

Department of Health & Social Services Update for the Alaska Mental Health Trust Authority

MENTAL HEALTH REFORM FUNDING UPDATE

JANUARY 2018

Summary of Behavioral Health Reform efforts since Medicaid Expansion in September, 2015, and SB74 was signed into law in 2016:

- ▶ Three years of grant reductions to behavioral health grantee providers (\$9.8 Million in total reductions in the three fiscal years between FY16 and FY18)
- ▶ The Department's two-year long behavioral health Medicaid rate rebasing project completed (proposed new, increased rates to be published for public review and comment early in 2018)
- ▶ On-going stakeholder engagement for all the major DHSS Medicaid reform efforts, including the Department's preparation of an application to CMS for a five-year Medicaid Section 1115 Behavioral Health Waiver Demonstration ("the 1115 Waiver")
- ▶ Development and drafting of both the 1115 Waiver Concept Paper (submitted to CMS in January, 2017) and the formal 1115 Waiver application to be filed with CMS in Jan/Feb of this year (2018)
- ▶ Completed formal assessments of the readiness of the state's behavioral health system to manage a reformed Medicaid delivery system
- ▶ Conceptual development of, release of a Request for Information (RFI) for, and the continuing development and drafting of a Request for Proposals (RFP) for the services of an Administrative Service Organization (ASO)

The Trust's Support for Stakeholder Engagement and Contracted Expertise:

Six (6) teams were formed to support the development of the 1115 Waiver Concept Paper and Application: the Policy, Benefit Design, Cost, Data, Quality, and Writing Teams – with a total stakeholder participation of over 90 representatives from providers, tribal health organizations, DHSS staff, and advocacy groups.

In FY17, the Trust provided \$100,000 in Trust Authority Funds to support visits to states with functioning Administrative Services Organizations (ASOs). In December, 2016, the Trust sponsored a group of the 1115 stakeholders to visit two states (Pennsylvania and Virginia) who had ASOs managing their behavioral health Medicaid funding; additionally, in June, 2017, a series of teleconferences were facilitated with State of Washington officials and Washington tribal and community behavioral health providers to learn about the Washington experience under an 1115 behavioral health waiver.

The Trust's Investment in Capacity and Readiness Assessments:

FY16 and FY17 - \$50,000 in Trust Authority Funds were expended to conduct Grantee/Provider Agency and Staff Readiness Assessments:

Beginning in FY16, the Division of Behavioral Health (DBH) contracted with Colston Consulting Group, LLC, to conduct formal assessments of the readiness of the personnel working in the state's existing behavioral health system to manage a reformed Medicaid delivery system, including direct assessments of the capacity, skills, and abilities of state DBH personnel and the financial stability of the state's key behavioral health providers to meet the reform challenges, followed by the introduction of specific training in areas identified as key to preparing for necessary change

In FY17 Colston Consulting completed and released summaries of the findings of both the DBH staff ability assessments and the provider agency financial readiness reviews

Also in FY17, in a cooperative agreement between the Division of Behavioral Health, Colston Consulting Group, and the University of Alaska's Alaska Training Cooperative (ATC), trainings were developed, faculty identified, and content facilitated based on the learning needs identified by the assessments

Between FY 17 and FY18, \$225,000 in Trust Authority Funds were allocated to begin to undertake the necessary trainings. The first trainings were held in the Spring of 2017 and are scheduled, if funded, to continue through June, 2019 (ending as the ASO comes on-line)

Readiness Trainings Held During CY 2017

▶ **For DBH Staff:**

- ▶ "Performance and Outcome Management" - Rhonda Bohs, PhD; May, 2017 (Anchorage / Juneau)
- ▶ "Contract Management and Managing an Administrative Services Organization" - Joan Erney / State DHSS and Department of Law Contract Experts; DBH Change Agent Conference, November, 2017

▶ **For Provider Organizations:**

- ▶ "Organization Management Capacity – Leadership and Change Infrastructure" - Nancy Hamilton, LCSW; June, 2017 (Anchorage/ Fairbanks / Juneau)
- ▶ "Behavioral Health Care Financial Management" – Tom Lucking & Jim Sorensen; DBH Change Agent Conference, November, 2017

Readiness Trainings Scheduled for CY 2018

▶ **For DBH Staff:**

- ▶ "Informatics: Using digital and mobile technologies" – February (Anchorage w/Juneau on Live Video – Rob Reinhardt, LCSW)
- ▶ "Continuous Quality Improvement for Behavioral Health" – April (DBH Video – Shula Minsky, EdD)
- ▶ "Systems Thinking" – May (Web-based training – Tom Lucking)
- ▶ "Evidence Based Practices: Research & Practice" [emphasis on assuring fidelity] – June (Web-based training – Instructor TBD)

