



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

OVERVIEW OF BEHAVIORAL HEALTH SERVICES PILOT COST STUDY CONDUCTED FOR THE ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DEDICATED TO GOVERNMENT HEALTH PROGRAMS





HISTORY OF THE PROJECT

- The Department of Health and Social Services (DHSS) contracted with Myers and Stauffer to evaluate and recommend possible revisions to the Medicaid reimbursement methodology for the provision of home and community based, personal care assistant and behavioral health services.



HISTORY OF THE PROJECT

- **Goals of the project for behavioral health services**
 - Consider the provider's cost of providing services in the evaluation of rates for behavioral health services.
 - Introduce mechanisms into the rate methodology that allow for an acuity adjustment.



HISTORY OF THE PROJECT

- In a previous report to DHSS, Myers and Stauffer recommended developing a cost collection methodology that could be tested in a voluntary pilot process.
- DHSS accepted the recommendation and the cost survey tool was developed in Spring and Summer 2013.



COST SURVEY PROCESS

- Myers and Stauffer provided written instructions for the cost survey and two training sessions to assist the providers with completion of the survey.
- During the survey period, a help desk was available to answer individual provider questions via e-mail, phone and fax.



COST SURVEY PROCESS

- A complete cost survey included:
 - Signed Certification
 - Expense Worksheet
 - Staff Hours Worksheet
 - Revenue Worksheet
 - Related Party Worksheet
 - Audited Financial Statements (if available)
 - Post Audit Working Trial Balance
 - Report of allocated home office costs (if appropriate)



COST SURVEY SUBMISSION

- Cost surveys were collected from 37 behavior health providers.
- 81% of the surveys included both clinical and rehabilitation services.
- 8% were rehabilitation services only.
- 8% were clinical services only.
- 3% did not have sufficient detail to determine the services provided.



DATA ANALYSIS

- **Issues with the data analysis**
 - Incorrect or inconsistent data reported on the surveys. Examples include:
 - 5 of the 37 cost surveys did not report units of service (14%).
 - Some reporting of units of service was inconsistent with other data on the cost survey.
 - Relatively small data set.



DATA ANALYSIS

- **Revenue and Unit Analysis**
 - The cost survey tool was designed so that providers could report their revenues and units of service by service category for both Medicaid eligible clients and all other clients.
 - One reason this information was collected was so that Myers and Stauffer could validate reported units. One way this was done was to analyze revenue per unit.



DATA ANALYSIS

- **Revenue and Unit Analysis** (continued)
- The definitions of units of service for the requested procedure codes were varied (e.g., a full day unit, 15 minute units, etc).
- To analyze the data, the units of service were standardized into 15 minute units using conversion factors which had to be estimated (e.g., a 1 hour unit is converted to four 15 minute units).
- This allowed Myers and Stauffer to calculate the revenue per unit from the cost survey and compare to the Medicaid rate.



