

**Pre-Application Technical Assistance Reports for the
Access to Recovery Grant Program**

Report on Technical Assistance to California

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Consultation between Barry Brauth and the State of California Written Report

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Introduction (Purpose of TA)

The State of California (the State) requested assistance with assessing the role that financial incentives could play in their planned voucher proposal for the Access to Recovery (ATR) grant program. Under Task Order with the Center for Substance Abuse Treatment (CSAT), the American Institutes for Research (AIR) contacted Barry Brauth of New York State's Office of Mental Health to assist the State.

Methodology

On May 4, 2004 the consultant, Barry Brauth, conducted a telephone conference with representatives from the State of California (Sue Heavens, Larry Hughes, Carmen Delgado, Jan Lapanja, and Mardel Rodriguez). The call lasted approximately 1 hour. (For the background and experience of the consultant, see the last section of this report.)

Content of TA Discussion

The State provided a brief overview of highlights of California's current delivery system and their thinking about modifications to make it ATR compatible. California staff indicated that since the providers are currently paid 100 percent of fees, they are very reluctant to enter into any arrangement which requires withholding of 10 percent of fees in order to implement an incentive system.

Mr. Brauth expanded the discussion to ways incentives could be used to enhance the State's program, i.e., using the incentives to strengthen the effectiveness of performance reports (a/k/a report cards) to providers that may not require withholding a portion of the fees. He indicated that the incentive payment could be made as a small add-on which was in addition to the 100 percent fee. The consultant emphasized that while making data public and letting individuals vote with their feet is effective, providers exert enormous influence on where people receive service. Coupling outcome achievement with financial reimbursement provides the treatment/service community with an important incentive. An incentive could also be considered that included in the treatment providers report cards their ability to refer to recovery support providers.

Recommendations

Recognizing the State's reluctance to hold back a portion of the fee, Mr. Brauth suggested that incentives be made in addition to the State's fee schedule. He suggested that differential incentives could be applied to different services. Residential providers, which already received a large portion of the resources and that probably could not alter their programs much to produce improved outcomes, may be excluded from participation in the incentives. Outpatient and recovery support providers (including transportation) which consumed a smaller proportion of total resources and could have a greater impact on outcomes, could share the whole statewide incentive fund.

Incentives could be made in the form of rate increases that would be based on each provider's performance scores on the seven domains. At the outset of the program, when outcome data is relatively sparse, providers could earn incentives just for submitting accurate and timely data. As soon as sufficient data is

available, incentives would be based on positive outcomes. California indicated that they were not certain they could put together all the details of an incentive program in time for the bid submission. Mr. Brauth indicated that they should do their best and could always fine-tune their methodology as they gain more experience after implementation.

Outcomes

Mr. Brauth is developing a brief incentive guide to post on the SAMHSA website.

California is taking that recommendation under consideration.

Background of Consultant for the California TA Teleconference

This TA was conducted by Barry Brauth who has worked for over 25 years in various positions in administering both medical and behavioral health programs. After receiving his Master's degree in public administration Mr. Brauth moved to Albany for a position as a Federal Programs Coordinator for the State Office of Mental Health (OMH). There he developed rate and reimbursement strategies which resulted in hundreds of millions of dollars in increased Medicare and Medicaid revenue for New York State mental health programs.

In the early 1980's, Mr. Brauth joined Blue Cross of Northeastern NY as the senior policy advisor to the President. There he designed client tracking systems which were used to profile providers and to develop innovative insurance and funding mechanisms such as case payment and prudent purchasing arrangements.

Except for a period of employment with Value Behavioral Health as director of Utilization and Data Analysis in 1996, Mr. Brauth has worked with the OMH since 1986. His responsibilities with OMH have included development of a patient classification schema and rate setting alternative to the Medicare psychiatric Diagnostic Related Groupings. This alternative rate setting methodology reimbursed hospitals based on case mix, length of stay, recidivism, and linkage to outpatient services. The project required the development of a sophisticated client information system which was later used for planning, utilization monitoring, and the development of managed care proposals.

Mr. Brauth's current position is Director of Financial Planning. He is responsible for developing fiscal initiatives and reimbursement methodologies which promote mental health programs that are stable, accountable, and outcome oriented.