

Mastering the Value of Care Equation: Real Examples from Providers Who Have Made the Change



Presented by:

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Experience –

Improving Quality in the Face of Healthcare Reform

“Working to help organizations deliver the highest quality care possible, while improving the quality of life for those delivering the care!”

- ▶ MTM Services’ has delivered consultation to over 800 providers (MH/SA/DD/Residential) in 46 states, Washington, DC, and 2 foreign countries since 1995.

- ▶ **MTM Services’ Access Redesign Experience** (*Excluding individual clients*):
 - 5 National Council Funded Access Redesign grants with 200 organizations across 25 states
 - 7 Statewide efforts with 176 organizations
 - Over 5,000 individualized flow charts created

- Leading CCBHC Set up and/or TA efforts in 5 states





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Shift in Payment Model...

1. As parity and national integrated healthcare provided under the Affordable Care Act (ACA) are implemented, new models of “shared risk” funding are being introduced.
2. A shift by payers such as Medicaid, Medicare and Third Party Insurance from “**paying for volume**” to “**paying for value**” provides a significant challenge for CBHOs.
3. Ability of all staff to develop a **dynamic tension between “quality” and “cost”** as if they are on a pendulum
4. A large majority of CBHOs do not have an ongoing awareness of their cost of services or cost of processes involved in the delivery of services (i.e., “What is your cost and time to treatment?”)



The “Values” that Community BH Clinics Now Need...

- Community Behavioral Health Clinics (CBHCs) have an excellent opportunity to be helpful partners in the new integrated healthcare system *if* they can display the following specific *values*:
 1. **Be Accessible (Provide fast access to all needed services).**
 2. **Be Efficient (Provide high quality services at lowest possible cost).**
 3. **Be Connected (Have the ability to share core clinical information electronically).**
 4. **Be Accountable (Produce measurement information about the clinical outcomes achieved).**
 5. **Be Resilient (Have ability or willingness to use alternative payment arrangements).**



“Value” of Care Equation

1. **Services provided** – Timely access to clinical and medical services, service array, duration and density of services through Level of Care/Benefit Design Criteria and/or EBPs that focuses on population based service needs
2. **Cost of services** provided based on current service delivery processes by CPT/HCPCS code and staff type
3. **Outcomes achieved** (i.e., how do we demonstrate that people are getting “better” such as with the DLA-20 Activities of Daily Living)
4. **Value is determined** based on can you achieve the same or better outcomes with a change of services delivered or change in service process costs which makes the outcomes under the new clinical model a better value for the payer.





Which Would
You Choose?

Photo Credit:
Scott Lloyd Photography



Top Costing Failure Points -

- Dividing costs by 2080 hours
- Not including all of your costs
- Using overhead percentages instead of actual costs
- Looking at expected revenue instead of actual revenue
- Including monies outside of *At Risk Funding*

Do You
Actually
Know your
Costs?



Costing Methodology Review:

Actually Understanding your Costs!

Let's Do the Math!

$$\text{\$40,000} / 2080 \text{ Hours} = \text{\$19.23} \text{ An Hour}$$

$$\text{\$30} = \text{\$10.77}$$

Per Hour Margin Per Hour??

$$\text{\$30} \times 1200 \text{ Hours} = \text{\$36,000}$$

Do You
Actually
Know your
Costs?

Our Costing Methodology Defined –

Total Cost for Service Delivery

- Direct Service Staff Salary
- Direct Service Staff Fringe Benefits
- Non-Direct Costs (All other costs)

Total Revenue for Service Delivery

- Net Reimbursement actually Attained/
Deposited. *(This takes into account
Denial Rate, Self Pay, Sliding Fee Scale, etc.)*

- Divided By -

Total Billable Direct Service Hours Delivered **

- All Direct Service Hours Delivered by Direct Service Staff that are eligible to be billed via a CPT Code or against a Grant.

** Utilizing the common denominator of total Billable Direct Service Hours instead of total hours worked per year assures an apples to apples comparison of an organization's true cost versus revenue per direct service hour.

Do You
Actually
Know your
Costs?



A Case Study –

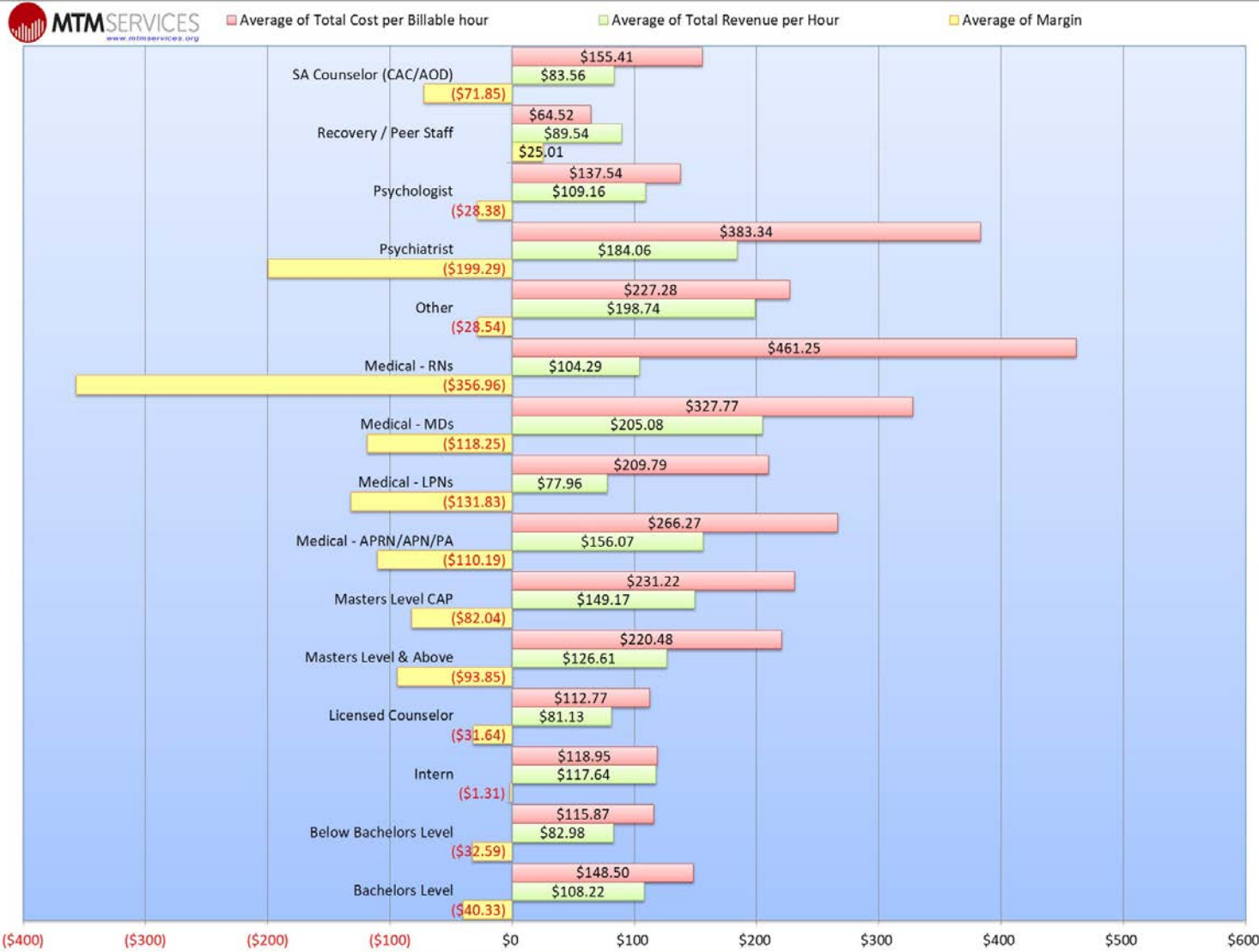
The Association of Community Mental Health Centers of Kansas, Inc.



