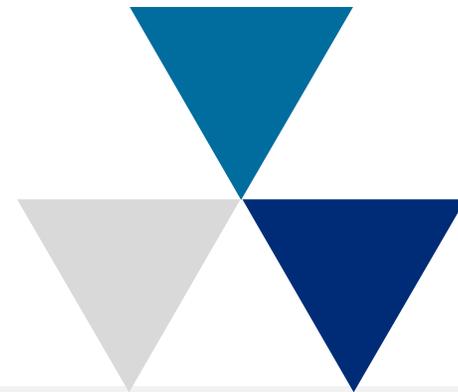
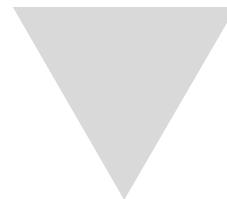


HEALTH WEALTH CAREER

**WASHINGTON
BEHAVIORAL HEALTH
DATA BOOK**

STATE FISCAL YEAR 2018

OCTOBER 26, 2016



WHAT WE WILL COVER TODAY



- Provide Background and Review CMS Requirements



- Discuss Base Data Development



- Overview Managed Care Rate Range Development

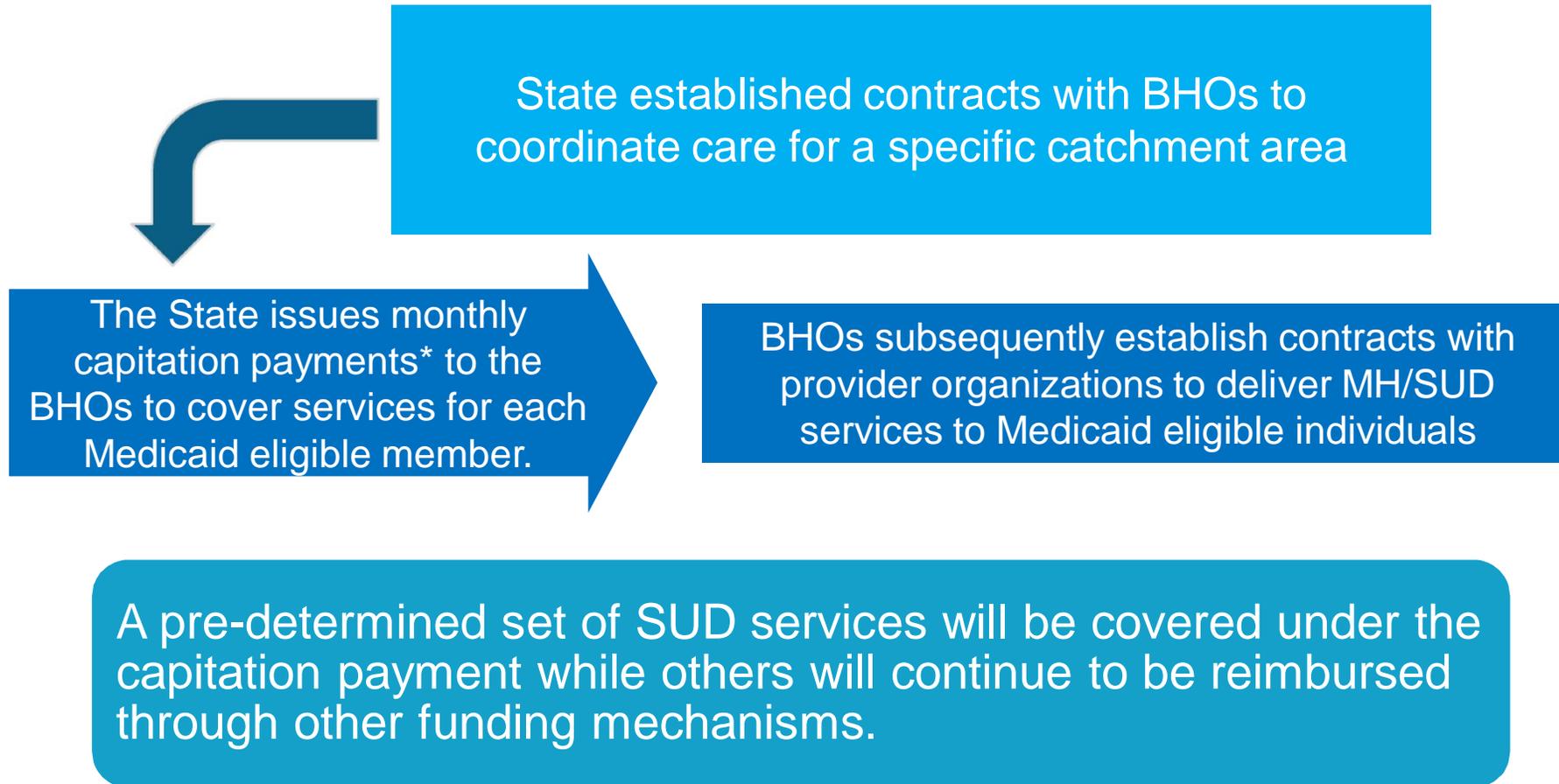


