

All-Provider Kick-Off

Substance Use Disorder Service Rate Review

Louisiana Department of Health
Office of Behavioral Health

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Agenda

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- 2 Payment Rate Development Approach**
- 3 Opportunities for Stakeholder Engagement**
- 4 Moving Forward**
- 5 Questions**

Project Overview and Background

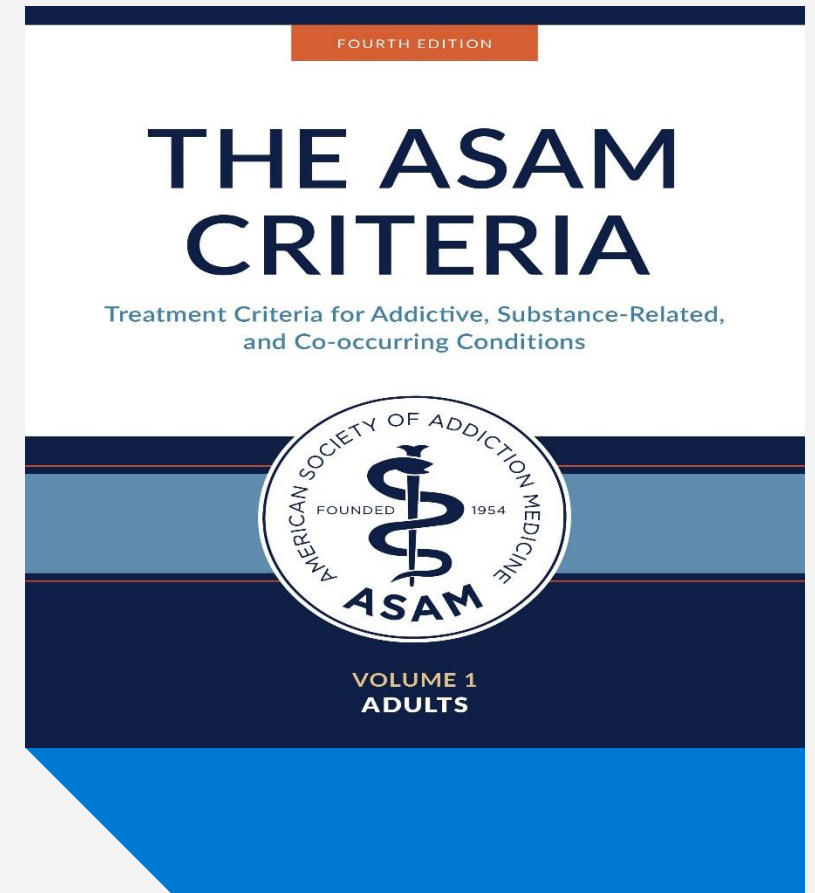
The ASAM Criteria, 4th Edition

Background

- *The American Society of Addiction Medicine (ASAM) Criteria* is a comprehensive set of standards for placement, continued service, and transfer of patients with addiction and co-occurring conditions.
- Level of care recommendations and treatment plans are developed based on multidimensional patient assessments that consider the patient's biomedical, psychological, and social needs.

