

Drug Medi-Cal ODS in San Mateo County

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June 6, 2017

SMC DMC-ODS Background

- * Launched ODS implementation February 2017
- * Our philosophy
- * Provider partnership is key
- * SMC ODS Fiscal Plan/setting state interim rates
 - * see ppt and materials from 12/13/16 Fiscal Leadership
- * Distinction between state interim rate setting and county rate setting with contractors (contract negotiations)

Significant Challenges

- * Provider Contract Negotiations
 - * Changing from Fee for Service to Cost Reimbursement
 - * Projecting FFP and Match, by provider
- * Contract monitoring changes

Cost Reimbursement

Unexpected and significant budget inflation

- * New DMC implementation costs
- * Ramp up costs
 - * what do providers need to be ready?
 - * How pay if there are costs? Cannot bill without executed ODS contract
 - * Set time and dollar limits with providers
- * Provider optimism
 - * Building a Cadillac system
 - * Best case scenario planning
 - * Aggressively addressing real cost of living issues

Providers Budget Analysis

- * Cost analysis
 - * FTE and position classification for each provider
 - * Ensure costs belong to DMC not other payers
 - * Are costs reasonable and appropriate
- * Revenue analysis
 - * Include all private pay, non-SUD funded services and anticipated SUD Tx funding for existing non-DMC sources
- * Project FFP and Match Requirements
 - * Analysis of client mix by Medi-Cal aid code
 - * anticipated units by service

Contract Negotiation Lessons

- * Balancing various provider needs with limited funds is challenging.
- * Set ODS budget expectations early
 - * recommend modest or flat percent increase and provider can decide how to allocate funds
- * Ensure costs are reasonable – this protects contractors in an audit.
- * State auditors will look at relative cost increase year over year

More Lessons

- * Contractors must justify any significant increases/new costs over prior year
- * What evidence does provider have of demand increases?
- * What are the “one-time costs” What costs will drop out next year?
- * Can any one-time costs be deferred to future years? Stagger one-time costs.
- * “Ramp up” costs – set limits on timeframe and total dollars pre ODS launch. (i.e. pre-hires before contract execution date)

Contract Monitoring

Changed monitoring for county SUDS staff

- * Pre ODS: Monitor units and pay based on rates (FFS)
- * Post ODS: monitor costs and staff productivity
- * Track agency overpayment/underpayment based on costs
- * Quarterly costs reporting, 90% cost requirement or withhold, year-end cost reporting and reconciliation
- * Concerns: client mix or low UOS (cash flow for provider or county), esp for CM, RS, and county of residency
- * Establish productivity standards for direct service staff (24/hrs/wk)
- * Disallowances, PSPP

Final Thoughts

- * Strong Partnership between SUDS Program and Fiscal Staff is key
- * Communicate early and often with staff, providers.
- * Impact of client mix and units on FFP revenue and county match
- * Monitor costs and productivity
- * Start with known demand and build your network as the need emerges

Thank you !

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