



Preparing the Specialty SUD System in Los Angeles County for Payment Reform

January 24, 2023

Division of Substance Abuse Prevention and Control
Los Angeles County Department of Public Health

Updates from the State – DHCS and County Next Steps

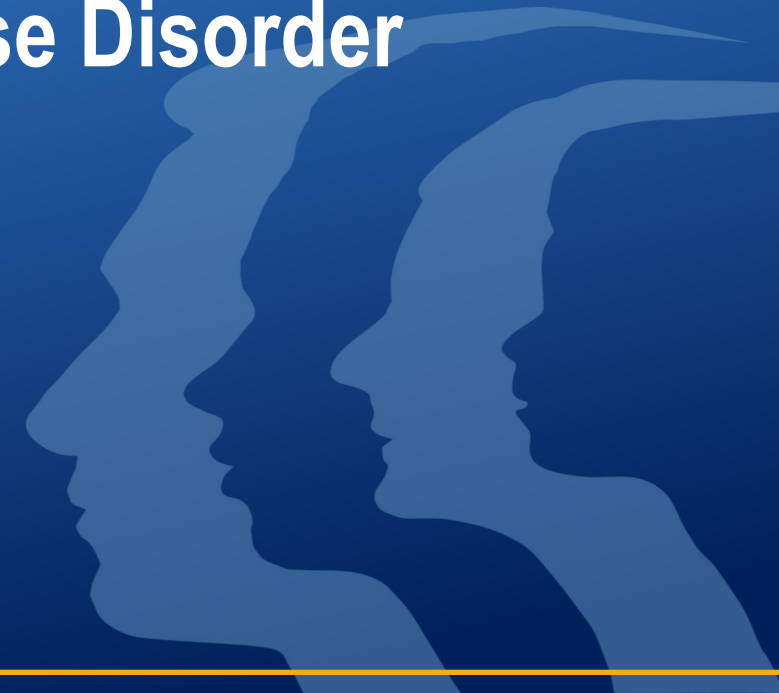
- **The California Department of Healthcare Services (DHCS) launches payment reform in July 2023. DHCS rates are between the State and County – NOT providers**
 - Mid-November DHCS provided outpatient rates
 - On January 23, 2023 DHCS provided inpatient withdrawal management (WM) rates
 - Pending DHCS residential, residential WM, outpatient WM, and OTP rates
- **SAPC is preparing for payment reform as follows:**
 - Analyzing DHCS provided rates to determine appropriate provider-level rates and incentives
 - Collaborating with providers on service delivery costs by level of care
 - Meeting with providers monthly to discuss updates and obtain feedback