The ASAM Criteria and Louisiana Medicaid Substance Use Disorder (SUD) Services

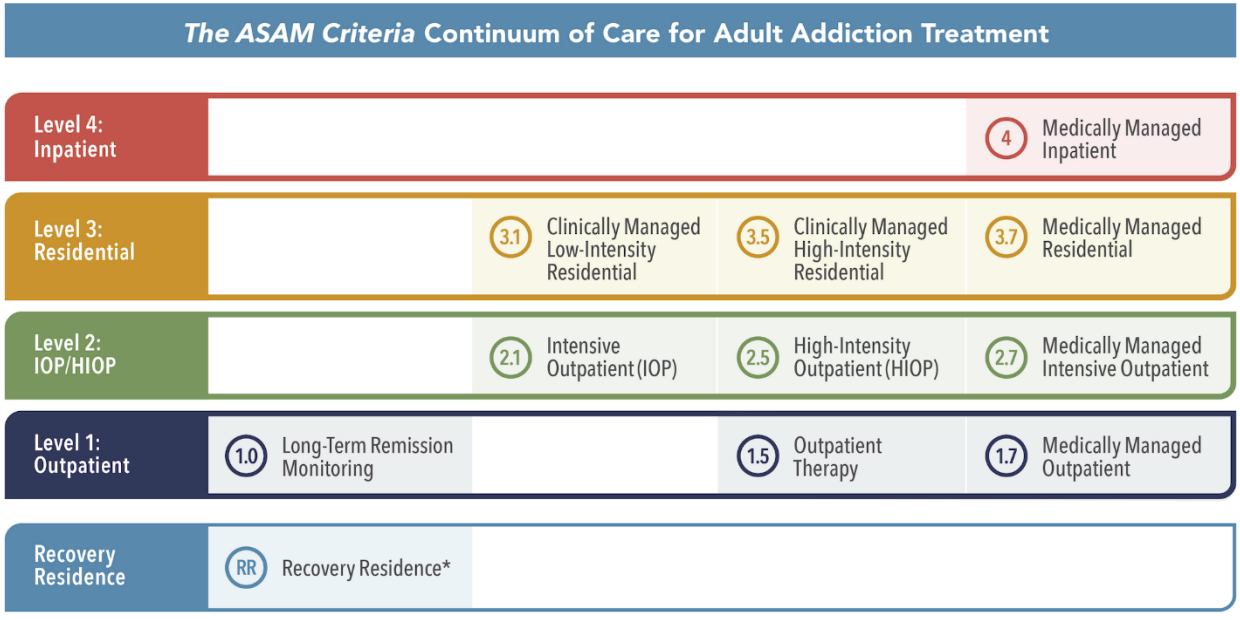
- The Louisiana Medicaid State Plan covers certain ASAM levels of care to provide SUD services to adults and youth. The provision of services is based upon medical necessity and the recommendation of a SUD practitioner or physician.



Source: <https://www.asam.org/asam-criteria/about-the-asam-criteria>; <https://ldh.la.gov/assets/medicaid/StatePlan/Sec3/Attachment3.1-A-Item13d-RehabilitativeServices.pdf>

Project Background

- The ASAM Criteria was recently updated for the first time since 2013. The *ASAM Criteria, 4th Edition* was released on October 5th, 2023.
- The latest version of *The ASAM Criteria* includes updated standards, levels of care, and services associated with individual levels of care.
- The Louisiana Department of Health (LDH) Office of Behavioral Health (OBH) is conducting a review of SUD service descriptions and rates to ensure alignment with the updated criteria and to support high quality services.



Note: Not all ASAM levels of care are included services in the Louisiana Medicaid State Plan.

Source: <https://www.asam.org/asam-criteria/about-the-asam-criteria>

Currently Covered Levels of Care

OBH is reviewing the current continuum of care for alignment with updated ASAM criteria

ASAM Outpatient Services	
ASAM Level of Care	Description of Services
ASAM 1.0	Outpatient Treatment
ASAM 2.1	Intensive Outpatient Treatment
ASAM 2.0-WM	Ambulatory Detoxification with Extended On-site Monitoring

Note: SUD treatment is covered under the Rehabilitation Services benefit detailed in the State Plan.

ASAM Residential Services	
ASAM Level of Care	Description of Services
ASAM 3.1	Clinically Managed Low Intensity Residential Treatment – Adolescent and Adult
ASAM 3.2-WM	Clinically Managed Residential Social Detoxification – Adolescent and Adult
ASAM 3.3	Clinically Managed Medium Intensity Residential Treatment - Adult
ASAM 3.5	Clinically Managed High Intensity Residential Treatment – Adolescent and Adult
ASAM 3.7	Medically Monitored Intensive Residential Treatment – Adult
ASAM 3.7-WM	Medically Monitored Residential Detoxification - Adult

Source: <https://ldh.la.gov/assets/medicaid/StatePlan/Sec3/Attachment3.1-A-Item13d-RehabilitativeServices.pdf>

Project Purpose

- Develop and publish transparent draft SUD rates that reflect reasonable and necessary costs associated with the delivery of SUD services inclusive of the 4th edition ASAM standards.
- Provide an examination and understanding of the provider resources involved in delivering Medicaid-covered SUD services, including any impacts anticipated resulting from operationalizing new standards.
 - To the extent that there are any prospective rate impacts, these will be considered in capitation rate development.
- Support LDH's ability to:
 - Make informed decisions when proposing changes to covered SUD levels of care due to revisions to the ASAM criteria; and
 - Improve transparency in analysis and communication between LDH and other stakeholders.

