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Summary of Methodology for Setting Rates for SUD Services and Potential Fiscal Impact

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A G E N D A I T E M 1

**METHODOLOGY FOR
SETTING RATES AND
BUILDING FISCAL IMPACT**

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METHODOLOGY FOR SETTING SUD RATES

- Review the current DSAMH Service and Certification Reimbursement Manual for Adult BH/SUD Services, November 2016.
- Discuss options with SUPPORT Act grant team/DMMA leadership on approach for developing rates and provider outreach.
- Solicit information from providers on their costs and practices to deliver SUD services.
 - Survey was sent to 25 providers based on previous payment volume. Educational webinar was conducted Dec 4, 2020. Responses were due back Dec 30, extension granted to Jan 31, 2021.
 - Outreach made to all 25 providers to determine their status of survey submission.
 - Responses ultimately received from 7 out of 25 providers.
- Solicit qualitative feedback from providers agreeing to 1:1 interview (5 providers).
- Build draft rate models using information from provider surveys supplemented by other external sources (e.g. Bureau of Labor Statistics) and HMA-Burns experience with other states.
- Tested assumptions for some of the rate models with a respondent to the original survey.

BUILDING THE FISCAL IMPACT MODEL

- Both CY2019 and CY2020 service utilization were considered, but ultimately decided to use CY2019 utilization for modeling due to suppressed utilization during the PHE.
- Identified SUD-defined services billed by providers for individuals with SUD.
 - Used CMS-defined logic to identify individuals with SUD (diagnosis-driven).
 - This means that for providers who serve individuals with SUD **or** MH needs, we are only considering payments to these providers for SUD services in the model.
- Isolated the fiscal impact to privately-owned, community-based providers.
 - Excluded Rockford, Dover Behavioral Health and Sun Behavioral Health from study. (Did not set new inpatient hospital rates.)
 - Excluded services where the State is identified as the provider (FEIN 51-6000279).
- Caveats in building the fiscal impact model (affecting \$7 million out of \$31 million in payments)
 - For services paid by one MCO in particular, the HCPCS code was often not present. To ensure that these services were included, an estimate was made to map the service to the appropriate HCPCS code for modeling. Services most affected by this mapping include:
 - Residential ASAM level 3.7 (\$1.7M out of \$3.8M in the category)
 - IOP per diem (\$0.7M out of \$3.2M in this category)
 - IOP per hour (\$290K out of \$812K in this category)
 - Ambulatory detox (\$4.4M out of \$5.0M in this category)

■ BASELINE OF PAYMENTS TO SUD PROVIDERS FOR SUD CLIENTS = \$39.8M

Baseline in CY2019 is \$39.3 million (fee-for-service and managed care payments combined). From this, \$905,000 was excluded as seen below.

Another \$7.6 million are payments for SUD clients, but for services that are not subject to the rate study (e.g. psychotherapy codes, office visits and telehealth visits, cost of buprenorphine).

Therefore, \$30.8 million, or 78% of total SUD payments to community providers, were considered for rate adjustments.

Distribution of Payments for CY2019 Utilization	Total Payments	Percent of Total
Starting Baseline, All Payments to SUD Providers for SUD Clients	\$39,329,034	100.0%
Exclude services to SUD clients but MH-related	\$681,235	1.7%
Exclude small portion of methadone claims where unit not = 1	\$224,191	0.6%
New Baseline	\$38,423,608	97.7%
No rate changes considered: psychotherapy codes	\$4,980,618	12.7%
No rate changes considered: evaluation and management codes	\$1,558,444	4.0%
No rate changes considered: buprenorphine costs	\$1,004,027	2.6%
No rate changes considered: telehealth services	\$65,634	0.2%
Net Amount is Payments Subject to Potential Rate Changes	\$30,814,884	78.4%

FISCAL IMPACT DIVIDED INTO FOUR COMPONENTS

Preliminary fiscal impacts are being developed for four discrete components of treatment. The data used to model fiscal impacts is CY2019 Medicaid utilization (FFS and managed care).