- Understand CMS Actuarial Certification



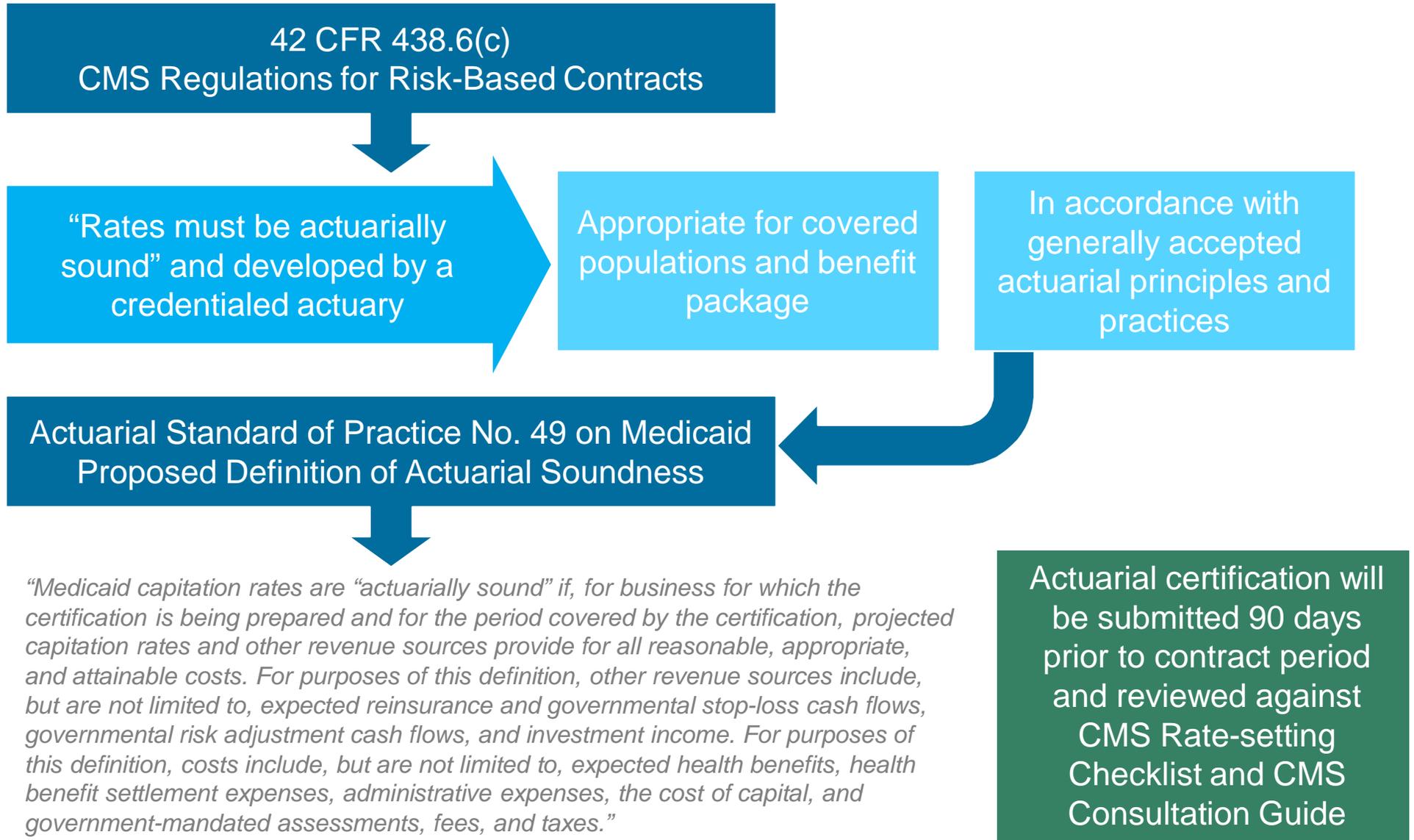
- Address Questions

BACKGROUND: MANAGED CARE REIMBURSEMENT

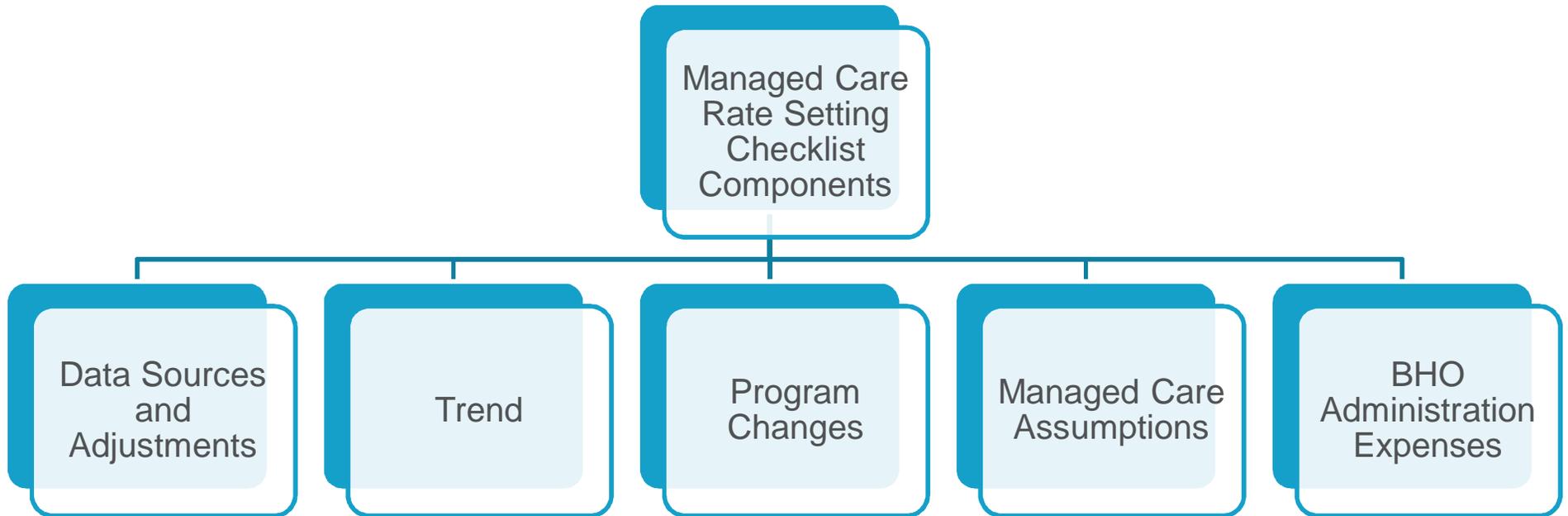


*Capitation payments are a fixed monthly payment that is made for each Medicaid eligible member in the respective catchment area regardless of whether that member presents for a service.

