

Presentation to “Thursday Connections with SUD at DHS”

Burns & Associates, a Division of Health Management Associates

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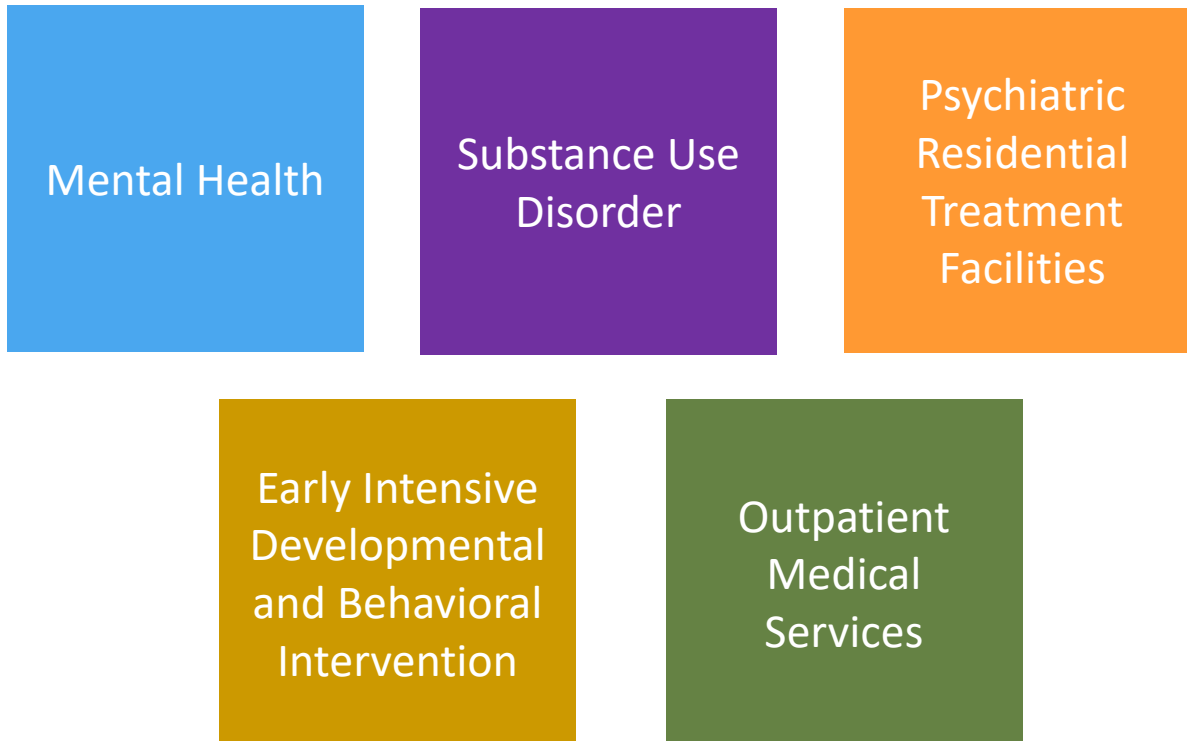
■ BACKGROUND

- The Minnesota Legislature has directed the Department of Human Services to conduct a review of the methodologies used and the rates paid for community-based acute care, mental health, and substance use disorder services.
- Burns & Associates, a Division of Health Management Associates, was awarded a contract by DHS to provide technical assistance related to the study.
- One of the key deliverables associated with the engagement:
 - Report to the Legislature. **Due January 15, 2024.**

Content of the report will include recommendations for changing the methodologies used to pay for community-based services and/or recommendations for increases in rates to ensure sufficient access to services for consumers under the purview of the DHS. It will also include a fiscal impact of rate increases by service category.

PROVIDER WORKGROUPS

Provider workgroups were identified to review and comment on the study progress. Workgroups were determined for the following services.



Each workgroup will focus on the services specific to its provider base.

Workgroups will be running in parallel throughout CY2023.

