



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

March 29, 2023

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



Foundational Overview of SAPC's Payment Reform Approach

Dr. Gary Tsai



DPH-SAPC's Payment Reform Approach

1. Rates
2. Capacity Building
3. Incentives

Incentive Funds

Capacity Building Funds

Tier 3 Rates	6+ Levels of Care 14%
Tier 2 Rates	3-5 Levels of Care 31%
Tier 1 Rates	1-2 Levels of Care 55%

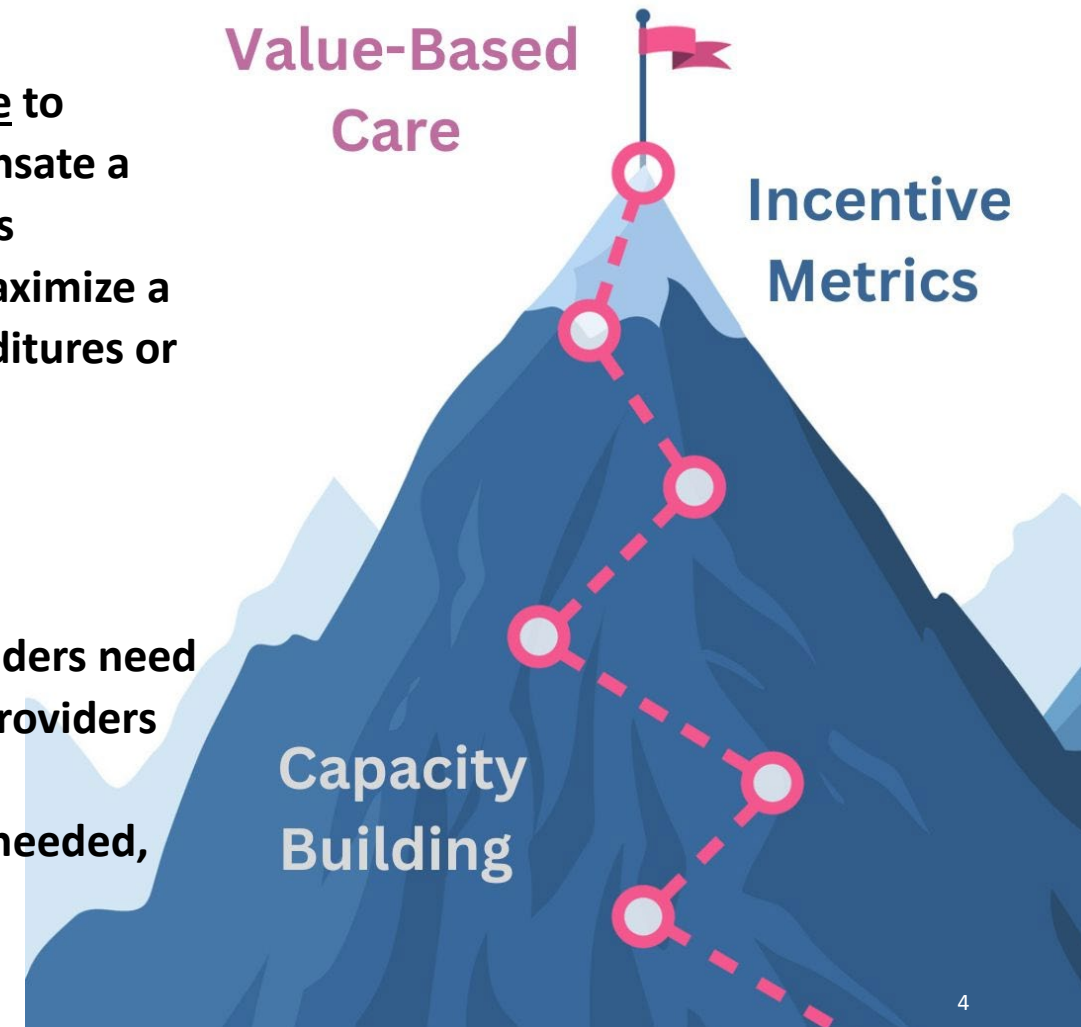
Financial Investments to Prepare for Value-Based Care

What is capacity building?

Funds that DPH-SAPC pays a treatment provider either in advance to ensure start-up funds to do something or after the fact to compensate a treatment provider for completing something. Capacity building is designed to help prepare providers to meet select metrics and maximize a supplemental incentive payment. Providers need to verify expenditures or submit a deliverable for full payment.

What are incentives?

Funds that DPH-SAPC pays a treatment provider after achieving a performance metric associated with the incentive payment. Providers need to verify completion and submit relevant data for full payment. Providers keep all funds if the metric is met and do not submit expenditure verification. The funds can be used to reinvest in the program as needed, including to support activities associated with the metric.



