

---

# Rate standardization for adult residential mental health services

Webinar: Beginning data collection

May 7, 2018

The logo for the Oregon Health Authority. It features the word "Oregon" in a smaller, orange, serif font positioned above the word "Health" in a larger, blue, serif font. Below "Health" is the word "Authority" in a smaller, orange, serif font. A thin blue horizontal line is positioned between "Health" and "Authority".

Oregon  
Health  
Authority

---

# Presenters

- Oregon Health Authority (OHA):
  - Carmen Armendariz, Contracts
  - Jason Daniels, Medicaid program
  - Kelly Knight, Contracts & Invoicing
  - Rick Wilcox, BH Implementation Coordinator
- Optumas
  - Steve Schram/Zach Ater
- Johnston, Villegas-Grubbs & Associates (JVGA)
  - John Villegas-Grubbs

---

# What we will cover

- Goals of rate standardization
- Findings so far
- Data collection requirements

---

Rate standardization for adult residential mental health services

# **POLICY GOALS**

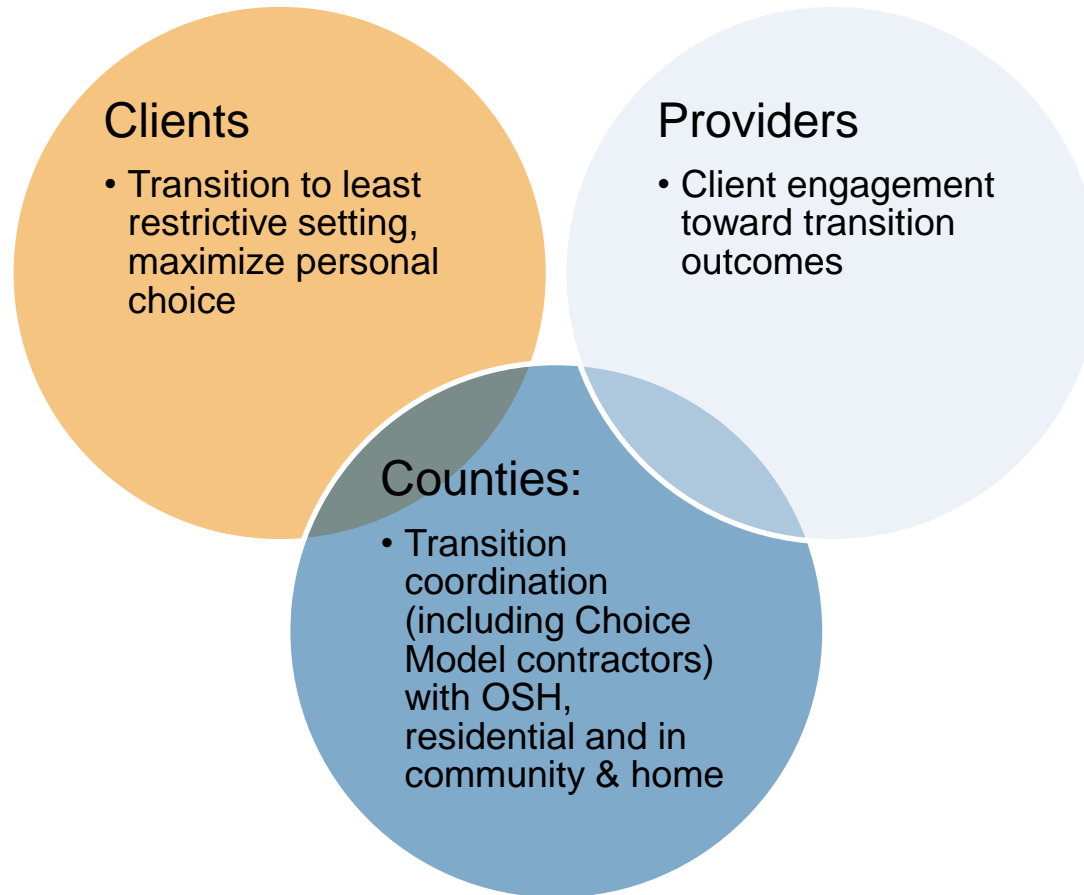
---

# OHA policy goals for rate standardization

1. Incentivize good outcomes that result in transitions to a community-based level of care that maximizes personal choice
2. Establish sustainable standard rates based upon client acuity and level of care needs
3. For OHP members in residential and 1915(i) settings, explore ways to move Medicaid-allowable services to MMIS claiming
4. Ensure service quality and stability in transitions from residential to home/community-based care
5. Align with Oregon Performance Plan and CCO 2.0

