

Drug Medi-Cal Organized Delivery System Waiver Rate Development



December 13, 2016

Rate Development Guidelines

- Counties may use a variety of methodologies and county-specific data in developing proposed interim reimbursement rates
- Documentation should be transparent
- Expenditure and caseload data from previous fiscal years for existing DMC modalities, SAPT, local and FFS-funded services and data from comparable Medi-Cal Mental Health Service modalities may be used in constructing reimbursement rates

Rate Development Guidelines

Continued

- Counties should provide interim rate and computation information as well as supporting rate development documentation
- CMS has directed that “...[DHCS] ensure that the county’s costs are reasonable and that the county is acting as a prudent buyer of services.”

Reasonable Costs

1. Takes into account both direct and indirect costs of providers of services.
2. Costs may vary from one institution to another because of scope of services, level of care, geographical location, and utilization.
3. Providers are reimbursed the actual costs of providing high quality care, regardless of how widely they may vary from provider to provider, except where a particular institution's costs are found to be substantially out of line with other institutions in the same area which are similar in size, scope of services, utilization, and other relevant factors.
4. Providers are expected to seek to minimize costs and that costs do not exceed what a prudent and cost-conscious buyer pays for a service.
5. Costs exceeding these levels are not reimbursable under the program.

Prudent Buyer

1. The prudent and cost-conscious buyer not only refuses to pay more than the going price for a service, but they also seek to economize by minimizing costs.

Examples of Appropriate Data

EXAMPLES OF COUNTY DATA								
	Outpatient	Intensive Outpatient	Recovery Services	Case Management	Physician Consultation	Withdrawal Management 3.2	Residential 3.5	
County Specific Data	<ul style="list-style-type: none"> FY 15/16 Weighted Average UOS Rate FY 14/15 Actual UOS staff hours Percentage increase in number of hours due to more clients The estimate percentage of fully functioning DMC-ODS implemented in FY 16/17 		<ul style="list-style-type: none"> FY 16/17 projected number of recovery support clients Percentage of clients completing treatment Projected number of DMC clients using recovery services for FY 16/17 Projected number of hours of recovery support per client 		<ul style="list-style-type: none"> FY 14/15 unique clients Percentage increase in number of hours due to more clients 		<ul style="list-style-type: none"> FY 14/15 admissions to treatment FY 14/15 admissions to detox FY 14/15 admissions to residential 	
	<ul style="list-style-type: none"> Percentage of clients who are Medi-Cal beneficiaries 				<ul style="list-style-type: none"> Assumption of percentage of clients that will receive case management Assumption of percentage DMC clients needing a physician consultation 		<ul style="list-style-type: none"> Percentage of clients who are Medi-Cal beneficiaries Percentage of clients who are Medi-Cal beneficiaries and percentage increase in number of hours due to more 	
	<ul style="list-style-type: none"> FY 14/15 percentage of staff hours spent face-to-face 							

Additional Observations from County Submitted Rates

- Outpatient and IOT services have been based on current utilization and costs of delivering DMC-funded services
- Recovery Support, Case Management, Physician Consultation, Withdrawal Management, Additional MAT and Residential interim rates have been based upon either:
 - Comparable Medi-Cal Mental Health services or Fee-For-Service data
 - Costs for SAPT or local-funded services
 - Assumption of increase in total costs for serving additional Medi-Cal beneficiaries
 - Provider submissions of estimated costs to provide services

Inflation Factor

- DHCS will provide an annual inflation factor for counties
- DHCS will use the Medicare Home Health Agency Market Basket (this is also used by the Mental Health Services Division)
- The inflation rate for Fiscal Year 2016-17 is forecast to be 2.4 percent

Administration Fees

- Interim rates should ensure that county administration fees have not been included in the calculation as there is a separate process counties will use to claim for admin fees

Intensive Out Patient Treatment Rate

- Interim rates should be developed based on 15 minute increments of service

Rate Workgroup Calls

- Calls take place every 2nd and 4th Thursday each month from 2:00 – 3:00 pm
- Call in number is 888-557-8511, code 612066
- Provide **guidance** on documenting how proposed interim rates were developed
- **Share** interim rate **information** with counties that have submitted a DMC ODS Waiver Implementation Plan
- Facilitate **county** rate development **collaboration** and information sharing

Lessons Learned

- Development should be a coordination between fiscal staff and program staff
- Rates need to be consistent with what is stated in the implementation plan
- The narrative explanation on the rate development process must be clear

Questions/Comments?