DPH-SAPC's Payment Reform Approach

1. Rates

2. Capacity Building

3. Incentives

- **Foundational Overview**

- Tiered Rates

- Outpatient
 - Intensive Outpatient
 - Outpatient Withdrawal Management
 - Residential

- Non-Tiered Rates

- Inpatient Withdrawal Management
 - Opioid Treatment Programs
 - Recovery Bridge Housing

- Pending clarity from DHCS on if these rates are bundled or unbundled in residential and inpatient settings: **Care Coordination, Recovery Services, MAT Services**

- SAPC's rates were developing alongside healthcare financing experts and are actuarially sound → account for reasonable, appropriate, and attainable costs

DPH-SAPC's Payment Reform Approach

- 1. Rates
- 2. Capacity Building
- 3. Incentives

- **Foundational Overview** (cont'd)

- Tiers will be set based on the number of levels of care an agency has to facilitate the development of continuums of care within agencies to improve client care.
 - Tier 1: 1-2 levels of care
 - Tier 2: 3-5 levels of care
 - Tier 3: 6+ levels of care
 - LOC based on SAPC contract and service utilization
- **Accreditation** will count as a level of care with respect to the ability to move up Tiers.
- **Eligibility for moving up Tiers** will require completion of SAPC's Fiscal Reporting Tool and occur annually prior to the beginning of the FY.

Tier 3
Rates

6+ Levels of Care
14%

Tier 2
Rates

3-5 Levels of Care
31%

Tier 1
Rates

1-2 Levels of Care
55%

DPH-SAPC's Payment Reform Approach

1. Rates

2. Capacity Building

3. Incentives

- **Foundational Overview** (cont'd)
 - **DHCS Rate Summary**
 - Lower rates for:
 - Inpatient Withdrawal Management
 - Residential Withdrawal Management (but SAPC will be raising these 3.2-WM rates above DHCS' rates)
 - Higher rates for:
 - All other levels of care
 - **Reminder of the rate setting process**
 - DHCS sets rates for SAPC as the managed care plan
 - SAPC sets rates for its provider network
 - In healthcare financing, managed care plans such as SAPC do not pass off 100% of their State rates to their providers
 - SAPC plans on using the margins from rates to reinvest in our network via capacity building, incentive funds, non-DMC reimbursable services (RBH, harm reduction, room and board, etc), and making plan-level investments in things like data infrastructure to prepare for value-based reimbursement.

DPH-SAPC's Payment Reform Approach

1. Rates

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- **Foundational Overview** (cont'd)

- After analyses:

- SAPC's rates for all levels of care are all at least 7.7% higher than current rates under Tier 1**. This is the average of the market basket inflator + inflation + additional inflator for quality.
- Non-Residential and Non-OTP settings → Tier 2 & 3 rates are 12.3% and 17.4% higher, respectively.
- Residential (including Residential Withdrawal Management) settings → Tier 2 & 3 rates are 9.3% and 10.8% higher, respectively.
- Opioid Treatment Program (OTP) settings → Generally a 10% increase in dosing rates, with SAPC covering more than 100% of DHCS' rates for all medications except methadone (DHCS will add naloxone and address counseling rates later)
- Recovery Bridge Housing (RBH) → 10% increase from current rates
- Residential Withdrawal Management rates from DHCS came in lower than current rates, but SAPC is raising those rates above our current rates.
- **Inpatient Withdrawal Management rates will be lower than current rates but will be set at 100% of the DHCS rates, are still higher than commercial rates, and are also eligible for capacity building and incentive funds as additional revenue opportunities.

DPH-SAPC's Payment Reform Approach

1. Rates

2. Capacity Building

3. Incentives

- **Foundational Overview** (cont'd)
 - Certified SUD counselor rates are higher than registered SUD counselor rates in levels of care that have practitioner-level rates (OP and IOP), but registered SUD counselor rates are the base rate and still 7.7% higher than current rates.
 - In other words, agencies are not losing by differentiating rates between registered and certified SUD counselors – they are gaining by having more certified SUD counselors.
 - SAPC strongly believes that it is important to incentivize SUD counselor certification, and is putting money behind this:
 - Offering to pay for registered SUD counselor to get certified through capacity building funds
 - Offering incentive funds for agencies that have at least 50% of their SUD counselor workforce who are certified.

DPH-SAPC's Payment Reform Approach

1. Rates

2. Capacity Building

3. Incentives

- **Foundational Overview** (cont'd)
 - Overall, when considering the revenue opportunities of capacity building and incentive funds, SAPC will be passing to providers nearly 80% of its DHCS rates.
 - All rates are higher than prior rates, except for Inpatient Withdrawal Management.
 - **In whole:**
 - Tier 1 rates = Cost+
 - Tier 2 rates = Cost++
 - Tier 3 rates = Cost +++
 - Non-Tiered rates (residential, OTP, RBH) = Cost++
 - SUD provider agencies will be financially stronger with the way SAPC is approaching payment reform, especially agencies that have processes in place to ensure reinvestments in their staff, productivity, quality, and optimized tracking of revenue and expenditures.

DPH-SAPC's Payment Reform Approach

1. Rates

2. Capacity Building

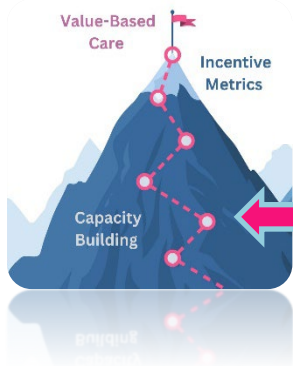
3. Incentives

- **Foundational Overview**

- SAPC's capacity building funds are funding that provider agencies can opt-in to that are designed to prepare agencies for value-based reimbursement in the future.