ASAM, 4th Edition Levels of Care In Scope for This Project: Outpatient

ASAM Outpatient Services			
ASAM Level of Care	Currently Covered Levels of Care	Updated Levels of Care in ASAM, 4 th Edition	Notes
ASAM 1.0	Outpatient Treatment	Long-Term Remission Monitoring	<i>New ASAM level of care not in scope for this project</i>
New ASAM 1.5	n/a	Outpatient Treatment	<i>Includes services currently covered under ASAM 1.0</i>
ASAM 2.1	Intensive Outpatient Treatment	Intensive Outpatient Treatment	<i>No changes</i>
ASAM 2.0-WM	Ambulatory Detoxification with Extended On-site Monitoring	n/a	<i>Removed in ASAM, 4th Edition</i>
New ASAM 2.7	n/a	Medically Managed Intensive Outpatient Treatment	<i>Includes services currently covered under ASAM 2.0-WM</i>

Note: The state has not adopted any of the revisions detailed in *The ASAM Criteria, 4th Edition*. The SUD service rate review will help inform the state of anticipated costs for adopting level of care revisions outlined in the updated ASAM Criteria.

Source: The ASAM Criteria, 4th Edition; <https://ldh.la.gov/assets/medicaid/StatePlan/Sec3/Attachment3.1-A-Item13d-RehabilitativeServices.pdf>

ASAM, 4th Edition Levels of Care In Scope for This Project: Residential

ASAM Residential Services			
ASAM Level of Care	Currently Covered Levels of Care	Updated Levels of Care in ASAM, 4 th Edition	Notes
ASAM 3.1	Clinically Managed Low Intensity Residential Treatment	n/a	<i>Updated clinical criteria and required level of service provision</i>
ASAM 3.2-WM	Clinically Managed Residential Social Detoxification	n/a	<i>Removed in ASAM, 4th Edition 3.2-WM services included under ASAM 3.5</i>
ASAM 3.3	Clinically Managed Medium Intensity Residential Treatment	n/a	<i>Removed in ASAM, 4th Edition</i>
ASAM 3.5	Clinically Managed High-Intensity Residential Treatment	Clinically Managed High-Intensity Residential Treatment	<i>Includes services currently covered under 3.2-WM</i>
ASAM 3.7	Medically Monitored Intensive Residential Treatment	Medically Managed Residential Treatment	<i>Includes services currently covered under 3.7-WM</i>
ASAM 3.7-WM	Medically Monitored Residential Detoxification	n/a	<i>Removed in ASAM, 4th Edition 3.7-WM services included under ASAM 3.7</i>

Note: The state has not adopted any of the revisions detailed in *The ASAM Criteria, 4th Edition*. The SUD service rate review will help inform the state of anticipated costs for adopting level of care revisions outlined in the updated *ASAM Criteria*.

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Payment Rate Review Approach

Independent Rate Model Framework

Overview



Ground-up approach

- Statewide rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service



Commonly applied method for rate determination for community-based services including behavioral health

- Many states employ independent rate model approach
- One acceptable method based on CMS guidance for home and community-based services

Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates payment rate updates and modification efforts
- Facilitates comparison of actual costs of providing services
- Developed independently from actual costs incurred

Independent Rate Model Framework

Framework is adjusted to reflect complexity of modality and/or service delivery model