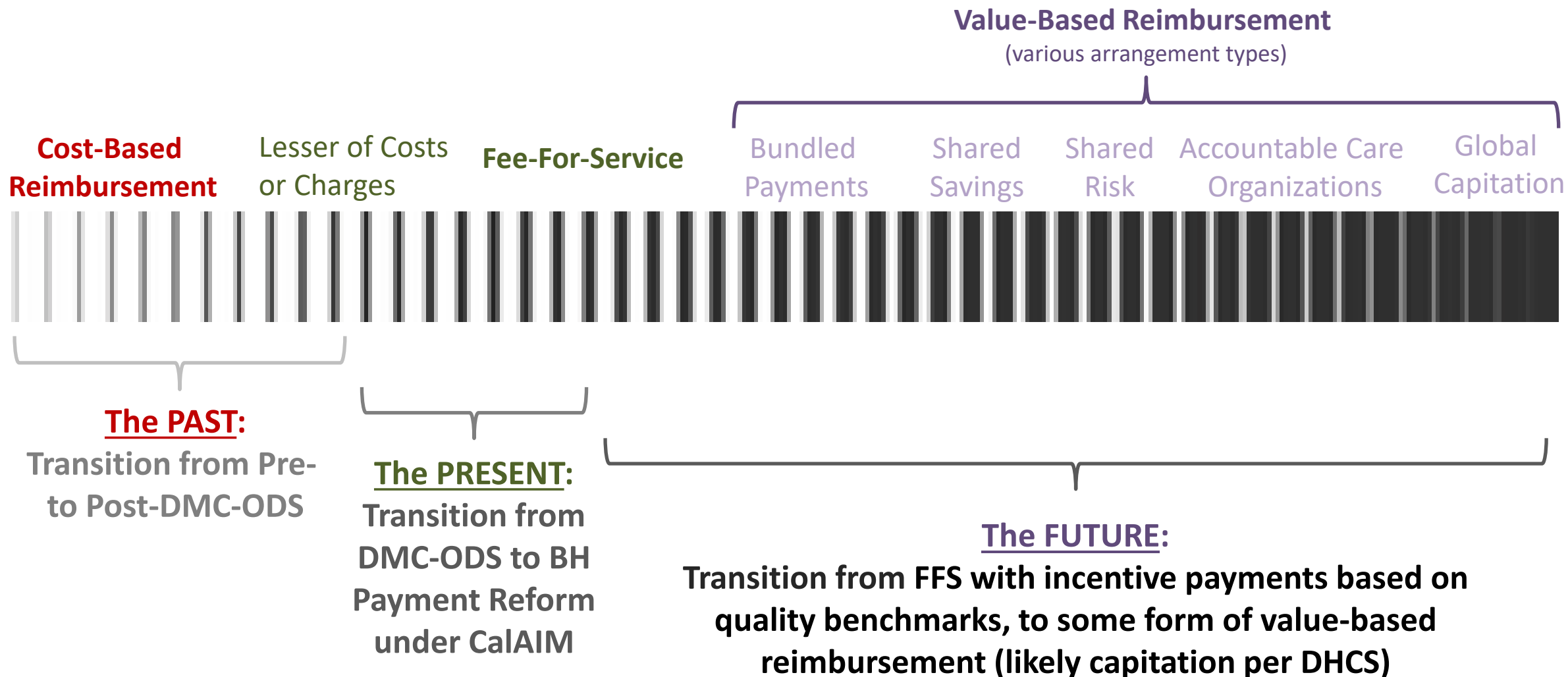
Payment Reform - Where is the Substance Use Disorder (SUD) System Headed?

Changes in 2023 and beyond

Level-Setting / Refresher Slides



REMINDER Behavioral Health (BH) Payment Reform



PAST: Cost-Based

- July 2017 – June 2023
- Provisional FFS rate
- Volume-based (more services, more compensation)
- Contract reconciled at lesser of allowable costs or State approved claims
- Recoupments if costs are lower than rates paid
- Reinvest in program if rates higher only during current FY or excess recouped

