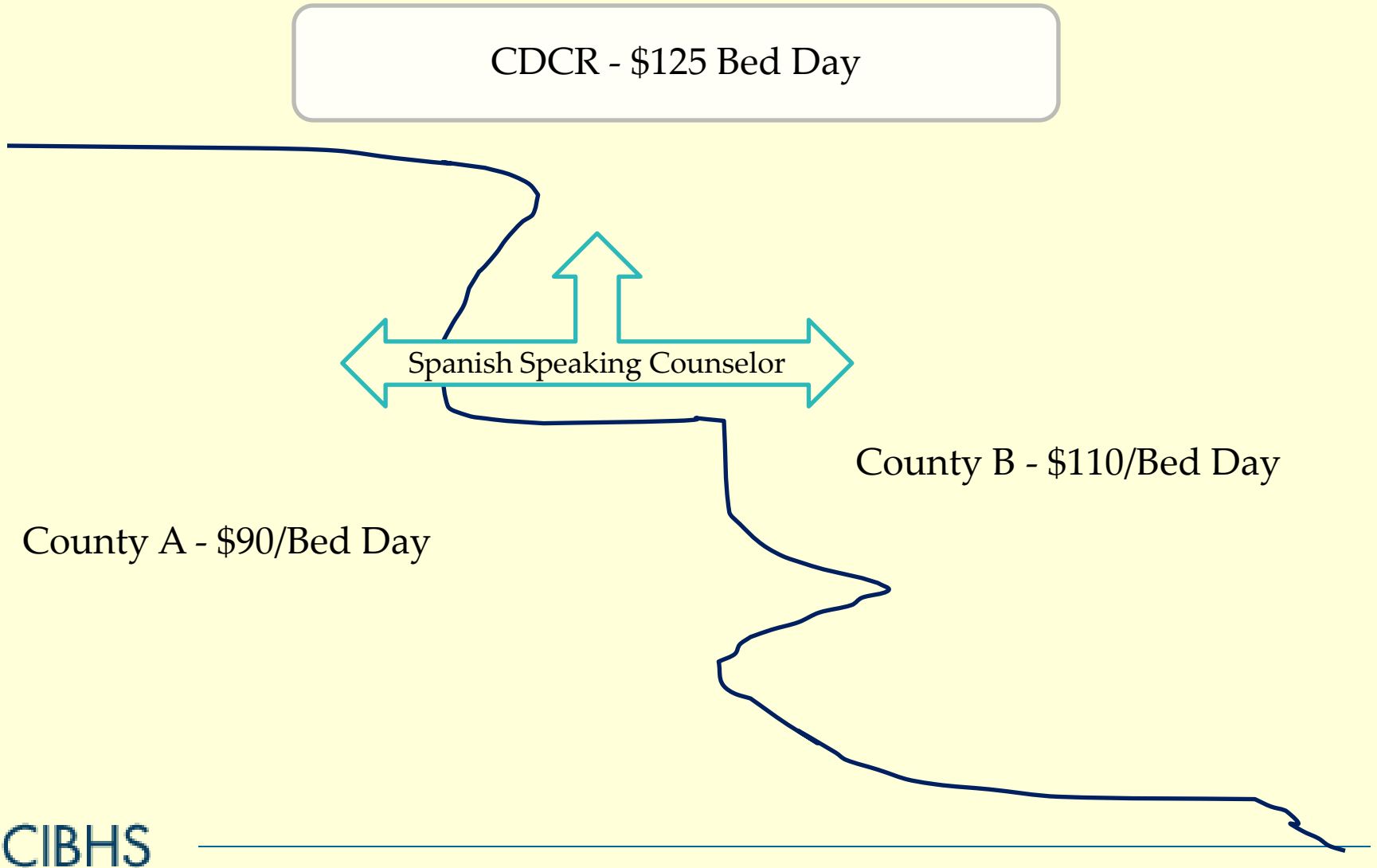
CDCR - \$125 Bed Day

Spanish Speaking Counselor

County B - \$110/Bed Day

County A - \$90/Bed Day

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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?

vkogler@cibhs.org