Services defined as
“encounters”, e.g., intake
evaluation services

24/7 residential models

Interdisciplinary team-based
models

Variations in expected
provider caseload

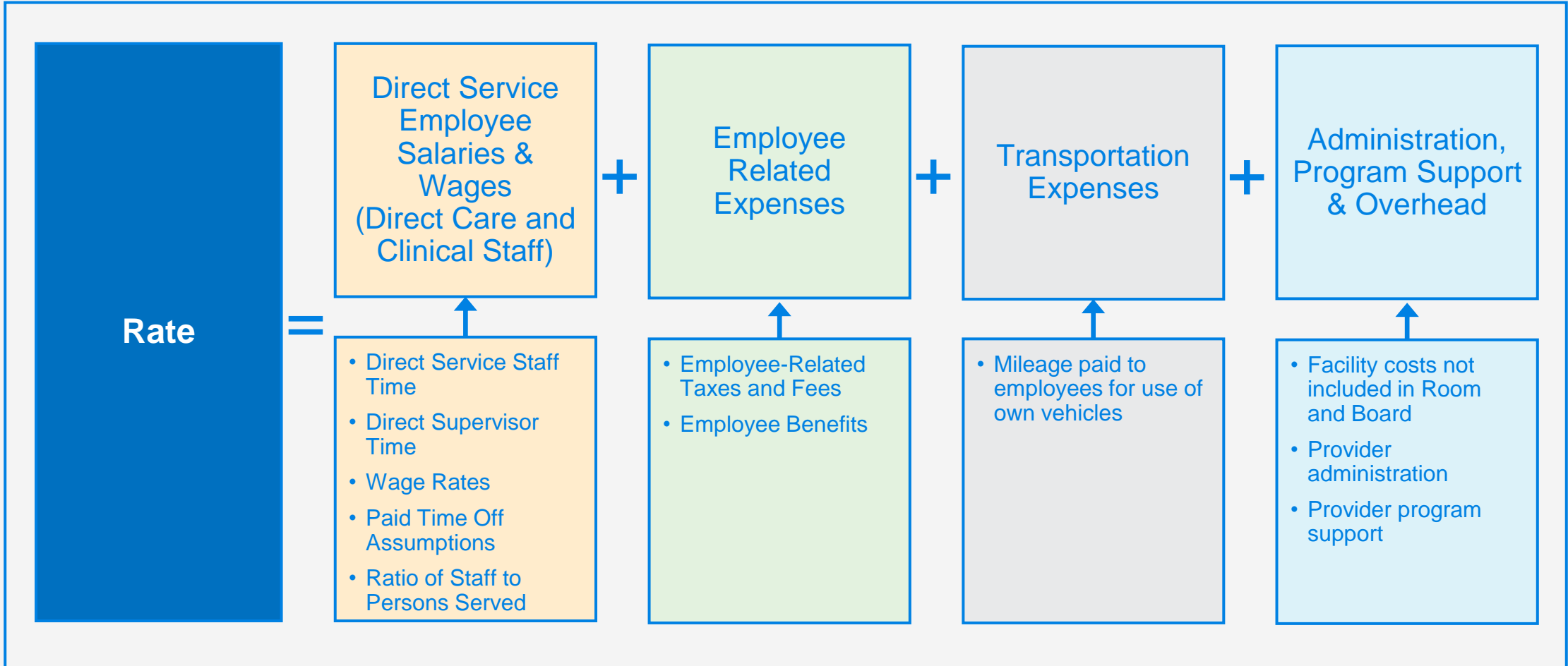
Group services

Services that can be
provided and billed
concurrently

Variation in intensity of care, e.g., variations captured in the
American Society of Addiction Medicine (ASAM) levels of care
for SUD residential services

Rates will be developed for each service considering the service delivery model at a statewide level.

Independent Rate Model Framework



Note: Room and board expenses (for residential services) are not included in Medicaid reimbursement.

Independent Rate Model Framework

Major Components and Elements

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Clinical Staff and Supervisor Salaries and Wages	Service-related Time	Direct time	<ul style="list-style-type: none"> Corresponding time unit or staffing requirement assumptions where not defined. Adjusted for staffing ratios for some services (i.e., more than one person served concurrently, e.g., in group counseling sessions).
		Indirect time	<ul style="list-style-type: none"> Service-necessary planning, note taking and preparation time
		Transportation time	<ul style="list-style-type: none"> Travel time related to providing service
		PTO/training/ conference time	<ul style="list-style-type: none"> Paid vacation, holiday, sick, training and conference time. Also considers additional training time attributable to employee turnover
		Supervisor time	<ul style="list-style-type: none"> Accounted for using a span of control variable
	Wage Rates	Can vary for overtime and weekend shift differentials	<ul style="list-style-type: none"> Wage rates vary depending on types of direct service employees, which have been assigned to provider groups
	Stipends	Payments for on-call capacity	<ul style="list-style-type: none"> Used for selected services
Employee Related Expenses	Payroll-related Taxes and Fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	<ul style="list-style-type: none"> Applicable to all employees, and varies by wage level assumption
	Employee Benefits	Health, dental, vision, life and disability insurance, and retirement benefits	<ul style="list-style-type: none"> Amounts may vary by provider group
Transportation – Fleet Vehicle Expense	Vehicle Operating Expenses	Includes all ownership and maintenance-related expenses	<ul style="list-style-type: none"> Varies by service. Some services assume employee-owned vehicle at federal rate. Other services assume fleet vehicle expenses or vans.
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	<ul style="list-style-type: none"> Excludes expenses related to managed care administration