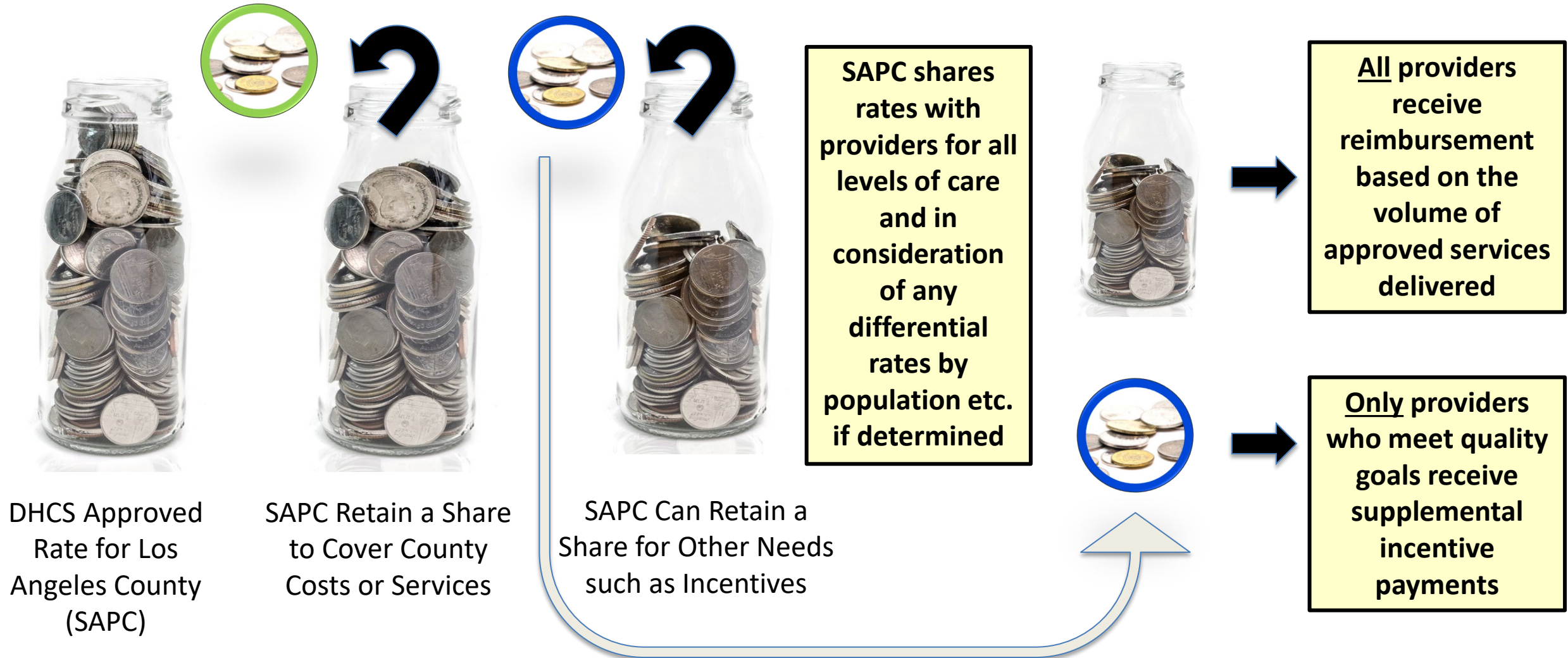
Payment Reform: FFS

- July 2023 – Approx. 2025
- Fixed FFS rate
- Volume-based (more services, more compensation)
- Contract not cost reconciled as based on State approved claims only
- No recoupments if costs are lower than rates paid
- Reinvest in program if rates higher than current costs during or after current FY

Future: Value-Based

- Approximately 2025+
- Capitation / Value-Based: Bundled rate for all services a patient needs, County and possibly providers
- Outcome-Based: Must provide enough quality-based services at right level of care to show patient improvement
- No additional payments or recoupments for losses or gains
- Invest in organization (staff, trainings, etc) to improve outcomes and avoid losses

What could this look like if DHCS sets rates sufficiently higher than current rates?



Why do the rates paid to providers matter to the County / SAPC?

For most services and levels of care, Counties are responsible for paying a share of each DMC reimbursed service with non-federal funds.

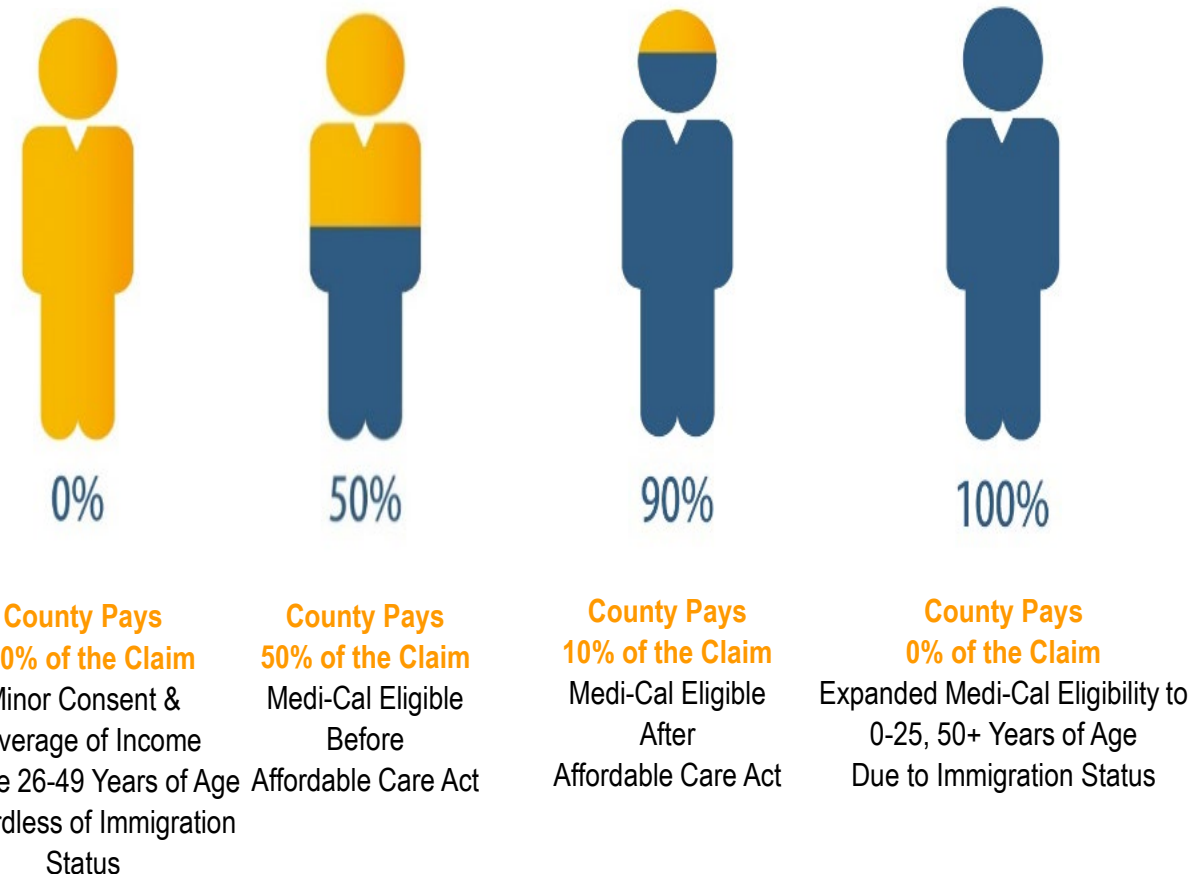
This means Counties need to set rates at a level that move the SUD system forward but are affordable given available matching funds.