- **Capacity building funding focus categories:**

1. **Workforce Development*** (recruitment, retention, & training)
2. **Access to Care*** (Reaching the 95%)
3. **Fiscal and Operational Efficiency** (revenue and expenditure management)
 - *Both the "Workforce Development" and "Access to Care (R95)" categories contain elements of both capacity building and incentive funds



**Fiscal Year (FY) 2023-2024
Capacity Building Package**

**Over \$169,000 in funds that each agency can opt-in to use to support staff and other costs to advance these efforts! Up to \$5,000 to support each of your registered counselors get certified!
Total Available - \$18.6M**

Counselor Workforce		Reaching the 95%		Fiscal Operations	
Agency Survey	\$10,000	Planning	\$28,000	Accounting System	\$10,000
Staff Survey	\$5,000	Field Based Services	\$10,000	Revenue/Expenditure	\$20,000
Sustainability Plan	\$20,000	30-60 Day Policy	\$10,000	Training & Tool	
Tuition/Paid Time	\$2,500 pp	Admit/DC Policies	\$30,000		
Certification	\$2,500 pp	Low Barrier Care	\$6,000+		
		Harm Red. Referrals	\$20,000		
Total	\$35,000+pp	Total	\$104,000+	Total	\$30,000

DPH-SAPC's Payment Reform Approach

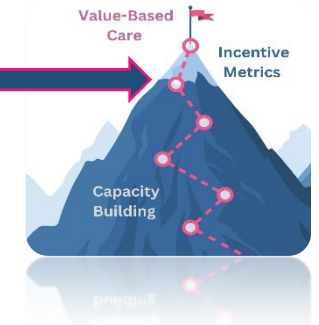
1. Rates
2. Capacity Building
3. **Incentives**

- **Foundational Overview**

- SAPC's incentive funds are funding that provider agencies receive after achieving specified quality benchmarks to shape care delivery and prepare agencies for value-based reimbursement in the future.
- **Incentive funding focus categories:**
 1. **Workforce Development** (recruitment, retention, & training)
 2. **Access to Care** (Reaching the 95%)
 3. **Medications for Addiction Treatment (MAT)**
 4. **Optimizing Care Coordination**

**Up to \$210,000 for each agency that meets
the following metrics!
Total Available Across SAPC Network - \$18.5M**

***Fiscal Year (FY) 2023-2024
Incentive Metrics Package***



Incentive Metrics		
Workforce	50% of counselor workforce is certified	\$30,000
	LPHA-to-SUD counselor ratio is at least 1:15	\$30,000
Access to Care	Become R95 Champion	\$30,000
MAT	50% OUD/AUD patients receive MAT education/MAT services	\$30,000
	50% patients receive naloxone	\$30,000
Care Coordination	75% of patient have ROI for information sharing	\$30,000
	30% of patients referred to another LOC post-discharge	\$30,000
Total		\$210,000



