# Connecticut
# Medicaid Managed Care Council

## *Behavioral Health Oversight Committee*

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## Meeting Summary: January 12, 2005

Chairs: Senator Chris Murphy Jeffrey Walter

***(Next Meeting: Wednesday Feb. 16, 2 PM in LOB RM 1D)***

**Brief Review of the BH Restructure**

Dr. Mark Schaefer (DSS) described the current BH delivery system model, contrasting this with the proposed restructuring of the delivery of BH services. Currently the DSS administers the HUSKY A (child/parent) and HUSKY B (child only) programs with four capitated managed care organizations (MCOs) The MCOs have direct contracts with BH subcontractors for management of BH services to this population. The State does not have a direct contractual link to the BH subcontractors and thus limited influence over the scope of their work and performance.

The BH restructuring plan will:

- Eliminate the BH subcontractors and the BH dollars will be removed from the MCO capitation rates.
- The population served will include HUSKY A & B as well as DCF voluntary service clients.
- The DSS and DCF will procure an Administrative Service Organization (ASO), which will be responsible for administering clinical management and member and provider service aspects of the BH program. The ASO will receive a fixed administrative fee and will not be "at-risk" for the payment of behavioral health services.
- The involvement of families in the delivery of BH services is a significant change from the current model.

**The ASO Responsibilities**

The Role of the ASO includes:

- Coordinate behavioral health services for HUSKY A & B with the current MCOs

- Member services, which include facilitating access to services and provider relations.

- Care management, which includes the service authorization process and intensive care management for members with complex behavioral health needs, ensuring access to appropriate levels of services, evaluation of the success of treatment and connection to other services if current treatment is not effective.

- Development of a quality management plan including member satisfaction assessment and access, service utilization reports and measurement of key treatment outcomes.

Rep. Dillon asked if depression screens for DCF-involved children would be part of the quality program, using established predictors for at-risk children. Dr. Schaefer stated that specific quality programs haven't been identified but this is doable with the new system in combination with the current HUSKY MCO system. The ASO will markedly improve management of information. It will be able to identify DCF children and youth currently in the system, evaluate multidisciplinary exams and service follow up. These goals should be attainable within the existing privacy rules because covered members are currently within the managed care system.

What is <u>not</u> the role of the ASO:

- Contract with provider: the DSS maintains the CT Medical Assistance Program (CMAP) network. If providers are already enrolled in this, they will need to be re-credentialed to provide services in the Kid Care model. Providers do not need to be enrolled in the CMAP if their services are solely provided through direct DCF grants.

- Pay claims: service claims will be paid through the DSS Medicaid Management Information System (MMIS), which is currently administered by Electronic Data Systems (EDS). Residential services will continue to be paid, based on rates set by DCF, through their LINK system.

The key areas that elicited most of the Committee discussion focused on the ASO selection process, total monetary value of the ASO contract, and funding of the restructured BH program. The Co-Chairs stated that the questions raised in the meeting reflect both the Committee's fulfillment of oversight responsibilities as well as addressing key pre-requisites that are needed to make this model work. The basic underlying focus remains on the families and children.

<u>ASO Selection</u>

Dr. Schaefer announced that Value Option, Inc (VOI) was the bidder chosen to negotiate the contract for the ASO with DSS and DCF. The selection process involved review of the responses to the RFP that included the scope of providing services in the KidCare program, organizational references that included any 5 year litigation history, a cost proposal to meet the RFP requirements and justification of those costs, preventing a low bid that could be insufficient to do the work outlined in the RFP.

The review had two phases:

- Scope of the work in meeting the RFP objectives, which was a "blind" process so that there was an unbiased evaluation of responses to this part of the RFP.

- Review of the organizational qualifications, which included the name of the respondent

Parents and an advocate provided input into the RFP development and parents and an advocate were part of the core review team that evaluated the proposals and made the award recommendations.

Senator Murphy asked DSS to comment on legislative concerns on the selection of this bidder, not the fairness of the process. The Senator stated that considerable information was available on the difficulties CT and other states have had with this entity. As a public policy issue, legislators discussed with the Governor the importance of State review and consideration of any bidder's business experience (in-state or outside the state) as part of the selection process. In response to the Senator's comments and Committee questions about external due diligence in the selection process, Dr. Schaefer stated the RFP review included a review of bidder contracts and references for programs similar to the CT model. Dr. Schaefer noted he would have to confer with agency legal staff to determine what level of detail (i.e. research on VOI CT contracts) could be disclosed. Dr. Schaefer stated that VOI has had considerable public sector experience with a history of successes and hard lessons and believes the state will benefit from VOI's broad experience.

Dr. Schaefer noted that while he could not speak to the discussions of the core selection committee (he did not participate), the departments believe in the fairness of the process while at the same time recognizing public trust issues. The State acknowledges the importance of these issues in this reform.

Dr. Schaefer noted that managed care organizations like most business tend not to be inherently good or bad, and that their performance has much to do with the scope, structure and oversight of their contracts. Dr. Schaefer stated the State believes the BH restructuring model, contract parameters and diligent State oversight will allow this business to perform well.

Dr. Gammon noted that the focus on quality is an important step in developing a good system of care.