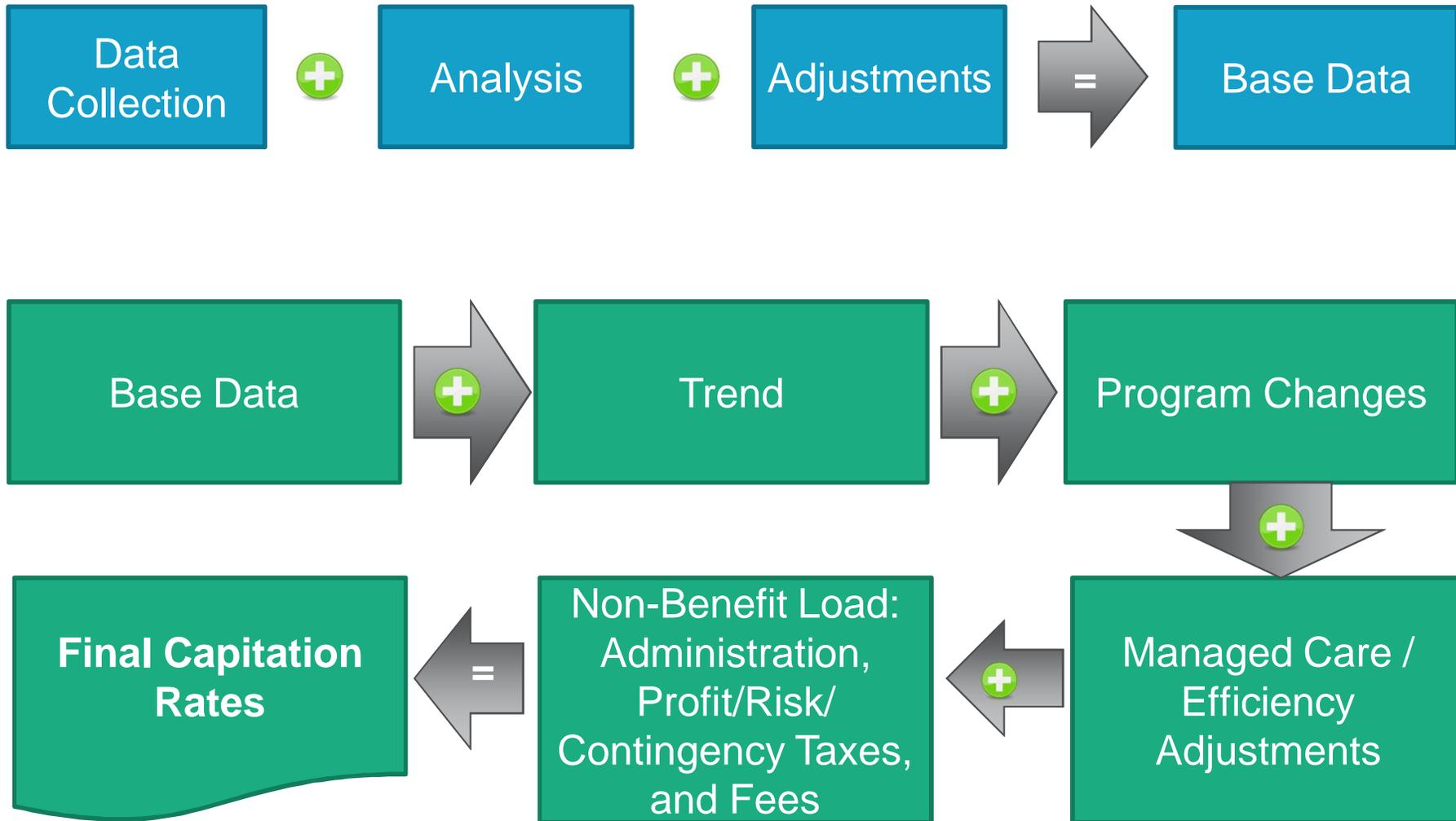
OVERVIEW OF CMS REQUIREMENTS



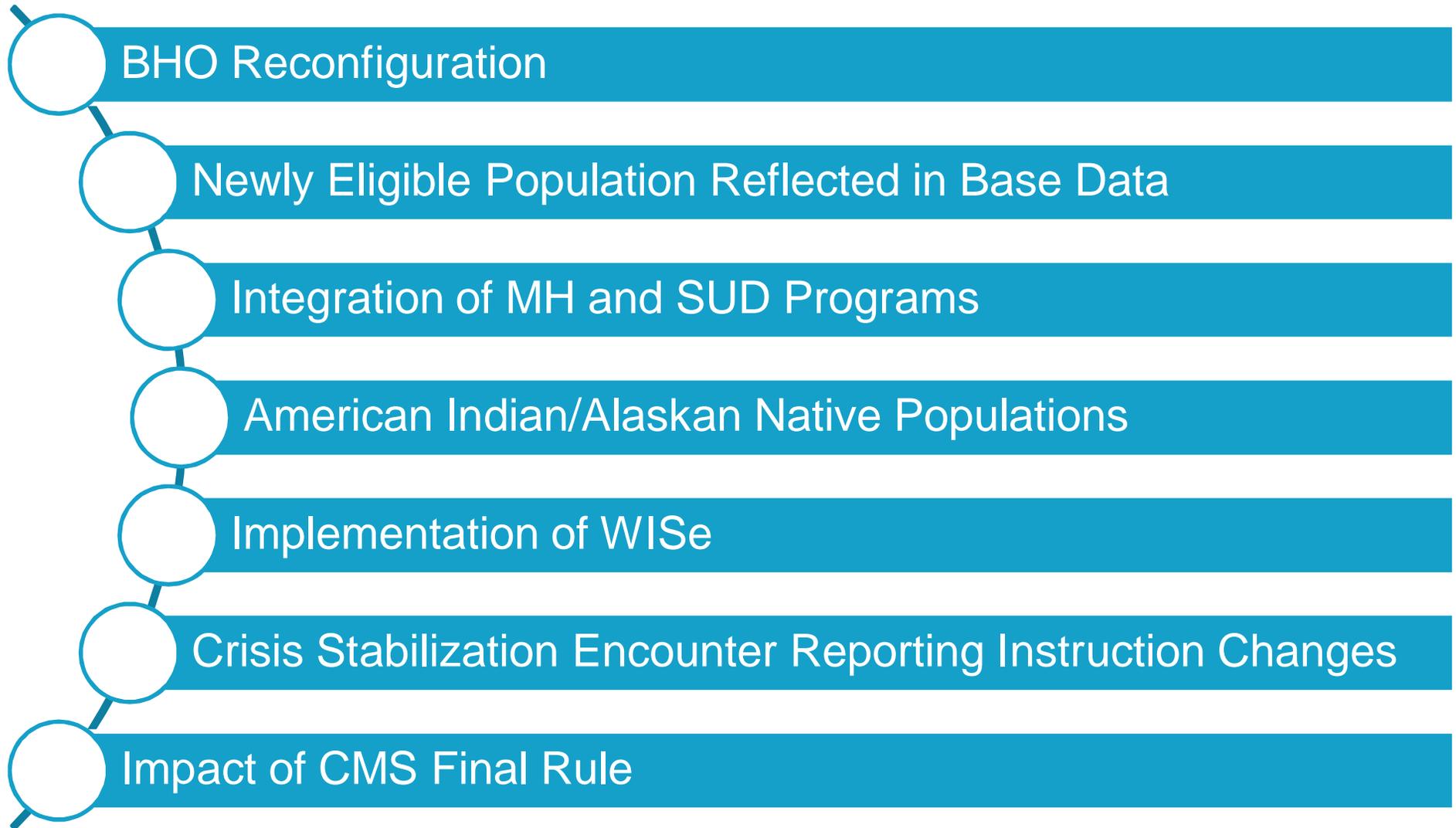
OVERVIEW OF CMS REQUIREMENTS



BASE DATA AND RATE DEVELOPMENT OVERVIEW



BASE DATA DEVELOPMENT PROGRAM CHANGES SINCE LAST DATA BOOK



BASE DATA DEVELOPMENT DATA BOOK DELIVERABLE

Forms the base data for development of SFY 17/18 rate ranges

Represents the CY 2015 claims and encounters with actual or modeled CY 2015 costs

The Data Book

Documents the logic used to summarize the claims and encounters into the rate cells and service modalities

Provides a data summary for each combination of BHO and rate cell.

BASE DATA DEVELOPMENT OVERVIEW OF DATA SOURCES (SECTION 1)

