

Kansas Department of

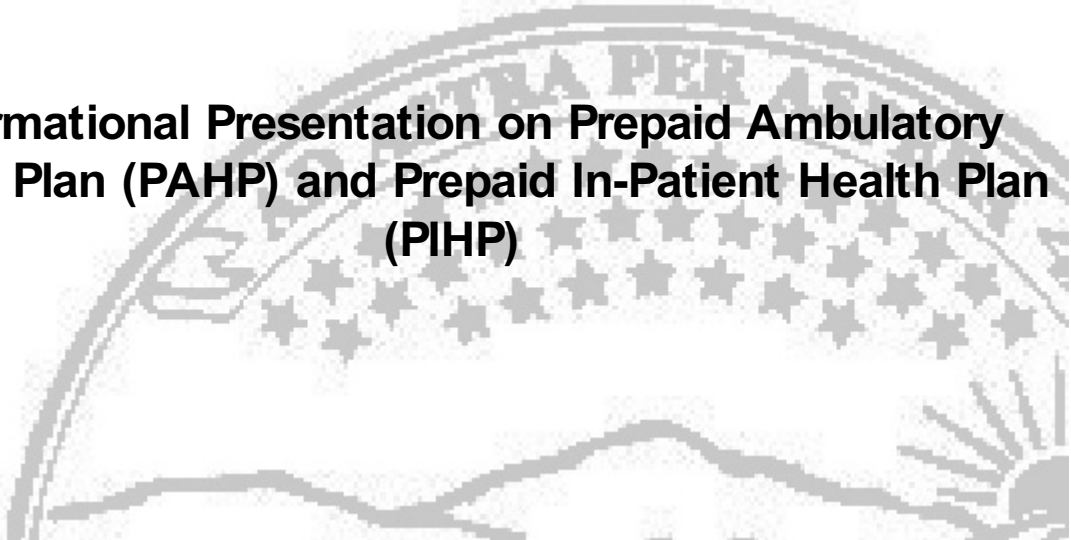
Social and Rehabilitation Services

Don Jordan, Secretary

House Health and Human Services Committee

March 20, 2007

**Informational Presentation on Prepaid Ambulatory
Health Plan (PAHP) and Prepaid In-Patient Health Plan
(PIHP)**



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**Informational Presentation on Prepaid Ambulatory Health Plan (PAHP) and Prepaid
In-Patient Health Plan (PIHP)**

In response to multiple concerns raised by the Centers for Medicaid and Medicare Services (CMS) regarding the operation of Kansas' public mental health, behavior management and substance abuse services, SRS has worked with providers and stakeholders to build effective solutions. In crafting the solutions, SRS purposed to support the existing infrastructure of these public treatment systems, constructed over many years; to increase access to qualified service providers and consumer choice of providers; to maintain the array of available services to the fullest extent possible, with an emphasis on least restrictive, community based care; and to maintain Medicaid funding for these critical services.

SRS realizes these are major system changes and there will be some disruption. SRS will continue to make corrections throughout the summer so that:

- clients continue to get services
- children have appropriate placement; and
- providers are supported to keep services in place

The core solutions include these features:

1. **PAHP: Prepaid Ambulatory Health Plan** for mental health services. SRS has contracted with Kansas Health Solutions (KHS), a CMHC-sponsored entity created to serve as the statewide managed care organization for mental health services. All outpatient mental health services will be managed by KHS, which will subcontract with providers to deliver both traditional therapy services (all qualified, licensed mental health practitioners) and specialized rehabilitation services for both adults and youth with the most challenging mental health treatment needs (primarily CMHCs as providers). In addition, KHS will be responsible for gatekeeping for all mental health facility-based services, including hospital inpatient and Psychiatric Residential Treatment Facility (PRTF) services.

Next steps for the PAHP work include:

- Obtaining CMS approval of the PAHP contract and related waiver changes. These items were submitted to CMS on March 1st, with 45 days for the contract review and 90 days for the waiver review.
- Finalizing the PAHP's per member per month (PMPM) rate – which will be based upon current utilization of mental health and behavioral management services.
- Both managed care programs will require additional administration (such as utilization management including fraud and abuse, provider network training and management, member services), which will be necessary in order to maintain the level of Medicaid funding we have experienced in these programs in the past. For the PAHP, because it is a non-risk contract, administrative costs will be paid outside the service PMPM, and a separate payment will be made for all inpatient care screening costs (including new medical necessity screenings associated with PRTFs).
- Comprehensive implementation readiness, including provider and staff training, member information, provider recruitment/credentialing, claims payment process development and testing, and access protocols. Both the PAHP and PIHP have implementation teams prepared and schedules developed; weekly implementation meetings are scheduled between SRS and the contractors, as well as the MMIS fiscal agent; and implementation plans are aligned to readiness in advance of the July 1st implementation date.
- SRS staff have partnered with PAHP staff to hold numerous provider and stakeholder informational meetings, and have many more scheduled, in order to fully inform and help prepare all people involved in the public mental health treatment system for this transition.

2. **PIHP: Prepaid Inpatient Health Plan** for substance abuse services. SRS is contracting with Value Options (VO), one of the nation's largest behavioral health care companies, serving over 24 million people across the country through publicly funded and commercial contracts with a wide variety of managed behavioral healthcare services. SRS will leverage the extensive experience of VO to successfully serve as the statewide managed care organization for both Medicaid and federal SAPT block grant-funded substance abuse services. VO will subcontract with providers to deliver all substance abuse services, both inpatient/facility care and outpatient services.

Next steps for the PIHP work include:

- Finalizing the contract with Value Options of Kansas, and submitting it with related materials to CMS for final review and approval. This should be completed by the end of March, and CMS will have 45 days for the review process (they already approved the request for proposals as a model contract for PIHP services).
- Both managed care programs will require additional administration (such as

utilization management including fraud and abuse, provider network training and management, member services), which will be necessary in order to maintain the level of Medicaid funding we have experienced in these programs in the past. For the PIHP, administrative costs are included in the PMPM rate (because it is a full risk contract).

- Comprehensive implementation readiness, including provider and staff training, member information, provider recruitment/credentialing, claims payment process development and testing, and access protocols. Both the PAHP and PIHP have implementation teams prepared and schedules developed; weekly implementation meetings are scheduled between SRS and the contractors, as well as the MMIS fiscal agent; and implementation plans are aligned to readiness in advance of the July 1st implementation dates.
- SRS staff have held numerous provider and stakeholder informational meetings, and have many more scheduled, in order to fully inform and help prepare all people involved in the public substance abuse treatment system for this transition. SRS staff will partner with PIHP staff to conduct these meetings in partnership once the contracting process is finalized.

SRS continues to work with the Governor's Office throughout the development of these programs. We are presently updating cost estimates to be provided to the Kansas Division of Budget as part of the Governor's Budget Amendment. We will revisit and revise cost estimates next fall as these programs progress and actual costs become more defined.