<u>Payment of ASO</u>

The ASO will be paid a monthly fixed amount for administrative services only. In this structure, there would be no financial incentive to withhold services. In response to Rep. Dillon & Sen. Murphy's questions, Dr. Schaefer stated that final ASO payment would be negotiated between the VOI and the DSS & DCF. It is expected the contract amount will be in the single digits (million). The contract amount will include the direct costs of providing the scope of administrative services plus the potential for a 7.5% profit (7.5% of the *administrative* fee) for the vendor. The ASO's administrative performance determines the profit amount in that a positive performance would result in financial reward (profit) while a poor performance would result in a loss of the profit percentage as well as potential additional financial sanctions. Sen. Murphy noted that it is the legislature's responsibility as policy makers to understand and evaluate where dollars are spent on administration and services.

Program Funding

Sen. Murphy requested information on the amount of dollars that will be available for the carve-out of BH services. While recognizing that this is part of the negotiations with the DSS and the MCOs, the Senator asked if there is a certain threshold that is being considered within the MCO capitated rates. Sen. Murphy stated this is a key concept for the restructuring going forward. It is important to know available program funding upfront before further defining this complex system of care. Insufficient dollars could lead to revisiting the whole process.

Discussion points:

- ✓ Dr. Schaefer stated questions related to the budget for BH under the carve-out might best be considered after the release of the Governor's budget, February 9th. The DSS has information from Mercer, the actuarial consultant, on BH spending although there are some grey areas. Mr. Walter asked if the Mercer data could be shared with he Committee. Dr. Schaefer stated this is the starting point of DSS/MCO negotiations and cannot be disclosed at this time. Rep. Dillon asked that the method be transparent.

- ✓ Dr. Gammon asked if there are contingency plans if the system should be under-funded. Dr. Schaefer stated that if funding were inadequate for the restructured BH system, the agencies would pursue appropriate funding levels; however aggressive service management under this system is not an option to deal with financial issues.

- ✓ Mr. Gedge asked what the timing of the DSS/MCO negotiations are with other negotiations that involve the overall MCO rates and other service carve-outs. The DSS and MCOs are currently negotiating the contract extension beyond Jan. 31, 2005. Dr. Schaefer stated he could not say when the final MCO rates and BH carve-out negotiations would be final. The proposed pharmacy carve-out has been eliminated; the dental carve-out status is still being discussed (*at the Jan. 21, 2005 MMCC meeting it was announced that there will be no carve-out of dental services).*

- ✓ Rep. Sayers asked about the time period for the contract; Dr. Schaefer stated the contract is for 3 years with two, 1-year extensions. He believes that the contract has mechanisms to allow the State to either assume critical functions or terminate the contract if there are serious deficiencies in the ASO performance but Dr. Schaefer will check into this further and share these provisions with the Committee.

- ✓ What are the savings projected for the restructuring of BH services? Dr. Schaefer stated that while he cannot speak to the Governor's budget, neither DSS/DCF or OPM have suggested there would be any savings associated with the reform, rather the agencies anticipate an initial increase in service expenditures. The system will reduce administrative expenses currently in the MCO/subcontractor system through timely claims payment, eliminating duplicative provider credentialing processes and reducing authorization requirements for outpatient services (i.e. fewer than 25 visits will require registration but are not expected to require PA). What is not known is if community-based services will be more costly compared to the extended hospital and subacute stays currently experienced in the program.

- ✓ Mr. Wilson asked how the reform would impact families. Drs. Schaefer and Andersson outlined key areas that included identification of clients who remain unstable in the system and through ASO intensive care management connect children and families to Community wraparound services that will now be available on a fee-for-services basis to the population served in the reform. Family involvement in all aspects of the process is prominent.

- ✓ The implementation period is anticipated during April-July 2005, pending the ASO contract negotiations. There may be an initial phase-in of populations in the restructured program. (*DSS stated at the Jan. 21 Medicaid Council meeting that the carve-out would probably begin implementation in September-October 2005).*

- ✓ Will VOI have a presence in CT? The ASO has and will be required to continue to have a CT-based operations and the ASO will be required in contract to establish local relationships with the systems of care.

**Core Committee Representation on DSS/DCF Clinical Management Committee**

The Chairs noted the importance of having practitioner representation as well as family/advocates on the DSS/DCF Clinical Management Committee and requested that the agencies consider this. Both DSS & DCF commented that providers participated in the 2002 committees that developed guidelines for the program. The Committee Provider Advisory Work Group will also give practitioners input into clinical management guidelines.

**BH Committee Work Groups**

The Committee members agreed to the following work groups that will include participants from the Core Committee as well as participants at large:

- Provider Advisory WG on clinical management

- Access to services/quality management

- Coordination of care that focuses on the integration of primary care & BH services as well as the MCO/ASO coordination of services such as transportation and pharmacy, which will remain the responsibility of the MCOs.

- A transitional work group will be organized later in the process, focusing on issues related to the change of the service delivery model (i.e. claims run-out and continuity of clinical services already authorized).

The responsibilities of each work group will be briefly defined and sent out to the broad participant group. Interested participants can email Council staff as to which work group(s) they are interested in joining.

**The NAME For the Restructured BH Program**

Sen. Murphy noted that the "KidCare" name is confusing, as it was initially applied to the DCF children's BH reform and now applies to the BH carve-out that includes HUSKY parents/caregivers. There was some support in retaining the "Behavioral Health Partnership" name, which encompasses families and children. Suggestions are welcomed and can be sent them to the Council staff, Committee Co-chairs or DSS/DCF.

The BH Oversight Committee February meeting has been rescheduled from February 9th to **February 16, 2 PM at the LOB RM 1D.**