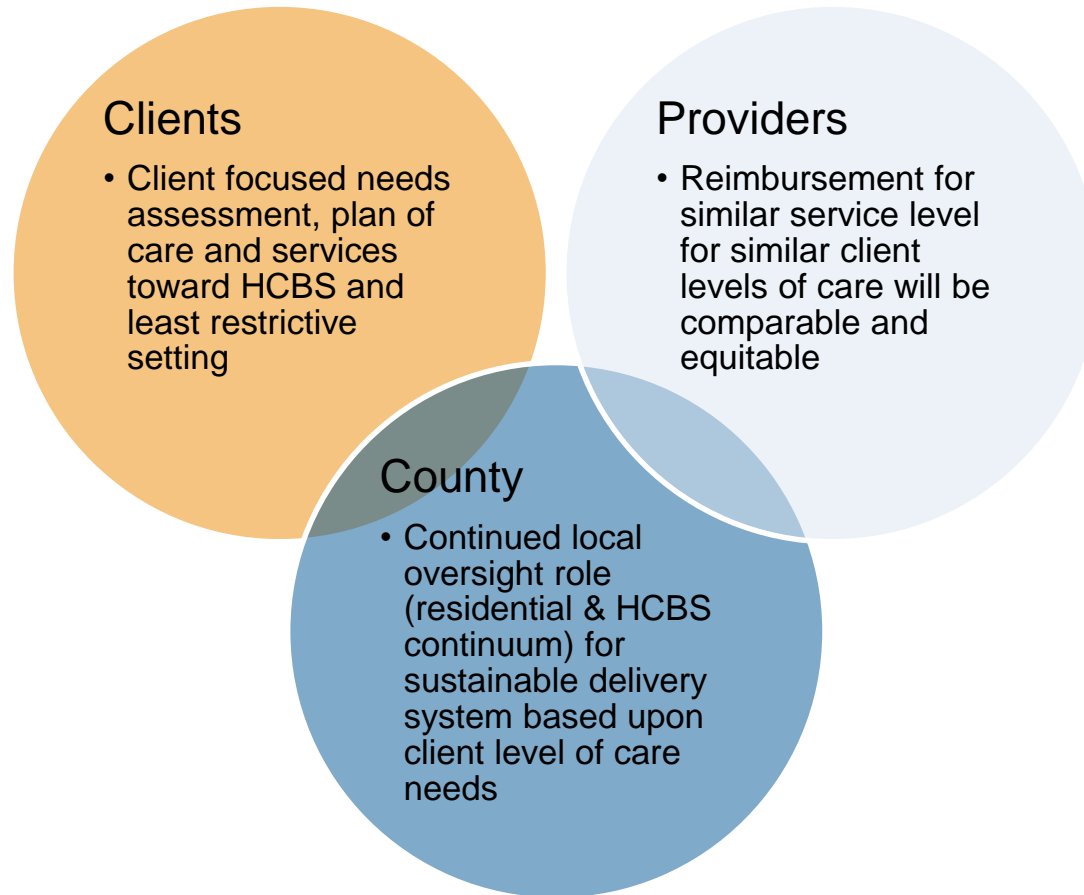
---

# Goal 1: Incentivize good outcomes



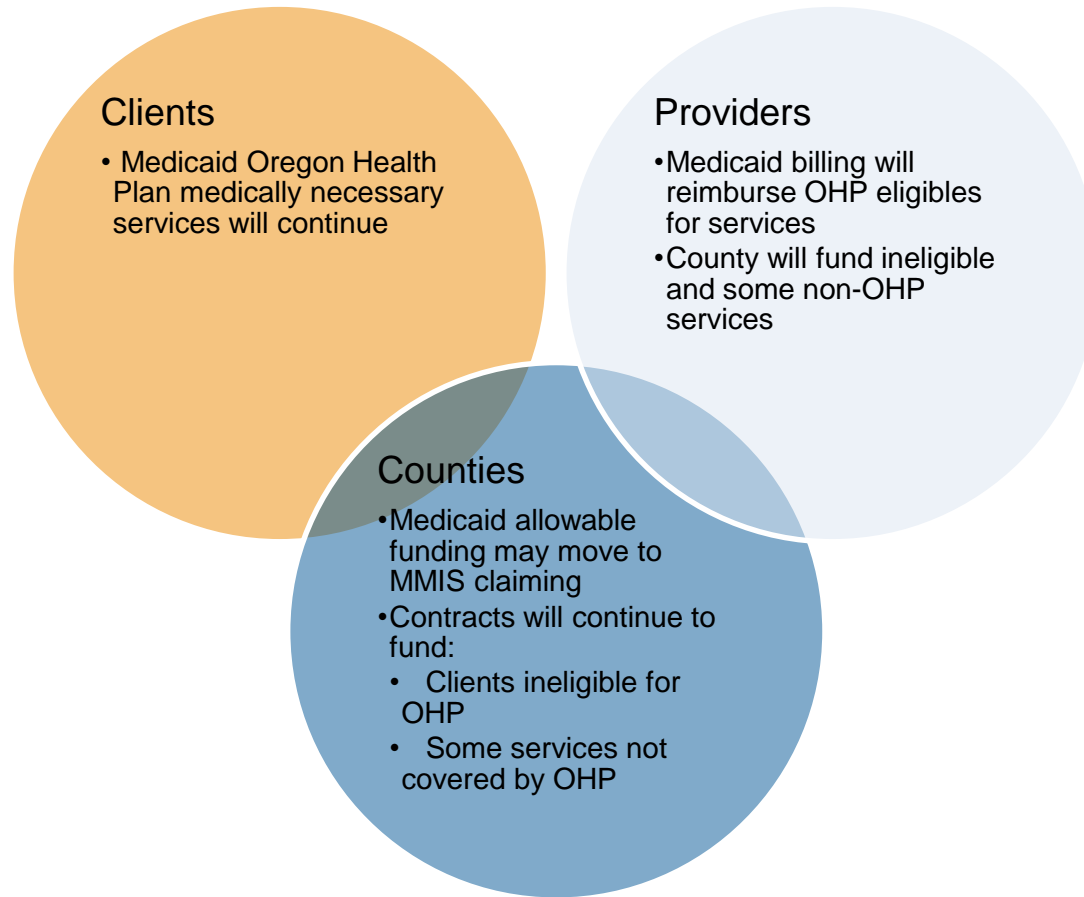
---