Basic Medi-Cal Financing for SUD Treatment Services

Drug Medi-Cal Funding Commitment:

- Federal/State Share
- Local (LAC) Share

State/Federal Share →

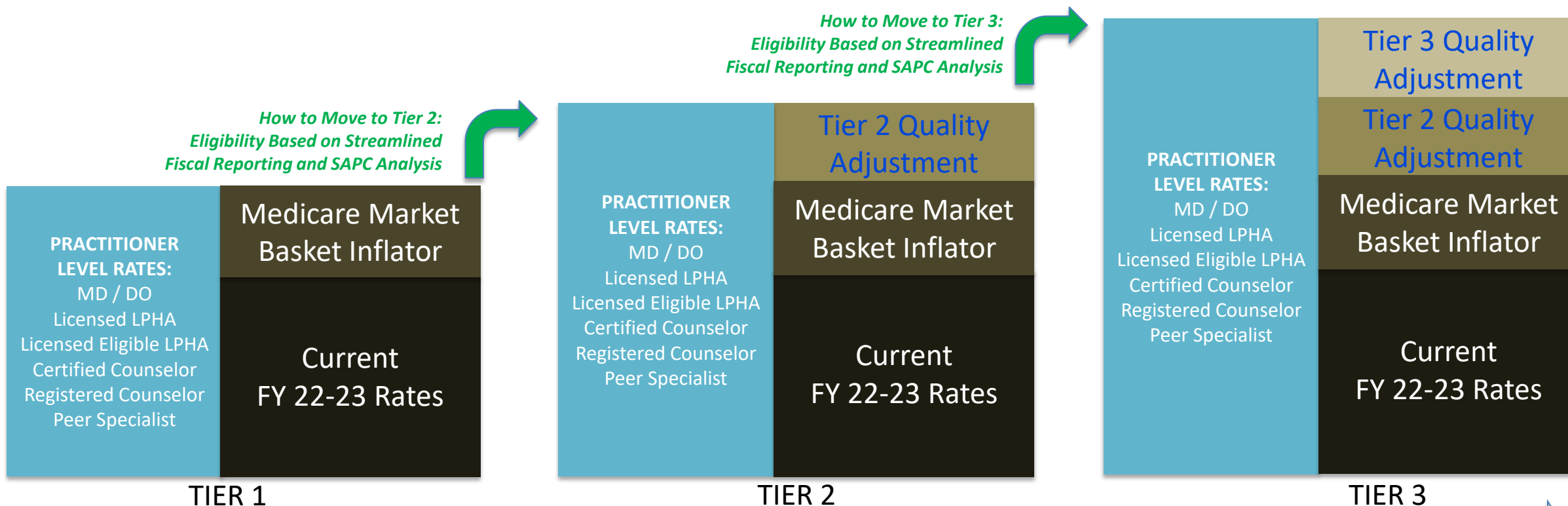


How Tiered Rates Could Work – Factoring Practitioner Level (Not to Scale 😊)

