



CalAIM Updates and Payment Reform

Michelle Gibson, Daniel Deniz
January 10, 2023

Division of Substance Abuse Prevention and Control
Los Angeles County Department of Public Health



Updates from the State – DHCS and County Next Steps

- **The California Department of Healthcare Services (DHCS) launches payment reform in July 2023.**
 - DHCS provided Outpatient Rates between State and County, and Counties mid-November to conduct analysis to determine Outpatient Rates between County (DPH-SAPC) and Providers
 - DHCS Residential, Withdrawal Management and OTP rates with Counties are pending
- **SAPC is preparing for payment reform as follows:**
 - Analyzing DHCS provided rates to determine appropriate provider-level rates and incentives
 - Collaborating with providers on service delivery costs by level of care
 - Meeting with providers monthly to discuss updates and obtain feedback

Payment Reform Monthly Presentation and Dialogue

- **Upcoming Sessions – Save the Date:** January 24th 9:30-11:00am; February 22nd 10:00-11:30am; March 20th 2:00-3:30pm; April 18th 3:00 -4:30pm; May 30th 3:00-4:30pm; June 27th 3:00-4:30pm
- **December 13, 2022: Presentation Review**
 - Movement to fee-for-service and eventually value-based
 - Discussed considerations for setting provider rates:
 - Retain portion for incentives and program priorities
 - Explore use of tiered rates and sunset population modifiers
 - Set practitioner rates that motivate increased use of certified counselors and other LPHAs
 - Collect fiscal information which informs rate setting
 - Obtained participant feedback on opportunities/concerns on value-based payment, use of incentives on workforce development and retention and other incentive ideas,
 - Review of Key Slides
 - Presentation [Link](#) and Video [Link](#)

PAST: Cost-Based

- July 2017 – June 2023
- Provisional FFS rate
- Volume-based (more services, more compensation)
- Contract reconciled at lesser of allowable costs or State approved claims
- Recoupments if costs are lower than rates paid
- Reinvest in program if rates higher only during current FY or excess recouped

