Ohio
Department of Medicaid
John R. Kasich, Governor
John B. McCarthy, Director

MENTAL HEALTH & Ohio ADDICTION SERVICES

Status Update for Behavioral Health Medicaid Redesign

Joint Medicaid Oversight Committee – May 26, 2016

Good morning Chairman Burke, Vice-Chair Sears, and members of the Joint Medicaid Oversight Committee. My name is Dr. Mark Hurst, and I am the Medical Director for the Ohio Department of Mental Health and Addiction Services. Thank you for the opportunity to speak before you today with regard to the Ohio's system for addiction treatment.

Before I get started with my regular presentation, I wanted to spend just a few brief minutes giving you an update on the progress of behavioral health Medicaid redesign. As you are aware, the Ohio Departments of Medicaid and Mental Health and Addiction Services, along with the Office of Health Transformation, have engaged with stakeholders through an open and transparent process for over a year that has included several iterations of budget modeling. Through this process, we have made adjustments to both services and rates. We have agreed to spend over $39 million above the original budget neutral model in order to help provide stability to the community behavioral health system and bring it more in line with physical health.

The next meeting of the redesign stakeholder team is scheduled for June 15. At that meeting, we plan to have a discussion that includes rates that are near-final and to make available provider manuals. Leading up to that meeting, we wanted to provide you with information on the type of budget modeling we are doing.

The attached example illustrates the cost and revenue associated with community nursing, which is a critical service within community behavioral health. The base assumptions for salary information, overhead, and productivity come from providers themselves, in addition to data from the US Bureau of Labor Statistics (BLS) that is commonly used by Medicaid in rate setting.

- Scenario #1 – This example was given to us by a group of providers who were evaluating the impact of the redesign on their business model. They had a concern that the draft new rates would not enable them to cover the costs of service delivery. We took a look at their modeling and identified a few assumptions that were not correct, including the rate used, the billing unit, and the billing code associated with the service being delivered.

  Scenario #2 – This model is corrected to show a one-to-one comparison to the service the nurse previously billed and the new service we expect them to bill

under the redesign. This scenario makes no changes to the base assumptions of wages, benefits, and productivity given to us by the providers. You will see an appreciable difference in the ability for providers to cover their costs.

- Scenario #3 – With the redesign, it is very important to look at the full package of services that will be available for providers to bill. Instead of the single service formerly known as Community Psychiatric Supportive Treatment, providers will also be able to bill, depending on the level of the professional, Therapeutic Behavioral Services and Psychosocial Rehabilitation. Scenario #3 recognizes the likely blend of services and, in doing so, significantly improves the provider's ability to cover their costs.

- Scenario #4 – Very similar to scenarios 2 and 3, but this one uses BLS data to show different assumptions related to staff salaries, wages, and expenses.

These examples demonstrate how a provider can make the redesigned system work from a billing standpoint. The redesign may result in a provider needing to evaluate their current service delivery and productivity, which is a common occurrence in health care as a whole. As an administration, we are committed to conducting this redesign in a way that improves access for individuals with behavioral health services needs and creates a better foundation to integrate physical and behavioral health.

More information is available to track our work on this issue at our dedicated website for this topic: http://bh.medicaid.ohio.gov. If you have any questions on these scenarios, we would be happy to answer them at this time.