# Goal 2: Standard, needs-based rates



---

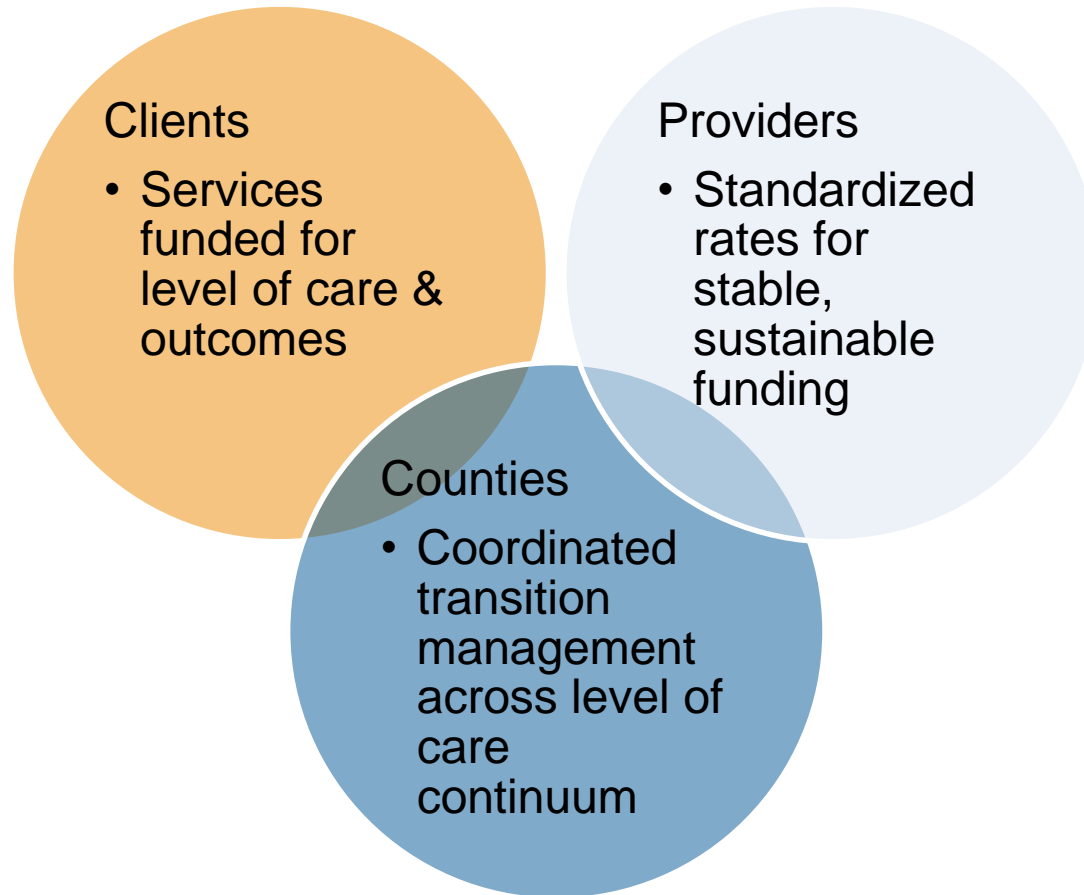
# Goal 3: Move allowable funding to MMIS