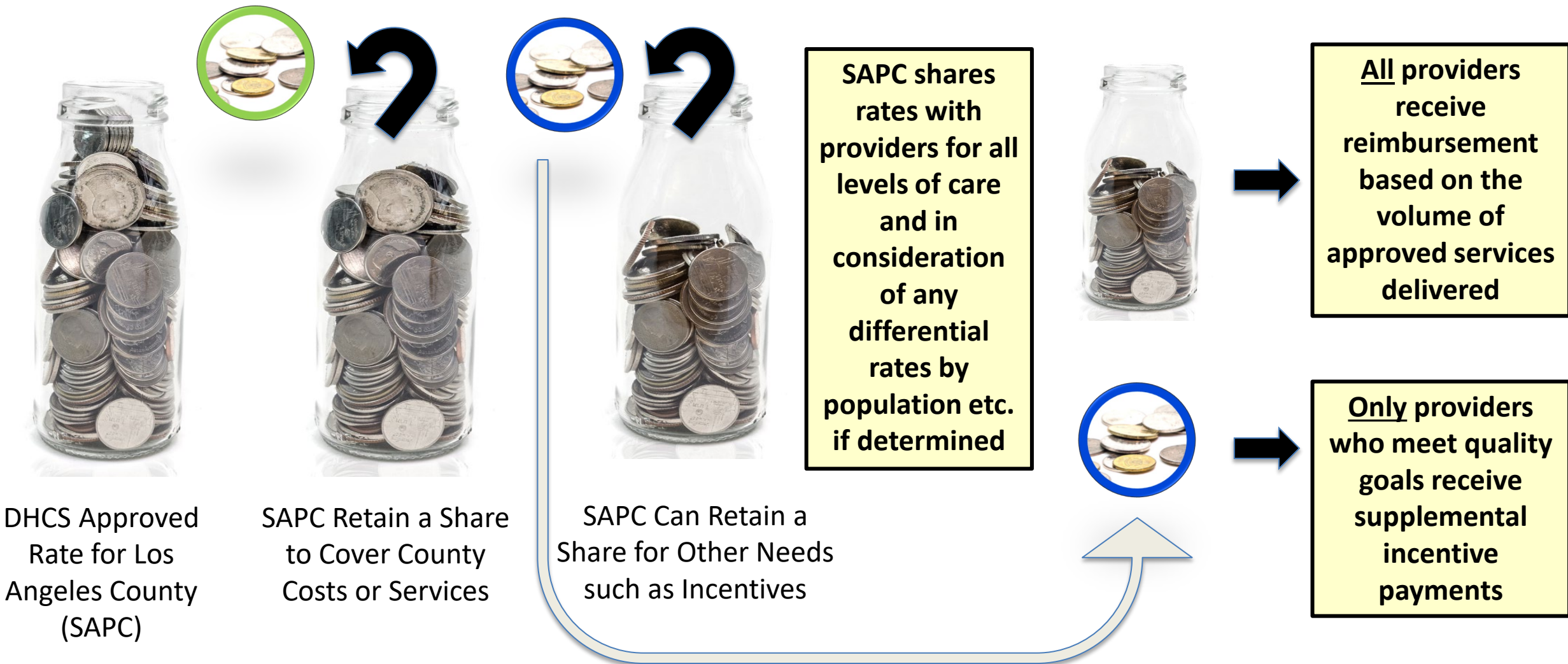
Payment Reform: FFS

- July 2023 – Approx. 2025
- Fixed FFS rate
- Volume-based (more services, more compensation)
- Contract not cost reconciled as based on State approved claims only
- No recoupments if costs are lower than rates paid
- Reinvest in program if rates higher than current costs during or after current FY

Future: Value-Based

- Approximately 2025+
- Capitation / Value-Based: Bundled rate for all services a patient needs, County and possibly providers
- Outcome-Based: Must provide enough quality-based services at right level of care to show patient improvement
- No additional payments or recoupments for losses or gains
- Invest in organization (staff, trainings, etc) to improve outcomes and avoid losses

What could this look like if DHCS sets rates sufficiently higher than current rates?





Why do the rates paid to providers matter to the County / SAPC?

For most services and levels of care, Counties are responsible for paying a share of each DMC reimbursed service with non-federal funds.

This means Counties need to set rates at a level that move the SUD system forward but are affordable given available matching funds.

Basic Medi-Cal Financing for SUD Treatment Services

Drug Medi-Cal Funding Commitment:

-  Federal/State Share
-  Local (LAC) Share

State/Federal Share →



0%

County Pays 100% of the Claim
Minor Consent & Coverage of Income Eligible 26-49 Years of Age Regardless of Immigration Status