ACMHCK History –

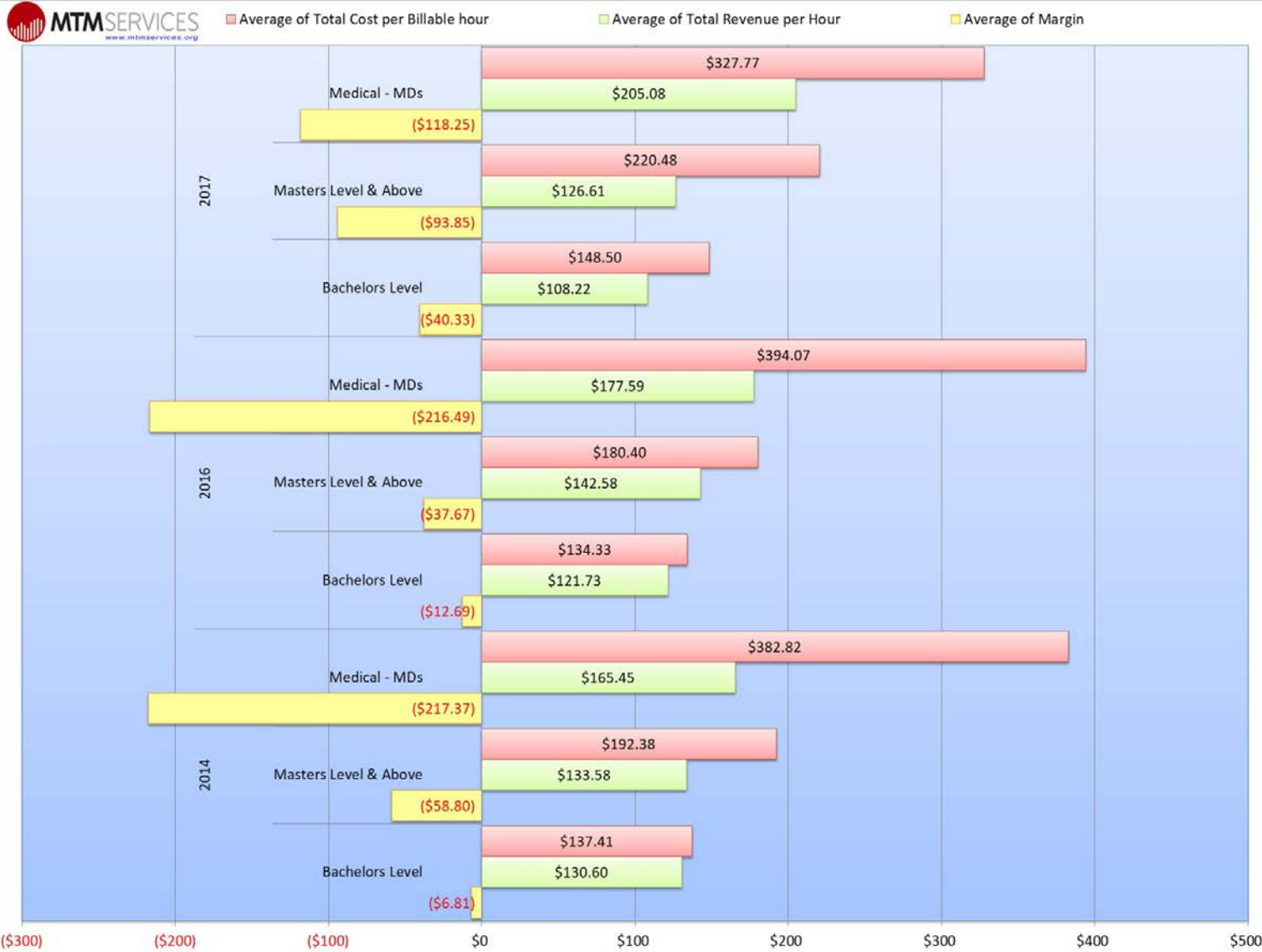
3 MCO's were brought into the state in 2013 to set up a competitive process. The original thought was that not all of them would survive, but all three are still there and operating. The centers in Kansas have taken very proactive steps to work with the MCOs and to protect what they feel is clinically appropriate for their consumers.





ACMHCK – Establishing a Solid Costing Reality



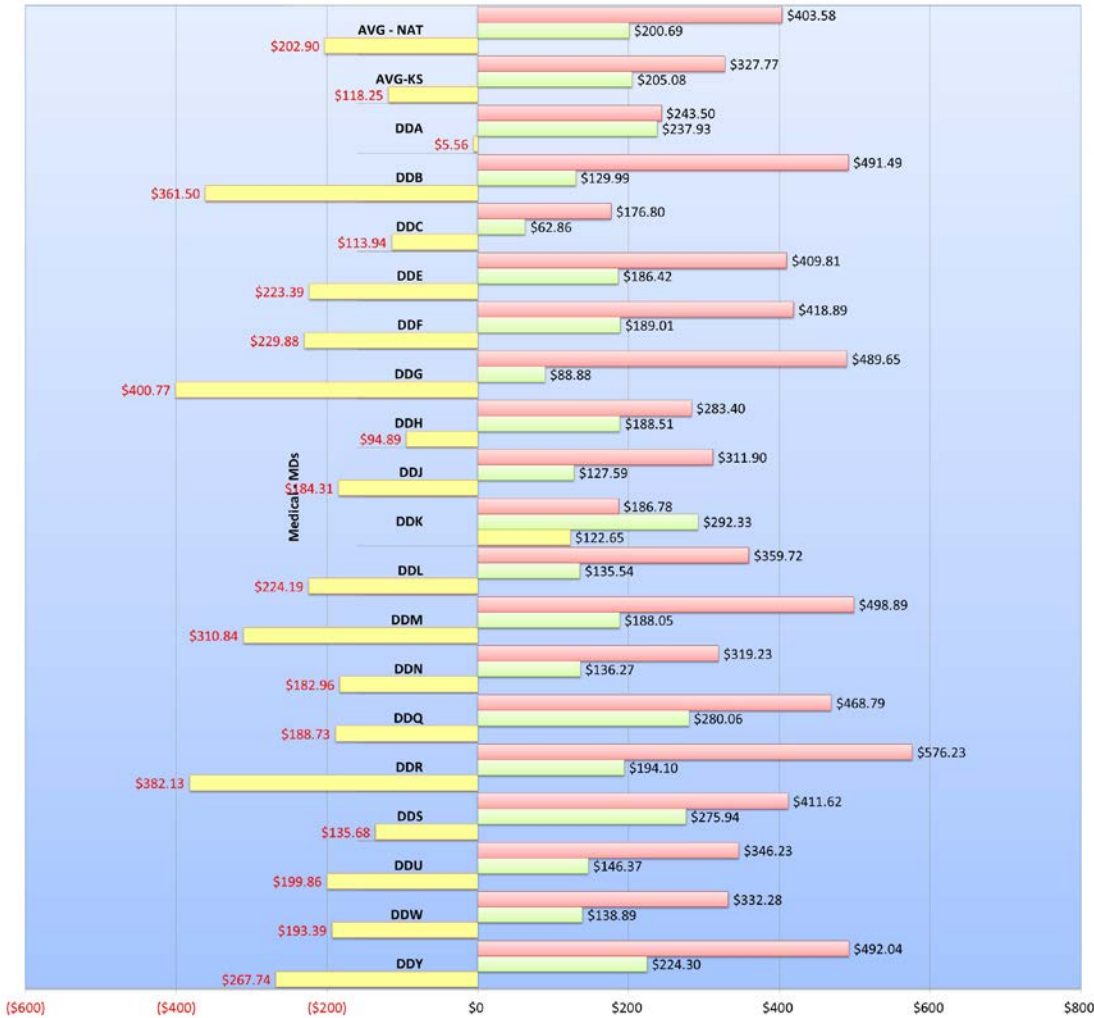


ACMHCK – Costing Comparisons by Year





Average of Total Cost per Billable hour Average of Total Revenue per Hour Average of Margin