Primary Data Sources

- **Mental Health**
 - CY 2013 – 2015 Inpatient claim data
 - CY 2013 – 2015 E&T encounter data
 - CY 2013 – 2015 Outpatient encounter data
- **Substance Use Disorder**
 - CY 2013 – 2015 Provider One encounter data
 - CY 2013 – 2015 TARGET data
- **Mental Health and Substance Use Disorder**
 - CY 2013 – 2015 Medicaid eligibility data

Secondary Data Sources

- BHO revenue and expense reports
- BLS wage data and Washington area salary surveys compiled by Mercer
- Outpatient and E&T per diem data reported by BHOs
- SUD per diem data reported by BHOs

BASE DATA DEVELOPMENT COVERED POPULATIONS (SECTION 2)

Rates established separately for each of 10 BHOs (incl SW)

CURRENT RATE CELL STRUCTURE



DISABLED CHILDREN
AGES 0-20

NON-DISABLED CHILDREN
AGES 0-20



DISABLED ADULTS
AGES 21+

NON-DISABLED ADULTS
AGES 21+



NEWLY ELIGIBLE
AGES 21+

BASE DATA DEVELOPMENT COVERED SERVICES (SECTION 3)

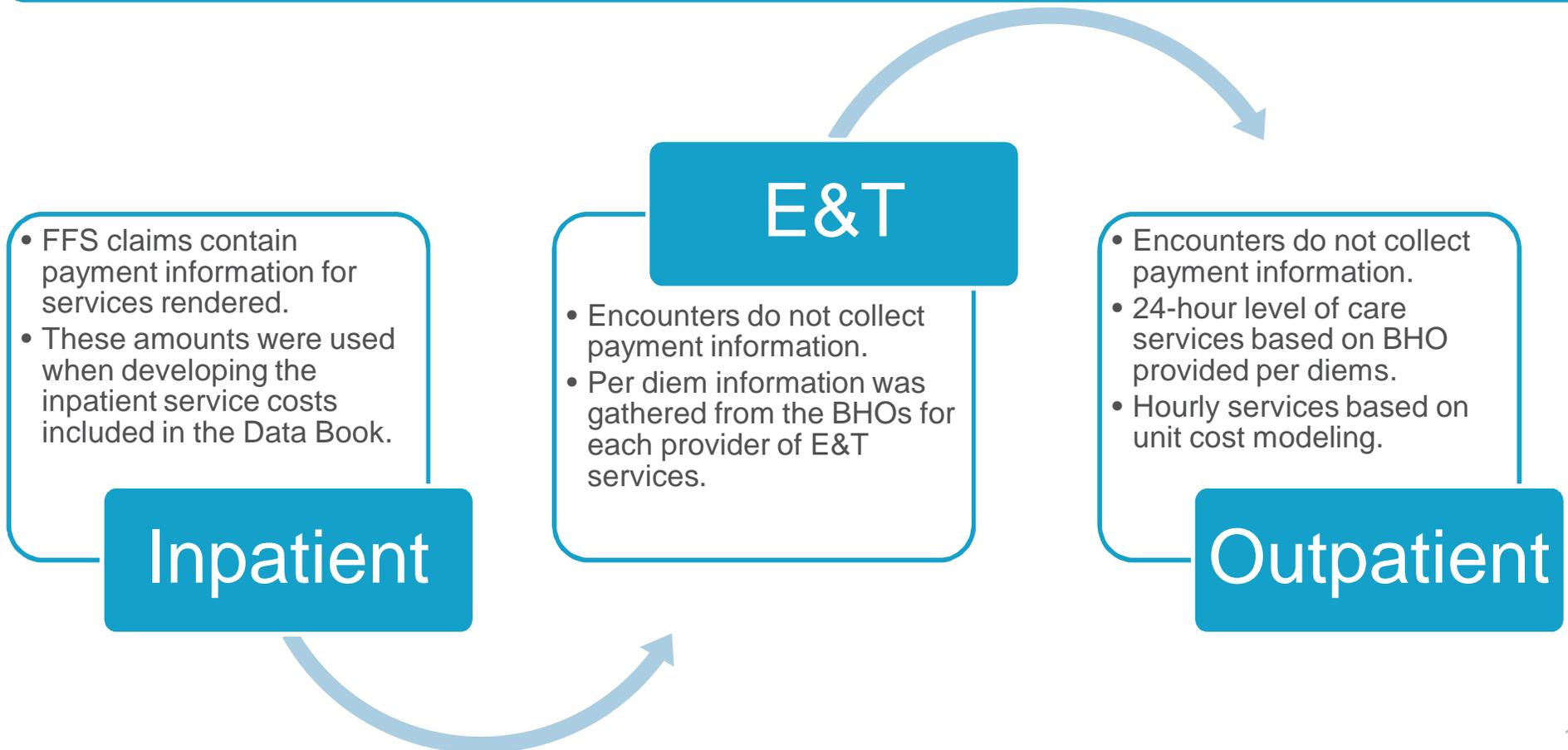
MH MODALITY	
Inpatient Hospital	Intake
Evaluation and Treatment	Special Population Evaluation
Residential MH Service	Medication Management
Crisis	Medication Monitoring
High-Intensity Treatment	Rehab Case Management
Day Support	Community Psych Services
Individual Treatment Services	Peer Support
Group Treatment Services	Community Transition
Family Treatment	Therapeutic Psychoeducation

