Connecticut HUSKY A Waiver

Behavioral Health Services Carve Out Methodology

Presented at the March 9, 2005 BH Oversight Committee meeting

Overview

- Base Data
- Encounters
- RFI
- Financials
- Administration
- Reinsurance
- Summary

Base Data

- Three sources
- encounters
- RFI
- financials
- Coverage grid
  - detailed grid of services to be carved out
- Base year SFY03
- Summarized and analyzed on PMPM basis
- Trend to carve out implementation date

Base Data - Encounters

- Criteria

- encounters flagged in correspondence with BH coverage grid
- flagged based on procedure code, diagnosis code, provider type, etc.

- Adjustments
  - completion
  - MCO credibility
  - program changes
  - relational modeling

Base Data - RFI

- Supplemental data request from DSS
- Corresponds to BH coverage grid
- BH professional services
  - estimated based on one MCO's reported data
- Adjusted for reinsurance
- Blended for MCO credibility

Base Data - Financials

- MCO submitted financial data
- Not specific to BH coverage grid
- BH inpatient and BH outpatient lines
- BH professional services estimate
- Adjusted for reinsurance
- Blended for MCO credibility

Base Data - Trend

- Applied to base data to project SFY06

- Applied by category of service
    - BH inpatient
    - BH outpatient
    - professional services
- Developed based on analysis of historical HUSKY A encounter and financial data
- Consistent with HUSKY A rate setting process

Base Data - Blending

- Three sources of data
    - blended to yield one comprehensive estimate of BH services carve out PMPM
- Best estimate based on available data sources
- Reasonability checks

BH Carve Out Estimates

	SFY06	10/1/05 – 6/30/06
BH Services PMPM	$ 19.76	$ 19.85
BH Total Dollars	$ 79,650,917	$ 60,419,337
Projected MMs	4,030,758	3,044,372

Administration

- Determination of BH-related administration
    - supplemental data requests to MCOs
    - follow up communication with MCOs
    - BH subcontractor financials
- Administration as a percentage of BH service cost

BH Administration Estimates

	SFY06	10/1/05 – 6/30/06
BH Administration PMPM	$ 1.48	$ 1.48
BH Administration Total Dollars	$ 5,957,889	$ 4,519,366
Projected MMs	4,030,758	3,044,372

BH Reinsurance

- Reinsurance data (SFY03) pulled from database
- Adjustments made to each base data source
- Riverview and non-Riverview amounts determined based on database
- Base trended to appropriate time periods

BH Reinsurance Estimates

	SFY06	10/1/05 – 6/30/06
Non-Riverview PMPM	$ 3.64	$ 3.66
Non-Riverview Total Dollars	$ 14,671,960	$ 11,142,401
Riverview PMPM	$ 4.77	$ 4.79
Riverview Total Dollars	$ 19,226,717	$ 14,582,542
Projected MMs	4,030,758	3,044,372

Riverview Reinsurance

- DSS reinsures HUSKY MCO cash payments to Riverview under reinsurance
- Riverview reinsurance expenditures have been off-budget for several years
- Under the carve-out, Riverview stays will be shadow claimed, which means Riverview expenditures will remain off-budget
- Riverview expenditures are included in the waiver analysis because they are Medicaid expenditures for which the state receives a Federal share

Summary

- ♉ BH coverage grid detail
- ♉ Three base data sources blended to determine base carve out PMPM
- ♉ Base PMPMs trended forward using trends consistent with capitation rate setting
- ♉ BH administration based on supplemental data
- ♉ BH reinsurance pulled from reinsurance database

Next Steps

- ♉ DSS requested Mercer review MCO operations including behavioral health
- ♉ administration
- ♉ finance
- ♉ claims
- ♉ systems
- ♉ Reviews to be completed Feb-March 2005
- ♉ Final BH carve-out amount to be negotiated with each health plan

Connecticut Community KidCare - BHP

Methodology for Setting

Rates and Fees

Terminology

- ♉ The Departments uses the term *rates* when referring to payments that are provider specific.
- ♉ The term *fee* is used for payments that are uniform across all providers and published on a fee schedule.

Current HUSKY Program

- Many providers are subject to uniform fee schedules, which vary across the four MCOs

- Other providers have rates that they have negotiated with the MCOs. Rates for a given service may vary across MCOs and across providers

Rates and Fees under KidCare

- The Departments will establish a single set of rates and fees for each provider type and service

- Proposed methods balance need for fair and efficient rate methods with the need to avoid significant disruptions in provider revenue

Provider specific rates

- General hospital - inpatient, PHP, IOP, EDT

- Psychiatric hospital - inpatient, PHP, IOP, EDT

- Psychiatric residential treatment facility - inpatient

- Alcohol and drug center - acute detoxification, ambulatory detoxification

- Mental health clinic - PHP, IOP, EDT

- Methadone maintenance clinic - methadone maintenance

Provider specific rates

- SFY 2003 utilization

- Rates in effect as of March 1, 2004

Rate = $\frac{\text{MCO 1 (Volume * Rate) + MCO 2 (Volume * Rate)}}{\text{MCO 1 Volume + MCO 2 Volume}}$

Uniform fees

- Hospital routine outpatient

- Independent practitioners

    · Psychiatrists

- Psychologists
- APRNs
- Masters level clinicians (LCSW, LMFT, LPC, LADC)

♉ Home health care agency services

♉ School-based health center services

Uniform Fees

♉ SFY 2004 utilization

♉ Fees in effect as of December 2004

Fee = $\frac{\text{MCO 1 (Volume * Fee) + MCO 2 (Volume * Fee)}}{\text{MCO 1 Volume + MCO 2 Volume}}$

Uniform Fees

♉ MH Clinic routine outpatient services

♉ SFY03 encounter data used to model volume and expenditure allocation across services

♉ Total volume and expenditures than increased to match SFY03 RFI data

♉ Fees adjusted to uniform percentage of Medicare

♉ Selected fees exempted from Medicare adjustment to support access (medication management, group therapy, testing)

Future Adjustments

♉ Departments propose to adjust behavioral health provider rates under the waiver when rate adjustments are appropriated for the HUSKY MCOs

♉ Governor's budget provides for 2% in SFY06 and 0% in SFY07

♉ Departments will invest final appropriated rate increase in behavioral health rates and review any proposed rate methodology in advance with the Behavioral Health Oversight Committee.