



STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

SPARC Agenda
April 25, 2016
10:00 AM
Oklahoma Health Care Authority Boardroom

Rate issues to be addressed:

1. Freestanding Psychiatric Hospitals Rate Reduction.....1-2
2. Licensed Behavioral Health Professionals in Independent Practice Rate Reduction.....3-4
3. Psychologists in Independent Practice Rate Reduction.....5-6
4. Behavioral Health Licensure Candidates Rate Reduction.....7-8
5. Residential Psychiatric Services Rate Reduction.....9-11

FREESTANDING PSYCHIATRIC HOSPITALS RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the reimbursement rates for services provided by freestanding psychiatric hospitals paid using a prospective per diem methodology.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the payment rate for freestanding psychiatric hospitals. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

Inpatient hospital services provided in freestanding psychiatric hospitals are reimbursed using a prospective per diem methodology that is based on the median cost per day calculated from 1988 claims and trended uniform cost report data. The rates were last updated by a factor of -3.25% on 4/1/10.

5. NEW METHODOLOGY OR RATE STRUCTURE.

Rates for freestanding psychiatric hospitals in effect as of 4-30-2016 will be decreased by 3 percent.

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$57,249 Total; \$22,333 State share.

Estimated savings to ODMHSAS for SFY2017 is \$343,501 Total; \$134,000 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Agency has determined that this change will have no adverse impact on access to care.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reimbursement methodology for freestanding psychiatric hospitals by decreasing the rates in effect as of 4-30-2016 by 3 percent.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2016

LICENSED BEHAVIORAL HEALTH PROFESSIONALS IN INDEPENDENT PRACTICE RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the reimbursement rates for services provided by Licensed Behavioral Health Professionals (LBHPs) in Independent Practice.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the payment methodology and rates for Licensed Behavioral Health Professionals in Independent Practice. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

LBHPs in Independent Practice are currently reimbursed at payment rates equal to the rates paid to LBHPs in outpatient behavioral health clinic settings. The current rates equate to 62.7 percent of the CY2013 Medicare Physician Fee Schedule.

5. NEW METHODOLOGY OR RATE STRUCTURE.

The ODMHSAS proposes to change the payment methodology for Common Procedure Terminology (CPT) codes for services provided by LBHPs in independent practice, to 70% of the equivalent fees paid to LBHPs in outpatient behavioral health clinic settings. The Agency is taking into account the “cost “ to the provider in a clinic setting, such as salaries and benefits of non-licensed clinical staff, accreditation, quality reporting, oversight, etc. This site of service differential* is based on costs, not quality. This is a 30% rate reduction.

***AN EXAMPLE OF WHERE MEDICARE PAYS A SITE OF SERVICE DIFFERENTIAL FOR THE SAME SERVICE:**

PROCEDURE CODE	SITE OF SERVICE	
	PHYSICIAN'S OFFICE	FQHC
	OK RATE @ 100% OF MEDICARE CY2016	NATIONAL MEDICARE PPS BASE PAYMENT CY2016
99214	\$101.07	\$160.60

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$889,005 Total; \$346,801 State share.
 Estimated savings to ODMHSAS for SFY2017 is \$5,334,045 Total; \$2,080,811 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE

The Agency has determined that the proposed payment rates are sufficient to enlist enough providers so that SoonerCare services are available to the extent that such care and services are available to the general population in the state. In accordance with 42 CFR 447.203(b), an access review plan will be developed, in which the Agency will demonstrate access to care by documenting their consideration of: enrollee needs (experience of care); the availability of care and providers; and the utilization of services as a result of this reduction.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reimbursement methodology to establish Independent Practice LBHP reimbursement rates for Common Procedure Terminology (CPT) codes which equate to 70% of the rates paid to LBHPs in an outpatient behavioral health clinic setting.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2016

PSYCHOLOGISTS IN INDEPENDENT PRACTICE RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the reimbursement rates for services provided by Psychologists in Independent Practice.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the reimbursement rates for Psychologists in Independent Practice. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

Psychologists in Independent Practice are currently reimbursed at payment rates equal to **96.75** percent of the CY2013 Medicare Physician Fee Schedule.

5. NEW METHODOLOGY OR RATE STRUCTURE.

ODMHSAS proposes to reduce the reimbursement rates for services provided by Psychologists in Independent Practice by 10%. The new rate structure for this provider type will be **87.07** percent of the 2013 Medicare Physician Fee Schedule.

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$125,608 Total dollars; \$49,000 State share. Estimated savings to ODMHSAS for SFY2017 is \$751,089; \$293,000 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Agency does not anticipate diminished access. As a basis, we have reviewed the rates paid as a percentage of the Medicare physician fee schedule by Medicaid programs in the region (See Table 1 below). However, in addition, an access monitoring review plan will be

developed for behavioral health services by July 2016, in accordance with 42 CFR 447.203(b).