FY 23-24 DMC Rates

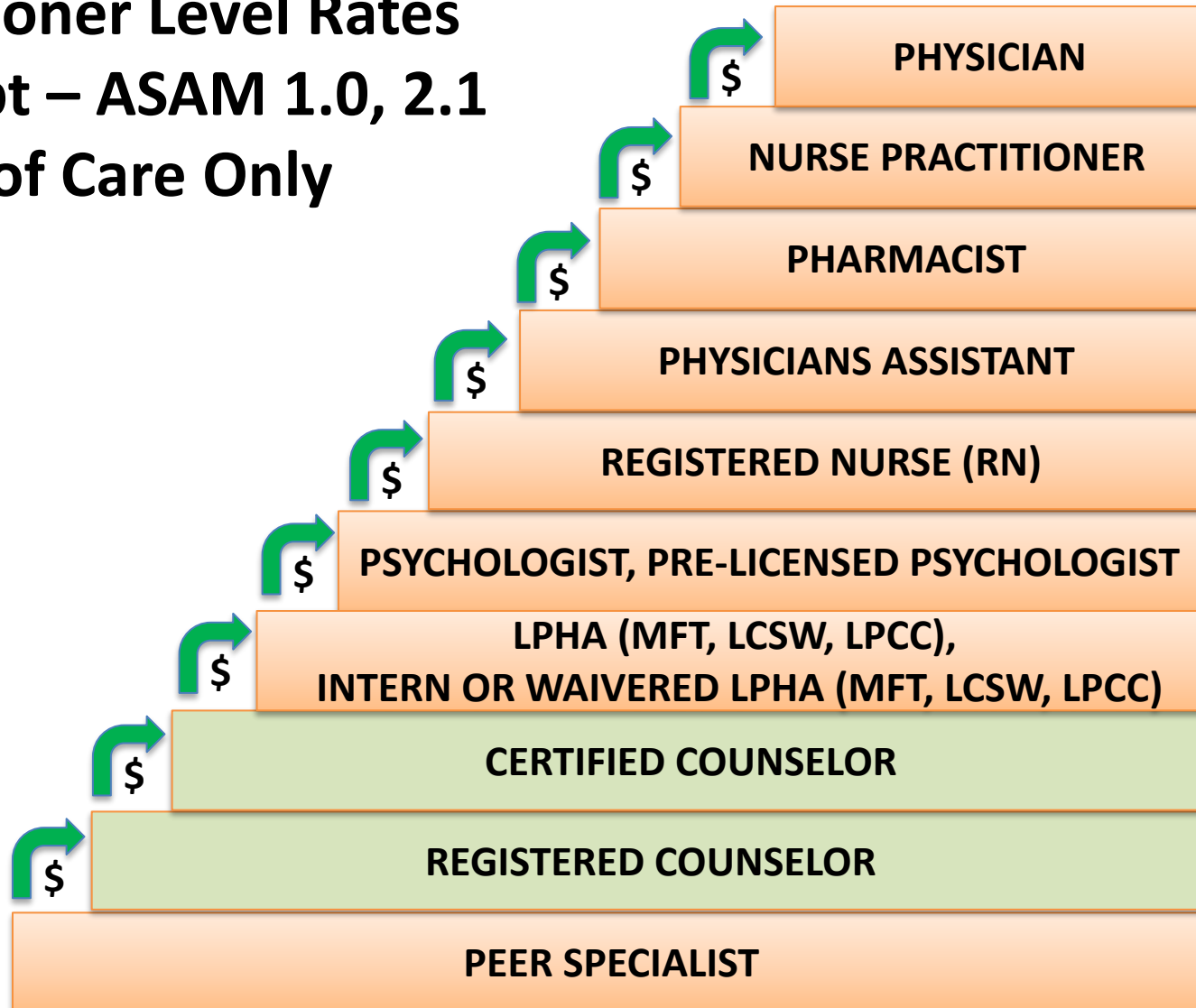
Daniel Deniz



LA County Overall Rate Setting Approach

- Increased investment in SUD services to move towards parity
- Enable provider investments to support real cost of quality care
- Create conditions to transition to value-/outcome-based care
- Enable SAPC incentives programs to support strategic investments
- Remain fiscally viable and accountable to public funds/funders
- Create conditions for LA County to lead the State in SUD care
- Partner with providers to achieve joint fiscal and service goals

Practitioner Level Rates Concept – ASAM 1.0, 2.1 Levels of Care Only



The rate paid for outpatient and intensive outpatient services (by CPT or HCPCS) will increase with the experience level of the practitioner documenting and delivering the direct service.



FY23-24 Treatment Rates – Outpatient Services

FY22-23 Rate: \$45.61	Tier 1 Provider Rate (15 Min Unit of Services)	Tier 2 Provider Rate (15 Min Unit of Services)	Tier 3 Provider Rate (15 Min Unit of Services)
Registered Counselor	\$49.12	\$51.22	\$53.50
Certified Counselor	\$51.58	\$53.78	\$56.18
Peer Recovery Specialist	\$46.67	\$48.66	\$50.83
LPHA/Intern or Waivered	\$59.44	\$61.98	\$64.74
Psychologist/Pre-Licensed Psychologist	\$91.37	\$95.27	\$99.51
Registered Nurse	\$92.35	\$96.29	\$100.58
Physicians Assistants	\$102.17	\$106.54	\$111.28
Pharmacists	\$109.05	\$113.71	\$118.77
Nurse Practitioner	\$112.98	\$117.81	\$123.05
Medical Doctor	\$227.43	\$237.15	\$247.71



FY23-24 Treatment Rates – Intensive Outpatient Services

FY22-23: \$48.79	Tier 1 Provider Rate (15 Min Unit of Services)	Tier 2 Provider Rate (15 Min Unit of Services)	Tier 3 Provider Rate (15 Min Unit of Services)
Registered Counselor	\$52.55	\$54.79	\$57.23
Certified Counselor	\$55.17	\$57.53	\$60.09
Peer Recovery Specialist	\$49.92	\$52.05	\$54.37
LPHA/Intern or Waivered	\$63.58	\$66.30	\$69.25
Psychologist/Pre-Licensed Psychologist	\$97.74	\$101.91	\$106.45
Registered Nurse	\$98.79	\$103.01	\$107.59
Physicians Assistants	\$109.30	\$113.97	\$119.04
Pharmacists	\$116.65	\$121.64	\$127.05
Nurse Practitioner	\$120.86	\$126.02	\$131.63
Medical Doctor	\$243.29	\$253.68	\$264.98



FY23-24 Treatment Rates – Withdrawal Management

Outpatient Withdrawal Management

ASAM Level	Tier 1 Provider Rate (Per Hour)	Tier 2 Provider Rate (Per Hour)	Tier 3 Provider Rate (per Hour)
1 – WM	\$261.38	\$272.78	\$284.68
2 - WM	\$306.73	\$320.12	\$334.07

Inpatient Withdrawal Management

ASAM Level	Day Rate
3.7 - WM	\$724.29
4.0 - WM	\$724.29

Current FY Rates	
1 – WM	\$242.69
2 - WM	\$284.80
3.7 - WM	\$949.14
4.0 - WM	\$997.86