Methadone CY19 spend: \$8.2M

Fiscal model already developed to quantify cost to increase the rate for administration of methadone by OTPs from \$4.00 to \$12.00 where it is not paid \$12.00 already.

A rate model, per se, has not been developed since the rate was set at \$12.00.

Services from Specialty SUD Providers CY19 spend: \$22.6M

Services specific to SUD providers, including:

- Assessments
- Counseling (by licensed and unlicensed staff), 1:1 and group
- Peer supports
- Intensive outpatient services
- Alcohol and other drug testing
- Ambulatory detoxification (also called withdrawal management)
- Residential treatment programs across ASAM levels, including acute detoxification

Rate comparisons are shown on later slides

Office-Based Opioid Treatment (OBOTs) CY19 spend: assumed \$0

Medication-assisted treatment delivered by clinicians in an office-based setting (script for buprenorphine or naltrexone).

Initial concept for rate: bill code in addition to E&M for enhanced service 2nd phase for rate: PMPM or other value-based payment to OBOTs

Initiation of MAT in Emergency Depts CY19 spend: assumed \$0

Medication-assisted treatment initiation in an emergency department setting

Initial concept is to adopt 100% of Medicare rate for code G2213; current rate is \$65.95 (subject to minor adjustments for geographic wages)

A G E N D A I T E M 2

PROPOSED RATES AND FISCAL IMPACTS

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SUMMARY OF POTENTIAL FISCAL IMPACT FOR SUD SERVICES

Fiscal estimates are shown below using CY2019 utilization.

The annual fiscal impact shown below assumes that the new proposed FFS rates are implemented in full. It should be noted that, for many services, one or both MCOs are paying above the current FFS rate and may also be paying above the proposed new FFS rate. If the provider is already paid above the new proposed FFS rate, the fiscal model assumes no payment increase to the provider. The percent of payments within each service that are eligible for a rate increase is shown on later slides.

HMA-Burns examined, by service, the proportion used by the Medicaid Expansion population versus others in Medicaid. Although there is some variation by service, the split overall was 73% Expansion and 27% non-Expansion. Therefore, for the state share, 73% of total increase uses 10.00% state share, the other 27% uses standard FMAP (FY2022, excludes PHE bump) or 42.28% state share.

SUD Service Category	Total Annual Fiscal Impact, Total Funds Required	Total Annual Funds, Expansion Population	Total Annual Funds, non-Expansion Population	Total Annual State Share Required
Methadone Administration at \$12.00	\$4,737,344	\$3,458,261	\$1,279,083	\$886,622
Residential Treatment Services	\$1,460,704	\$1,066,314	\$394,390	\$273,379
Intensive Outpatient Services	\$290,117	\$211,785	\$78,332	\$54,297
Counseling and Other Services	\$906,068	\$661,429	\$244,638	\$169,576
Office-Based Opioid Treatment (Year 1)	\$5,339,823	\$3,898,071	\$1,441,752	\$999,380
Initiation of MAT in Emergency Depts	\$107,169	\$78,233	\$28,936	\$20,057
TOTAL	\$12,841,225	\$9,374,093	\$3,467,131	\$2,403,311

PROPOSED RATES AND FISCAL IMPACT FOR RESIDENTIAL SERVICES

Residential services are paid different per diem rates based on the intensity of need. The ASAM level determines the level of need. Because of provider capacity, some ASAM levels have little to no volume in Delaware’s Medicaid program. Rates exclude room and board.

The fiscal impacts shown below assume that the proposed new FFS rate is implemented. If an MCO already pays above the new rate, the assumption here is that the MCO will not increase its rate proportionally to correspond with the FFS rate increase.