SUD MODALITY
Assessment
Detoxification
Outpatient - Individual
Outpatient - Group
Opiate Substitution Treatment
Residential

BASE DATA DEVELOPMENT – UNIT COST MH COST DEVELOPMENT (SECTION 4)

The State provided encounter/claim level data for inpatient, E&T and outpatient services. However, for encounters, the MH data system does not capture payment information on services rendered.

Costs associated with inpatient, E&T and outpatient MH services were developed as follows:



BASE DATA DEVELOPMENT – UNIT COST MH HOURLY COST MODELING (SECTION 4)

BLS Salary Data

- Analysis maintained three areas with distinct salaries
- Each BHO was mapped to one of three areas
- Salary was evaluated by provider type
- Employee-related expense (ERE) load of 30% of salary

Provider Overhead Assumptions

- Assumption was set at 40% of total expenses
- Includes consideration for all provider administrative costs

Provider Productivity Assumptions

- Modalities were classified as being primarily office-based, community-based, or crisis.
- Different provider types were allocated differing levels of paid time off, travel, supervision and note-taking responsibilities
- Consideration was also made for training, general administrative tasks and crisis on-call time
- Office-based modalities had the highest productivity assumptions and crisis services had the lowest productivity assumptions.
- Productivity assumptions for community-based modalities were lower for rural areas due to increased travel needs

BASE DATA DEVELOPMENT – UNIT COST MH HOURLY COST MODELING (SECTION 4)

For each modality, provider type, salary area and urban/rural/frontier designation, an hourly service rate was developed according to the following formula

$$\text{(Hourly Salary)} \times (1 + \text{ERE}\%) / (1 - \text{Overhead}) / (\text{Productivity \%})$$

EXAMPLE

$$(\$20) \times (1 + 25\%) / (1 - 40\%) / (48\%) = \$86.81/\text{Service Hour}$$

The modeled cost was attached to each hourly encounter according to the following formula

$$\text{(Encounter Minutes)} \times \text{(Hourly Service Rate)} / 60$$

The average hourly unit cost attached to the outpatient encounters increased by 16.3%

BASE DATA DEVELOPMENT – UNIT COST MH HOURLY COST MODELING (SECTION 4)

WISe Data Summarization

The State defined modifier “U8” to identify services provided to WISe participants by qualified WISe practitioners.



Mercer and the State are in discussions on the development of hourly unit cost expectations using an approach similar to the non-WISe encounter pricing.



Factors Being Assessed

Training

Team Meetings/Notes

24 Hour Crisis Model

Concurrent Delivery of Services
by Multiple Providers



Additional information will be provided regarding the final assumptions.

BASE DATA DEVELOPMENT – UNIT COST MH PER DIEM COST DEVELOPMENT (SECTION 4)

BHO Per Diem Request

- Collected actual or calculated per diems for each provider and per diem service code in encounter data.
- In instances where per diems were not provided, prior rate setting per diems were trended to the CY 2015 time period.