FY23-24 Treatment Rates – Residential & RBH

Residential Treatment Services

ASAM Level	Tier 1 Day Rate	Tier 2 Day Rate	Tier 3 Day Rate
3.1	\$210.34	\$213.46	\$216.39
3.2 - WM	\$383.95	\$389.65	\$395.00
3.3	\$263.98	\$267.91	\$271.58
3.5	\$239.42	\$242.97	\$246.31

Recovery Bridge Housing

	Day Rate
Non - Perinatal	\$55.00
Perinatal	\$60.00

Current FY Rates	
3.1	\$195.30
3.2 - WM	\$356.50
3.3	\$245.11
3.5	\$222.30
RBH – Non-Peri	\$50
RBH – Peri	\$55



FY23-24 Treatment Rates – Opioid Treatment Program

NON-PERINATAL	
Medication	FY23-24 Rates
Methadone	\$17.82
Buprenorphine - Naloxone Combo Film	\$31.14
Buprenorphine - Naloxone Combo Tablets	\$34.98
Buprenorphine - Mono	\$34.45
Disulfiram	\$11.91
Buprenorphine - Injectable (Sublocade)	\$2,167.19
Naltrexone Injectable (Vivitrol)	\$2,268.18
Naloxone	TBD

PERINATAL	
Medication	FY23-24 Rates
Methadone	\$20.07
Buprenorphine - Naloxone Combo Film	\$43.31
Buprenorphine - Naloxone Combo Tablets	\$47.14
Buprenorphine - Mono	\$46.62
Disulfiram	\$12.09
Buprenorphine - Injectable (Sublocade)	\$2,167.19
Naltrexone Injectable (Vivitrol)	\$2,268.18
Naloxone	TBD



FY23-24 Treatment Rates – Revised Rate Matrix

The **FY23-24 Rates Matrix** has been redesigned to reflect the following changes:

- Practitioner-level rates for Outpatient & Intensive Outpatient services.
- Tiered rates based on a provider's DPH-SAPC-contracted & utilized levels of care.
- A sortable and searchable excel file.
- One-stop-shop document that contains rates, standards, billing rules, and other needed information in a single document.



Provider Tiers

Daniel Deniz





FY23-24 Tiers - Methodology

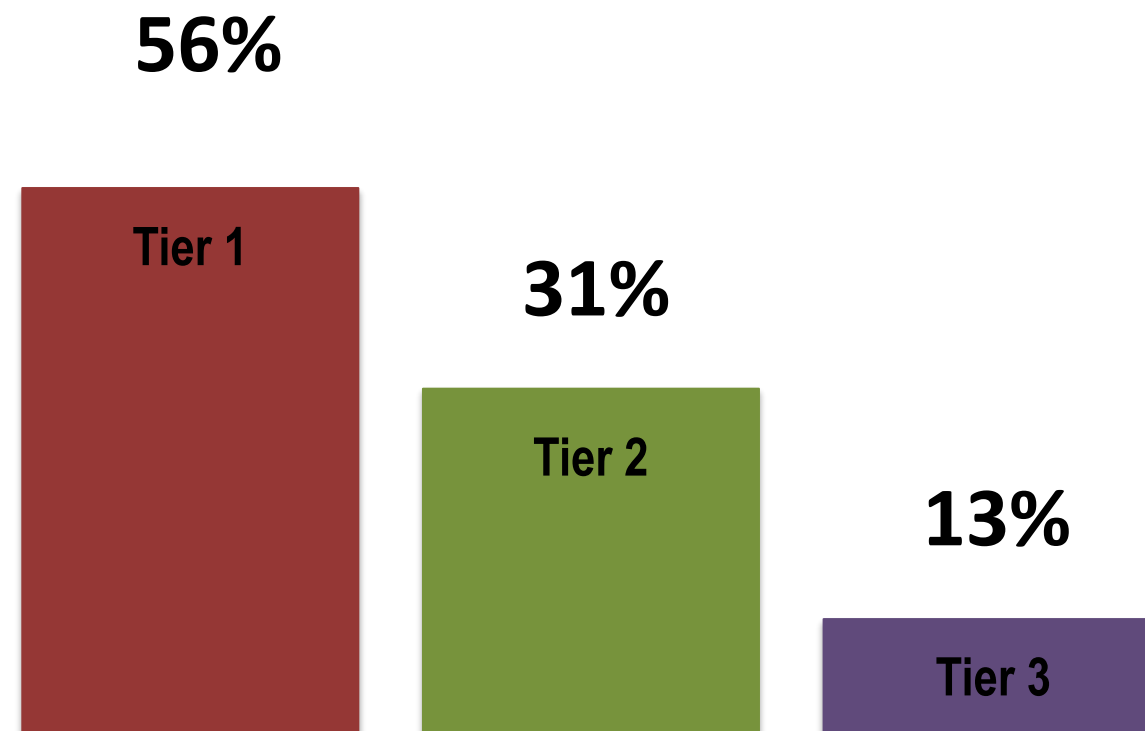
- Establish tiers to reflect the variety of costs across SAPC's network associated with the delivery of services.
- Incentivizes the creation and utilization of continuums of care within provider agencies --> seamless care transitions and enhanced service access.
- Recognizes the benefits of accreditation (e.g., Joint Commission, CARF).
- Facilitate future growth and service expansion.
- Based on both **CONTRACTED** and **UTILIZED** levels of care.

