SUD Rate Study Project – Meeting with Providers

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Burns & Associates, Inc.

A Division of Health Management Associates

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AGENDA ITEMS

1. Project Milestone Dates
2. Review Burns & Associates Approach to Constructing Rate Models
3. Walk Through Individual Rate Models
4. Describe Option for Additional Provider Feedback
HOW TO ASK A QUESTION / MAKE A COMMENT

Type in a **comment** in the chat box

Click here to **raise your hand**
<table>
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<th>PROJECT MILESTONE DATES</th>
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<tr>
<td><strong>Provider Meeting Today</strong></td>
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<td><strong>By May 11</strong></td>
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<td><strong>By May 27</strong></td>
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<td><strong>Early June</strong></td>
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<td><strong>End of June or Early July</strong></td>
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<td><strong>End of July</strong></td>
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<td><strong>January 1, 2023</strong></td>
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APPROACH TO CONSTRUCTING RATE MODELS
All Rate Models contain the following components:

**SECTION 1: Direct staff worker wages / benefits**
- Hourly wage for labor category is shown.
- Fringe benefits are expressed as a percentage to add on to hourly wage. Benefits include paid time off, health insurance, retirement, other benefits identified.

**SECTION 2: Direct staff worker productivity**
- Direct staff worker time incurred that is not face-to-face with clients.
- Example: Service is billed hourly. Staff paid for an 8-hr day. Only 6 hours billed for face-to-face time. Hourly rate needs to be “grossed up” so that the 6 hours billed covers 8 hours of costs.

**SECTION 3: Other Direct Costs**
- Examples may include the following:
  - Supervisor of the direct staff workers
  - Program coordinator who schedules client appointments
  - Medical supplies

**SECTION 4: Indirect & Admin Costs**
- Typically expressed as a percentage multiplier on top of the costs of the other three components.
- Example: If Direct Staff, Productivity, and Program Costs total $80.00 and Admin is 18%, then total rate is $80.00 * 1.18 or $94.40.

Other factors may be added to the model but are service-specific:

- Transportation-related costs
- Attendance or occupancy assumptions
- Staff-to-client ratios
- State-specific mandates
• Build rate models that are easily understood and transparent

• Where possible, build rates using component pieces common to all services, such as the four components shown on previous slide
  • This allows for streamlined approach in both initial rate development and in updates.

• Show the buildup of rate models in a side-by-side manner where only one component varies across the options. This allows for easy view of the reason for different rates.
  • Example: A service could be delivered by personnel at different licensure levels. Side-by-side models will show the difference in the valuation of the service if the inputs to the rate model are the same except for the annual salary of the practitioner.
  • Example: A service is usually delivered by the same type of practitioner, but the labor costs for this practitioner level varies across the state. Side-by-side models can show the difference in the valuation of the service by region when using different annual salary assumptions by region.
  • Example: Side-by-side models can show the same or similar inputs into the valuation models for different ASAM residential levels. Increased staffing levels and credentials of personnel at the treatment centers are shown side-by-side to view how the rationale for the increase in the per diem rate as you go up the ASAM Level 3 scale.
Rate models are constructed from alignment of multiple sources of data where possible.

Data to inform rate models typically includes:

- Primary data collected directly from the providers who deliver the service
- Secondary data sources to benchmark provider feedback, such as Bureau of Labor Statistics wages by labor category within the state, regional commercial real estate rent/costs
- Secondary data sources that directly input into the model that are easily updateable (e.g., IRS per mile rate updated annually)

Specific model assumptions are detailed (e.g., staff wages and benefits, staffing levels), but the assumptions are not mandates.

- Example: A rate model may assume annual salary for the labor category of $70,000 per year and fringe benefits at 30% of annual salary.
- There is no expectation that each provider will follow this pattern. One provider may pay $80,000 per year but provide fewer benefits, another provider may pay less in salary but offer more generous benefits.
WALK THROUGH INDIVIDUAL RATE MODELS
SERVICES FOR WHICH RATES WERE DEVELOPED

- ASAM Level 1
  - AOD Assessment, Counseling (individual), Counseling (Group), Peer Supports
- ASAM Level 2
  - Ambulatory Detoxification, Intensive Outpatient, Partial Hospitalization
- ASAM Level 3
  - 3.1, 3.3, 3.5 and 3.7
- Rates were not set for national CPT code services for psychotherapy (e.g. 90785-90899). DMMA will continue to default to Medicare’s RBRVS fee schedule (or some percentage of this) for annual updates to these codes.
WALK THROUGH OF INDIVIDUAL MODELS

• The rate model construction for ASAM Levels 1 and 2 are similar
  • We will walk through a few models in depth and briefly review others.

• The rate model construction for ASAM Level 3 residential varies from ASAM 1 and 2, but is similar across the 3.1, 3.3, 3.5 and 3.7
  • We will walk though each of these models in a side-by-side manner.
OPTION FOR ADDITIONAL FEEDBACK
1. Review the Excel file that will be distributed after this meeting.
   - This is the file for the rate models shared today.
   - There are five rate model tabs. Please review the inputs in each model.

   - To the right of the models in each of the five tabs, there are spaces where you can enter information in green cells.
   - If you have feedback on a specific rate model assumption, enter in the green cell.
   - You can enter feedback on some rate model elements and not others.
   - You can enter feedback on some ASAM Level rate models and not other models.
   - There is also a tab named ‘Qualitative Feedback’ where you can provide qualitative feedback or additional information about your quantitative feedback.

3. Please send your feedback in the same Excel file to Mark Podrazik directly.

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