Margin Comparisons by Center / National



A Case Study Continued –

How the Data has been utilized by The Association of Community Mental Health Centers of Kansas, Inc.



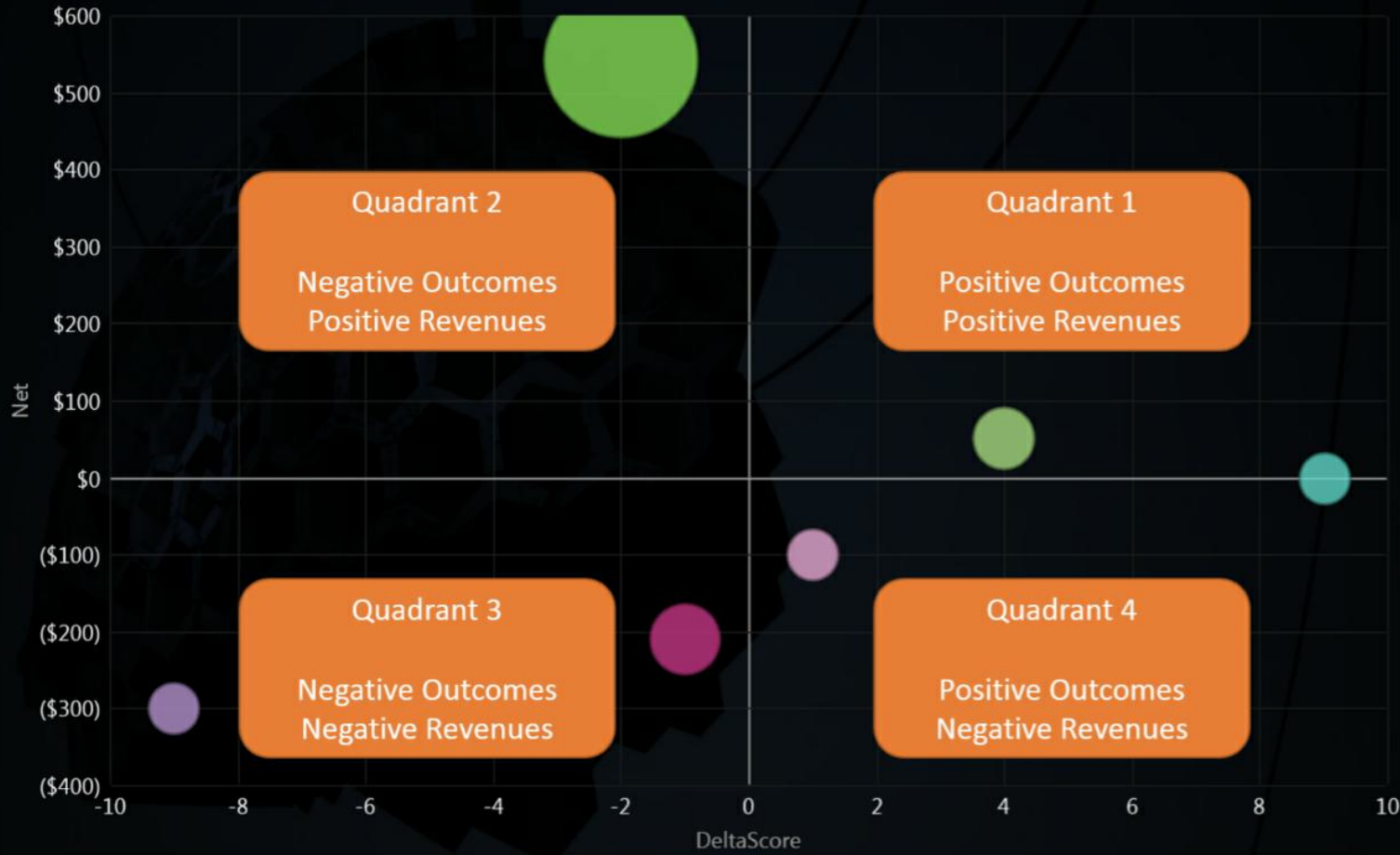
Presented by:

Mike Garrett, M.S., LCP
Chief Executive Officer
Horizons Mental Health Center



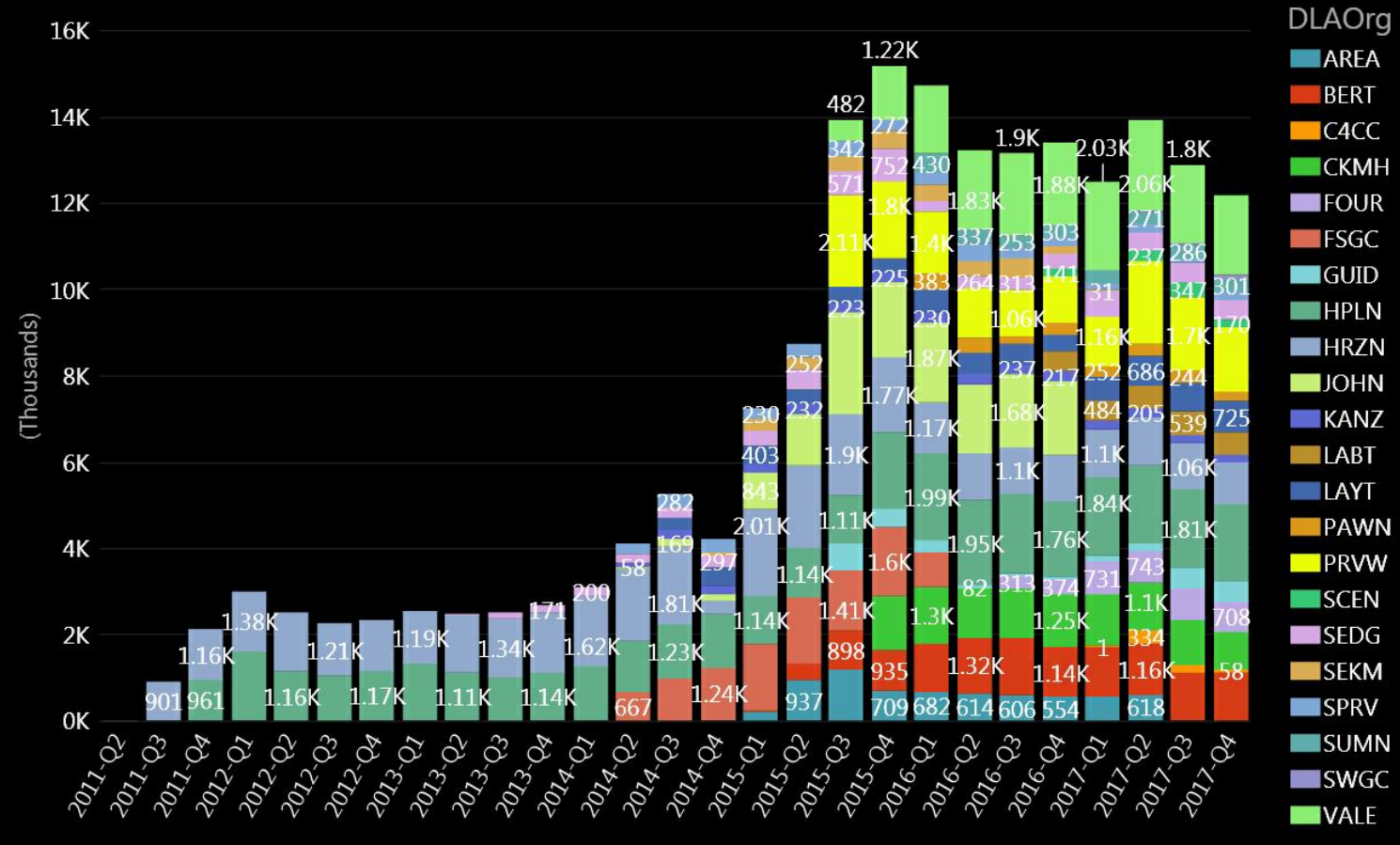


Value of Care Stratification



2C. DLA Administrations Timeline

DLA Administrations by DLA Quarter, and DLA Org





Level of Care # 3	SERVICE	AMOUNT	AVERAGE COST
<u>Typical Length of Services:</u> 1 to 3 Years (Reassessed every 90 days)			
<u>Indicators of Level:</u> <ul style="list-style-type: none"> Qualifying DSM 5 Diagnosis (Z codes excluded) AND DLA-20: 41 – 50 OR 4 DLA areas scored at 3 or lower mGAF: 41– 50 with 1-4 serious areas of disturbance 	1. Diagnosis/Assessment	<ul style="list-style-type: none"> Maximum of 2 contacts 	
	1. Crisis Interventions	<ul style="list-style-type: none"> As medically necessary 	
	1. Counseling/Psychotherapy	<ul style="list-style-type: none"> Individual: Up to 12 sessions per 90 days AND/OR Family Therapy: Up to 12 sessions per 90 days AND/OR Group: Up to 12 sessions per 90 days Maximum of 36 total sessions 	
	1. Medication/Somatic Services	<ul style="list-style-type: none"> 4-6 contacts per 90 days 	
<u>Program-specific Criteria:</u> <ul style="list-style-type: none"> Evaluation for SPMI Evaluation for Psych Rehab (PR) 	1. Community Support Services (CSS)/SPMI	<ul style="list-style-type: none"> CPST TCM Psychosocial Individual Psychosocial Group Peer Support Attendant Care Combination of up to 20 hours per week of eligible CSS services 	
<u>Possible Descriptors:</u> <ul style="list-style-type: none"> Prior history of hospitalizations - past 2 years No imminent danger to self or others Moderate structure and supports in his/her life Everyday functioning is seriously impaired, meaning serious impairment in work, school, stable housing, relationships, law - or - Serious impairment in judgment, thinking, mood, anxiety - or - Serious impairment due to anxiety, other symptoms (hallucinations, delusions, severe obsessional rituals), passive suicidal ideation Potential for compliance fair to good Acute stabilization may be needed 	<u>Transition/Discharge Criteria:</u> <ul style="list-style-type: none"> Stable on medications Self-administers meds Means of obtaining meds when discharged Community integration Community support Medical needs addressed Moderate symptoms Moderate impairments in functioning Client is goal directed Employed or otherwise consistently engaged (volunteer, etc.) Client has a good understanding of illness Family or significant other(s) understand and support the client and the illness 		

CMHC Benefit Package Design – Level of Care Guidelines

Adult Services



Level of Care # 3	SERVICE	AMOUNT	AVERAGE COST
<u>Typical Length of Services:</u> 1 to 3 Years (Reassessed every 90 days)			
<p><u>Indicators of Level:</u></p> <ul style="list-style-type: none"> Qualifying DSM 5 Diagnosis (Z codes excluded) AND CAFAS total score of 50-90 or 30 on one subscale PECFAS total score of 50-90 or 30 on one subscale for children under 6 years of age <p><u>NOTE:</u> SED waiver patients will be managed independently of LOC system</p>	1. Diagnosis/Assessment	<ul style="list-style-type: none"> Maximum of 2 contacts 	
	1. Crisis Interventions	<ul style="list-style-type: none"> As medically necessary 	
	1. Counseling/Psychotherapy	<ul style="list-style-type: none"> Individual: Up to 12 sessions per 90 days AND/OR Family Therapy: Up to 12 sessions per 90 days AND/OR Group: Up to 12 sessions per 90 days Maximum of 36 total sessions 	
	1. Medication/Somatic Services	<ul style="list-style-type: none"> 4-6 contacts per 90 days 	
	1. Psychiatric Rehab Services	<ul style="list-style-type: none"> CPST TCM Psychosocial Individual Psychosocial Group Attendant Care Combination of up to 12 hours per week of eligible CBS services 	
<p><u>Program-specific Criteria:</u></p> <ul style="list-style-type: none"> Evaluation for SED/CBS 			
<p><u>Possible Descriptors:</u></p> <ul style="list-style-type: none"> Possible history of hospitalizations in past 2 years & may need stabilization Impaired structure and supports in his/her life, e.g., includes situational loss Everyday functioning in school or in residence is <u>moderately to seriously impaired</u> (e.g., school refusal/anxiety, unable to stay in school, or failing school, or unable to function safely) Serious impairment in relationships with friends (e.g., very few or no friends, or avoids current friends); Problems with the law (e.g., shoplifting, arrests) or frequent episodes of combative, aggressive, antisocial behavior. 1-3 Serious Symptoms from the following list: <ul style="list-style-type: none"> Serious impairment in judgment (incl. inability to make safe decisions, confusion, disorientation) Serious impairment in thinking (incl. ruminations, rituals, constant preoccupation w/ thoughts, distorted body image, paranoia) Serious impairment in mood (incl. constant depressed mood, passive suicidal ideation or agitation, or manic mood) Serious impairment due to anxiety (panic attacks, overwhelming anxiety). Other symptoms: delusions, or obsessional rituals 		<p><u>Transition/Discharge Criteria:</u></p> <ul style="list-style-type: none"> Psychiatric symptoms & behavior & functioning have improved and a less intensive level of care is appropriate. Satisfactory effectiveness with prescribed Medications Family/Self Administers Medications Private Means of obtaining medications if discharged School, Community integration/support Medical needs addressed Stabilized residence Client is goal directed; Attending school, work Family/Client has better understanding of illness 	

