

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

**Agency Submittal: 2015-17 Final 2017 Sup**

**Budget Period: 2015-17**

**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 requests \$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 and Safe Communities - Healthy People - 1.2.A.a -Increase percentage of mental health consumers receiving a service within 7 days after discharge from inpatient settings from 53.3 percent to 65 percent by 6-30-2017 .

**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 2014 (using CY 2011 data) 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?**

BHA does not have the additional base funding available to cover the additional cost to meet federal rebase requirements.

**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 - RP - Actuarial Rate Rebase Study**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
001-1 General Fund-State	0	500,000	500,000	0
001-C General Fund-Medicaid	0	500,000	500,000	0
<b>Total Cost</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>

<b>Staffing</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
FTEs	0.0	0.0	0.0	0.0

**Performance Measure Detail**

<b>Activity:</b>	<b>Incremental Changes</b>			
	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
<b>Program: 030</b>				
C900 Program Support - Mental Health	0	0	0	0
No measures submitted for package				

**Object Detail**

	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
C Professional Service Contracts	0	1,000,000	1,000,000	0
<b>Total Objects</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>

**DSHS Source Detail****Overall Funding**

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
<b>Fund 001-1, General Fund-State</b>				
<b><u>Sources Title</u></b>				
0011 General Fund State	0	500,000	500,000	0
<b>Total for Fund 001-1</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>
<b>Fund 001-C, General Fund-Medicaid</b>				
<b><u>Sources Title</u></b>				
19UL Title XIX Admin (50%)	0	500,000	500,000	0
<b>Total for Fund 001-C</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>
<b>Total Overall Funding</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>