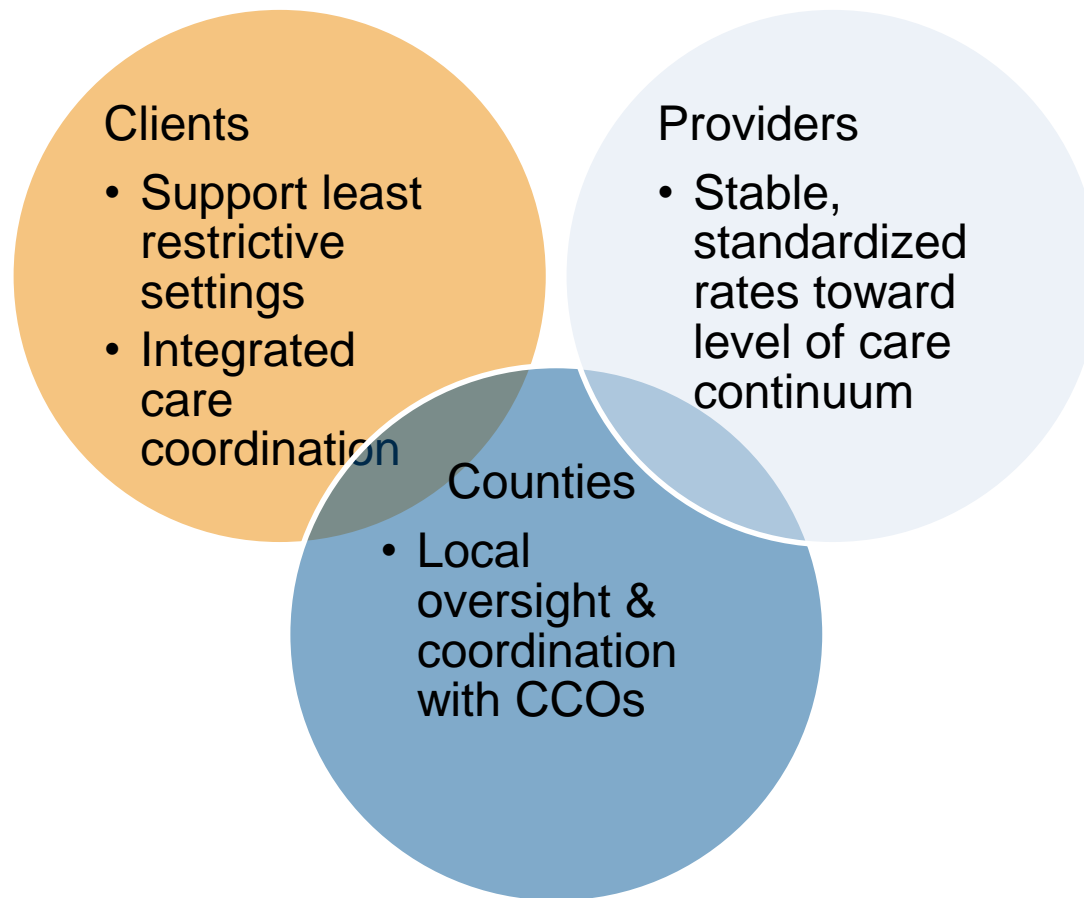
---

# Goal 4: Service quality and stability



---

# Goal 5: Performance Plan and CCO 2.0 alignment



---

# Why is alignment important?

- With Oregon Performance Plan, aligned supports, rates, and county contracts will:
  - Transition clients to the least restrictive settings, and
  - Expand Assertive Community Treatment and Supportive Housing capacity.
- With CCO 2.0, standard residential rates will make it easier to transition residential clients to CCOs.

---

Rate standardization for adult residential mental health services

# FINDINGS

# Reasons for rate disparities

## Housing crisis

Raised rents

Reduced rental stock

Impact varies geographically

## Bundled personal care/habilitation rates

Not tied to acuity

Not risk-adjusted, nor county contract funded

From pre-2007 individual rate negotiations

