MaineCare Policy Sections 13/17/28/65 Rate Review

EXECUTIVE SUMMARY

In January 2017, the Maine Department of Health and Human Services ("DHHS" or "the Department") released Final Proposed Rate Models for Sections 13, 17, 28 and 65 of MaineCare policy. Burns & Associates, Inc. ("B&A"), a national consulting firm, assisted DHHS with the rate review, which began in October 2015.

During the first session of the 127th Legislature, the Health and Human Services Committee directed DHHS to execute reviews of rates for Sections 28 and 65 of MaineCare policy. In meeting this requirement, DHHS determined to review Sections 13 and 17, as well, providing for a comprehensive study of rates paid for behavioral health services under the MaineCare program.

PROCESS

The review adopted the same core standards—transparency, granularity and provider engagement—as those of prior DHHS-B&A rate reviews. Likewise, the methods the review employed, and the structure of the rate models it produced, were similar to those of prior reviews, such as the personal care and related services rate review that the Department presented to the Health and Human Services Committee in February 2016.

Transparency

The rate review includes a detailed explanation of data sources utilized in the rate models, such as: published analysis of provider survey results; the data, occupational mix and weighting used to establish wage benchmarks for staff providing services; an outline of the benefit package used to construct benefit rates; and benchmarks from other states. Accordingly, providers and stakeholders reviewing the rate models are able to understand exactly how rates were derived.

Granularity

The rate models consist of a line-by-line breakdown of cost components for each reviewed service, with specific assumptions related to service provider wages, benefits and productivity; staffing ratios; mileage; program space, supplies and assessments; and overhead costs. This level of detail permits meaningful discussion of individual cost drivers for service delivery. Each rate component—the sum of which determines the bottom-line rate—is the product of data analysis, provider feedback, cost trend review and regional and national comparisons.

Provider Engagement

Provider insight and feedback is fundamental to the rate review process. Key points of engagement included the following:

- Provider Kick-off Meetings: The Department has initiated each B&A-led rate study with provider meetings to discuss costs and challenges of service delivery and to seek input on the forthcoming provider survey. Due to the scope of this rate review, DHHS held three meetings—one for Sections 13 and 17; one for Section 28; and one for Section 65.
- Provider Survey: A provider survey serves as a key resource for the rate review. B&A circulated a draft provider survey, for which it sought input as to the questions posed to analyze service delivery costs. Following receipt of provider input, B&A finalized the survey. The survey was emailed to all service providers using the email contacts that they had on record with the Office of MaineCare Services.

Providers generally receive three-to-four weeks to complete the survey. Due to the breadth of the review in question, DHHS provided six weeks and accepted any surveys submitted after the deadline, as well. In total, 36 providers—responsible for providing almost half of the services covered in the rate study—submitted a survey.

- Provider Site Visits: B&A conducted on-site visits with four providers to allow for more thorough discussions of particular services.
- Presentation of Draft Proposed Rate Models: Following review of the provider survey and other data analysis, DHHS and B&A published Draft Proposed Rate Models and held provider meetings to review the draft models. B&A also hosted a webinar to ensure all providers had access to a thorough explanation of the models. Additionally, DHHS Deputy Commissioner of Finance Alec Porteous presented the models to the Health and Human Services Committee.
- Provider Comment Period: Following release and explanation of the Draft Proposed Rate Models, the Department initiated a provider comment period. Providers were encouraged to submit comments on the draft models for DHHS and B&A review. Typically, DHHS provides four weeks for providers to review and comment on draft models. In response to provider requests, the Department extended the comment period for this study to nearly nine weeks. All comments submitted after the deadline were also accepted.

  Upon conclusion of the Provider Comment Period, B&A consultants and DHHS officials reviewed and developed a response to each comment, explaining the change that was made as a result of the comment or explaining why no change was made. Comments and responses are published and released with the Final Proposed Rate Models.
- Targeted Follow-Up Meetings: Based on preliminary review of feedback, DHHS and B&A decided to convene small meetings with providers to discuss three specific services—psychological and neuropsychological testing, trauma-focused cognitive behavior therapy and functional family therapy. Based on these meetings, DHHS determined that an additional limited survey should be developed and deployed to collect data regarding specific aspects of the testing service.
- Rule-Making: The rate study process concludes with publication of the Final Proposed Rate Models and formal responses to provider commentary. Adopting these rates requires the Department to enter into formal rulemaking, which provides another opportunity for public comment.