50%

County Pays 50% of the Claim
Medi-Cal Eligible Before Affordable Care Act



90%

County Pays 10% of the Claim
Medi-Cal Eligible After Affordable Care Act



100%

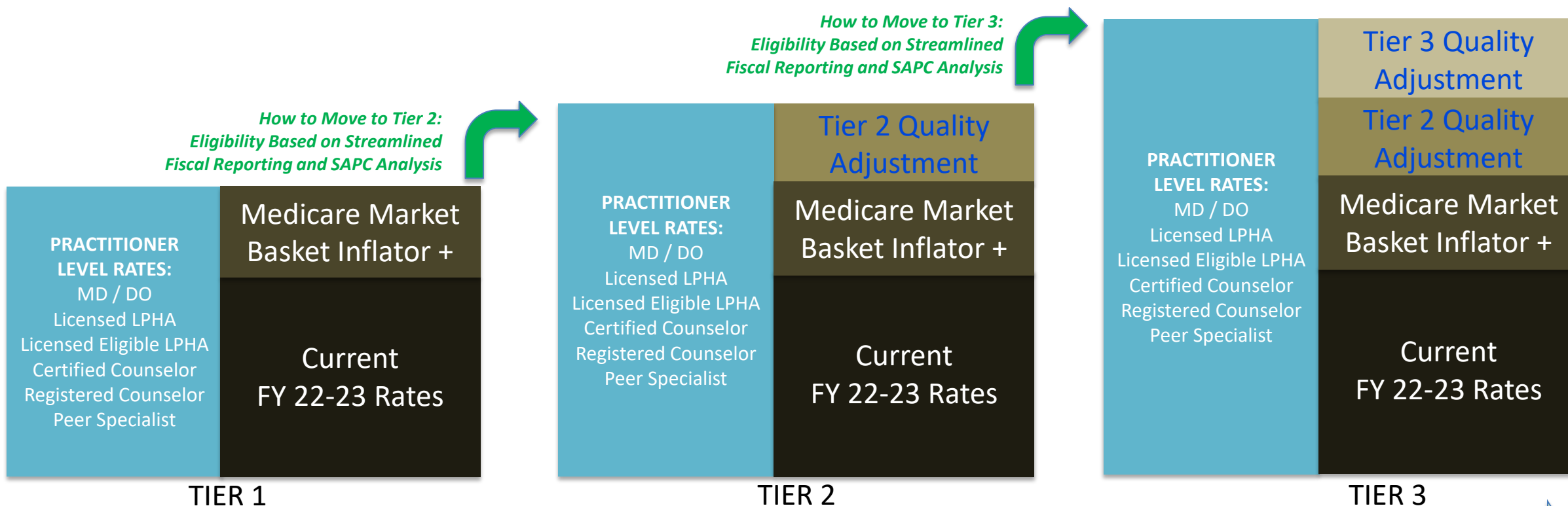
County Pays 0% of the Claim
Expanded Medi-Cal Eligibility to 0-25, 50+ Years of Age Due to Immigration Status

How Tiered Rates Could Work – Factoring Practitioner Level (Not to Scale 😊)

Incentives Based on
Verifying Performance Metrics

Incentives Based on
Verifying Performance Metrics

Incentives Based on
Verifying Performance Metrics



Providers that make investments that enhance care → able to move up the next tier to access higher rates

NEW PRACTITIONER LEVEL RATES

Sage Fee Type	Staff Count	% of Staff
Registered SUD Counselor/Other Provider	677 Staff	50%
Certified SUD Counselor	416 Staff	31%
License Eligible - LPHA	136 Staff	10%
Licensed - LPHA	128 Staff	9%
Licensed Marriage and Family Therapist	1 Staff	0%
Total	1,358 Staff	100%

What is the mix of practitioner level(s) that deliver services at your agency?

Fiscal Year	Practitioner Disciplines	Service Count	% of Services
FY21-22	Certified SUD Counselor	266,417	38%
FY21-22	License Eligible - LPHA	50,226	7%
FY21-22	Licensed - LPHA	29,746	4%
FY21-22	Licensed Marriage and Family Therapist	131	0%
FY21-22	Registered SUD Counselor/Other Provider	347,272	50%
	Total	693,792	100%

Would higher rates allow your agency to further diversify staffing?

Above table based on all outpatient claims



Recommended Action Steps for Providers:

- Understand your costs/overhead and service volume
- Understand the practitioner level(s) delivering direct services and determine if practitioner specific rates (which will increase with staff qualifications) is an opportunity to reevaluate hiring practices
- Understand that if there is a gap between your costs and revenue based on rates, how investments could be made to improve services and prepare for value-based care
- Participate in monthly SAPC Payment Reform meetings and provide verbal and written feedback during the discussion segments
- Participate in CIBHS trainings or request technical assistance to address any fiscal and payment reform related needs and growth by emailing Amy AMcilvaine@cibhs.org and Charlette cbullen@cibhs.org and coping SAPC (SUDTransformation@ph.lacounty.gov) to request technical assistance and reviewing past and participating in upcoming trainings (<http://publichealth.lacounty.gov/sapc/providers/trainings.htm>)



