Fiscal Year 2025-26 Value-Based Incentives
Managing Financial Risk in Value-Based Reimbursement (1-B):
Financial Readiness Assessment and Financial Stress Test Workshop Questions
January 22, 2026 | 10:00 am – 11:30 am

Timeline, Submission, and Access

1. **February 15 falls on a Sunday—should submissions be completed by the preceding Friday?**
    - Although February 15 falls on a Sunday, submissions will be accepted through 11:59 p.m. on Sunday, February 15. There is no requirement to submit by the preceding Friday.

2. **Where can we locate the required form? It does not appear to be posted on the SAPC VBI website.**
    - A revised version of the Financial Stress Test has been circulated since the workshop. It is titled "Financial Stress Test Revised."
    - The Financial Stress Test can be located in this Box folder link..
    - It is also on the SAPC Finance and Business Operations webpage, and is directly linked here: Financial Stress Test Revised.

Baseline Period

3. **Can agencies use a partial fiscal year (e.g., FY 2025–26 year-to-date) for baseline data?**
    - Yes, there is no required timeframe when using historical data to inform your assumptions.

4. **What is considered best practice when establishing a baseline period?**
    - Review past financial statements, electronic health record (EHR) reports, or billing reports to inform your assumptions. Consider using a timeframe between six months and two years to account for any variation due to seasonality.

5. **Should baseline data be based solely on LA County, SAPC DMC-ODS revenue and expenses, or should it also include other County contracts and commercial insurance?**
    - The submission requires only LA County, SAPC DMC-ODS data to complete the *Assumptions* tab, which includes the Baseline, Scenario 1, and Scenario 2.

Revenue Inclusion and Categorization

6. **Should I only include SAPC DMC-ODS funding? Or should I include other revenue sources? If so, should revenue streams outside of SAPC funding be included under "Other Revenue" (e.g., thrift stores, catering, social enterprise activities)?**
    - You must include SAPC DMC-ODS funding. While there is no requirement to include other revenue sources, feel free to include them if it helps you make sense of the exercise internally.

7. **Should Value-Based Incentives (VBI) revenue and the associated expenses be included in the Financial Stress Test?**
    - For the purposes of the Financial Stress Test, it is recommended to leave out future anticipated revenue, such as VBI incentive revenue.

8. **Should revenue generated by Peer Support Specialists be included?**
    - Yes, for the purposes of the Financial Stress Test, please include it as an Other Revenue line item due to its relevance to DMC-ODS operations.

9. **Where should MAT units be reflected if the program is not an OTP/NTP—under Outpatient or another category?**
    - MAT revenue data should be included in the Level of Care under which MAT services were provided.

10. **How do you pull care coordination revenue from Sage PCNX?**
    - Care Coordination revenue can be obtained using the **Contract Performance Report** and filtering for Care Coordination Services codes.
        i. **Contract Performance Report Guidance:** please review the DMC Fiscal Tool Meeting Recording and the DMC Fiscal Reporting Tool Meeting PowerPoint.
        ii. Please note that although the Contract Performance Report is not inclusive of all Care Coordination Services codes, for the purpose of the Financial Stress Test, it can provide an estimate.
    - Alternatively, the **KPI Dashboard Payment Reconciliation View sheet** can also be used to obtain Care Coordination revenue data.
        i. Please review the Payment Reconciliation View Job Aid for further guidance.
    - **Care Coordination Services codes** can be found in the FY 25-26 Rates Matrix v1.2 - Provider Facing.

Expenses and Cost Assumptions

11. **Are all expenses included in order to assess overall financial impact?**
    - For the purpose of the exercise, not all expenses are included, and the scenario analysis may not accurately represent full DMC operations. This exercise focuses primarily on personnel-related expenses.

12. **Is "average salary" intended to be annual or monthly?**
    - Annual.

Assumptions, Definitions, and Clarity

13. **Can you clarify the definition of the Productivity Assumption vs Client Utilization Rate?**
    - **Productivity Assumption** is the total estimated number of units billed per week by modality. This should include any relevant license/certification type, all locations, and any sub-program providing SUD services.
    - **Client Utilization Rate** is the average number of units billed per client over a year. This is used to calculate annual client volume and related metrics like cost-per-client.

        Here's a sample calculation:

Total Productivity = 1,000 units billed
Client Utilization Rate = 100 units per year, per client
Annual client volume = 1,000 / 100 = 10 clients

14. **Can you clarify the difference between "current state" and "assumptions"? Is an assumption a projection or based on year-to-date actuals?**
    - **Current State** refers to the baseline data and existing operations as they currently stand, based on actual, year-to-date information.
    - **Assumptions** refer to inputs used for Scenario 1 and Scenario 2. Because these scenarios are **hypothetical**, the assumptions are projections informed by actual data, rather than purely historical figures.

15. **Can I change the 50 weeks to something else? For my organization, it's closer to 43.**
    - Yes, adjust working weeks as needed.

Units, Levels of Care, and Rates

16. **Which unit types (e.g., individual, group, assessment) should be included in the Assumptions tab? Should all units for a level of care be included?**
    - All types listed above should be included.

17. **For outpatient: should utilization be aggregated across multiple locations or reported separately? For residential: should utilization be based on total beds, budgeted census, or actual bed utilization?**
    - Please aggregate assumptions across all locations and base them on actual utilization.

18. **Why are care coordination services separated out?**
    - For the purposes of the Financial Stress Test, care coordination services are separated to complete the assumptions and questions for Scenario 2: 10% performance-based withhold of care coordination payments. This also highlights care coordination services as a revenue stream. Provider agencies may provide SUD services without necessarily billing for care coordination.

Blended Rates and Weighting

19. **What is meant by a "blended rate"?**
    - A **blended rate** is the **weighted average reimbursement rate** calculated across locations and provider license/certification types.

20. **How is the reimbursement rate defined and calculated?**
    - The reimbursement rate is the amount paid per unit of service, which can be located in the FY 25-26 Rates Matrix v1.2 - Provider Facing.

Scenario Design and Methodology

21. **How were the Financial Stress Test scenarios selected?**
    - The two hypothetical scenarios were selected to represent different types of financial risk drivers in health care.

- **Scenario 1** models an operational risk driver: a 20% reduction in staff productivity, which could result from workforce turnover, onboarding time, workflow disruptions, or client utilization declines among other factors.
- **Scenario 2** models a payment and revenue risk driver. It applies a 10% performance-based withhold to care coordination payments and builds on an existing VBI metric—specifically, that 30% of clients discharged are referred to and admitted to another level of SUD care within 30 days of discharge.

22. Does Scenario #2 reflect how more mature Alternative Payment Models (APMs) are typically structured?

- Scenario #2 reflects several core features commonly seen in more mature APMs across health care, including:
    i. A defined portion of payment is placed at risk through a performance-based withhold.
    ii. Clear, measurable performance criteria tied to care coordination and continuity of care.
    iii. Financial accountability is linked to outcomes rather than volume alone.