## Partial rate standardization (2007)

Unbundled rates, tied to contracts

Updated contract COLA biennially

Standardization incomplete

## Inconsistent Medicaid reimbursement

All providers bill PC/Hab per diem

Not all providers are licensed to do & bill MH Rehab

Not all residents have Medicaid

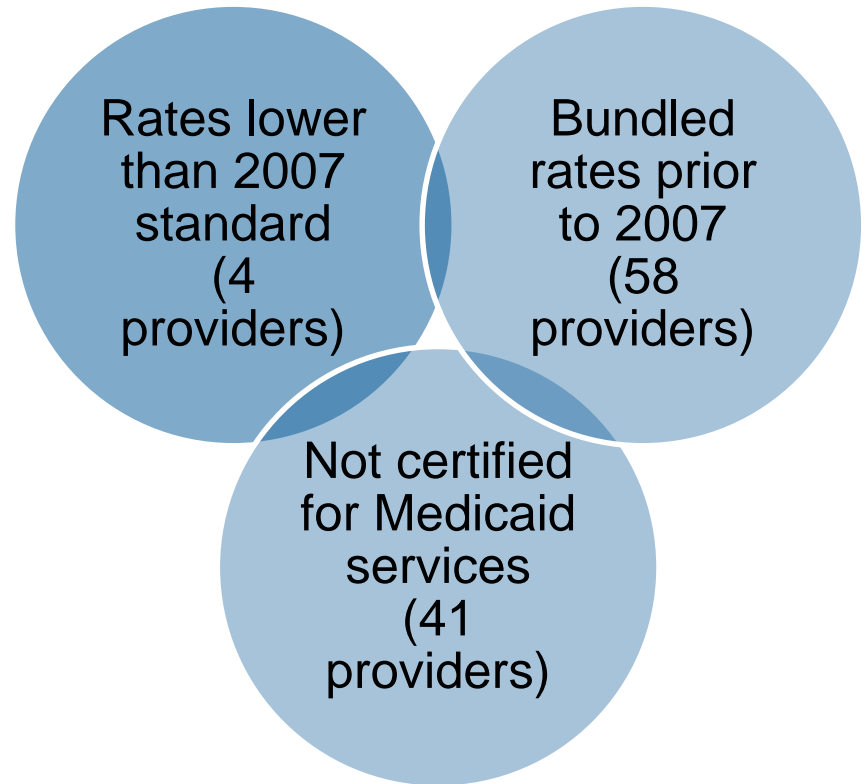
---

# Preliminary findings

- Optumas, OHA's actuarial contractor, found:
  - Wide variation in current rates
  - Current rates do not correspond to client acuity
  - Other states base similar rates on client acuity or intensity of client need
- Inconclusive due to inconsistencies and gaps in data

# Supplemental findings

- OHA found that the lowest-paid providers:
  - Had rates lower than the 2007 standard,
  - Had bundled personal care/habilitation rates not updated prior to 2007, **and/or**
  - Were not certified to render Medicaid-eligible rehabilitation services.