CMHC Benefit Package Design – Level of Care Guideline

Child and Adolescent Services

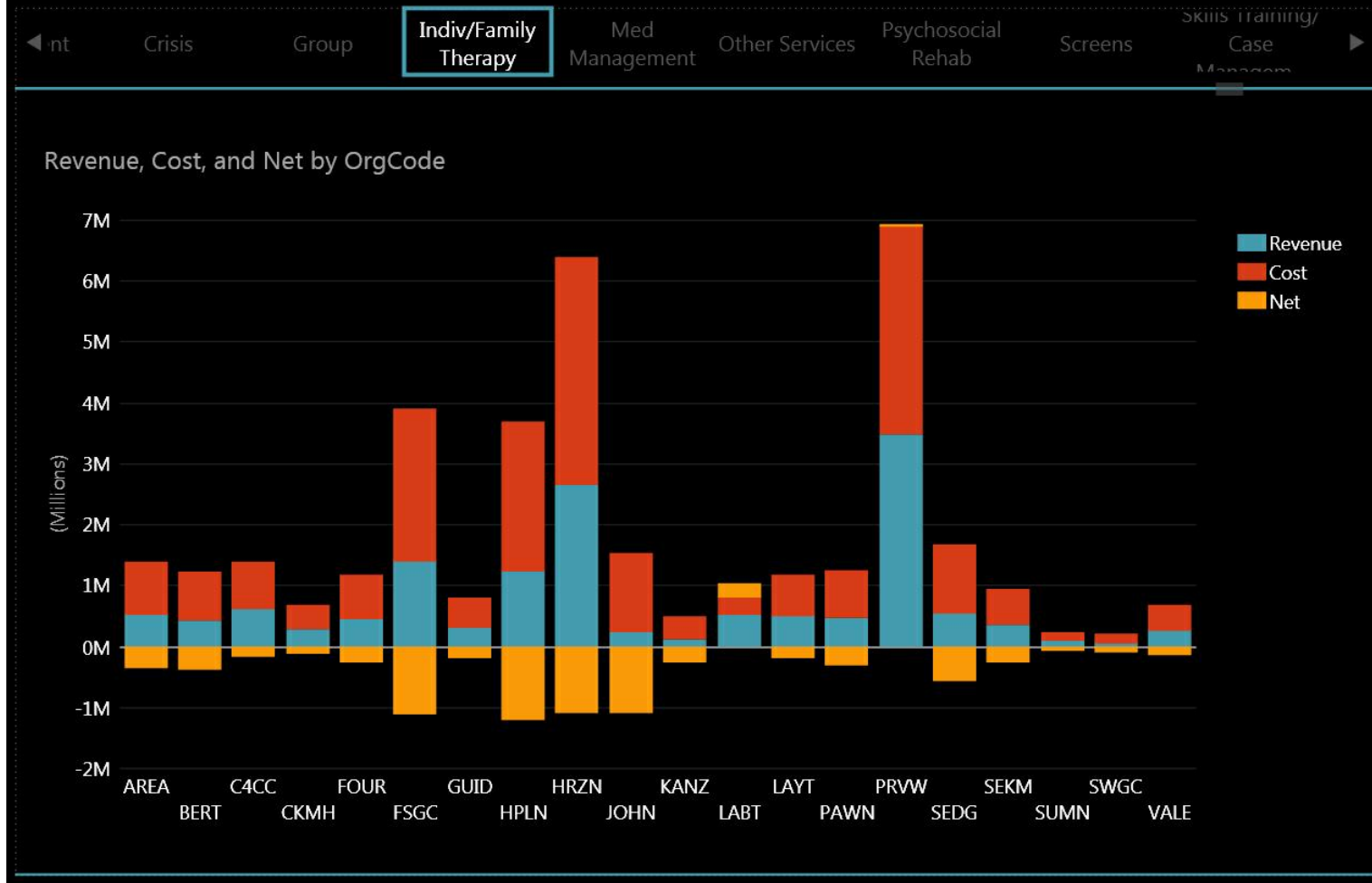
2F. Outcomes Scoreboard

HRZN DLAOrg	LOC 1 LevelofCare	137 DLACases	182 DLAAdministrations	62.94 AvgDLA	0.10 DeltaScore	1.33 DLADensity
HRZN DLAOrg	LOC 2 LevelofCare	843 DLACases	1235 DLAAdministrations	54.63 AvgDLA	0.54 DeltaScore	1.47 DLADensity
HRZN DLAOrg	LOC 3 LevelofCare	1318 DLACases	2039 DLAAdministrations	45.74 AvgDLA	0.39 DeltaScore	1.55 DLADensity
HRZN DLAOrg	LOC 4 LevelofCare	492 DLACases	713 DLAAdministrations	36.82 AvgDLA	0.40 DeltaScore	1.45 DLADensity
HRZN DLAOrg	LOC 5 LevelofCare	57 DLACases	69 DLAAdministrations	27.74 AvgDLA	0.56 DeltaScore	1.21 DLADensity

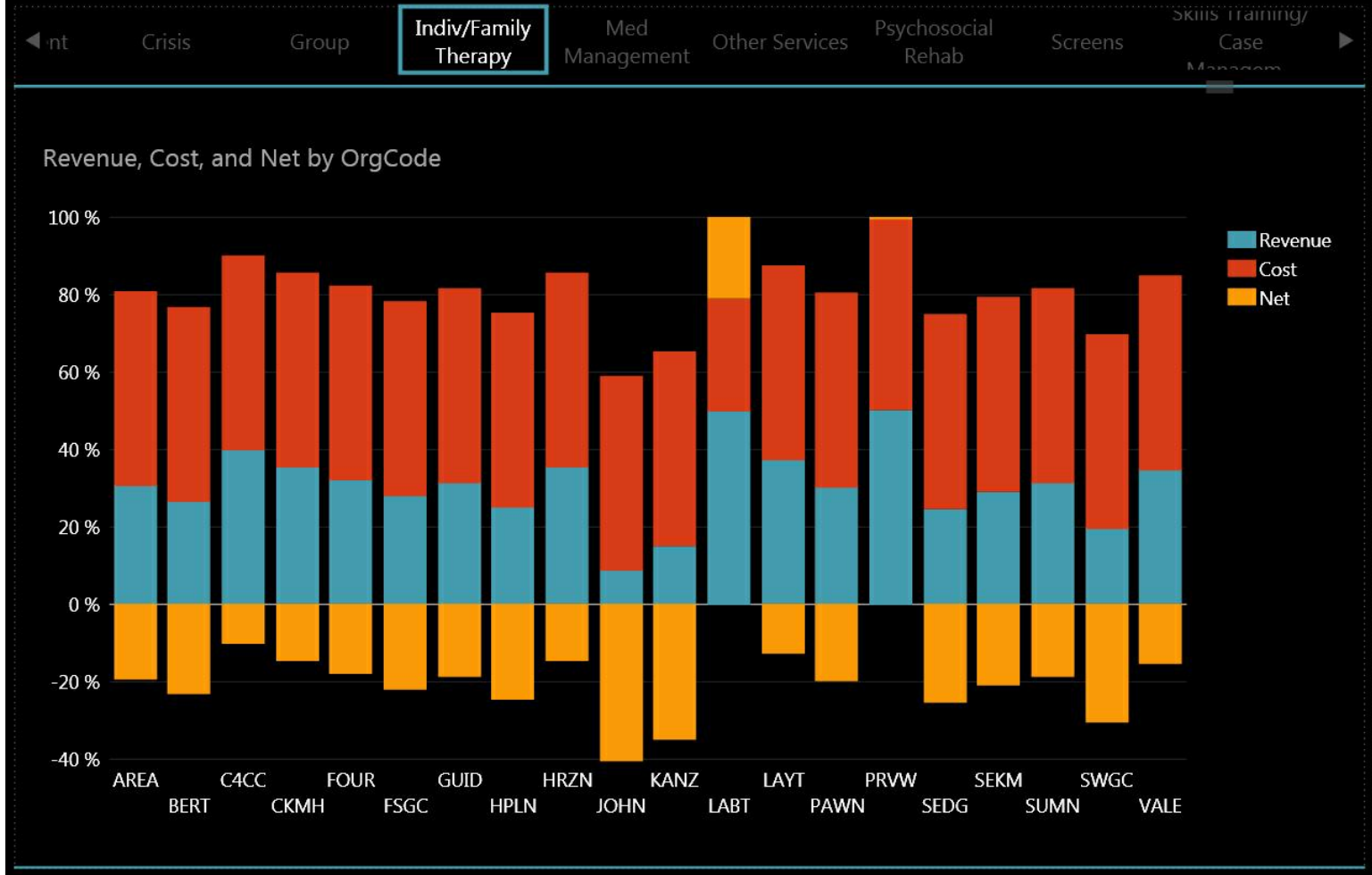
DLACases, DLAAdministrations, and StDevDLA by LevelofCare