Independent Rate Model Framework

Use of Provider Groupings



Provider groups represent multiple provider types or clinical staff positions that have similar characteristics (e.g., educational degrees, professional credentials, and expected wage rates).



Use of provider groups balances the need for the rates to reflect appropriate variation in labor costs by type of clinical staff and supervisors, and at the same time reasonably limit the number of rates needed for each service.



Use of provider groups allows states to consider and incorporate national and state wage datasets (e.g., Bureau of Labor Statistics and provider survey data).



Examples of Provider Groups

- Less than Bachelors Level
- Bachelor's Level
- Master's Level
- Doctoral Level
- Psychologist
- Psychiatrist
- Peer Specialist
- Physician Assistant
- Advanced Practice Registered Nurse
- Registered Nurse
- Licensed Practical Nurse
- Physician
- Specialty Physician

Independent Rate Model Framework

Assumptions are applied at the provider group level for several elements/sub-elements

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
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		Transportation Time	<ul style="list-style-type: none"> Travel time related to providing service
		PTO/Training/ Conference Time	<ul style="list-style-type: none"> Paid vacation, holiday, sick, training and conference time. Also considers additional training time attributable to employee turnover
		Supervisor Time	<ul style="list-style-type: none"> Accounted for using a span of control variable
	Wage Rates	Can Vary for Overtime and Weekend Shift Differentials	<ul style="list-style-type: none"> Wage rates vary depending on types of direct service employees, which have been assigned to provider groups
	Stipends	Payments for On-call Capacity	<ul style="list-style-type: none"> Used for selected services
Employee Related Expenses	Payroll-related Taxes and Fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	<ul style="list-style-type: none"> Applicable to all employees, and varies by wage level assumption
	Employee Benefits	Health, Dental, Vision, Life and Disability Insurance, and Retirement Benefits	<ul style="list-style-type: none"> Amounts may vary by provider group
Transportation – Fleet Vehicle Expense	Vehicle Operating Expenses	Includes all Ownership and Maintenance-Related Expenses	<ul style="list-style-type: none"> Varies by service. Some services assume employee-owned vehicle at federal rate. Other services assume fleet vehicle expenses or vans.
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	<ul style="list-style-type: none"> Excludes expenses related to managed care administration

Independent Rate Model Framework

Employee Related Expenses



Employer entity's portion of payroll taxes, employee medical and other insurance benefits



Employer portion of retirement expenses incurred on behalf of clinical staff and supervisors



All other taxable fringe benefits consistent with IRS Publication 15-B rules, such as club memberships

A significant portion of Employee Related Expenses is driven by the cost of health insurance and retirement benefits.

Independent Rate Model Framework

Example of Employee Related Expense Buildup Using Bureau of Labor Statistics Wages and Other Publicly Available Data

Provider Group	A Trended Wage (50th Percentile)	B Annual Employee Salary $A * 2080$	C FICA, FUTA, SUI	D Workers Comp	E Health Insurance	F Retirement	G ERE per Employee $SUM(C \text{ through } F)$	H ERE Percentage G/B	I Annual Salary and ERE $B * (1 + H)$
Clinical Psychologist	38.55	80,190	7,100	882	7,194	2,406	17,581	22%	97,772
Master's Level	30.90	64,267	5,881	707	7,194	1,928	15,710	24%	79,977
Bachelor's Level	24.23	50,408	4,821	554	7,194	1,512	14,082	28%	64,490
Peer Recovery Coach	16.09	33,475	3,526	368	7,194	1,004	12,092	36%	45,567
Certified Peer Specialist	15.48	32,207	3,429	354	7,194	966	11,943	37%	44,151