  During the 127th Legislature, legislators passed a law requiring the Department to present this rate review to the Health and Human Services Committee and prohibiting the Department from entering into formal rulemaking until 60 days following the presentation.

RESULTS

Numerous changes to the rate models were made in response to public comments. Considering 'major' rate groupings (that is, leaving aside the fact that certain services have multiple codes that all pay at the same rate), DHHS will propose to increase 23 rates and reduce 15 rates.

Changes Made in Response to Public Comments

As noted above, the Provider Comment Period offers the Department and B&A important insight into how those delivering services view proposed rate changes. For each B&A-led rate review, provider comments have yielded insights that resulted in adjustments to the Draft Proposed Rate Models prior to their finalization. In the case of this rate review, revisions included:

- All rate models incorporate more recent Bureau of Labor Statistics wage data and IRS mileage rates that became available after publication of the proposed rates.
- Paid days off (holidays, vacation, and sick leave) for direct service staff were removed from the benefit rate calculations and added as a productivity adjustment (which had the effect of modestly increasing most rates).
- The productivity assumption for employer and one-on-one supervision time was increased to 1.5 hours per week for most services (and to one hour per week for master's-level and licensed staff).
- Annual training was increased to 52 hours in the Case Management, Community Integration and Children's Home and Community Based Treatment rate models and to 65 hours for Specialized Section 28 services.
- The service provider tax was added to rate models for Section 28 services.
- The assumption that children annually attend 1,275 hours of their Section 28 or Children's Behavioral Health Day Treatment program was reduced to 1,000 hours for the purpose of amortizing program space costs.
- The assumed workweek for behavioral health professionals providing Section 28 or Children's Behavioral Health Day Treatment services was reduced from 40 hours to 36 hours (38 hours for Section 28 services in children's homes and communities).
- Recordkeeping time for master's-level staff providing Children's Behavioral Health Day Treatment services was increased from three to five hours per week.
- The assumed wage for psychiatrists in the Medication Management and Assertive Community Treatment rate models was increased from $185,000 annually to $232,000.
- Separate Medication Management rate models were developed for services delivered to children, reflecting more time for coordination and collateral contacts.
- The proposal to eliminate billing for collateral contacts associated with Children's Home and Community Based Treatment services was withdrawn and the corresponding productivity adjustment for collateral contacts was removed.
- Productivity assumptions were lowered and assessment instrument costs were added to the rate models for Psychological and Neuropsychological Testing.

Key Rate Adjustments

While any rate adjustment affects MaineCare members and those providing services, significant changes resulting from the study include:

- DHHS' Commitment to Evidence-Based Practices and Effective Community Alternatives: The Department will propose to increase the rate for Assertive Community Treatment by more than 36 percent with an even larger increase for teams led by psychiatrists (a best practice); to increase the Intensive Outpatient Program (IOP) rate by 9 percent; and to increase the rate for Community Rehabilitation Services—an alternative to more costly inpatient admissions—by more than 50 percent. DHHS has withdrawn the draft proposed reductions to Functional Family Therapy, Multi-Systemic Therapy and Problem Sexualized Behavior, so that those rates will remain unchanged.

- Increased Rates for Independent Clinicians: The final proposed rates include significant increases for psychologists and licensed social workers in independent practice. DHHS will propose to increase Outpatient Therapy rates by 5 percent and 33 percent for psychologists and licensed social workers, respectively; and to increase Psychological and Neuropsychological Testing rates by 10 percent. These higher rates should expand the pool of providers for MaineCare members.

- Increasing Efficiency: There were two areas in the rate models in which the Department expects greater efficiency than reported by provider survey participants: overhead costs and staff productivity.

  The final proposed rate models include three components related to overhead costs: a fixed $25 per day amount for program support (which provides an average of 13 percent across all services), a 15 percent administrative rate, and—for certain services—targeted additional funding for dedicated office space and/or a support position. In total, these assumptions translate to an average overhead rate of 33 percent of total costs.