E1. Applied Cost and Revenue - Services

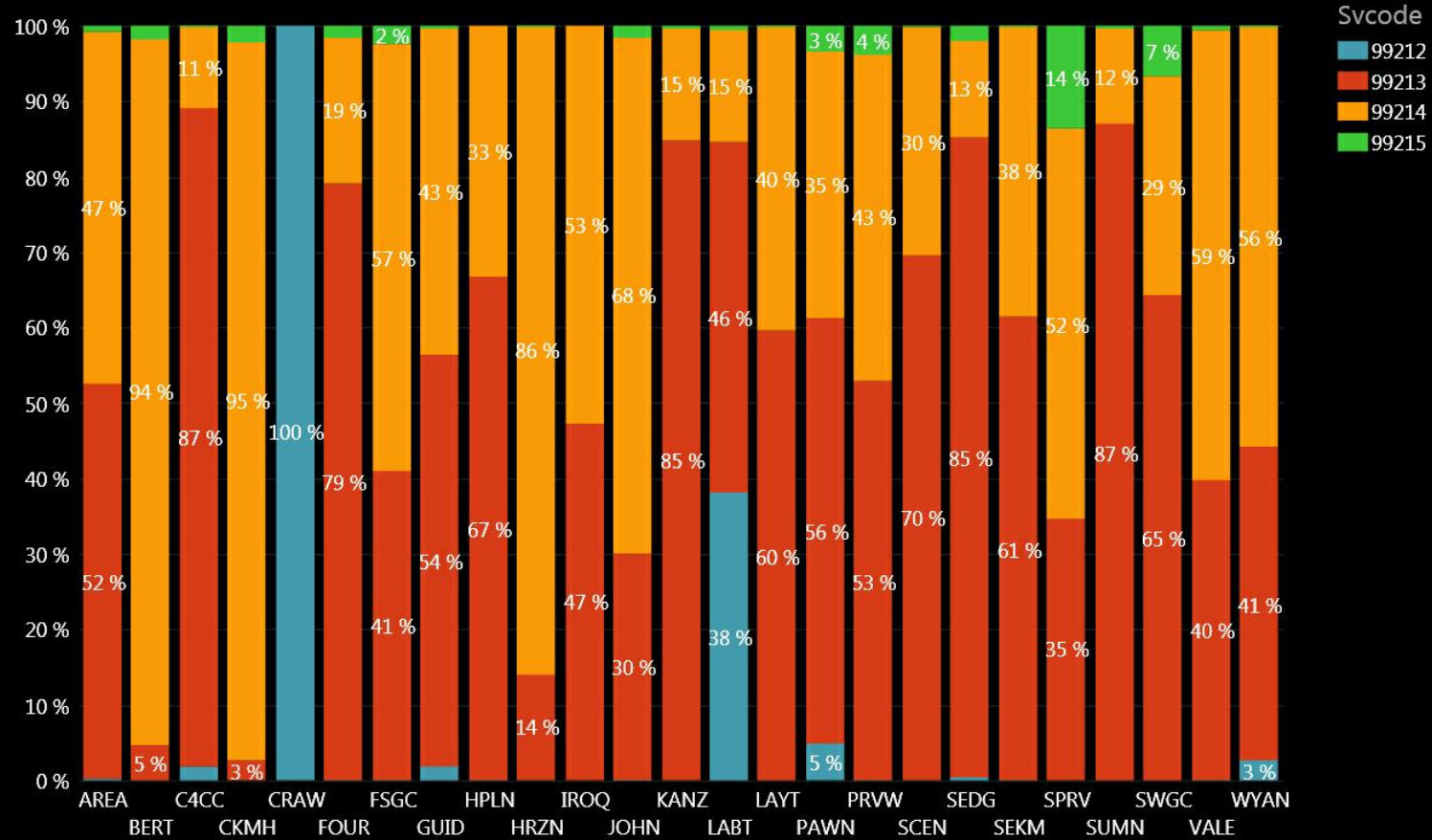


E1a. Applied Cost and Revenue - Services Pct



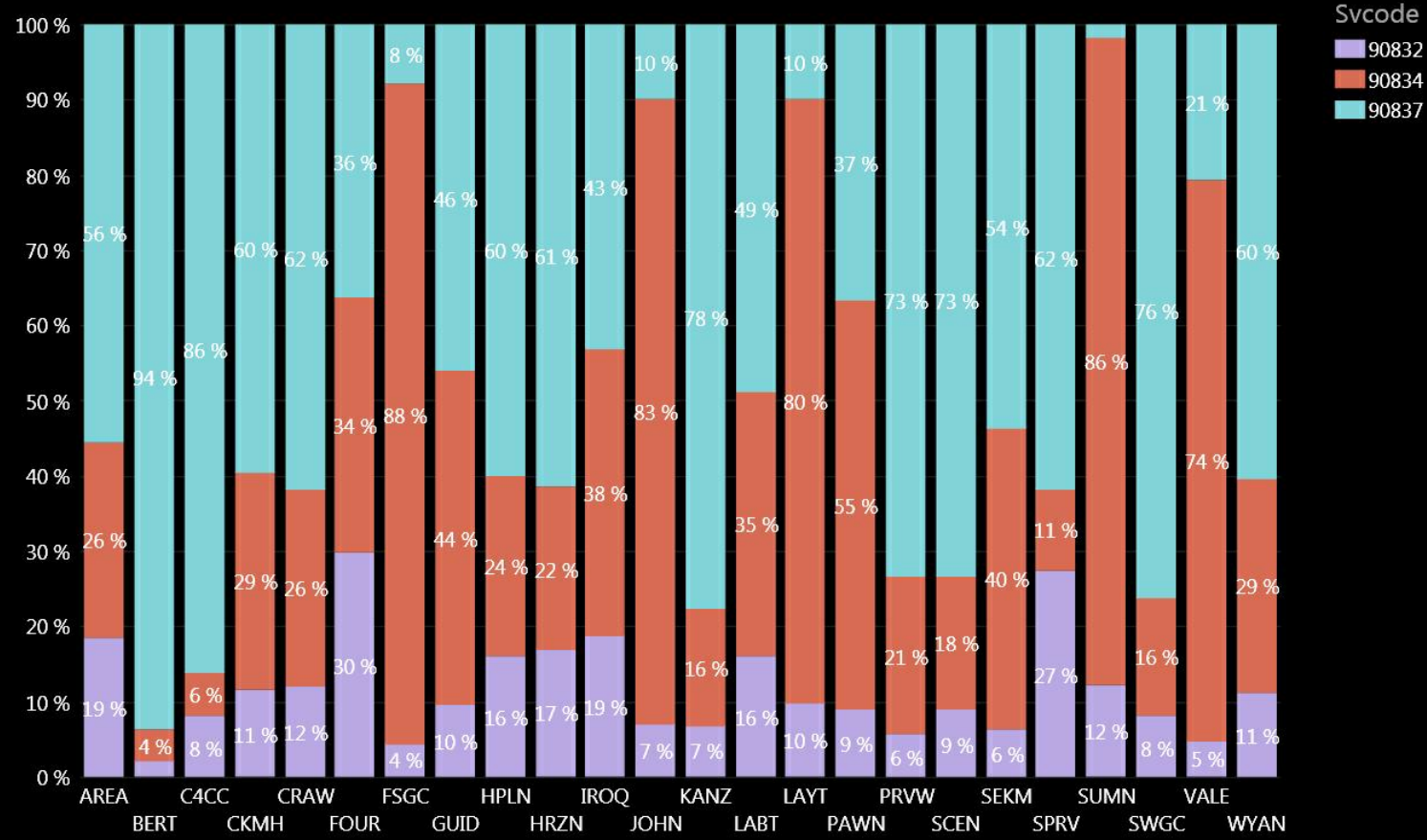
D1. Comparative Events I

Events by OrgCode, and Svcode



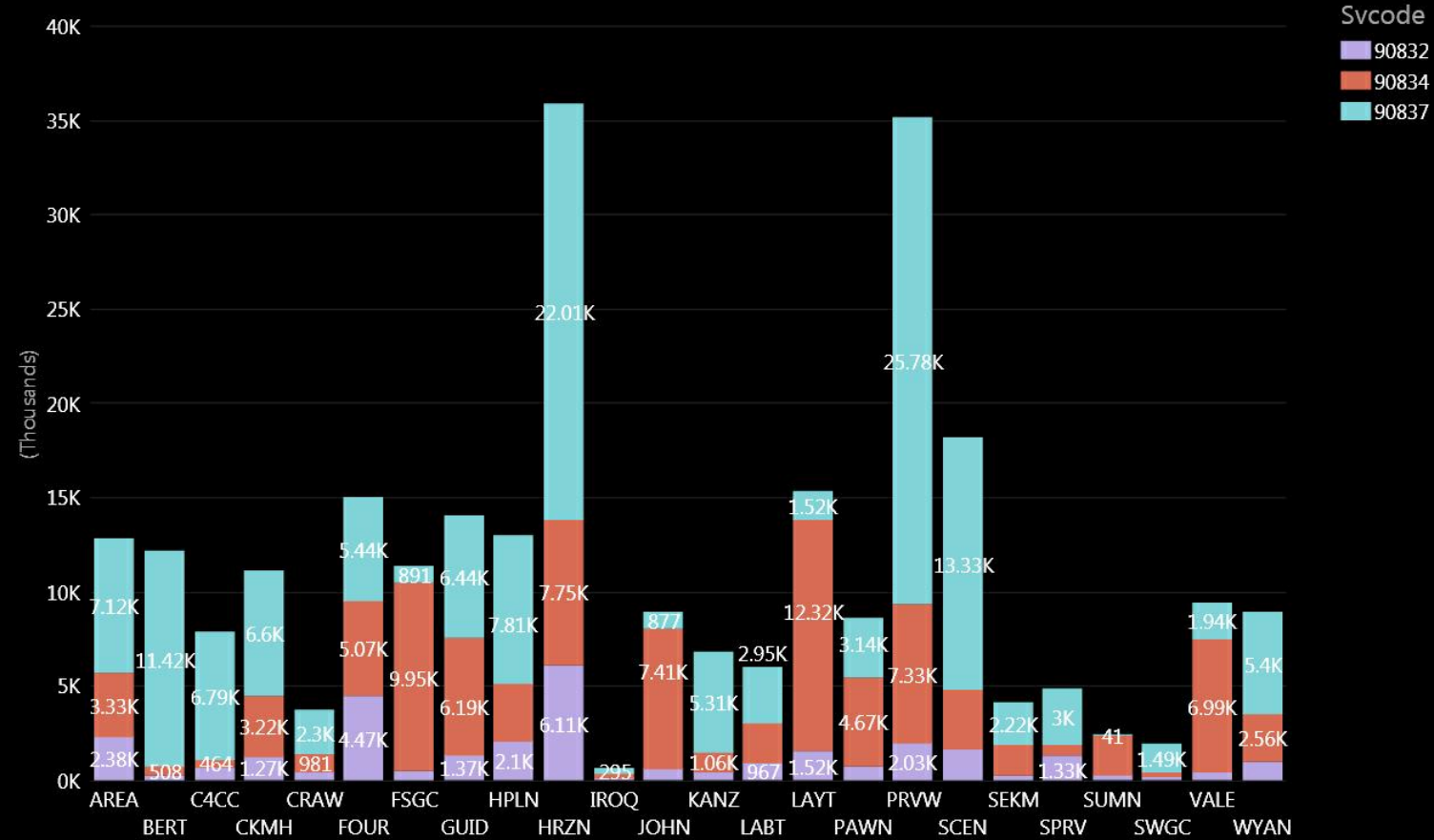
D1a. Comparative Events I

Events by OrgCode, and Svcode



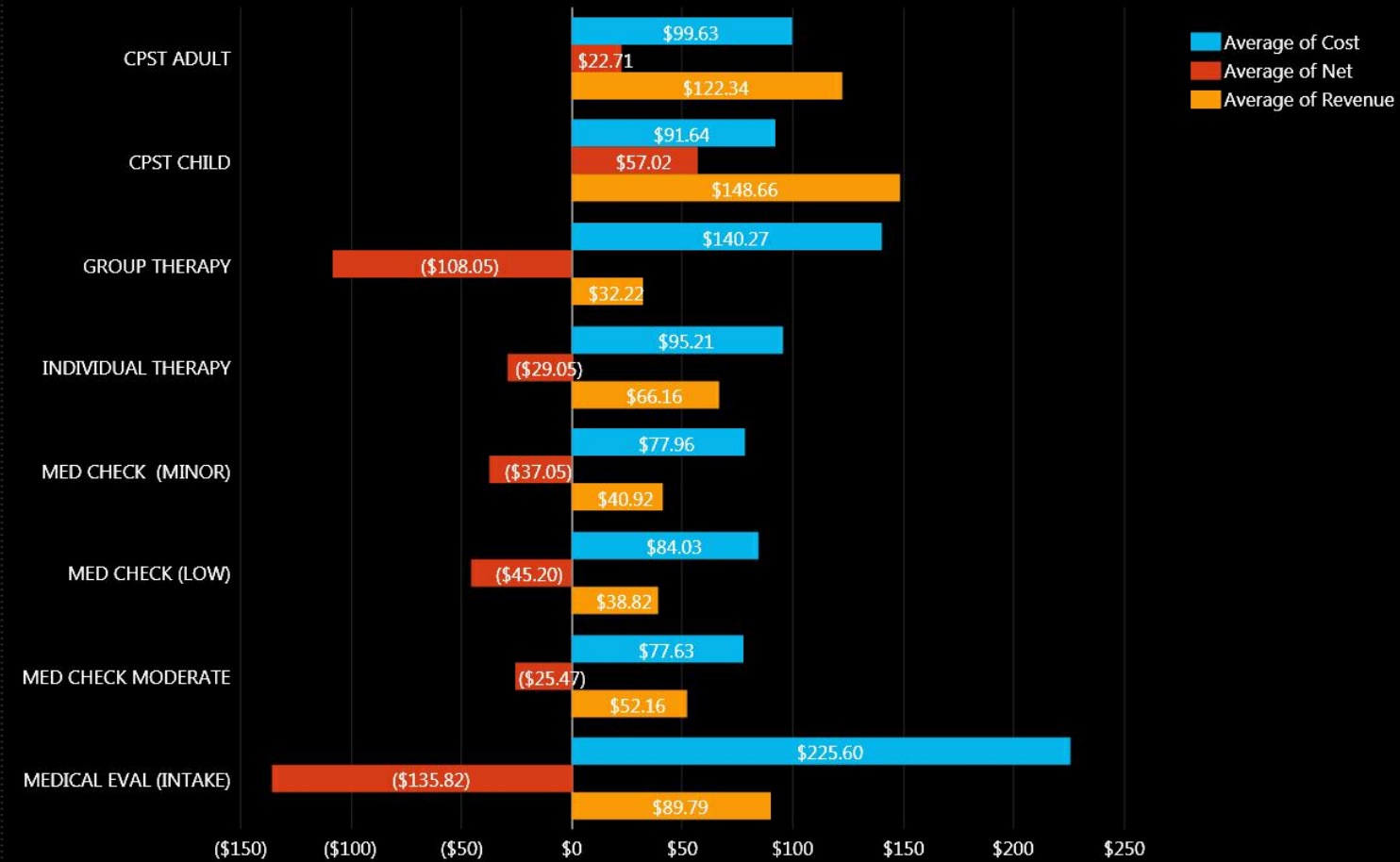
D1b. Comparative Events II