FY23-24 Tiers - Methodology

Tier	Levels of Care
Tier 1	1 – 2 Levels of Care
Tier 2	3 – 5 Levels of Care
Tier 3	6+ Levels of Care

- Accreditation is counted as one (1) level of care.
- Utilization is based on current fiscal year activity.

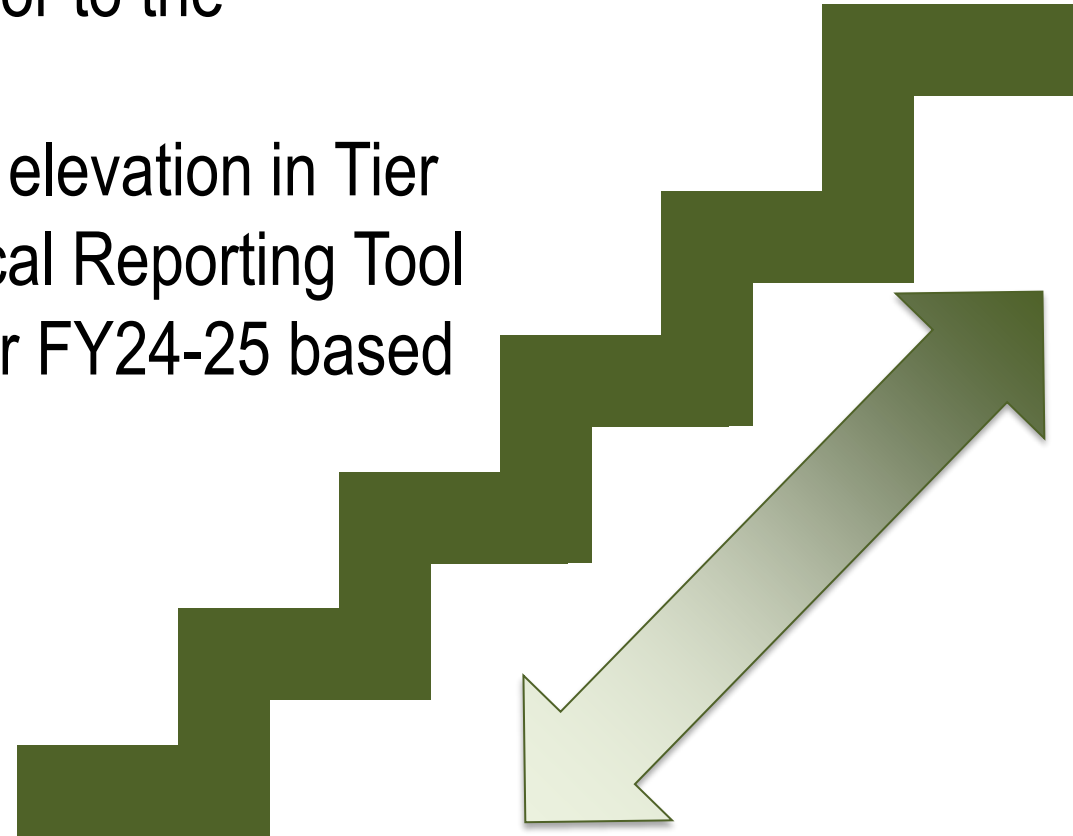
Tiers Distribution Across SAPC Network



FY23-24 Tiers – Future

Tier Reassignment

- Tiers will be reassessed on an annual basis prior to the beginning of a FY
- Agencies interested in being considered for an elevation in Tier for rates will be required to submit SAPC's Fiscal Reporting Tool
- SAPC may reassess and reassign providers for FY24-25 based on the following:
 - Utilization of contracted levels of care
 - Accreditation status
 - Addition/Removal of levels of care





FY23-24 Tiers & Rates – Nex Steps

- FY 23-24 Tier Assignment Notification letters have been distributed.
- FY23-24 Draft Rate Matrix to be distributed TODAY for provider feedback and comments.
 - **DUE**: April 11, 2023. SAPC will review/respond.
- Rates Bulletin and Matrix will be released by end of April.
- Send feedback, comments and questions:

SAPC-Finance@ph.lacounty.gov



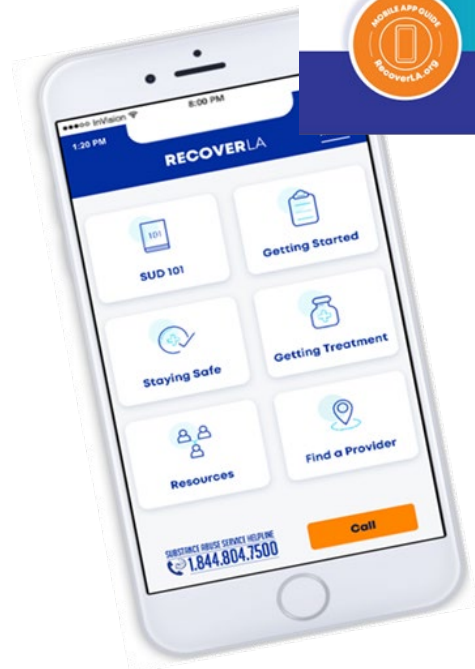
Provider Discussion

Amy McIlvaine



RecoverLA:

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



Thank You!