Incentives Based on
Verifying Performance Metrics

Incentives Based on
Verifying Performance Metrics

Incentives Based on
Verifying Performance Metrics



Providers that make investments that enhance care → able to move up the next tier to access higher rates

FOR MORE INFORMATION ON PAST PRESENTATIONS

- **Payment Reform Meeting – December 13, 2022**

- Presentation PDF: [Link](#)

- Presentation Video: [Link](#)

REMINDER

The payment reform provider meeting series is intended to provide a forum to discuss how rates and reimbursement is expected to change beginning July 2023. Because these discussions are happening before DHCS has provided full information on rates and DPH-SAPC has been able to fully evaluate feasibility of rates for FY 23-24 and strategies to support optimal SUD treatment services, content is considered conceptual and draft, and may change. Only when DPH-SAPC has full visibility on all DHCS rates and the impact of State decisions, can a final rates/reimbursement approach be determined.



Practitioner Level Rates Concept



NEW PRACTITIONER LEVEL RATES

Sage Fee Type	Staff Count	% of Staff
Registered SUD Counselor/Other Provider	677 Staff	50%
Certified SUD Counselor	416 Staff	31%
License Eligible - LPHA	136 Staff	10%
Licensed - LPHA	128 Staff	9%
Licensed Marriage and Family Therapist	1 Staff	0%
Total	1,358 Staff	100%

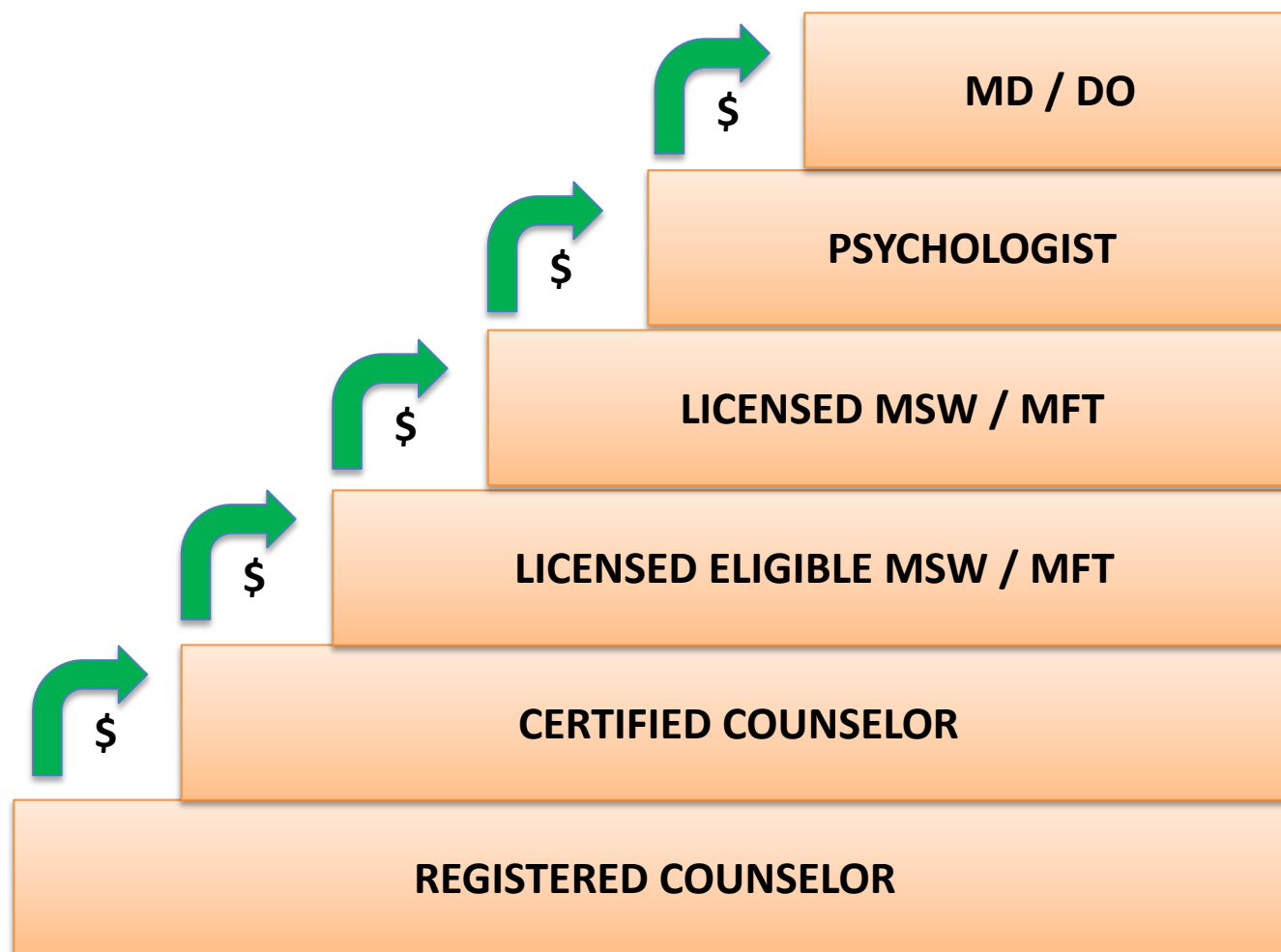
What is the mix of practitioner level(s) that deliver services at your agency?

