

**Behavioral Health Administration – Mental Health
030 - M2 - CC - ACTUARIAL RATE REBASE STUDY**

Agency Submittal: 11-2017-19-YR Agency Req

Budget Period: 2017-19

SUMMARY

The Centers for Medicare and Medicaid Services (CMS) required a full rebase of the actuarially sound managed care rates for the Behavioral Health Organizations (BHO) be completed at a minimum of every five years. The Behavioral Health Administration (BHA) requests funding for actuarial rate development. In addition to the current rate update, new federal regulations by CMS issued on May 6, 2016, requires that a full rebase of the rates must be completed every two to three years. BHA is requesting \$1,000,000 Total Funds, (\$500,000 GF-State) for more frequent updates to the actuarially sound rates.

PROBLEM STATEMENT

The BHOs funding is based on the Medical Forecast developed by the Caseload Forecast Council and actuarially sound rates. New federal regulations by CMS issued on May 6, 2016, requires that a full rebase of the rates must be completed every two to three years.

PROPOSED SOLUTION

Provide funding for more frequent actuarially sound rate rebases. Once the modeling for the rates is completed by the actuaries, the funding for updated rates will be calculated.

EXPECTED RESULTS

Have actuarially sound rates for the Behavioral Health Organizations as required by CMS.

STAKEHOLDER IMPACT

The BHOs will have sufficient rates to provide the care needed for their clients.

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DSHS VISION

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

DSHS MISSION

To transform lives

DSHS VALUES

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

OTHER CONNECTIONS

Performance Outcomes/Important Connections

1. Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Goal 4: Healthy & Safe Communities - Healthy People - Provide access to good medical care to improve people's lives.

2. The decision package meets the following DSHS' strategic objectives:

4.3: Implement managed care behavioral health integration by April 1, 2016.

3. Identify other important connections or impacts below. (Indicate 'Yes' or 'No'. If 'Yes' identify the connections or impacts related to the proposal.)

- a) Regional/County impacts? Yes, the Behavioral Health Organizations are impacted by this request.
- b) Other local government impacts? Yes, the Behavioral Health Organizations are impacted by this request.
- c) Tribal government impacts? No
- d) Other state agency impacts? Yes, the Health Care Authority for the regions that are fully integrated with Behavioral Health and Physical Health.
- e) Responds to specific task force, report, mandate or executive order? No
- f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No
- g) Facility/workplace needs or impacts? No
- h) Capital budget impacts? No
- i) Is change required to existing statutes, rules or contracts? No
- j) Is the request related to litigation? No
- k) Is the request related to Puget Sound recovery? No
- l) Other important connections? No

4. Please provide a detailed discussion of connections/impacts identified above.

CMS requires that a full rebase be completed at a minimum of every two to three years. Rates updates have been done over the last few years, but 2011 is the last time a full rate rebase was completed.

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Alternatives/Consequences/Other

5. What alternatives were explored by the agency, and why was this alternative chosen?

There are no alternatives to this request because it's a requirement of CMS.

6. How has or can the agency address the issue or need within its current appropriation level?

Depending on the revised rate ranges, the department may be able to stay within its existing appropriation. However, with the majority of the BHOs being at the bottom of the rate range an upward adjustment most likely will be made.

7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?

No

Yes (Include an IT Addendum)

Fiscal Detail**030 - M2 - CC - Actuarial Rate Rebase Study**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	500,000	0	0	0
001-C General Fund-Medicaid	500,000	0	0	0
Total Cost	1,000,000	0	0	0

Staffing	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Program: 030				
C900 Program Support for Mental Health	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
C Professional Service Contracts	1,000,000	0	0	0
Total Objects	1,000,000	0	0	0

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Fund 001-1, General Fund-State				
<u>Sources Title</u>				
0011 General Fund State	500,000	0	0	0
Total for Fund 001-1	500,000	0	0	0
Fund 001-C, General Fund-Medicaid				
<u>Sources Title</u>				
19UL Title XIX Admin (50%)	500,000	0	0	0
Total for Fund 001-C	500,000	0	0	0
Total Overall Funding	1,000,000	0	0	0