How To Develop Alternative Payment Models: A Guide To Building Successful Bundled Payment Models

The 2019 OPEN MINDS Strategy & Innovation Institute
Tuesday June 4, 2019 11:45 am – 1:00 pm
David E. Wawrzynek, MS, MBA Senior Associate, OPEN MINDS
Agenda

I. Bundled Payment Models – Overview
II. Developing Your Rate – Core Competencies To Build Your Financial Model
III. Case Study: BestSelf Behavioral Health, Inc
   • Elizabeth Woike-Ganga LCSW-R Chief Operating Officer
IV. Case Study: Oriah Behavioral Health, Inc
   • Tony Rajiv Juneja, M.D., MS, Founder/CEO of Manage Addiction Lifeline
V. Questions & Discussion
Bundled Payment Models - Overview
Transition From Volume To Value Payments For Provider Organizations

Compensation By Level Of Financial Risk

- **Small % Of Financial Risk**
  - Fee-for-service
  - Performance-Based Contracting

- **Moderate % Of Financial Risk**
  - Bundled & Episodic Payments
  - Shared Savings

- **Large % Of Financial Risk**
  - Shared Risk
  - Capitation
  - Capitation + Performance-Based Contracting

- **No Financial Accountability**
  - Management Via 100% Case By Case External Review

- **Moderate Financial Accountability**
  - Internal Ownership Of Performance Using Internal Data Management

- **Full Financial Accountability**
  - Provider Assumes Accountability

Bundled payments reflect a moderate level of provider risk and accountability for outcomes within the contracted bundled rate.
What Is A Bundled Payment Rate?

<table>
<thead>
<tr>
<th>Bundled Rate – a single comprehensive payment for a group of related services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Monthly rate for Assertive Community Treatment Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case Rate – a form of bundled payment to cover services of a specific consumer based on the average cost of all services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Behavioral Health Home per diem rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Episodic Rate – includes payment for services for treatment of a specific condition over time in one rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Comprehensive payment for an entire MAT course of treatment</td>
</tr>
</tbody>
</table>

A single payment for a specific “episode of care” for a specific treatment, or services during a defined period of time.
Developing Your Rate – Build Your Financial Model
Developing Your Rate – Build Your Financial Model

1. Define the Service
2. Build the components
3. Identify your cost drivers
4. Link drivers to actual cost
5. Calculate the unit rate
## Building Your Financial Model: Steps 1 & 2

### Define The Service Requirements
- Staffing ratio
- Credentialing
- Authorization & Billing
- Reporting
- Collaboration & Integration
- Intake & Access
- Marketing

### Build The Components
- Determine types of positions required, the number of staff necessary and calculate the salary and benefit costs
- Estimate the position specific cost: mileage and technology
- Determine other operating costs: supplies, office space, program support, and management & general expense

Assure that you properly cost out all specific service requirement’s
# Building Your Financial Model: Steps 3 & 4

## Identify Your Cost Drivers

<table>
<thead>
<tr>
<th>Driver</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>50</td>
<td>75</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>LCSW</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Care Manager</td>
<td>1</td>
<td>1</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Mileage</td>
<td>125</td>
<td>200</td>
<td>250</td>
<td>300</td>
</tr>
<tr>
<td>Technology</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

## Link Drivers To Actual Cost

<table>
<thead>
<tr>
<th>Driver</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>50</td>
<td>75</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Salary</td>
<td>7,360</td>
<td>7,360</td>
<td>13,960</td>
<td>13,960</td>
</tr>
<tr>
<td>Fringe</td>
<td>2,355</td>
<td>2,355</td>
<td>4,467</td>
<td>4,467</td>
</tr>
<tr>
<td>Operating</td>
<td>560</td>
<td>760</td>
<td>1,050</td>
<td>1,150</td>
</tr>
<tr>
<td>Overhead</td>
<td>1,541</td>
<td>1,541</td>
<td>2,922</td>
<td>2,937</td>
</tr>
<tr>
<td>Total</td>
<td>11,816</td>
<td>12,046</td>
<td>22,399</td>
<td>22,514</td>
</tr>
</tbody>
</table>
Building Your Financial Model: Step 5

Calculate The Unit Rate: What is the basis of the unit rate?
- Clients served per month? – Per member per month?
- Hours by CPT code?
- Bundled or Episodic rate based upon time period (day, month)?

