DEPARTMENT OF HUMAN SERVICES

Legislative Report

Residential Treatment and Payment Rate Reform

Behavioral Health Division

November 2018

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is $174,600.

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I. Executive summary

Background and Purpose

The 2017 Minnesota legislature directed the commissioner to contract with an outside expert to identify recommendations for the development of a substance use disorder residential treatment program model and payment structure that is not subject to the federal institutions for mental diseases exclusion and that is financially sustainable for providers, while incentivizing best practices and improved treatment outcomes.

The Department of Human Services (DHS), Behavioral Health Division, contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, a health care consulting firm, to identify recommendations for the model and payment structure. The findings and recommendations contained in their report were informed by surveys and focus groups with providers, stakeholders and State staff. In addition, Mercer conducted a literature review and a survey of other State treatment and reimbursement models.

Key conclusions and recommendations from the Mercer (2018) Minnesota Study of Substance Use Disorder Reimbursement report are:

- **Conclusion 1**: Payment methodologies are not linked to the State's required elements of providing SUD services. The majority of SUD service fees were set from? An average of the historic County-negotiated fees. State regulations have increased the training and qualifications required of SUD professionals, but the fees have not been increased commensurately.

- **Recommendation 1**: Establish modeled fee payment methodologies to reflect provider expenses for required elements of SUD outpatient and residential services.

- **Conclusion 2**: Clarity of reimbursement is lacking. SUD providers do not clearly understand which services are covered under the Medicaid benefit package. SUD providers were not aware that they are permitted to bill for a greater number of codes than the SUD rehabilitation codes if the provider meets the provider qualifications for the additional Medicaid services (e.g., urinalysis).

- **Recommendation 2**: Develop more comprehensive SUD billing guidance.

- **Conclusion 3**: Culturally competent consultation resources are needed. For example, many non-English speaking service individuals are served by SUD providers without experience in his or her particular culture. Special population providers who have the expertise may be located in an often distant, different geographic area of the State. The special population providers offer consultation to rural practitioners on how to provide/access culturally based community supports for behavioral health issues. This consultation goes beyond Medicaid reimbursable services and are often provided gratis.

- **Recommendation 3**: Provide compensation to providers who deliver culturally competent consultation resources.

- **Conclusion 4**: Fees paid to providers do not support intensive outpatient care, research based care and individualized treatment. The State's fees do not include reimbursement for training and certification or reimburse for intensive outpatient care or the research-based care outlined in the *Results First* report. The fee structure does not incentivize providers to retain individuals in care beyond the level each provides.

- **Recommendation 4**: Develop specific outcome/performance measures that measure retention in treatment, provide additional financial supports to the providers meeting these goals, and include incentives for provider delivery of services that are designated "best" or "evidence-based" practices by state-approved authoritative sources.

  Conclusion 5: The current business models in the SUD program are often narrowly focused and do not always promote continuity of care. While a few providers offer multiple levels of care or provide after care to the next level of care, most providers reported delivering only a single level of care and not having formal referral arrangements in place in order to move to less/more intense levels of care.

  DHS Note: The Certified Community Behavioral Health Clinics (CCBHC) model requires CCBHCs to provide a comprehensive set of services for both children and adults including screening, assessment and diagnosis, treatment planning, outpatient, rehabilitative mental health and SUD services, and peer and family supports.

- **Recommendation 5**: Reimburse sustainable business models that individualize care and retain individuals in on-going care at the lowest medically appropriate level.

DHS Strategic Plan and Recommendations

Historically, SUD services have been financed by state and federal grants as well as counties and existed outside the traditional health care services and rate structure. As SUD services have moved into the Medical Assistance (MA) program benefit set, our laws have not been updated to reflect the broader rate structures that are in place within the broader health care continuum.

The Department of Human Services, on an agency-wide level is planning on conducting a comprehensive review that will support efforts to simplify the payment structures so that they are more transparent, understandable, fair, and more simple to support over time. This Residential Treatment and Payment Rate Reform study and previous mental health rates study will be leveraged as part of this broader study. This larger review will help ensure rate methods are not developed in silos.

When SUD services rates are reformed they must done so in a way that allows for the integration of mental health and substance use disorder services, as well as, the integration of behavioral health services with the broader health care continuum. This will allow consistency and transparency for all providers in Minnesota and allow equitable access for the people we serve.

II. Legislation

Minn. Laws 2017, Chapter 6, Sec. 75 is as follows:

Sec. 75.

RESIDENTIAL TREATMENT AND PAYMENT RATE REFORM.

The commissioner shall contract with an outside expert to identify recommendations for the development of a substance use disorder residential treatment program model and payment structure that is not subject to the federal institutions for mental diseases exclusion and that is financially sustainable for providers, while incentivizing best practices and improved treatment outcomes. The analysis must include recommendations and a timeline for supporting providers to transition to the new models of care delivery. No later than December 15, 2018, the commissioner shall deliver a report with recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.