



Department of Alcohol &  
Drug Addiction Services



Department of  
Mental Health

## **Mental Health & Alcohol and Other Drug System Sustainability Plan, March 2009**

### **Overarching goal**

In Ohio, Medicaid is one of the largest sources of funding for mental health, alcohol and other drug addiction treatment services. The overarching goal of this plan is to design a system that optimizes consumer access, statewide consistency, administrative efficiency, compliance with federal Medicaid requirements and most importantly, sustainability.

### **Elements of Sustainability**

To meet the overarching goal, the state must address the following specific elements:

- Elevate Medicaid within the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS)
- Provide quality incentives to providers through implementation of a fee schedule
- Create a support structure that promotes accountability and fiscal planning
- Develop a framework for core services – treatment, prevention and recovery support – that allows consumers appropriate availability and quality
- Establish benefit packages to target resources to those most in need
- Expand use of technology for efficiency and transparency
- Decrease administrative burdens and increase flexibility through deregulation

### **Why are changes necessary?**

Medicaid is a federal/state program that is administered at the state level through the designation of a “single state agency” The Ohio Department of Job and Family Services (ODJFS) serves in this capacity. Through interagency agreements with ODJFS, ODMH and ODADAS manage the administration of behavioral health care services under Medicaid. The existing model for financing the behavioral health care system:

- Uses an outdated formula based upon historical prevalence data and/or county population demographics.
- Relies upon local levy funds in conjunction with state funds to meet Medicaid match, siphoning away local dollars that cannot be directed by boards to meet local needs
- Does not allow providers to benefit from increases in efficiency, as other businesses do, and penalizes providers who offer uncompensated care
- Creates an inherent system inequity that results in varying levels of access for consumers based upon county of residence

This system sustainability plan:

- Assures that Ohio has the ability to monitor and address Medicaid growth within the behavioral health care system
- Eliminates duplicate management functions
- Streamlines the reimbursement process for providers
- Ensures choice and statewide access for consumers

- Supports the integration of mental health, alcohol and other drug treatment services with all healthcare
- Simplifies budgeting, enhances transparency and improves interaction with ODJFS and Centers for Medicare and Medicaid Services
- Benefits the citizens who need services and the Ohio taxpaying public

### **Items for Sustainability**

*Medicaid Fee Schedule Implementation* methodology provides the proper incentives for provider level efficiencies and quality service provisions by focusing on consumers and clinical decisions.

- Pays providers on a fee schedule basis rather than the current cost-based/reconciliation system
- Allows rate re-evaluation to occur on a regular and meaningful basis and adjustments to be made when appropriate
- Ensures access is maintained, since no provider will be paid less for any service
- Sets fee schedule rates slightly less than the average unit cost
- Eliminates cost reconciliation and provides balances necessary to manage anticipated changes

*Medicaid Elevation* moves Medicaid to the state level, allowing ODMH and ODADAS to monitor Medicaid expenses and promoting statewide service availability.

- Spends money where and when it is needed, not based upon rigid and outdated formulas, but on consumer access and choice
- Enables the departments to accurately monitor, plan for and contain Medicaid growth within the mental health, alcohol and other drug systems of care
- Enhances the ability of the state to fully participate in the investment in the unified long term care budget and MITS
- Supports the integration of mental health, alcohol and other drug treatment services with all healthcare
- Ensures that covered services are available and administered statewide, as federally required
- Achieves efficiency, accountability and transparency by consolidating duplicative back office functions
- Returns the ability of local boards to meet unique community needs by restoring their planning capacity for state allocations and local levy funds, rather than requiring them to use these funds to finance Medicaid services

*Surveillance and Utilization Review* is a fully functioning statewide Medicaid program that focuses on consumer access and choice. Results of this process can be used to inform programmatic/regulatory changes within the system.

- Removes provider concern about unnecessary administrative intrusions unless the provider is truly operating outside of the norm
- Evolves the system from a financial to a consumer centric focus; UR focuses on accountability from providers by monitoring potentially duplicative and/or unnecessary services
- Is necessary to support a fee schedule reimbursement methodology

### *Certified Public Expenditure (CPE)*

- The CPE process verifies amounts and sources of funds used to pay Medicaid claims within the system
- Enhances state financial modeling ability and assures federal compliance

*Amount, duration and scope* focuses on consumer access and choice and is used to define the core set of services and set appropriate availability of these services. Potential exists to authorize/access additional services based upon clinical recommendations (see next topic, Benefit Packaging).

- Expands current, very basic parameters around amount, duration and scope in state mental health and alcohol and other drug (AoD) programs
- Allows flexibility to change the amount, duration and scope criteria. Creates a method to improve consumer access, enhance provider accountability and assure statewide access to services

*Benefit Packaging* focuses on consumer access and choice. An administrative framework must be in place to fully support the implementation of clinical recommendations, as well as the consumer/provider relationship.

- Is consumer and provider relationship driven
- Provides a utilization management function
- Focuses on consumer needs at any point in time
- Must be flexible and adaptable, customizable yet consistent
- Should be understandable and consistent statewide, would “travel” with the consumer, i.e. portable

*A Common Set of Finance principles* focus on consumer access and choice and provide a tool in defining and supporting a core set of treatment, prevention and recovery support services.

- Invest in what matters instead of relying upon an outdated formula based upon historical prevalence data and/or county population demographics
- Address problems with the current financing structure related to inequities in levels of access based upon county/board area of residence
- Allow providers to deliver uncompensated care without lowering cost per unit and reimbursement amounts
- No longer rely upon local levy funds and state GRF at the Board level to meet Medicaid match

*Executive Medicaid Management Administration (EMMA)/Medicaid Information Technology System (MITS) Framework* saves much needed resources to be redirected to Prevention and Treatment.

- Works with the Consolidation Exploration Team hosted by EMMA; has created a Request for Proposal to assist Ohio in analyzing how to use MITS as the primary Medicaid claims processing system
- Envisions MITS processing non-Medicaid claims in the future

*Deregulation:* ODADAS and ODMH are working on a demonstration project and plan to examine legislation, rules, policy and technology to assess their impact on providers and determine how barriers to services can be eliminated.

- Reduces burdensome or unnecessary regulations
- Allows for less money spent on administrative functions and more money available for consumer services