▶ **For Provider Organizations:**

- ▶ "Performance and Outcome Management" – February / March (Anchorage / Fairbanks / Juneau – Rhonda Bohs, PhD)
- ▶ "Evidence Based Practices: Research & Practice" [emphasis on Clinical Management] – June (Web-based training – instructor TBD)
- ▶ "Integration of Behavioral Health & Primary Care" – Dates, Locations and Instructor TBD

Medicaid Section 1115 Behavioral Health Waiver Demonstration:

A Medicaid Section 1115 Waiver gives states additional flexibility to design, redesign, and improve access to Medicaid services and programs and then evaluate the impact of those new service approaches adopted under the proposed waiver, including:

- Providing services not typically covered by Medicaid (*example: home and family based therapy*)
- Using innovative service delivery systems that improve access, the quality of care, increase efficiencies, and reduce costs (*example: developing crisis intervention teams in smaller communities; providing local crisis stabilization centers*)

Goals of Alaska's 1115 Waiver:

The Department of Health & Social Services' proposed Behavioral Health 1115 Waiver Demonstration seeks to provide Alaskans with a comprehensive suite of cost-effective, high quality behavioral health services designed to ensure access to the right services at the right time in the right setting.

The proposed waiver will allow the State to:

1. Rebalance the current behavioral health system of care to reduce Alaska's over-reliance on acute and institutional levels of care and shift to more community or regionally-based care.
2. Intervene as early as possible in the lives of Alaskans to address behavioral health symptoms before symptoms cascade into functional mental health or substance misuse impairments impacting children, their families, and adults.
3. Improve the overall accountability of the behavioral health system by reforming the existing system of care, including Medicaid reform.

The Trust's Investment To-Date in Alaska's 1115 Waiver Application Development:

In FY17, \$350,000 in Trust MHTAAR funds were allocated for a combination of actuarial analysis, technical writing support, consultants to support the Department's development of its 1115 waiver application to CMS, and public input.

The majority of the funds in this category in FY17 went towards the all important actuarial analysis conducted by the Department's contracted Medicaid Reform actuarial firm: Milliman.

The Milliman analysis included a complicated 5-year historical review of all behavioral health Medicaid expenditures, the utilization by service types, trends, and projections necessary to the development of the cost neutrality calculations required by CMS for final approval of any state's 1115 Waiver demonstration. An initial cost neutrality analysis was included in the Department's recent public notice of its draft of the 1115 Waiver application, but an in-depth cost neutrality work-up continues.

Examples of Milliman's actuarial analysis included:

- ▶ the estimated "take up" (utilization) rate for each of the proposed waiver's target populations
- ▶ estimates of the utilization per day/week/month/year of those who are eligible to access each of the new services identified and proposed in the state's 1115 Waiver
- ▶ proposed per-unit cost estimates for the 1115 Waivered services

The Trust's Investment To-Date in Alaska's 1115 Waiver Application Development (continued)

In FY18, an additional \$125,000 in Trust MHTAAR Funds have been committed to the Department's ongoing 1115 Behavioral Health Waiver Consulting Contracts.

The Department contracted for content expertise in both FY17 and FY18, including separate contracts with Colston Consulting Group and Harbage Consulting to provide recommendations to the 1115 waiver teams for best practices, analyses of proposed new behavioral health services, and ongoing development of the waiver application, including assisting in the initial composition of the 1115 Concept Paper and the recently released draft of the final 1115 Waiver application. Examples of the completed and ongoing consulting contract work includes:

- ▶ Identifying a proposed new array of Medicaid-funded services to create the behavioral health systems reform required of SB74
- ▶ Determining which target populations identified for the 1115 waiver will be able to access what new services
- ▶ Providing recommendations on and interpretation of CMS policy and guidance, including planning for the hoped-for eventual implementation of Alaska's Medicaid Section 1115 behavioral health waiver
- ▶ Providing initial drafts during various stages of the development of the proposed 1115 waiver application.