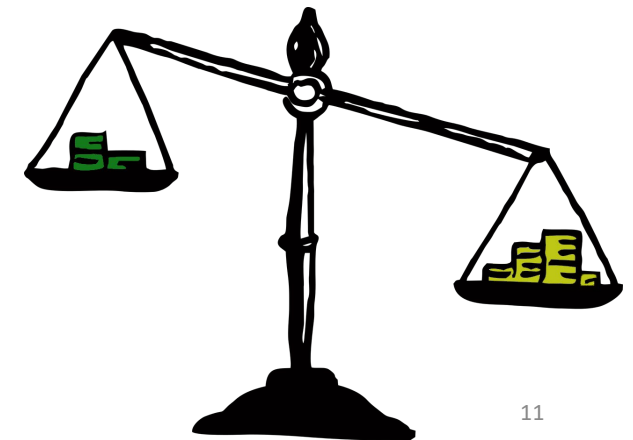
Rate Development: Capturing Your Cost



Fiscal Reporting for Rate Development

SAPC will launch a Fiscal Reporting process in January 2023 as part of the CalAIM Rate Development.

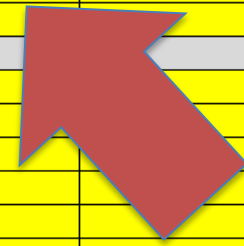
- Determine cost per by Level of Care.
- Will be used as part of rate development.
- Cost will be used to place providers in appropriate tier.
- Fiscal Reporting will be based on FY21-22 claim data.



Fiscal Reporting for Rate Development



SECTION (A) - EXPENDITURES DESCRIPTION	From Accounting Records	Formula (General Ledger less Total Direct Cost)	Drug Medi-Cal Services Cost Center				
			Outpatient Treatment Cost Center (ASAM	Withdraw Management Cost Center (ASAM 3.7	Intensive Outpatient Treatment Cost Center (ASAM 2.1)	Center (ASAM 3.1, 3.3 & 3.5)	Narcotic Treatment Program Cost Center
			Direct	Direct	Direct	Direct	Direct
	Total	Indirect	Direct	Direct	Direct	Direct	Direct
Personnel Services							
Salary and Wages		0.00					
Employee Benefits		0.00					
Equipment, Materials and Supplies							
Depreciation - Equipment		0.00					
Maintenance - Equipment		0.00					
Medical, Dental and Laboratory Supplies		0.00					
Membership Dues		0.00					
Rent and Lease Equipment		0.00					
Clothing and Personal Supplies		0.00					
Food and Lodging		0.00					
Laundry Services and Supplies		0.00					
Small Tools and Instruments		0.00					
Operating Expenses							
Communications		0.00					
Depreciation - Structures and Improvements		0.00					
Household Expenses		0.00					
Insurance		0.00					
Interest Expense		0.00					
Lease Property Maintenance, Structures, Improvements and Grounds		0.00					
Maintenance - Structures, Improvements, and Grounds		0.00					
Miscellaneous Expense		0.00					
Office Expense		0.00					



Costs Include

- Personnel Services
- Equipment, Materials & Supplies
- Operating Expenses
- Professional Services
- Transportation
- Other Costs



Fiscal Reporting for Rate Development

Contract Information		Facility Information				
Contract Number	Contract Allocation	Provider Number	Program Name (if applicable)	Site Address	Site City, State, and Zip	Site Business Phone Number
[Redacted]		[Redacted]				
		[Redacted]				
		[Redacted]				
		[Redacted]				
		[Redacted]				

1 Agency = 1 Tool!

Fiscal Reporting for Rate Development

Fiscal Reporting

- **Launch: January 13th**
- **DUE: January 27th**
- Use FY21-22 data reports provided.
- Assign costs by level of care (not by site) for your entire agency.
- Questions: Kevin Ong, keong@ph.lacounty.gov