<table>
<thead>
<tr>
<th>Description</th>
<th>Start-up Period (average per month)</th>
<th>Fully Implemented (average per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$17,200</td>
<td>$46,312</td>
</tr>
<tr>
<td>Clients</td>
<td>87.5</td>
<td>250</td>
</tr>
<tr>
<td>Cost per member per month</td>
<td>$196.50</td>
<td>$185.25</td>
</tr>
</tbody>
</table>
Key Considerations

- If your bundled model includes new or additional services carefully plot out the volume, frequency and costs of these services.
- Understand the assumptions you made regarding care practices and monitor actual activity against your benchmark.
- Although you may be paid for a bundle of services you will still need to capture the number and cost of the services in your bundle.
- Identify your high users of services and assure that your plan of care addresses their unique needs.
Estimating Volume

- Define your episode and use your current experience to project service utilization
- Model to average utilization but plot out your utilization patterns to assure you understand the distribution of your high and low utilizers
- Determine if there may be changes that might increase the number of high utilizers and account for that in your volume estimates
- Once a bundled model in implemented monitor utilization closely, watch for adverse shifts in utilization
Case Study: BestSelf Behavioral Health, Inc
Elizabeth Woike-Ganga LCSW-R Chief Operating Officer
Who is BestSelf Behavioral Health

- Largest Community-based Behavioral Health Organization serving all ages in WNY
- Created June 2017 when Child & Adolescent Treatment Services & Lake Shore Behavioral Health merged
- Annual Budget: $60 million
- Employees: 900+
- In 2018 Served: 20,000+ children, adolescents & adults
What We Do:

• Mental Health Counseling & Rehabilitation
• Substance Use Disorders & Recovery Supports
• Community & Mobile Treatment Services
• School-Based Prevention & Treatment
• Medicaid Health Home for Children & Adults
Certified Community Behavioral Health Clinics

CCBHC is a 2-year pilot program created to provide fully integrated behavioral health care for children, adolescents & adults under strict criteria, certified by states.
BestSelf CCBHC Clinics provide:

- Immediate Access
- Personalized Care
- “No Wrong Door” Approach
- Evidence-Based Practice
- Integrated care
CCBHC services must include:

- Mental Health Disorders
- Substance Use Disorders (*including ambulatory detox and MAT*)
- Health Assessment & Monitoring
- Targeted Case Management
- Peer support
- Psychiatric rehab – vocational, educational
- 24 hour Crisis coverage
How are CCBHCs different?

• New provider type in Medicaid

• Direct service delivery model: trauma-informed recovery outside of the traditional 4 walls

• New cost-based Prospective Payment System (PPS)

• Requirement to provide care coordination and collaborate with other organizations

• Requirement to provide all services to all ages
Prospective Payment System

• Add all costs of providing required services
  • Daily or monthly rate – State determines
  • Divide by projected number of services over year
New costs included in rate

- True cost of staff - allows for retention, recruitment of psychiatrists etc.
- Interpretation
- Training costs – evidence based practices
- Business intelligence – dashboards, data analytics
- Quality Improvement – risk stratification
- New innovative services to meet client needs
- Ability to address social determinants of health
Challenges of Cost Based Rate

• Need to accurately estimate duplicate services
  • Multiple services in one day
  • Need accurate reporting
• Overestimating - risk of takebacks, major rebasing
• Underestimating - risk of deficits
• Costs are higher – states may baulk
Challenges of Cost Based Rate

- Need to focus on outcomes to prove value
- Change management internally with staff
- Increased clinical requirements
- Need for new workflows, same day services, new types of services
- Uncertainty around sustainability due to pilot status
- Managing rapid growth – infrastructure
Opportunities

- Higher Quality of Services
  - Evidence-based Practices, integration
- Better Access
- Improved Outcomes
  - Reductions in ER/Hospitalizations
- Supported Data
  - Value in a Value Based Reimbursement environment
Development of new services

To address high need, high cost consumers
- Mobile Services
- Specialty populations
  - 1st episode psychosis
  - Suicidality
  - Opioid Epidemic

Increase focus on Evidence Based Practices

Opportunities

Afterhours Support
Change management

- CCBHC at same time as a merger
- Involvement at various levels of the agency
  - Workgroups
    - Quality improvement
    - Development of workflows
- Internal communication
  - In-person meetings with leadership
  - Company Newsletter
  - Videos
Mobile Mental Health Services

• Seeing people in the community for treatment

• Counseling & medication services provided in home

• Helps those with limitation that is a barrier to treatment
OnTrack@BestSelf

Early Intervention for Young Adults with Schizophrenia

Evidence-based Interventions:

• Illness management/coping strategies
• Supported Education & Employment
• Family Education & Support
What we do:

• Fully mobile teams including nurses, counselors, peers & telemedicine
• Seeing high risk people in the community for treatment
• Use of peers to assist those who previously could not link or stay linked to treatment
• Rapid Access to Medicated Assisted Treatment
BestSelf’s CCBHC Data
July 2017 – March 2019

• 288,425 Services Provided
• 18,968 Distinct Clients Served
• 13 CCHBC locations with walk-in and same day appointments
• 100+ New Employees hired since CCBHC started
• BestSelf produced savings of $2.6 million from reduced inpatient Admissions & ER Visits in the 1st year of the CCHBC pilot.
BestSelf’s CCBHC Data (SUD)
July 2017 – March 2019

• Since 2016, clients enrolled in Substance Use Disorder programs has increased 46%

• 12 NEW Prescribers hired to provide Medication Assisted Treatment (MAT) to people with Opioid Use Disorders.

• 1800+ Buprenorphine slots available.

• A new CCBHC program allows BestSelf to offer 24-hour access to MAT

• 65% of clients who are currently on MAT would LOSE their treatment if the CCBHC project is not continued. (As of 4/30/19, 562 clients are on MAT medication)
Thank You

BestSelf Behavioral Health
255 Delaware Ave, Buffalo NY 14202
BestSelWNY.org | 716-884-0888
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Lifeline
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Introduction

- Manage Addiction Lifeline is part of the Oriah Behavioral Health, Inc. company
- Offers a remote, mobile on demand opioid addiction treatment platform
Our Bundled Rate Project

Medication assisted treatment (MAT): medication in addition to services such as: counseling, cognitive behavioral therapies, and recovery support

+ 

Telemedicine: high performing, richly featured, and tightly secured mobile application

= 

Comprehensive approach to the treatment of substance use disorders
Insurance Companies

UnitedHealthcare

OPTUM

aetna

Oxford Health Plans

oscar

UMR
Track 1: Naltrexone (Vivitrol)

Members will receive (at minimum) every month:

<table>
<thead>
<tr>
<th>Service</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly injection (and/or Naltrexone Trial)</td>
<td>1</td>
</tr>
<tr>
<td>Psychiatrist/Addictionologist appointments</td>
<td>2</td>
</tr>
<tr>
<td>Counseling/Therapy appointments*</td>
<td>4</td>
</tr>
<tr>
<td>Family Therapy appointments*</td>
<td>2</td>
</tr>
<tr>
<td>Group Therapy appointments*</td>
<td>2</td>
</tr>
<tr>
<td>Urine Drug Screenings</td>
<td>1</td>
</tr>
</tbody>
</table>

* Can be delivered via telemental health
Track 2: Buprenorphine (Suboxone)

Members will receive (at minimum) every month:

<table>
<thead>
<tr>
<th>Service</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buprenorphine induction</td>
<td>1</td>
</tr>
<tr>
<td>Psychiatrist/Addictionologist appointments for prescription</td>
<td>4</td>
</tr>
<tr>
<td>Counseling/Therapy appointments*</td>
<td>4</td>
</tr>
<tr>
<td>Family Therapy appointments*</td>
<td>2</td>
</tr>
<tr>
<td>Group Therapy appointments*</td>
<td>2</td>
</tr>
<tr>
<td>Urine Drug Screenings</td>
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</tr>
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* Can be delivered via telemental health
“Provider agrees to bill UBH ... Provider will be reimbursed an all-inclusive monthly rate of $XXXX per Member enrolled in MAT ... costs for enhanced services are included in the monthly rate ...”
How/Why?

- A **need** to innovate
- Getting our foot in the door: it’s who you know, relationship building
- Solution: quality, working product
Interacting With The Payors

- Sharing our value
- Opioid addiction crisis
- Having an elevator pitch
- A unique and different solution
- A demo & a prototype
Where We Are In The Process

- Finalized contracts
- Enrolling patients
- Treating several patients
Impact On The Organization

- UBH Group Participation/Provider Agreement
- Aetna Contract
- Corning, Inc. pilot
- ACO’s
- State MATrx
Advice/Feedback

1. Too much focus on the pitch
2. Multiplying really big numbers by 1%
3. Scaling too fast
4. Too much focus on forming “partnerships”
5. Too much domination
6. Too many pitch slides
7. Proceeding serially
8. Too much desire to retain control
9. Reliance on filing patents
10. Hiring in your own image

Taken from Guy Kawasaki’s 10 Mistakes by Entrepreneurs
Thank you!
Questions
Turning Market Intelligence Into Business Advantage

OPEN MINDS market intelligence and technical assistance helps over 550,000+ industry executives tackle business challenges, improve decision-making, and maximize organizational performance every day.