Remaining Trust Funding Commitments to Behavioral Health Reform

- ▶ In addition to the Trust funded activities related to Alaska's behavioral reform efforts described on previous slides, there remain two major Trust funding commitments to the reform effort that need to be discussed and considered, specifically:

FUNDING TO SUPPORT THE STATE'S COSTS ASSOCIATED WITH THE INTRODUCTION OF AN ADMINISTRATIVE SERVICES ORGANIZATION IN ALASKA

- ▶ In both current **FY18** and upcoming **FY19**, the Trust committed significant **MHTAAR funding** to this effort:
 - ▶ In **FY18**, the Fiscal Note attached to SB74 included \$1,750.0 in MHTAAR Funding
 - ▶ In **FY19**, the Fiscal Note attached to SB74 provided \$2,650.0 in MHTAAR Funding

Administrative Services Organization (ASO)

The SB74 fiscal note narrative reads, in part:

Starting in FY2018, the Division of Behavioral Health will contract with an Administrative Services Organization to develop and manage a network of providers; establish utilization management; provide quality and outcomes reporting; provide fraud, waste, and abuse auditing; and demonstrate benchmarks on healthcare outcomes and quality. *The state match required for the ASO contract for FY2018 and FY2019 is being provided by the Alaska Mental Health Trust Authority.*

The ASO will be a third-party organization/corporation (for profit or not for profit) with specialized expertise in Medicaid integrated behavioral health systems management.

DHSS will contract with an ASO through a competitive bidding process to provide certain specified administrative services in order to assist the Department to manage Alaska's behavioral health system of care.

Administrative Services Organization (ASO)

The ASO procurement and contracting process is separate from the Medicaid Section 1115 Behavioral Health Waiver Demonstration application process, but the ASO is as key to the State's reform efforts as is the 1115 Waiver application.

The ASO is critical to Alaska's goal to achieve behavioral health system reform and redesign.

An ASO will assist DHSS to:

- ▶ expand existing treatment capacity and improve access to the redesigned and expanded behavioral health service system;
- ▶ establish Medicaid cost containment and service quality and outcomes reform;
- ▶ support successful delivery system reform and reduce provider administrative burdens.

Adjusting Behavioral Health Reform Timelines

Back in 2016, during preparations for the fiscal notes for SB74, FY18 was identified as the first year of probable operations by a selected ASO.

However, the complexity of all the many and varied aspects of 1115 Waiver development – including the seriously difficult work of determining the waiver's cost neutrality, has also set back the anticipated timeframe for bringing an ASO on-line.

The Department now intends to award an ASO contract late in CY2018, with the ASO starting to gear up during the last six months of FY19 (i.e., January through June, 2019), and beginning actual operations at the beginning of FY20 (July, 2019).

Revised Funding Needs of the Behavioral Health Reform Effort

As a result of the revised timeline, the Department has a reduced need for the significant contractual support dollars provided by the Trust to the Department in FY18.

However, because of the ongoing complexity of the 1115 application and ASO RFP processes, funding is needed over the remainder of the current fiscal year (FY18) and throughout the entirety of FY19 to support the 1115 waiver application and CMS negotiation process, as well as the very involved ASO RFP processes and contract development.

A major part of the negotiations with CMS over Alaska's 1115 waiver application will include significant work by Milliman, as possible changes in service descriptions, refinements to the initial target populations specified in Alaska's waiver, and any necessary rate changes require additional, expensive work to be done by the actuarial firm.

Trust Support: Request to Realign Future MHTAAR Appropriations:

- ▶ At this point in time, the Department needs just \$350,000 of the MHTAAR funding the Trust committed to the Department for FY18 (lapsing \$1,400.0).
- ▶ And, the Department anticipates needing only \$1.4 Million of the MHTAAR funding the Trust committed to the Department for FY19 (lapsing \$1,250.0).
- ▶ As a result of these reductions in funding in FY18 and FY19, the Department seeks the Trust's support and approval of an appropriation of \$2,650.0 in MHTAAR funds for FY20, to fund what we expect will actually be the ASO's first full-year of operations (July, 2019 through June, 2020).

Behavioral Health Reform Timeline

To that end, here are the Department's current, estimated timelines:

- DHSS will submit the Medicaid Section 1115 Behavioral Health Waiver Demonstration Application in late January or early February of this year (2018)
- Once Alaska's 1115 Waiver Application is actually filed with CMS, DHSS will begin formal negotiations with CMS on the conditions of the waiver: although the time frame is unknown, DHSS anticipates the negotiations process to take up to a year or more to complete; estimated waiver Implementation: 1st Quarter CY2019
- The RFP for the ASO will be released in March, 2018, solicitation period: 3 to 4 months
- The ASO Contract negotiation/award will occur by the end of 2018
- Estimated date when both the 1115 Waiver Implementation has begun and the ASO operational: July 2019 (beginning of FY2020)

THANK YOU FOR YOUR TIME AND CONSIDERATION!

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THANKS AGAIN!