RATE MODELS

- There are generally three templates used to build rates for different types of services.
 - Rate model for all services delivered 1 staff: 1 client or 1 staff: group of clients (e.g., Individual and Group Therapy, Peer Supports, SUD Assessment, Treatment Coordination)
 - Rate model for SUD Treatment with MOUD
 - Rate model for Residential Treatment Services and Withdrawal Management
- Each rate model template follows a similar format to incorporate costs in the following categories



■ PRINCIPLES OF RATE MODEL DEVELOPMENT

- Build rate models that are easily understood and transparent
- Where possible, build rates using component pieces common to all services, such as the four components shown on previous slide
 - This allows for streamlined approach in both initial rate development and in updates.
- Show the buildup of rate models in a side-by-side manner where only one component varies across the options. This allows for easy view of the reason for different rates.
 - Example: A service could be delivered by personnel at different licensure levels. Side-by-side models will show the difference in the valuation of the service if the inputs to the rate model are the same except for the annual salary of the practitioner.
 - Example: A service is usually delivered by the same type of practitioner, but the labor costs for this practitioner level varies across the state. Side-by-side models can show the difference in the valuation of the service by region when using different annual salary assumptions by region.
 - Example: A service can be delivered in a 1:1 client setting or group setting. Side-by-side models can show the same or similar inputs into the valuation model and the differences in the final valuation if the service is delivered 1:1 or 1:group.

HMA-BURNS INDEPENDENT RATE MODELS

- Rate models are constructed from alignment of multiple sources of data where possible.
- Data to inform rate models typically includes
 - Primary data collected directly from the providers who deliver the service
 - Secondary data sources to benchmark provider feedback, such as Bureau of Labor Statistics wages by labor category within the state, regional commercial real estate rent/costs
 - Secondary data sources that directly input into the model that are easily updateable (e.g., IRS per mile rate updated annually)
- Specific model assumptions are detailed (e.g., staff wages and benefits, staffing levels), but the assumptions are not mandates.
 - Example: A rate model may assume annual salary for the labor category of \$70,000 per year and fringe benefits at 30% of annual salary.
 - There is no expectation that each provider will follow this pattern. One provider may pay \$80,000 per year but provide fewer benefits, another provider may pay less in salary but offer more generous benefits.



SUMMARY OF PROPOSED RATE CHANGES

RESIDENTIAL AND WITHDRAWAL MANAGEMENT PER DIEM RATES

ASAM Level of Care	1115 Base Rate [or standard rate if no 1115 Rate]	Final Rate	% Change from 1115 Rate
3.1	\$79.84	\$216.90	+172%
3.3 or 3.5	\$224.06	\$355.02	+58%
3.7	\$224.06	\$446.44	+99%
3.2-WM	\$400.00	\$375.91	-6%
3.7-WM	\$515.00	\$576.18	+12%

1:1 and GROUP SERVICES

No data	1115 Base Rate	Final Rate	% Change from 1115 Rate
H0001: Comprehensive SUD Assessment	\$162.24	\$234.06	+44%
T1016-HN-U8: Treatment Coordination	\$15.02	\$37.13	+147%
H2035: Individual Therapy	\$86.53	\$140.27	+62%
H2035-HQ: Group Therapy	\$42.02	\$42.97	+2%
H0038-U8 Peer Recovery Support	\$15.02	\$28.43	+89%

INTENSIVE OUTPATIENT AND PARTIAL HOSPITALIZATION

Intensive Outpatient Program:

- 1115 Base Rate: N/A
- Final Rate: \$196.58 (per client per day)
- Equated to Per Hour Basis: \$63.53

Partial Hospitalization Program:

- 1115 Base Rate: N/A
- Final Rate: \$251.11 (per client per day)
- Equated to Per Hour Basis: \$62.78

■ REPORTING OF RATE MODELS AND PROPOSED RATES

- The rate models developed in this process will be included in the Appendix of a report to the Legislature delivered no later than January 15, 2024.
- A summary of potential rate changes for each service will appear in the report itself.
- There are no guarantees on the timing or amount to finance these rate changes. But the report will identify options for the legislature to finance the rate changes.