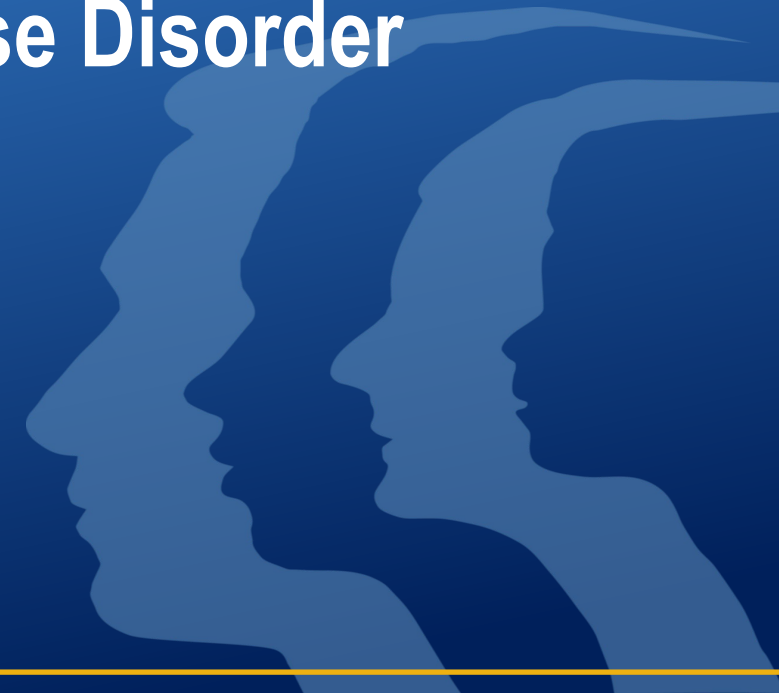
Visit RecoverLA.org on your smart phone or tablet to learn more about SUD services and resources, including a mobile friendly version of the provider directory and an easy way to connect to our Substance Abuse Service Helpline at 1-844-804-7500!



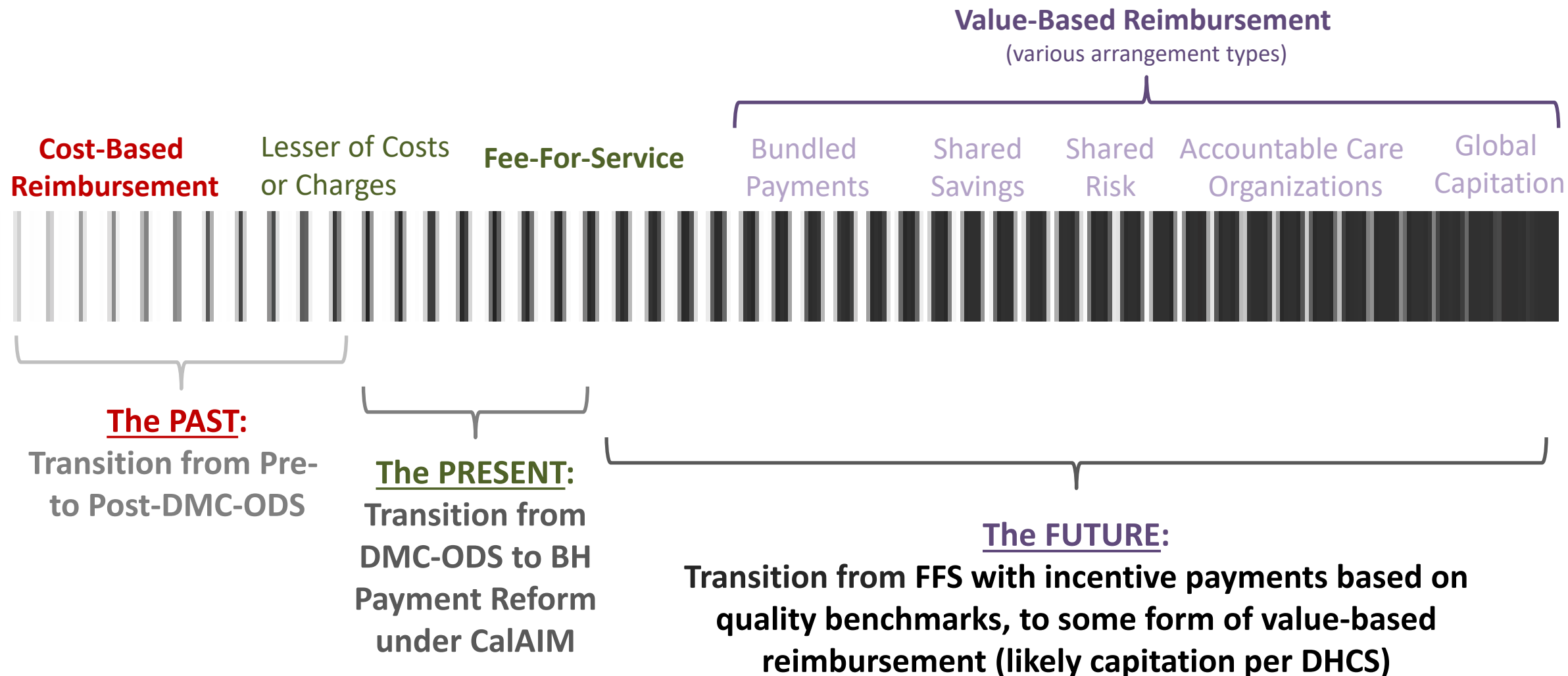
Payment Reform - Where is the Substance Use Disorder (SUD) System Headed?