Mercer Review

- Mercer reviewed for reasonableness to identify outliers compared to other BHO arrangements for similar services.
- Utilized trended prior per diems as necessary.

BASE DATA DEVELOPMENT

SUD COST DEVELOPMENT (SECTION 4)

P1 SUD Data

Reflects the actual paid amount for each service based on the Medicaid fee schedule

TARGET SUD Data

Capture service admission spans and records for services but do not contain any information on the actual reimbursement for each service

The State assigned cost to the individual service records.

If the participant was Medicaid eligible during the month of service, the Medicaid rate was applied.

Note that a prospective adjustment will be made to reflect the reimbursement structure in a managed care environment.

BASE DATA DEVELOPMENT

DATA ADJUSTMENTS (SECTION 5)

CY 2015 Completion Factors

- Account for services rendered but not yet paid.
- Limited to SUD and MH inpatient P1 data
 - SUD: 1.031
 - MH Inpatient: 1.029

MH Outpatient Crisis Data

- Anticipated changes to the SERI prior to SFY 2018 for crisis stabilization code S9484 to be reported as a per diem for certain triage and 24-hour facilities, while the remaining facilities would report crisis stabilization under S9484 on an hourly basis
- Utilization for providers identified to be impacted by the change was summarized as days and priced according to the currently available S9485 per diem rates.
- BHOs most impacted include Great Rivers, Greater Columbia, North Sound, Spokane and Thurston Mason.

BASE DATA DEVELOPMENT

DATA EXCLUSIONS (SECTION 5)

Mercer applied the following exclusions to the base data, with the CY 2015 exclusion percentages noted:

Non- Medicaid Eligibles

- MH claims/encounters: 6.8%
- SUD costs: 12.5%

Non-Medicaid Services

- MH claims/encounters: 1.3%
- SUD costs: 0.9%

Duplicate TARGET Records to P1

- SUD costs: 20.8%

Room and Board Services

- SUD costs: 1.7%

Department of Corrections

- SUD costs: 1.5%

BASE DATA DEVELOPMENT

DATA EXCLUSIONS (SECTION 5)

Tribal Services for Certain Tribal Providers and the Enhanced Encounter Payment

- SUD costs: 17.6%

American Indian/Alaskan Native Claims

- MH claims/encounters: 2.4%
- SUD costs: 2.2%

Exclusion of IMD Services

- MH claims/encounters: 1.1%
- SUD costs: 9.8%

Consideration for IMD Excess Stay Claims

- MH claims/encounters: 0.3%
- SUD costs: 0.8%

BASE DATA DEVELOPMENT

DATA COST ADJUSTMENTS (SECTION 5)

The following exclusions had minimal impact on the MH and SUD data:

Duplicate Claim Records

- MH claims/encounters: 0.2%

Bundled Services

- MH claims/encounters: 0.8%

Services Covered under WMIP, Healthy Options or FFS

- MH claims/encounters: 0.4%
- SUD costs: 0.1%

BASE DATA DEVELOPMENT

DATA COST ADJUSTMENTS (SECTION 5)

Dual Eligible Adjustment for Expected Medicare Financial Participation

- MH OP costs: downward adjustment of 0.6%

Certified Public Expenditure Hospital Claims

- MH IP costs: upward adjustment of 7.3%

BASE DATA DEVELOPMENT

CY 2015 DATA SUMMARIES (SECTION 6)

Data Book Pages

- Individual data page for each BHO region and rate cell
- Summary data page for each BHO region across all rate cells
- Summary data page for all BHO regions by rate cell and in total

Reported Statistics

- Includes member months, dollars and utilization

Calculated Statistics

- Utilization per 1,000 = $((\text{Utilization})/(\text{Member Months})) * 12,000$
- Unit cost = $(\text{Paid Claims})/(\text{Utilization})$
- Per member per month (PMPM) = $(\text{Paid Claims})/(\text{Member Months})$

BASE DATA DEVELOPMENT CY 2015 DATA SUMMARIES (SECTION 6)

STATEWIDE CY 2015 PMPMs AS REFLECTED IN THE DATA BOOK

Rate Cell	MH PMPM	SUD PMPM	Total PMPM
Disabled Adults	\$100.11	\$9.80	\$109.91
Non-Disabled Adults	\$15.82	\$6.65	\$22.47
Disabled Children	\$54.45	\$3.00	\$57.45
Non-Disabled Children	\$9.11	\$0.97	\$10.08
Newly Eligible	\$20.47	\$8.06	\$28.54
Total	\$21.45	\$4.72	\$26.17