Units per Service Code for Rehabilitation Services

Rehabilitation Services - Unit Revenue Analysis	Provider Manual Defined Billing Unit	Estimated Time Per Unit of Service	Estimated Number of 15 min Units	Rate Per Converted Unit	Revenue Per Unit From Cost Survey
Alcohol and/or drug assessment H0001	1 assessment	3 hours	12	8.33	10.47
Case management (15 minutes) T1016	15 minutes		1	16.00	20.78
Comprehensive community support services - Individual (15 minute) H2015	15 minutes		1	17.00	19.18
Short-term Crisis Stabilization H2011	15 minutes		1	17.00	16.25
Daily Behavioral Rehabilitation Services (short-term residential) H0018	1 day all rehab services	8 hours	32	5.34	5.01
Behavioral health day treatment, per hour H2012	1 hour	1 hour	4	6.25	NA
Oral medication administration, direct observation H0033	1 day	30 minutes	2	10.00	12.88
Methadone administration (episode) H0020	administration episode	30 minutes	2	6.25	10
Self-help/peer services H0038, H0038-HR, H0038-HS	15 minutes		1	17.00	17.1
Recipient Support Services - psychosocial rehabilitation (15 minute) H2017	15 minutes		1	8.75	9.04
Medical Evaluation for Methadone and Non-Methadone Recipients H0002	1 evaluation	3 hours	12	25.00	79.02
Alcohol and/or substance abuse services, treatment T1007	1 review per admission	1 hour	4	18.75	18.75
Ambulatory Detoxification (15 minute) H0014	15 minutes		1	23.00	NA
Clinically Managed Residential Detoxification (per day) H0012	1 day	8 hours	32		NA
Alcohol and/or drug services; acute detoxification H0011	1 day	8 hours	32	9.38	NA
Alcohol and/or other drug abuse services (per diem) H0047	1 day	8 hours	32	6.25	NA
Alcohol and/or other drug abuse services- intermediate level (per diem) H0047-TF	1 day	8 hours	32	7.03	7.03
Alcohol and/or other drug abuse services- high level (per diem) H0047-TG	1 day	8 hours	32	7.81	8.83
Telehealth originating site facility fee Q3014	1 case presentation	30 minutes	2	31.22	30.9
Therapeutic BH services (15 minutes)					
Individual H2019	15 minutes		1	17.00	24.06
Group H2019-HQ	15 minutes		1	9.00	10.43
Family with client present H2019-HR	15 minutes		1	17.00	16.81
Family without client present H2019-HS	15 minutes		1	17.00	20.42
				Average rate per converted unit	13.65



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Units per Service Code for Clinic Services

	Provider Manual Defined Billing Unit	Estimated Time Per Unit of Service	Estimated number of 15 min units	Rate Per Converted Unit	Revenue Per Unit From Cost Survey
Clinical Services - Unit Revenue Analysis					
Mental health Intake Assessment H0031	1 assessment	3 hours	12	14.58	11.05
Short-term Crisis intervention (1 hour) S9484	1 hour	1 hour	4	23.00	17.36
Short-term Crisis intervention (15 minute) S9484-U6	15 minutes		1	23.00	29.58
Pharmacologic management 90862	1 visit	30 minutes	2	37.50	37.24
Psychological testing, interpretation and Evaluation (per hour) 96101 or 96118	1 hour	1 hour	4	25.00	28.78
Psychological testing, interpretation and Evaluation (15 minute) 96101-U6 or 96118-U6	15 minutes		1	25.00	35.09
Psychotherapy					
Psychotherapy Individual (30 minutes) 90804	30 minutes	30 minutes	2	25.00	25.15
Psychotherapy Individual (60 minutes) 90806	60 minutes	60 minutes	4	25.00	25.16
Psychotherapy Individual 90810	30 minutes	30 minutes	2	25.00	26.22
Psychotherapy Individual (60 minutes) 90812	60 minutes	60 minutes	4	25.00	27.33
Psychotherapy Family (with patient present)(60 minutes) 90847	60 minutes	60 minutes	4	27.50	28.43
Psychotherapy Family (without patient present) (30 minutes) 90847-U7	30 minutes	30 minutes	2	27.50	30.02
Psychotherapy Group (60 minutes) 90853	60 minutes	60 minutes	4	14.00	15.07
Psychotherapy Group (30 minutes) 90853-U7	30 minutes	30 minutes	2	14.00	16.70
Multiple-family group psychotherapy (60 minutes) 90849	60 minutes	60 minutes	4	27.50	23.31
Multiple-family group psychotherapy (30 minutes) 90849-U7	30 minutes	30 minutes	2	27.50	23.00
		Average rate per converted unit		24.13	



DATA ANALYSIS

- The comparison shows that the revenues and units collected on the cost survey tool are reasonably comparable to the Medicaid rate per converted unit.
- However there was a stronger correlation between revenues per converted unit and the Medicaid rates for rehabilitation service revenues than for clinic services.