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

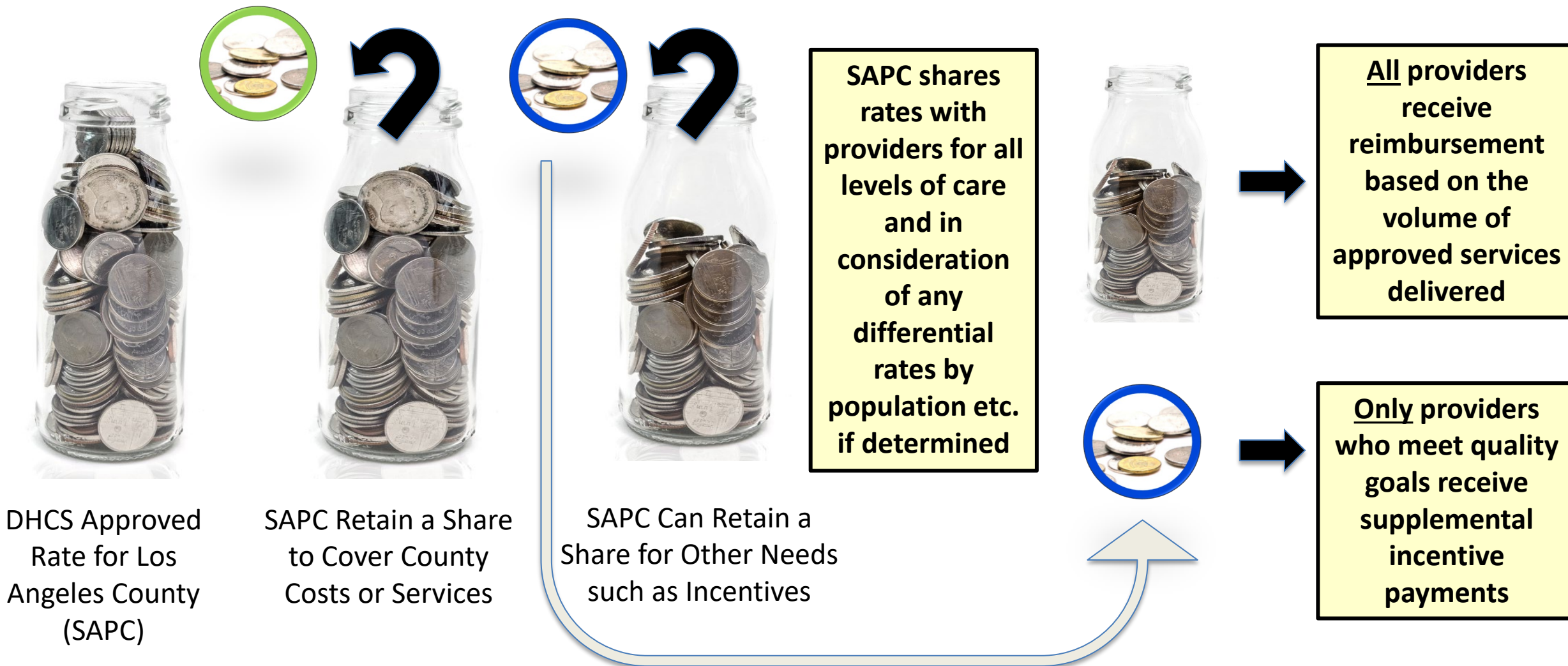
Payment Reform: FFS

- 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 →



0%

County Pays 100% of the Claim
Minor Consent & Coverage of Income Eligible 26-49 Years of Age Regardless of Immigration Status



50%

County Pays 50% of the Claim
Medi-Cal Eligible Before Affordable Care Act



90%

County Pays 10% of the Claim
Medi-Cal Eligible After Affordable Care Act



100%

County Pays 0% of the Claim
Expanded Medi-Cal Eligibility to 0-25, 50+ Years of Age Due to Immigration Status

FOR MORE INFORMATION ON PAST PRESENTATIONS

- **Payment Reform Meeting – December 13, 2022**
 - Presentation PDF: [Link](#) and Presentation Video: [Link](#)
- **Payment Reform Meeting – January 24, 2023**
 - Presentation PDF: [Link](#) and Presentation Video: [Link](#)
- **Payment Reform Meeting- February 22, 2023**
 - Presentation PDF: [Link](#) and 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.