	ASAM 3.1 H2034	ASAM 3.2 H0010	ASAM 3.3, <11 beds H2036 HI	ASAM 3.3, 11-16 beds H2036 HI	ASAM 3.5 H2036 no modifier	ASAM 3.7 H2036 TG	ASAM 3.7, detoxification H0011
Current FFS Rate per day	\$150.53	\$290.70	\$273.25	\$189.44	\$189.44	\$291.65	\$354.67
Proposed New FFS Rate	\$154.65	\$344.36	\$357.69	\$232.67	\$240.04	\$330.23	\$379.76
Increase from Current	+2.7%	+18.5%	+30.9%	+22.8%	+26.7%	+13.2%	+7.1%
CY19 Actual Spend	\$0	\$102,290	Assumed that all ASAM 3.3 services are from providers that have sites with 11-16 beds	\$1,440,780	\$7,557,135	\$0	\$3,770,412
Payments with New Rate	\$0	\$102,626		\$1,790,077	\$8,401,703	\$0	\$4,036,914
Percent of Payments Subject to Rate Increase	--	<1%		88%	28%	--	58%
Fiscal Change, Total Funds	\$0	\$336		\$349,296	\$844,568	\$0	\$266,503
Potential Fiscal Impact for Residential Services = \$1,460,704 Total Funds, \$273,379 State Share							

PROPOSED RATES AND FISCAL IMPACT FOR INTENSIVE OUTPATIENT

Intensive outpatient services are offered for an extended time period (e.g., for 12 weeks). Clients participate in group sessions as well as 1:1 sessions each week. The assumptions below are that the client attends 3 group sessions per week for 3 hours each session. There is also one session that is 1:1 with the client each week for 1 hour.

The fiscal impacts shown below assume that the proposed new FFS rate is implemented. If an MCO already pays above the new rate, the assumption here is that the MCO will not increase its rate proportionally to correspond with the FFS rate increase.

	IOP Per Diem (group) Unlicensed H0015-HQ	IOP Per Diem (group) Licensed H0015-HQ-U1	IOP Per Hour (1:1) Unlicensed H0015	IOP Per Hour (1:1) Licensed H0015
Current FFS Rate per day	\$103.09	\$126.79	\$77.30	\$77.30
Proposed New FFS Rate	\$109.43	\$116.82	\$81.99	\$97.16
Increase from Current	+6.2%	-7.9%	+6.1%	+25.7%
CY19 Actual Spend	\$3,243,380	\$0	\$812,864	New code
Payments with New Rate	\$3,328,063	\$0	\$1,018,298	
Percent of Payments Subject to Rate Increase	10%	--	100%	
Fiscal Change, Total Funds	\$84,683	\$0	\$205,434	
	Potential Fiscal Impact for Intensive Outpatient Services = \$290,117 Total Funds, \$54,297 State Share			

PROPOSED RATES AND FISCAL IMPACT FOR OTHER SUD SERVICES

Counseling services can be delivered by licensed and unlicensed staff. Although typically delivered 1:1 with clients, it can also be delivered in a group setting. Peer supports are billed as a 1:1 service with clients.

The fiscal impacts shown below assume that the proposed new FFS rate is implemented. If an MCO already pays above the new rate, the assumption here is that the MCO will not increase its rate proportionally to correspond with the FFS rate increase.

	Assessment H0001	Counseling 1:1 per 15 minutes, unlicensed H0004-HF	Counseling 1:1 per 15 minutes, licensed H0004-HF	Counseling Group per 45 min, by a clinician H0005	Peer Supports 1:1 per 15 min H0038	ASAM 2.0 Ambulatory detoxification per diem H0012	Alcohol or drug testing, collection and handling only H0048
Current FFS Rate	\$77.30	\$19.33	\$19.33	\$9.66	\$14.75	\$334.27	\$8.20
Proposed New FFS Rate	\$95.91	\$22.29	\$26.08	\$13.04	\$19.45	\$370.17	\$10.00
Increase from Current	+24.1%	+15.3%	+34.9%	+35.0%	+31.9%	+10.7%	+21.9%
CY19 Actual Spend	\$104,635	\$354,411	New code	\$43,315	\$46,867	\$5,053,684	\$68,305
Payments with New Rate	\$119,707	\$396,786		\$43,405	\$62,265	\$5,863,262	\$91,860
Percent of Payments Subject to Rate Increase	59%	100%		1%	100%	51%	100%
Fiscal Change, Total Funds	\$15,072	\$42,375		\$89	\$15,399	\$809,578	\$23,555
Total Potential Fiscal Impact for Other SUD Services = \$906,068 Total Funds, \$169,576 State Share							



Questions?

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