Fiscal Year	Practitioner Disciplines	Service Count	% of Services
FY21-22	Certified SUD Counselor	266,417	38%
FY21-22	License Eligible - LPHA	50,226	7%
FY21-22	Licensed - LPHA	29,746	4%
FY21-22	Licensed Marriage and Family Therapist	131	0%
FY21-22	Registered SUD Counselor/Other Provider	347,272	50%
	Total	693,792	100%

Would higher rates allow your agency to further diversify staffing?

Above table based on all outpatient claims

Practitioner Level Rates Concept – Example



The concept is that practitioner level rates will increase based on practitioner type (orange boxes).

What are some advantages of practitioner specific rates?

- Incentivizes providers to diversify workforce that delivers direct services.
- Better supports increased costs for licensed/licensed-eligible positions.
- Creates opportunities to invest in strategies to address workforce shortages and turnover (e.g., salaries, benefits, recruitment incentives).
- Enables use of Medical Director or other MD/DO to deliver medications for addiction treatment (MAT) services.

What do outpatient practitioner specific rates mean?

Practitioner level rates are only available when the specified practitioner **DELIVERS** the **DIRECT** service.

Administrative functions (e.g., quality improvement, validating assessments, training) are **NOT** directly reimbursed and will **NOT** benefit from higher practitioner level rates.

PROVIDER DISCUSSION

- How would practitioner level rates for outpatient services change who delivers direct services?
- Would you increase the types of services provided (e.g., MAT prescribing) with practitioner level rates, if so, how?



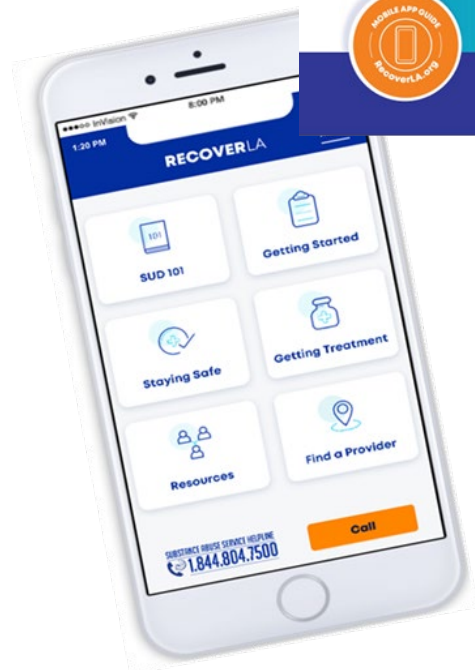
PROVIDER DISCUSSION

- Do you have other questions or comments related to this presentation?
- Do you have other questions or comments related to the 12/13/22 payment reform meeting or 1/10/23 provider meeting?



RecoverLA:

A Los Angeles County Guide to
Substance Use Disorder Prevention
and Treatment Resources



Thank You!

Visit RecoverLA.org on your smart phone or tablet to learn more about SUD services and resources, including a mobile friendly version of the provider directory and an easy way to connect to our Substance Abuse Service Helpline at 1-844-804-7500!