# Rate Standardization Project milestones

## Feb-Apr 2018

- Develop interim rate review process
- Collect data to support interim rate review

## Apr-Jun 2018

- Initiate provider engagement
- Gather rate standardization data

## July-Sep 2018

- Preliminary analysis, modeling
- Internal review & pricing rate options

## Oct-Dec 2018

- OHA review & approve rates
- Public notice of rates
- Plan phased roll-out



---

Rate standardization for adult residential mental health services

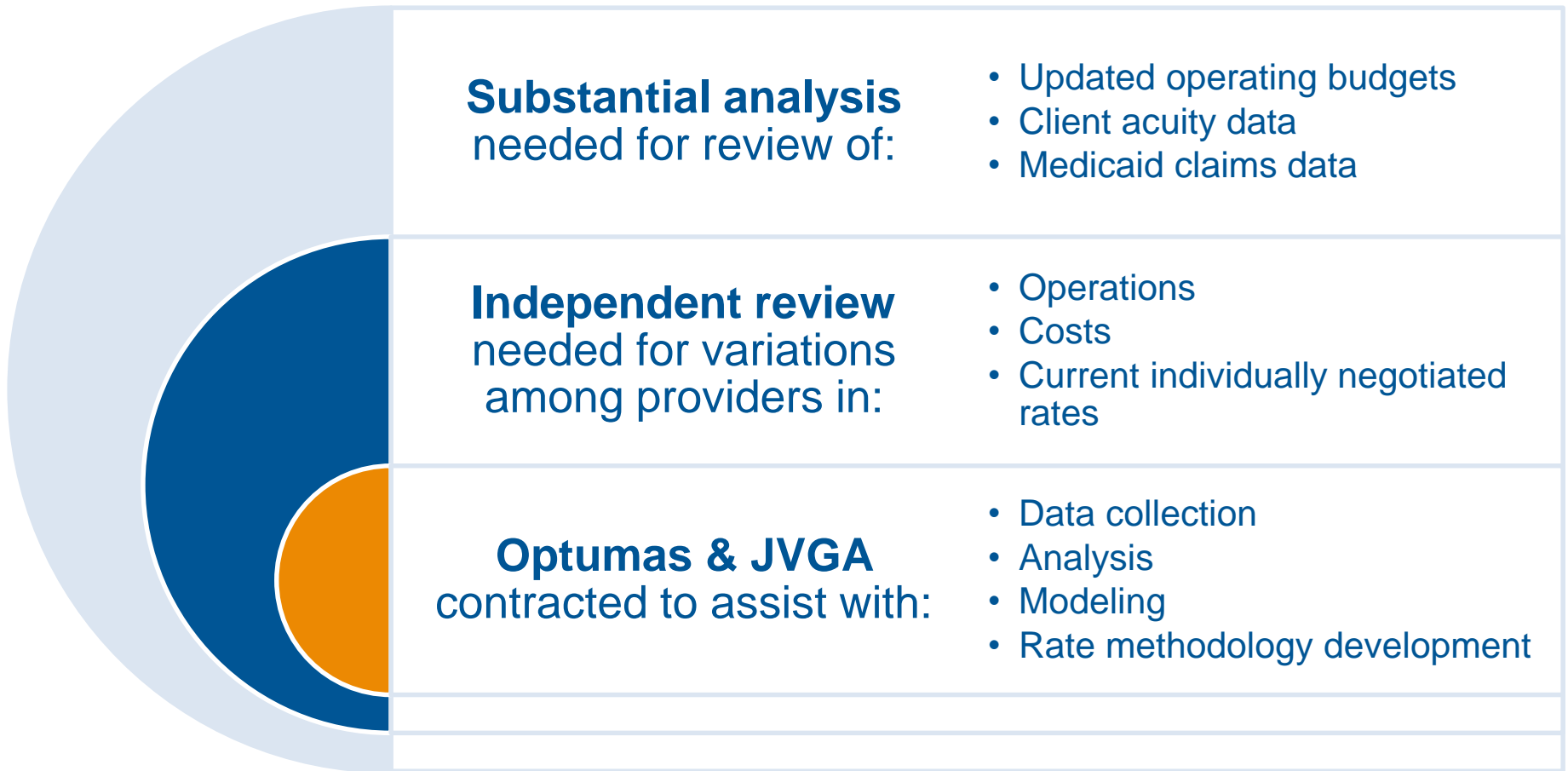
# DATA COLLECTION

---

# Data collection steps

- OHA is reviewing:
  - KEPRO client assessments (LSI/LOCUS)
  - Medicaid claims data
  