Notes:

1. Wages reflect the sum product of the BLS wages weights by provider group.
2. FICA taxes include social security taxes and Medicare taxes. FUTA tax is the federal unemployment tax. <https://www.irs.gov/taxtopics>. The annual employee salary considered for FICA is capped at the \$140,543 taxable limit.
3. Worker's compensation is estimated to be approximately 1.1% of total wages. <https://www.bls.gov/web/ecec/ececqrtn.pdf>, page 445.
4. Insurance estimated using hourly rate for private industry health care and social assistance industry group, and is inclusive of health, life, vision, dental, and disability insurance benefits. <https://www.bls.gov/news.release/pdf/ecec.pdf>.
5. Retirement Benefits assume a 3% employer match to a retirement account.

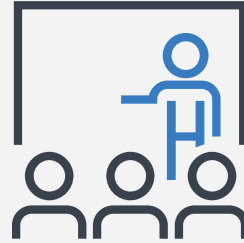
Independent Rate Model Framework

Paid Time Off, Training and Overtime/Holiday Adjustments



Paid Time Off Adjustment Factor

- Accounts for additional time that must be covered over the course of a year by other clinical staff, thereby representing additional clinical staff time per unit.
- Reflects paid vacation, holiday, and sick time.
- Annual training and/or conference time expected to be incurred by clinical staff and supervisors.



Training for New Hires

PTO adjustment factor is an estimated increase for one-time training/onboarding and considers the frequency of this type of training time attributable to employee turnover.



Overtime/Holiday Adjustment Factor

For certain services, such as licensed residential services that are staffed using a 24/7 staffing model, there is an expectation that the “typical” staffing model should include some incremental payment for overtime and holiday pay.