DATA ANALYSIS

- **Compensation**

- Since salaries make up the majority of any type of health services the survey requested additional information to assist in the analysis of compensation.
- For each position, Myers and Stauffer collected the number of billable hours, the number of administrative and other service hours, the total paid hours and the amount of compensation
- We calculated the average compensation per billable hour and per total hour

DATA ANALYSIS

Staffing category from cost tool	Average compensation per billable hour	Average compensation per total hour
Directing Clinicians	\$103.92	\$42.73
Mental Health Professional Clinicians	\$99.56	\$43.59
Substance Use Disorder Counselors	\$50.03	\$23.00
Behavioral Health Clinical Associates	\$67.48	\$20.13
Peer Support Specialists	\$23.95	\$14.19
Physicians	\$364.31 (With outlier removed \$239.03)*	\$162.69
Nurse Practitioners	\$146.62	\$86.62
Other direct service staff	\$55.60	\$21.98

*Outlier explanation: The ratio of billable hours to total hours for one provider was 1 to 15 skewing the per billable hour calculation.



DATA ANALYSIS

- **Compensation (continued)**
 - Myers and Stauffer compared the reported wages on the survey to wage information from the Department of Labor Research and Analysis, Alaska Health Care Occupations for 2012 and from the Bureau of Labor Statistics for 2010.
 - Although there were not always exact matches to the occupational categories from the cost survey, the reported compensation per hour on the cost survey in the various job categories appeared to be reasonable.



DATA ANALYSIS

- **Expenses**

- The cost survey tool organized the expenses into several categories:
 - General and administrative service costs.
 - Covered and non-covered.
 - Rehabilitation services (excluding residential).
 - Clinic services.
 - Residential.
 - Other (operations or functions that are not behavioral health services but are managed or supervised by staff whose salaries or expenses were reported on the cost survey or shared office space or staff).



DATA ANALYSIS

- **Expenses (continued)**
 - Reported expenses from the cost surveys were aggregated and the average distribution across the cost categories was determined.

Cost Category from Cost Tool	Average Percent of Expenses
General and administrative	20.3%
Building and maintenance	3.7%
Non covered	5.1%
Rehabilitation services (exclusive of residential)	7.6%
Clinic services	5.9%
Residential	6.4%
Other	50.9%



DATA ANALYSIS

- **Expenses** (continued)
 - Overhead expense (i.e. administrative and general) was allocated to the each service categories and the distribution of costs was determined

Cost Category from Cost Tool	Average Percent of Expenses with Allocation of General and Administrative and General Building Expenses
Rehabilitation services (exclusive of residential)	10.2%
Clinic services	7.8%
Residential	8.6%
Other	68.2%
Non covered	5.1%



POTENTIAL RATE DEVELOPMENT

- The cost distribution analysis of the pilot cost survey provides insight into how rates could be developed from data derived from future cost surveys.
- Myers and Stauffer presented ideas regarding rate development in the cost survey report and shared some examples. However, Myers and Stauffer did not recommend that rates actually be developed based on the pilot survey data.



FINDINGS AND NEXT STEPS

- The cost study was an initial step in addressing the issue of basing reimbursement rates on the cost of rendering services to the clients.
- As a pilot, the study tested the collection tools and methodology.
- Issues identified through this process with the methodology included the limited number of responses received; the lack of reconciliation controls on the data that was reported; issues with the large range of services covered and variability in units and costs; as well as the mismatch of data recording methods to the data request within the provider organizations.



FINDINGS AND NEXT STEPS

- Identified issues with the tool included its simplicity, lack of sufficient advance information to the providers to allow for data collection and aggregation in the required format, and lack of opportunity for provider-directed expense allocations



FINDINGS AND NEXT STEPS

- **If a subsequent cost study were to be performed, Myers and Stauffer makes the following observations, suggestions and recommendations:**
- Efforts should be made to improve the number of responses and allow for more reliance on the results. Making the survey process mandatory would ensure better participation.
- Additional efforts would be needed to obtain corrections of incomplete or inaccurate data submissions. If the process were mandatory provider response to follow-up questions would also be improved.



FINDINGS AND NEXT STEPS

- Although there may be no way to simplify the range of services, more detailed instructions and a slightly more complex cost tool may help to mitigate this issue.
- Ample advance notice of data collections methods and tools is recommended. Ideally, notice would be provided in advance of the fiscal year for which information is being collected. This would allow providers to collect the data in the correct format rather than needing to adjust their data after the fact.
- A more detailed expense section would allow for a more thorough cost allocation among the different service categories, and may also decrease the need to contact providers for corrections and clarifications.