  Overhead rates reported in the provider survey varied by service, but generally ranged from 35 to 45 percent. When establishing the rate models in this rate study, the Department reviewed the assumptions incorporated in previous studies for crisis services covered by Section 65 and behavioral health homes. Additionally, the Department noted that provider survey respondents reported an average overhead rate of 33 percent for all services *not* included in the rate study.

  Productivity assumptions vary by rate model, but generally range from 65 to 80 percent, meaning that staff are expected to provide between 5.2 and 6.4 hours of billable service in a typical workday. After adjusting for non-billable days associated with paid time off and training, the rate models assume that staff provide between about 1,200 and 1,300 billable hours annually.

  These assumptions generally exceed averages reported by provider survey participants, but the Department believes them to be reasonable. For example, B&A researched job postings for outpatient clinicians across the country and found that the rate model assumptions are in-line with advertised requirements. Further, for several services, providers report spending time on activities that are not a MaineCare expectation; redirecting this time to billable work would allow these providers to increase productivity.

- Alignment of Non-Specialized Section 28 and Section 65 Children's Behavioral Health Day Treatment: There has been significant overlap between these two services in terms of eligibility, the services provided and the staff performing services, as well as a history of children migrating from one service to the other. The Department is further clarifying the MaineCare rates are only intended to cover the cost of treatment services, but do not fund education-related expenses. At this time, the Department is not proposing to apply the final proposed rates to Section 65 preschool programs as it further considers cost and funding issues raised by commenters.

  To further align the two services, DHHS will standardize the educational requirements for behavioral health professionals at 60 college credit hours (there is no current college requirement for Section 28 services while Children's Behavioral Health Day Treatment requires 90 hours). DHHS will establish guidelines to 'grandfather' existing staff who do not meet the new standards. Additionally, higher rates will be established for BHPs who have a four-year college degree.

  With these changes, DHHS proposes to increase Section 28 rates by an average of 24 percent, while Children's Behavioral Health Day Treatment rates for school-age children would decline an average of 31 percent.

- Medication Management Rates to Reflect Differences in Clinician Compensation: DHHS will propose to increase rates for psychiatrists providing services to adults from $55.77 per quarter-hour to $61.94 ($247.76 per hour), an increase of 11 percent, and from $63.75 to $66.77 ($267.08 per hour, a 5 percent increase) for services to children.

  At the same time, DHHS will propose to create new, lower rates for services provided by physician assistants and nurse practitioners. Specifically, the Department will propose to reduce rates by 44 percent to $30.98 per quarter-hour ($123.92 per hour) for services to adults and by 48 percent to $33.38 ($133.52 per hour) for children services. This is not a statement about the quality of services provided by these clinicians but is a reflection of cost differences. Although providers currently receive the same rate regardless of who provides the service, they report—and other data illustrates—that NPs and PAs earn about half of what psychiatrists earn, so it is not reasonable that MaineCare pay the same rates for these clinicians.

- Streamlining Targeted Case Management and Community Integration: The Department proposes to reduce the rate for Targeted Case Management ("TCM") from $21.52 per quarter-hour ($86.08 per hour) to $15.92 per quarter-hour ($63.68 per hour), a decrease of 26 percent.

  The final rate is in-line with the rates paid for TCM in other New England states. In certain instances, providers may have been providing services that are neither required nor expected by MaineCare policy. DHHS expects that the reduced rate will require that providers more closely align services they deliver with MaineCare requirements.

  For Community Integration, the Department proposes to reduce the rate for this service from $20.86 per quarter-hour ($83.44 per hour) to $16.11 per quarter-hour ($64.44 per hour), a decrease of 23 percent. As with Targeted Case Management, DHHS expects that the reduced rate will require that services more closely align with MaineCare requirements.

NEXT STEPS

By statute, the Department was required to present the final version of this rate review to the Legislature. The Department has complied with that requirement. The law further requires that the Department refrain from entering into rulemaking for 60 days following a presentation of the review to the Health and Human Services Committee. The Department welcomes the opportunity to provide an in-person presentation of the Final Proposed Rate Models to the Committee.