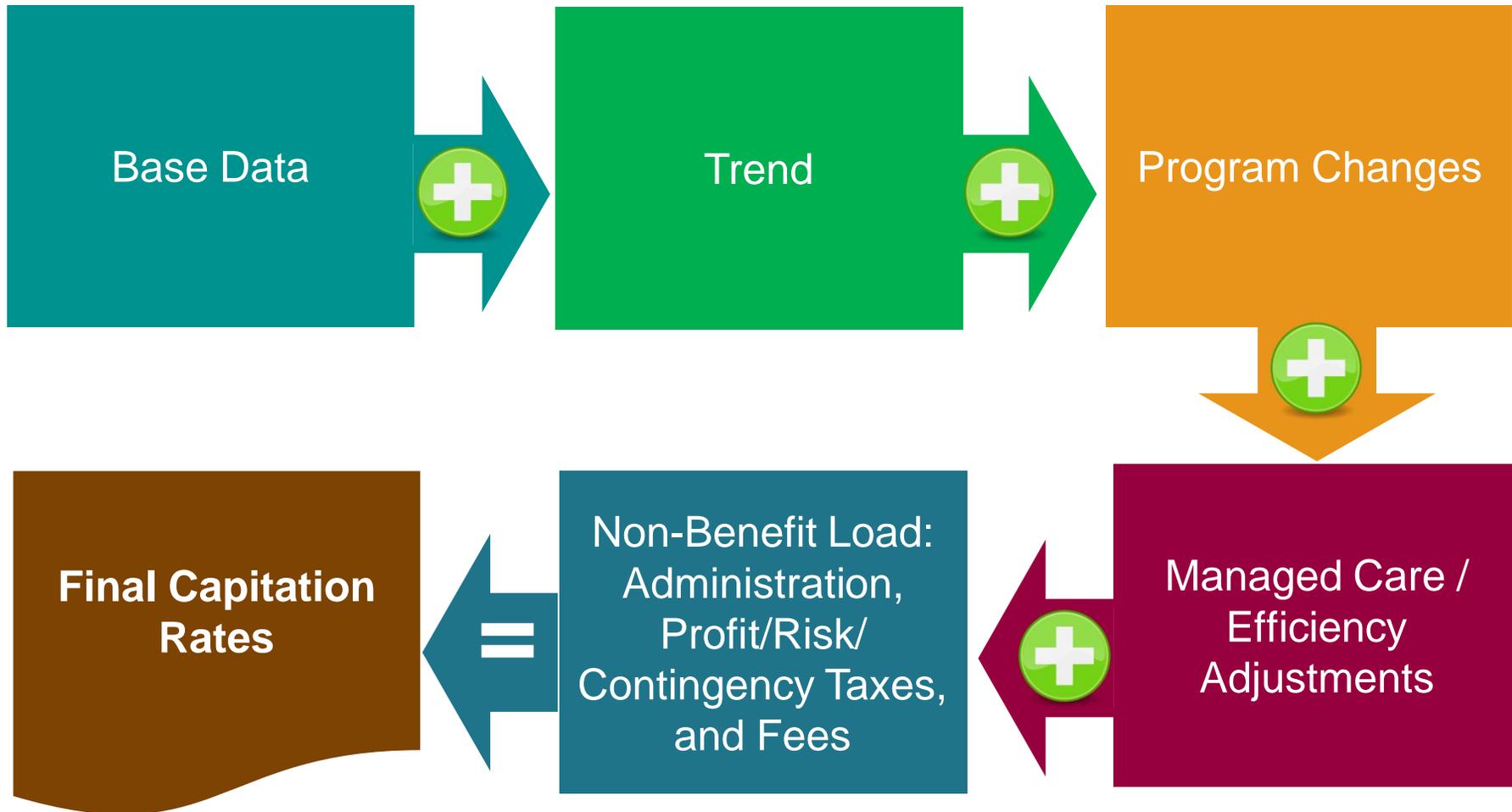
BASE DATA DEVELOPMENT

CY 2015 DATA SUMMARIES (SECTION 6)

CY2015 PMPMs BY BHO FOR ALL RATE CELLS AS REFLECTED IN THE DATA BOOK

BHO	MH PMPM	SUD PMPM	Total PMPM
Great Rivers	\$22.93	\$7.22	\$30.15
Greater Columbia	\$15.15	\$3.19	\$18.34
King	\$22.59	\$5.49	\$28.08
North Central	\$10.76	\$2.43	\$13.19
North Sound	\$20.39	\$5.05	\$25.44
Pierce	\$23.59	\$3.93	\$27.52
Salish	\$28.44	\$6.28	\$34.72
Southwest	\$25.19	\$4.36	\$29.55
Spokane	\$24.67	\$4.24	\$28.91
Thurston Mason	\$20.14	\$5.84	\$25.98
Total	\$21.45	\$4.72	\$26.17

CAPITATION RATE DEVELOPMENT PROCESS



WASHINGTON BH RATE SETTING UPCOMING TIMELINES

Key Timelines





QUESTIONS

MAKE



**TOMORROW,
TODAY**