Independent Rate Model Framework

Example of Paid Time Off, Training and Productive Time Assumptions

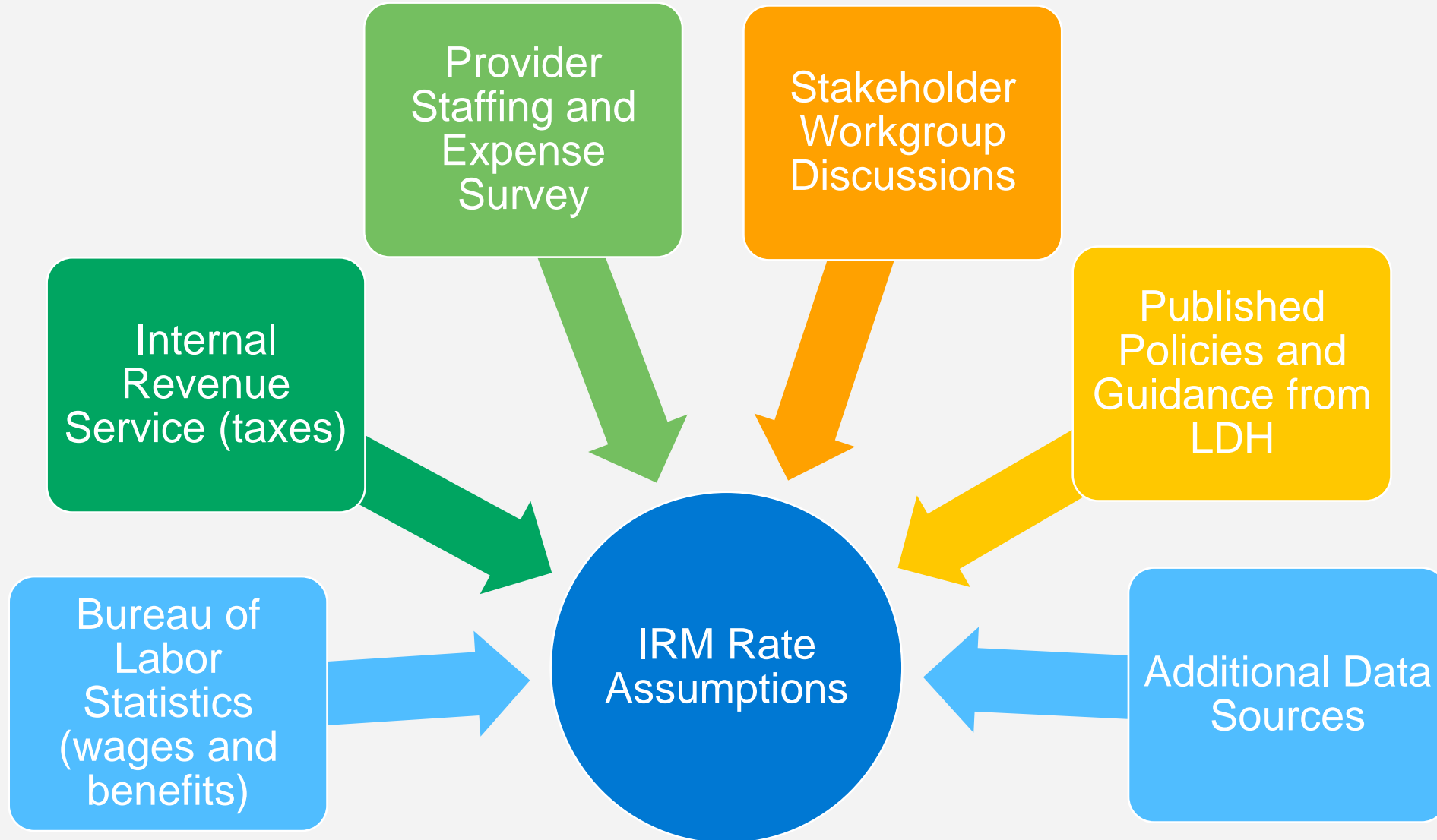
	A	B	C	D	E	F	G	H	I	J
Description	Annual productive time <i>I - H</i>	Paid Holidays and PTO per year	On-going training/ conference time hours per year	Total <i>B + C</i>	Training hours/ inefficient time for each new hire	Turnover percentage	New hire training hours per year <i>E * F</i>	Hours of replacement for non- productive time	Annual hours paid on	PTO/training/ conference time adjustment factor <i>I / A - 1</i>
Clinical Psychologist	1,786	240	40	280	40	35%	14	294	2,080	16%
Master's Level	1,786	240	40	280	40	35%	14	294	2,080	16%
Bachelor's Level	1,812	200	40	240	80	35%	28	268	2,080	15%
Peer Recovery Coach	1,798	200	40	240	120	35%	42	282	2,080	16%
Certified Peer Specialist	1,798	200	40	240	120	35%	42	282	2,080	16%

Independent Rate Model Framework

Example: 15-Minute Unit Services Rate Build Up

Ref.	Description	DCW	Supervisor	Total	Notes
A	Average minutes of direct time per unit	15.00			6 hours and 31 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	1.50			39 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	1.90			50 transportation minutes per 8 hours 1 trips spread over 21.56 units per day
D	Total minutes per unit	18.40			$D = A + B + C$
E	Staffing ratio	1.00			
F	Supervisor span of control		10.00		10 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		1.84		$G = D / F$
H	PTO/training/conference time adjustment factor	15.7%	15.7%		Based on separate PTO build
I	Adjusted total minutes per unit	21.29	2.13		
J	Hourly wage	\$ 14.65	\$ 18.28		Based on separate wage build
K	Total wages expense per unit	\$ 5.20	\$ 0.65	\$ 5.85	$K = J * I / 60$
L	Employee related expense (ERE) percentage	26.1%	23.2%		Based on separate ERE build
M	Total ERE expense per unit	\$ 1.36	\$ 0.15	\$ 1.51	$M = K * L$
N	Estimated average MPH			32.97	Urban 30 MPH Rural/Urban 40 MPH Rural 50 MPH
O	Estimated miles driven per unit			1.04	$O = N * C / 60 / E$
P	Federal reimbursement rate			\$0.58	
Q	Mileage reimbursement or vehicle costs per unit			\$0.61	$Q = O * P$
R	On-call expenses			\$ 0.00	No on-call expenses
S	Drug cost			\$ 0.00	No drug expenses
T	Drug administration			\$ 0.00	No drug administration expenses
U	Administration / program support / overhead			10.0%	Portion of total rate
V	Administration expenses			\$ 0.88	$V = (K + M + Q + R + S + T) * U / (1 - U)$
W	Rate per 15 minutes			\$8.84	$W = (K + M + Q + R + S + T + V)$