Events by OrgCode, and Svcode



2Da. Product Line Average Costs and Revenues

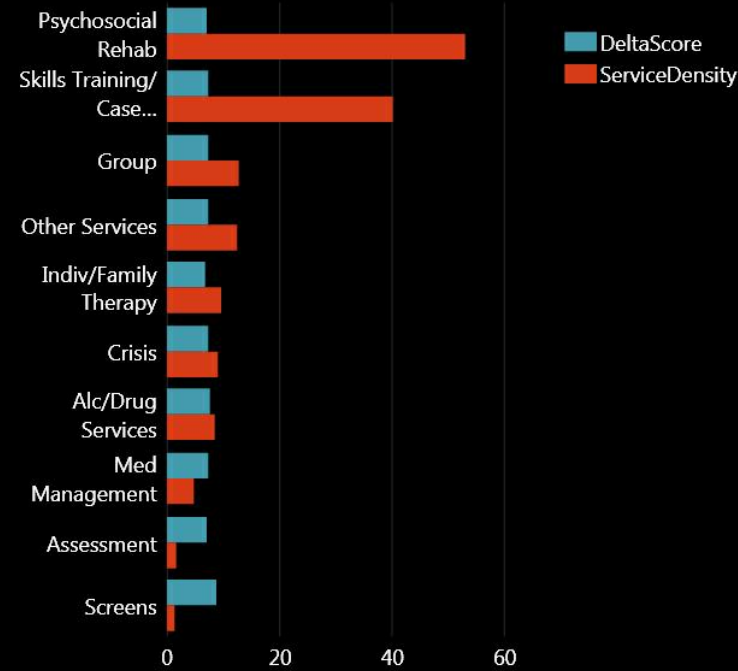
Average of Cost, Average of Net, and Average of Revenue by Service



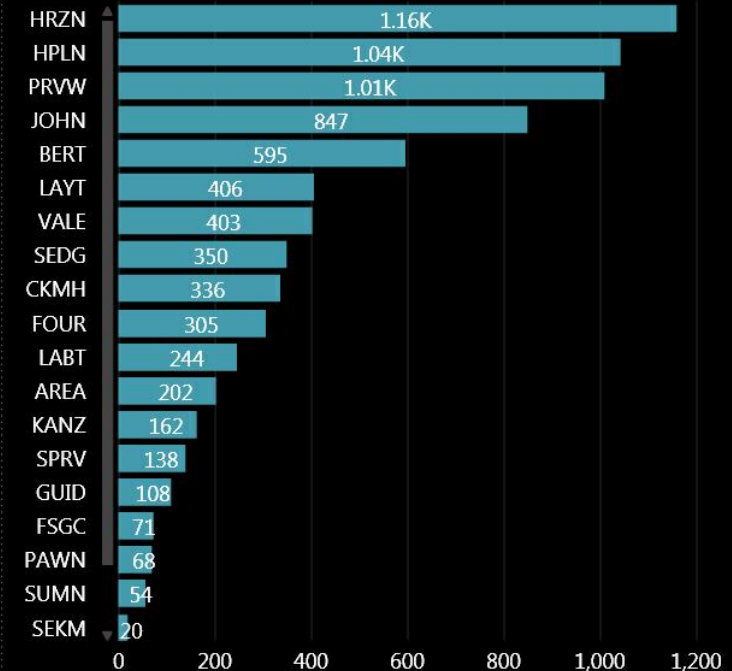
3h. Characteristics of Success

ValueStatus	Persons	Events	SumCtime	AvgCostPerson	AvgCaseNet	ServiceDensity
Quadrant 1	645	27,480	38,774.35	\$4,948.68	\$1,282.40	42.6