Table 1: Medicaid-to-Medicare Fee Index

Location	All Services	Other Services
Arkansas	0.80	1.22
Louisiana	0.71	0.78
New Mexico	0.91	1.04
Oklahoma	0.89	0.89
Texas	0.65	0.82

Source: Kaiser State Health Facts
 Timeframe: 2014

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reimbursement rates for Psychologists in Independent Practice as 87.07 percent of the CY2013 Medicare Physician Fee Schedule.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2016

BEHAVIORAL HEALTH LICENSURE CANDIDATES RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the reimbursement rates for services provided by Behavioral Health Licensure Candidates (BHL-Cs) in Outpatient Behavioral Health Clinic settings.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the reimbursement rates for BHL-Cs. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

BHL-Cs are currently reimbursed at the same level of payment as Licensed Behavioral Health Practitioners (LBHPs) in outpatient behavioral health clinics. In the aggregate the payment for all services equal 71.75% of the 2007 Medicare Physician Fee Schedule (MPFS), which is the upper payment limit (UPL) for the base fee method for outpatient behavioral health clinic services in the currently approved Medicaid State Plan.

5. NEW METHODOLOGY OR RATE STRUCTURE.

ODMHSAS proposes to reduce the reimbursement rates for services provided by BHL-Cs in outpatient behavioral health clinics by 10%, to reflect differences in education and training. This change is estimated to reduce the overall payment to outpatient behavioral health clinics to 67.4% of the 2007 MPFS, and therefore does not change the UPL overall base fee for the UPL requirements for clinic services.

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$1,377,641 Total; \$537,418 State share.
Estimated savings to ODMHSAS for SFY2017 is \$8,265,862 Total; \$3,224,513 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Agency does not anticipate diminished access. However an access monitoring review plan will be developed for behavioral health services by July 2016, in accordance with 42 CFR 447.203(b)

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reduction in reimbursement rates for BHL-Cs by 10%.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2016

RESIDENTIAL PSYCHIATRIC SERVICES RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the base rates being made for inpatient/residential psychiatric services.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the payment rates for Private, in-state Psychiatric Residential Treatment Facilities (PRTF), Private Psychiatric Hospitals (Institutions for Mental Disease) and General Hospitals with Psychiatric Units. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

A prospective per diem payment is made based on facility peer group for a comprehensive package of services and room and board. The current base rates for Private, in-state PRTFs with 17 beds or more are:

Peer Group	Base Rate
Special Populations (Developmental Delays, Eating Disorders)	\$400.05
Standard	\$336.57
Extended	\$319.54

The current base rate for private, in state PRTFs with 16 beds or less is a prospective per diem payment of \$220.49.

A prospective per diem payment is made to Private Psychiatric Hospitals (IMDs) and General Hospitals with Psychiatric Units based on a facility peer group. The current base rates are:

Peer Group	Psychiatric Hospital	Hospital Psychiatric Unit
Standard	\$345.05	\$345.05
Specialty 1 – Sexual Offender	\$345.05	\$345.05
Specialty 2 – Eating Disorder, TBI	\$432.26	\$432.26

5. NEW METHODOLOGY OR RATE STRUCTURE.

The proposed rates are 15% less than the current rates in effect.

Private, in-state PRTFs with 17 beds or more:

Peer Group	Base Rate
Special Populations (Developmental Delays, Eating Disorders)	\$340.04
Standard	\$286.08
Extended	\$271.61

The proposed base rate for private, in state PRTFs with 16 beds or less is a prospective per diem payment is \$187.42.

The proposed base per diem rates for Private Psychiatric Hospitals (IMDs) and General Hospitals with Psychiatric Units based on a facility peer group are:

Peer Group	Psychiatric Hospital	Hospital Psychiatric Unit
Standard	\$293.29	\$293.29
Specialty 1 – Sexual Offender	\$293.29	\$293.29
Specialty 2 – Eating Disorder, TBI	\$367.42	\$367.42

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$2,243,014 Total; \$875,000 State share. The estimated savings to ODMHSAS for SFY2017 is \$13,329,915 Total; \$5,200,000 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Agency has determined that the proposed payment rates are sufficient to enlist enough providers so that SoonerCare services are available to the extent that such care and services are available to the general population in the state. In accordance with 42 CFR 447.203(b), an access review plan will be developed, in which the Agency will demonstrate access to care by documenting their consideration of: enrollee needs (experience of care); the availability of care and providers; and the utilization of services as a result of this reduction.

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reimbursement rates for Private, In State PRTFs, Private Psychiatric Hospitals (IMDs), and General Hospitals with Psychiatric Units by reducing the current rates in effect by 15%.

9. **EFFECTIVE DATE OF CHANGE.**
May 1, 2016