



CHES Payment Structure Status Update

Behavioral Health Partnership Operations Committee
Friday, December 6, 2019



- Rate/payment structure development has appropriately lagged other areas of the CHES project due to dependencies around service and program design, therefore....
 - Work has been accelerating quickly over the past few weeks
 - Information presented today represents a working draft of the current status of efforts
 - Additional input from the CHES rate-setting workgroup is still critical and necessary before the group makes more formal recommendations
 - The workgroup has had a limited window of review and hence please view all information as formative and preliminary



- Original discussions considered pre-tenancy, tenancy and community living supports as key service components
- Initial models considered a per member per month structure for pre-tenancy and tenancy services but a fee-for-service structure for community living supports
- Evolution of the discussions resulted in a "merger" of community living supports into the pre-tenancy and tenancy payment structures (PMPM)
- Latest payment structure considers two separate and distinct PMPM's for the pre-tenancy and tenancy periods, but with community living supports captured within the PMPM for each



- Per member per month approach used for all services except for transportation and care plan development
- All financial PMPM calculations use the DMHAS supportive housing average salary/fringe of \$48,964 as a baseline assumption
- All staffing calculations currently assume an 80% "productivity" factor to guide the PMPM determination, but ultimately the final payment structure is designed to target reasonable caseload ratios
- PMPMs include a 20% add-on for agency administrative support



- Pre-tenancy supports estimated at four hours per week with additional two hours for community living supports
- Full pre-tenancy PMPM designed to support six hours of mixed services (PT and CLS) per week
- Service mix is meant to allow for flexibility depending upon member needs
- Pre-tenancy services are for a six month duration but with portion paid based on performance/outcomes
- The full pre-tenancy PMPM is estimated at \$918 which equates to \$5,508 for the full/maximum six month period



- Monthly PMPM at 75% of full payment with add-ons based upon placement timing
- For example, a 50% add on would be available for placements within 90 days or less; 40% for 90-120 days, 30% for 120-150, and 25% for 150-180)
- If housing is not obtained, base payment at 75% would be paid for the six month period
- The 75% base payment would be sufficient to cover the lower end of the DMHAS supportive housing case manager salary range



- Two hours per week of support estimated for tenancy services, which would equate to 16:1 caseload ratio
- Two and three-quarters hours per week of support estimated for community living supports which would equate to 12:1 caseload ratio
- While the estimates are currently constructed as separate PMPMs for payment design purposes, the PMPM and services will be merged
- *The overall caseload ratio for the merged service is expected to be in the 14:1 range*
- The merged PMPM for this service package is \$622, or \$7,464 annually



- Transportation and care plan costs are also part of the service mix
- Transportation services will be reimbursed at actual costs subject to a \$1,000 annual cap
- Care plan development costs are currently included at \$200 per care plan (anticipating annual updates)



- Holding a portion of the PMPM to be based upon outcomes is a critical element of the current construct
- Outcome-based orientation will help assure services supported under the PMPM are driven by program goals and objectives
- The 75% baseline payment ensures that the lower end of case manager costs are covered, even in the event that outcomes are not achieved
- Assuming outcomes are achieved, the full cost for the first year of service (per individual) is estimated to be \$9,615
- The full ongoing cost is estimated at \$8,014, again, assuming all outcomes are met

- Discussions around the payment model as currently constructed must continue at the CHES rate/payment workgroup level to ensure all input is received as the group has had limited time for analysis/consideration
- Outcome incentives and benchmarks will need more discussion at both the CHES rate/payment workgroup and overall governance level
- Additional feedback from stakeholders and providers will be obtained