Quadrant 4	6,888	216,292	215,167.13	\$3,083.17	(\$1,190.63)	31.4
Total	7,533	243,772	253,941.48	\$3,242.90	(\$978.88)	32.4

DeltaScore, and ServiceDensity by Service



Persons by OrgCode



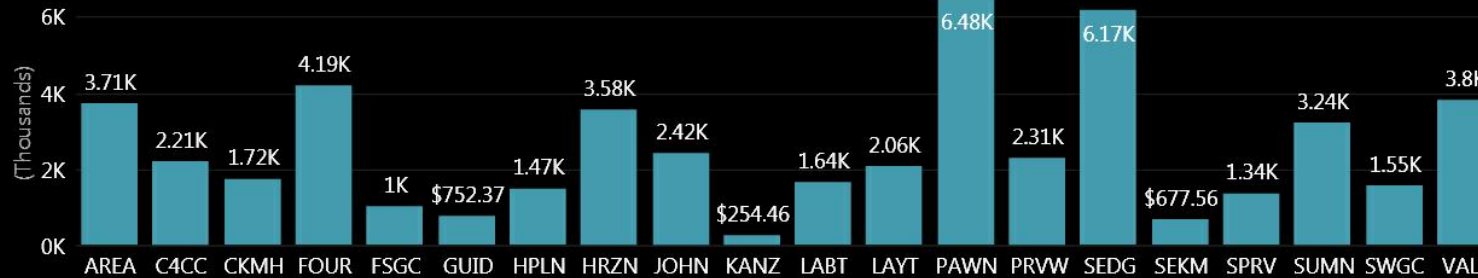
3i. Comparative Outcomes and Costs

Events	Persons	Cost	ServiceDensity	AvgCostPerson
553,584	20,785	\$57,348,546.69	26.6	\$2,759.13

DeltaScore by OrgCode



AvgCostPerson by OrgCode



Questions?