- OHA also will:
  - Review most recent operating budget and audited financials
  - Assess the full cost of providing residential services

# Technical assistance contractors



---

# Data collection timelines

- **May 21, 2018:** General ledger from all providers
  - Email to JVGA at [jvgateam@gmail.com](mailto:jvgateam@gmail.com)
- **June 11, 2018:** Current operating budget and most recent audited financials
  - Send via secure email to OHA at [MentalHealth.ResidentialTransition@dhsoha.state.or.us](mailto:MentalHealth.ResidentialTransition@dhsoha.state.or.us)

---

# Operating budget

- Use OHA's Blank Operating Budget template.
- Save the template and rename with your home/facility name.

---

# Financials

- Send your most recent completed, audited financials.
- Make sure that your records support the total costs for each line item that you report to OHA, as required by Oregon Administrative Rule 410-172-0640(6):

*For cost-reimbursed services, the provider shall maintain adequate records to thoroughly explain how the amounts reported on the cost statement were determined. The records shall be accurate and in sufficient detail to substantiate the data reported.*

---

# The Brick Method™

- **Fairness and Equity-**

- Beginning with an hour of direct care staff time, the system builds all costs into the value of that hour (The Brick™) through a component analysis approach, and then allows for service rates to be constructed using the value of that hour by setting staff hour or staff ratio assumptions.

- **Simplicity and Practicality-**

- The system is kept simple by adhering to billable units already in place in the environment and in other ways, supporting an ease of use. The process of implementation includes an extensive budget impact analysis, both in the aggregate and by provider agency, ensuring affordability while maintaining a concerted effort to sustain the provider network.

- **Portability and Flexibility-**

- It accomplishes portability by establishing the same value for the same service regardless of the provider agency. It allows for true reform by seeking updated values for the direct care staff hourly wage, but as importantly, the system maintains a component called "Program Support" which is designed to reflect true service standards regardless of whether or not they are currently occurring in service delivery.

---

# The Use of General Ledgers

- Limited additional work is required-most financial software allows for a download of data to Excel
  - JVGA is available for technical assistance
- Data is used to informed decisions on the component percentages
  - Confidentiality is assured for all General Ledgers information, only aggregated information is shared
- Consistent information across the provider network
  - Survey information is often dependent on whether instructions are universally interpreted in a similar manner
- Reliable as information is coded by JVGA
  - Individualized follow-up is provided to ensure proper interpretation
- Provide for a reasonableness test as component percentages are compared against a 15 state database



---

Rate standardization for adult residential mental health services

## **NEXT STEPS**

---

# What should you do?

- Email the following to JVGA by 5/21/2018:
  - Spreadsheet of general ledger for Calendar Year 2017 that:
    - Includes cost account line items
    - Lists how line items relate to programs/services and funding streams
  - Any additional information that you believe will help JVGA assess cost of providing residential services
- Send via secure email to OHA by 6/11/2018:
  - Current operating budget on OHA's template
  - Most recent completed, audited financials

---

# County and Provider Engagement

Currently, OHA provides monthly rate review & standardization updates to AOCMHP, ORPA/OPERA, and CCO BH Directors

OHA is working with AOCMHP and with ORPA to convene County Advisory and ORPA Provider Advisory groups

- To represent county and provider feedback with OHA rate standardization project team on emerging issues on data collection, preliminary analysis, operational findings
- To test rate methodology simulations on provider operations
- To advise and provide feedback on provider training and roll-out of standardized rates, and ways to monitor for system stability and client transition processes

---

# Questions?

- **About the general ledger:** Email [jvgateam@gmail.com](mailto:jvgateam@gmail.com)
- **Other questions:** Email [MentalHealth.ResidentialTransition@dhsoha.state.or.us](mailto:MentalHealth.ResidentialTransition@dhsoha.state.or.us)

OHA will collect all questions into a Q&A document for posting on OHA's Behavioral Health Policy page at <http://www.oregon.gov/OHA/HSD/OHP/Pages/Policy-BHS.aspx>