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OKLAHOMA HEALTH CARE AUTHORITY

Agenda
SPARC
October 30, 2013
2:00 pm
Ponca Conference Room

Rate issues to be addressed:

- Psychiatric Residential Treatment Facility Reimbursement
- Anesthesiologist Reimbursement

State Plan Amendment Rate Change (SPARC)
October 30, 2013
Inpatient Psychiatric Services - Method Change for Specialty Services

1. Is this a "Rate Change" or a "Method Change"?
   Method change

1b. Is this change an increase, decrease, or no impact?
   Increase.

2. Presentation of issue – Why is change being made?
   The Oklahoma Department of Mental Health and Substance Abuse (ODMHSAS) proposes a prospective complexity add-on payment to the specialty per diem base rate for psychiatric residential treatment facilities (PRTF) services, to recognize the increased costs of serving children who have a mental health diagnosis complicated with non-verbal communication. The OHCA has identified three Specialty PRTFs that serve children with mental health diagnoses such as Autism, Reactive Attachment Disorder or Asperger syndrome. The current statewide rate for one of these facilities is not sufficient to cover the direct costs of providing services to this population, and without a rate increase, access to in-state care could be compromised, forcing the Agency to seek placement out-of-state. The proposed add-on is $77.51 per diem.

   Current methodology and/or rate structure.
   The current specialty base rate for in-state PRTFs is $400.05 per day. The rate is prospective, based on 2005 pro forma financial/survey data provided by in-state facilities. Out-of-state specialty rates are usually negotiated. For example, the rate paid to an out-of-state specialty PRTF for deaf children, is $470.33 per day. In addition to the base rate, a facility may receive an intensive treatment services (ITS) per diem for children requiring intensive supports such as 1:1 staffing. The need for this adjustment must be documented in the patient's medical record. A cost-based outlier payment adjustment may also be made on a case-by-case basis for unusually expensive cases.

3. New methodology or rate.
   ODMHSAS proposes a prospective complexity add-on for a patient level characteristic of the specialty PRTF population. The proposed complexity add-on rate for non-verbal children is $77.51 per day. Since there are no psychometric tools or diagnostic criteria specifically for this co-occurring condition, we do not have any data or analysis to determine a specific add-on that is directly related to the challenges of serving this population in a PRTF. Providers attest that there are increased costs for serving children that are non-verbal. These costs will vary based on the age and individual needs of the child, and will impact the direct costs (or labor portion) of the per diem. We averaged the 2012 reported costs of the three current in-state specialty facilities that serve the specific population and the "total" rate was adequate to cover costs. We then compared the costs, patient days, and staffing hours for each facility individually, which varied significantly. We further reviewed the 2009 reported costs of Camelot specialty facility[1] and decided to use this data to calculate the add-on, as we felt this would better reflect the overall costs of an adequately staffed, efficient and economically operated facility. Assuming that 50% of the facility's per diem cost and the current payment rate are for direct costs, we computed the difference. The result was shortfall of $38.11 per day. Since this adjustment is only for a small percentage of the patient population (approximately 15 children), we updated this shortfall by one year CPI (1.68%) and multiplied the result by a factor of 2 to arrive at the add-on. A facility may receive both the complexity add-on per diem in addition to the ITS add-on for a patient, if applicable. Payment will require prior authorization

[1] Camelot was the previous name of Rose Rock prior to change in ownership, which began operations in the state circa 2006.

and the need for this add-on will rely on the competence and administrative documentation of the clinician, (e.g., child does not respond to commands, verbal skills are not reaching age appropriate milestones, points to communicate).

4. Budget estimate.
   In 2012, there were 35,628 in-state specialty patient days. We estimate that 15%[2] of the population, or 5,324 days were for children that were non-verbal. The estimated annual budget impact is $412,663, total dollars. We anticipate a December 1, 2014 implementation date, so there will only be a 7-month impact for SFY14; therefore the budget impact would be $240,720 total dollars; $86,611 state dollars. The ODMHSAS has adequate funds to cover the state share of the projected cost of services. The budget impact is budget neutral for the Oklahoma Health Care Authority. All of the increase is represented by increased payments to providers.

5. Agency estimated impact on access to care. It is believed that this rate increase will encourage in-state providers to continue to provide services to complex patients and thus have a positive impact on access to care to individuals who have a specialty mental health diagnosis with non-verbal communication.

6. Rate or Method change in the form of a motion.
   The agency requests the State Plan Amendment Rate Committee to approve a new rate methodology for a per diem add-on payment for specialty PRTFs serving children with comorbid specialty mental health and non-verbal conditions.

7. Effective date of change.
   December 1, 2013

[2] It is estimated that 6.3% of children in the general population are likely to be identified with a communication disorder. Source: Communication Disorders: Prevalence and Comorbid Intellectual Disability, Autism, and Emotional/Behavioral Disorders, American Journal of Speech-Language Pathology • Vol. 16 • 359–367 • November 2007.

State Plan Amendment Rate Change (SPARC)
October 30, 2013
Anesthesia Payment Rate Change

1. Is this a "Rate Change" or a "Method Change"?
   Rate change

1b. Is this change an increase, decrease, or no impact?
   Increase

2. Presentation of issue – Why is change being made?
   This change is being requested to increase the anesthesia conversion factor from the budget reduction conversion factor of $30.48 ($31.50 default) to $39.00 for CPT codes 00100 – 01966 and 01968 – 01999. CPT code 01967 (analgesia / anesthesia for vaginal delivery) will continue to pay at a flat fee; the flat fee will increase from the budget reduction max fee of $411.19 ($425.00 default) to $550.00

   In 2006 during a work group meeting involving the Oklahoma Health Care Authority (OHCA) and other state agency (OSA) representatives a proposal was introduced to use two State of Oklahoma agencies' conversion factors as a benchmark for the OHCA program.

   At that time, the Oklahoma state employee insurance company, HealthChoice, reimbursed anesthesiologists using a conversion factor of $45 and the Oklahoma Workers Compensation Court Schedule of Medical and Hospital Fees allowed for a conversion factor of $39.00. OHCA set a conversion factor of $39.00 as the goal.

   Currently (1/1/2013) HealthChoice is using a conversion factor of $55.00 and the Oklahoma Workers Compensation Court Schedule of Medical and Hospital Fees is using $46.58.

3. Current methodology and/or rate structure.
   OHCA currently uses an industry standard anesthesia reimbursement methodology based on a formula involving base units and time units multiplied by a conversion factor.

4. New methodology or rate.
   The change is to increase the conversion factor from $30.48/$31.50 to $39.00.

5. Budget estimate.
   The annual total dollar impact is $8,498,332; state share $3,057,700. OHCA is planning a Jan 1 implementation date so there would only be a 6 month impact in SFY2014. The 6 month impact is 4,249,166 total dollars; 1,528,850 state share.

6. Agency estimated impact on access to care.
   This rate increase will encourage providers to participate in the Medicaid program and thus have a positive impact on access to care.

7. Rate or Method change in the form of a motion.
   The agency requests the State Plan Amendment Rate Committee to approve a rate change for all anesthesia providers.

8. Effective date of change.
   January 1, 2014