Updates: BHCS Mental Health Contracting for FY 17-18

Frequently Asked Questions
Last Update: 4/6/17

Purpose: It is the charge of BHCS and other public agencies to be prudent purchasers of high quality services. There will be an increasing focus on appropriateness of costs, staff productivity/revenue maximization, and quality of services. This Frequently Asked Questions document is meant to be a tool for CBOs and County staff to successfully transition to Fee-For-Service (FFS) Contracting.

1. **In terms of risk, how does the payment redesign under fee-for-service (FFS) differ from current reimbursement?**
   Providers that do meet the contracted units of service will be at risk for any costs above the amount of rate x units of service. Previously, BHCS has settled for costs up to the County Maximum Rate and the contract maximum allocation.

2. **What is the intent of the pilot for participating providers?**
   The pilot is intended to give BHCS and the provider community a gradual transition to a FFS system. BHCS will work closely with providers to improve the tools that support this transition.
   Providers in the group:
   a. have Full Service Partnership (FSP) or other specific programs that include both Medi-Cal billable and non-Medi-Cal billable lines of service; and/or
   b. represent many of our largest contracts.

3. **How will providers be reimbursed for Medi-Cal services in FY 17-18?**

   Providers will be reimbursed at one rate for each modality and Service Function Code (SFC) for all programs in the contract that have Medi-Cal funded services.

4. **Will all non-Medi-Cal programs be reimbursed at actual line item cost?**
   No.
   - CalWORKs outpatient services will continue to have separate rates.
   - There are a number of other non-Medi-Cal services/programs with rate-based reimbursement. These will continue to have rate-based reimbursement. BHCS reserves the right to consider whether to pay additional types of non-Medi-Cal services/programs on a rate basis.

5. **How will providers piloting the redesign negotiate rates for FY 17-18?**
   The FY 17-18 rates will be negotiated based on the updated BHCS Budget Planning Workbook and Cost Estimation Worksheet.

6. **For FSPs only: How should the costs be split between those that are and those that are not billable to Medi-Cal?**

Providers should follow the steps below to split out the Medi-Cal services in the allocations.

a. Separate out the funding that has been used for long-term subsidies
b. Separate out the funding that has been used for client supportive expenditures, including their smaller allocation for emergency housing subsidies

Note: BHCS is considering the remaining allocated funding as the FSP "Services Allocation"

The next steps are splitting out the Medi-Cal portion of the FSP Services Allocation from the non-Medi-Cal portion

BHCS is requesting that at least 80% of the FSP Services Allocation be dedicated to Medi-Cal services.

Note: BHCS is developing revised Exhibit B provisions where we will reimburse the provider for non-Medi-Cal services up to their Non-Medi-Cal allocation cap, and for Medi-Cal services up to the remainder of their FSP allocation.

Example:

Total Allocation: $1,000,000
Minus Long-Term Subsidies: $150,000
Minus Client Supportive Expenditures: $50,000
Remainder: $800,000
Medi-Cal Services: $640,000 ($800,000 x 80%)
Non-Medi-Cal Services: $160,000 ($800,000 x 20%)

7. **FSPs Only: How should providers allocate their Admin expenses between among Long-Term Housing Subsidies, Client Supportive Expenditures, and Medi-Cal Billable and Non-Billable Services?**

Providers should allocate Admin Expenses based on a methodology that conforms to Generally Accepted Accounting Principles (GAAP).

8. **FSPs Only: Will there be any flexibility in the 80-20 split between services which are and are not billable to Medi-Cal?**

Discuss with BHCS during individual contract negotiations.

9. **In terms of the cost estimation worksheet, is the form customizable to our provider organization?**

Yes, the intent of the worksheet is that it can be altered and customized to a particular provider. All categories listed may not apply to your organization and thus can be removed (hidden).

10. **Will programs that provide services that are billable to Medi-Cal (e.g., outpatient services) and others that are not (e.g., outreach) need to split out the non-Medi-Cal service functions into a separate budget column?**

Yes, the non-billable lines of service will need to be split into a separate budget column.

11. **Will Medi-Cal funded programs that also deliver services to clients who do not have Medi-Cal need to split out the costs for non-Medi-Cal clients into a separate budget column?**
No, services to non-Medi-Cal clients do not need to be split out into a separate budget column.

12. **Will programs that bill to Medi-Cal and serve non-Medi-Cal clients have the same rate for the services that can and cannot be billed to Medi-Cal?** Yes.