Data Sources Informing the Rate Buildup



Opportunities for Stakeholder Engagement

Opportunities for Provider Participation

All-Provider Meetings

Kick-off and Engagement of Workgroups

All-Provider Kick-Off Meeting

- Level set on project goals, process, and scope

Draft Rate Review Meeting

- Review the draft rates and release the draft rate report to all SUD providers and MCOs

Finalized Rate Review Report

- Finalized rate review report will be available before the end of the year

Technical Workgroup

Obtain Workgroup Feedback

Residential and Outpatient Workgroups

- Both workgroups to hold regular meetings
 - Anticipate 3-4 workgroup meetings
 - Possible timeframe: June through October

Residential and Outpatient Workgroups

- Opt-in survey to be released following today's meeting to allow opportunity for providers to volunteer to participate in the workgroups

Conduct Cross-Workgroup (residential and outpatient) Meeting(s)

- Overview of considerations that apply to both outpatient and residential SUD services

Rate Review Cost and Wage Survey

Conduct Provider Survey

Provider survey will be open June – July

- Information in the survey will be used to support rate review
- An additional training session will be provided to assist providers in completing the survey

LDH invites your feedback at any time during this process. You may email LA.IRM.Feedback@milliman.com with comments or questions.

Project Timeline

	Jun	Jul	Aug	Sep	Oct	Nov	Dec
All-Provider Meetings							Release final rate review report
Technical Workgroup							
Provider Survey							

Residential and Outpatient Workgroup Roles

- Consists of 6-12 individuals with provider level programmatic and financial technical expertise.
- Represents a wide variety of provider experience, including geographic, populations served and practice size.
 - Will be selected by LDH to ensure each group has appropriate representation based on regionality, provider size, and populations served. After consideration of those factors, workgroup membership will be decided on a first come, first served basis.
- Provides subject matter expertise regarding service delivery and related costs for substance use disorder services, for example:
 - Staffing patterns and supervisor span of control
 - Non-face-to-face time required for service delivery
 - Transportation needs
 - Workforce considerations such as wage levels and turnover
- Informs the development of rate models and related assumptions
- Advises LDH and the Milliman project team of the current state and local landscape with respect to service requirements

Workgroup Member Responsibilities

- Attend monthly virtual workgroup meetings, with potential additional attendance at ad hoc and/or subgroup meetings
- Provide feedback on a particular service from the perspective of their organization and the broader service delivery system in the state
- Work across their respective organizations between workgroup meetings to obtain feedback on specific payment rate assumptions

Interested in participating in a workgroup? Please complete this [Workgroup Opt-In Form](#).

SUD Rate Review Cost and Wage Survey

SUD Rate Review Cost and Wage Survey

In collaboration with the OBH, Milliman is administering a survey to collect information on costs and wages associated with delivering SUD residential and outpatient services under Louisiana's Medicaid program.

Providers delivering Medicaid reimbursed ASAM levels of care should complete the survey. These include residential and outpatient SUD providers.

Note: In this instance “provider” refers to an individual or entity engaged in the delivery, ordering, or referring of the above-mentioned services.

Why is provider participation important?

The data from the survey will provide important insights into SUD provider costs and wages associated with the ASAM level of care revisions and inform the payment rate assumptions used to review the SUD rates.

Are training and assistance available?

Yes, there are a variety of resources available to help providers complete the survey. More information will be provided on these resources once the survey is released.

Questions regarding the survey can be submitted at any time to LA.IRM.Feedback@milliman.com.

Moving Forward

Next Steps

After today's meeting, LDH (in partnership with Milliman) will:

- Review feedback from initial kick-off meeting
- Establish workgroups
- Begin workgroup meetings
- Develop initial assumptions for workgroup discussion and review

To be considered for the residential, outpatient, or both workgroups, please complete the [workgroup opt-in form](#) to be circulated following today's meeting by the end of the day on Thursday, June 13.

Email LA.IRM.Feedback@milliman.com if you have any feedback or questions during this important project.

Questions

Q&A

Please “raise your hand” using the icon located at the bottom of your screen and the meeting moderator will unmute you when it is your turn to speak.





Thank you

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