13. **Is BHCS going to give us our initial rates?**
For the pilot group
BHCS will base the negotiation on the projected costs, submitted in your Budget Planning Workbook.
For the non-pilot group
BHCS will set your rates based on a relative value calculation of your FY 16-17 rates.

14. **Should doctors and psychiatrists be included in the direct staffing or in the professional/specialized services?**
They could be included in either section of the budget, depending on whether the doctors and psychiatrists are providing direct services or serving as program consultants. There is a section for 1099 Contract Workers providing direct service.

15. **Is there flexibility in adding additional classifications of staffing?**
As much as possible, BHCS would like to move forward with the standard categories of staffing, which correspond to the staffing categories utilized by BHCS Quality Assurance (QA). On a limited basis, BHCS may be able to add some additional categories for some specialized contracts.

16. **Should line items like insurance and rent be included as indirect or direct costs?**
It depends on the type of insurance. Please refer to your budget instructions.

17. **Will BHCS still hold providers to allocation caps per program or groups of programs?**
Yes.

18. **Will the relative value rate give providers more flexibility between programs when productivity differences emerge between programs?**
No. Providers will continue to be limited by the program-specific allocations in the funding. To shift funds between programs follow the criteria and process defined in Exhibit B of the contract.

19. **For programs that are purchased in part by BHCS and in part by other purchasers, should providers include the whole cost or the BHCS-purchase cost within the Budget Estimation Worksheet & Cost Estimation Worksheet?**
Providers should include the full cost of operating the program. The costs and revenue

associated with the other funders should be included in the budget. If you are not clear as to whether services should be considered a separate program, contact your Contract Managers for more technical assistance.

20. **When looking at costs and productivity across a Legal Entity for a specific type of Medi-Cal service, does this mean looking at these factors: a) across all programs that are included in whole or part within the BHCS contract, or b) across all programs regardless of whether they are included in whole or part within the BHCS contract?**
Include the costs and staff productivity for all programs that are included in whole or part in the BHCS contract.

21. **What will the County use to measure productivity?**
Suggested measure: Number of billable hours divided by 1,808 available staff hours per 1.0 direct service Full Time Equivalent (FTE). This excluded vacation time, sick time, holidays and other paid leave (i.e., 2,080 hours, minus 120 vacation leave hours, minus 64 sick leave hours, minus 88 holiday hours: 1,808).

22. **Will contract language address vacancy issues for 24-hour programs where they do not have any control over referrals?**
Providers should discuss this issue with BHCS during contract negotiation.

23. **Will there be an opportunity for profit?**
There will be opportunities in future fiscal years for different types of payments, including incentive-based payments. Per the Centers for Medicare and Medicaid Services (CMS), these should not be considered profits.

24. **When will there be opportunities for incentive payments and other payment benefits for providers?**
The timing is still to be determined. BHCS will continue to update providers as this transition unfolds.

25. **Will BHCS look for consistency between providers?**
The goal is for BHCS to comply with federal Medi-Cal requirements and be a prudent purchaser of services on behalf of Medi-Cal beneficiaries. To meet that goal BHCS anticipates ongoing analysis of provider costs and productivity.

26. **How will the contract redesign affect cost settlement?**
FY 17-18: Pilot Group will settle to the lower of cost or contract rate (charge).
FY 18-19: All providers with Medi-Cal reimbursed programs: will be settling to the lower of cost or contract rate.

27. **Can providers opt into the pilot? At this time, BHCS is not adding additional providers into the pilot group.** No

28. How should FSP providers define Medi-Cal services in their fiscal planning worksheets?

Providers should define Medi-Cal services in their Fiscal Worksheets as a Medi-Cal billable service, including but not limited to Outpatient (i.e., Mental Health Service, Case Management/Brokerage, Crisis Intervention, and Medication Support), Day Rehabilitation, and Crisis Residential Services. The Medi-Cal columns should include the information for Medi-Cal services and, as is allowed for specific programs per your contract, may include services which are delivered:

a. To Medi-Medi Clients and Non-Medi-Cal Clients; and/or
b. In Lockout Settings

TIPS FOR MITIGATING FINANCIAL RISK

- Ensure that lead fiscal staff has sufficient knowledge, training and demonstrated performance around fiscal management, audit requirements, and generally accepted accounting principles.
- Be complete and transparent about identifying all current costs, even if they are higher or lower than your historical contract allocation.
- Complete frequent and accurate monitoring of costs and revenues. Manage costs against budget.
- Diversify your funding streams; research best practices implemented by non-profits and other organizations to maximize sustainable public and private funding sources.
- Maintain a financial flexibility/contingency plan to promptly reduce costs if a major revenue source is lost.