

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

Report on Technical Assistance to Missouri

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Consultation Between Barry Brauth and the State of Missouri Written Report

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Introduction (Purpose of TA)

The State of Missouri (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 CSAT, Johnson, Bassin & Shaw, Inc. (JBS), contacted Barry Brauth of New York State's Office of Mental Health to assist the State.

Methodology

On May 11, 2004, the consultant, Barry Brauth, conducted a telephone conference with representatives from the State of Missouri. Participants in the call included Mark Stringer, Deputy Director of the Missouri Division of Alcohol and Drug Abuse; Andrew Homer, Ph.D., Director of Research and Statistics; Laurie Epple, Director of Operations; and Paul Binner, Ph.D., from the Missouri Institute of Mental Health. 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 Missouri's current delivery system and their ideas about modifications to make it ATR-compatible. Missouri has a complicated and sophisticated delivery system, with all levels of inpatient and outpatient services, including comprehensive rehabilitation programs. The State manages risk for both fee-for-service and managed-care populations. Fee-for-service contracted providers are not guaranteed funding. Dollars are not tied to service contracts. Missouri's annual available funds are managed quarterly; payments are cut off after 105 percent of expected expenditures have been reached. Sixty percent of the Medicaid population (women, children, and adolescents) are in managed care.

For their ATR proposal, Missouri intends to provide clients with a choice of screening providers. The screening provider would generate an assessment voucher allowing the client to go to any approved provider for a comprehensive assessment. The assessment provider would generate two service vouchers: one for treatment and one for recovery support services. [**Note:** In their ATR application, Missouri will need to demonstrate that the State has policies and procedures in place to assure that there are no conflicts of

interest between the assessment providers and the providers of clinical treatment and recovery support services.]

The consultant probed for information about any issues in their service system that are troubling to Missouri. The State is concerned that their rates have not kept up with inflation and that they are paying as low as \$47 a day for residential treatment.

Issue #1: Incentives for Providers

Missouri: The State, which has extensive experience with setting rates and managing risk, asked for insights into how incentives could be incorporated into their program.

Consultant: Mr. Brauth suggested the following:

- The State could employ financial incentives to help leverage the State budget office and legislature into passing cost-of-living adjustments (COLA) through to providers.
- A single algorithm could be used to record performance in the seven domains as a single performance score. Providers meeting their target score would receive a COLA in the following year.
- In developing the performance algorithm, particular weight should be placed on successfully referring clients to recovery support services.

Missouri expressed concerns that such a performance algorithm would encourage providers to exaggerate their performance or to “cream off” those clients perceived to have the highest chance of positive outcomes. The consultant suggested that spot audits could identify inaccurate reporting. The consultant also thought it unlikely that providers would turn away difficult cases just to improve their performance profile, since they would be losing the revenue associated with these cases. To mitigate this possibility, Missouri could initially set a relatively low threshold and gradually raise the bar.

Issue #2: Components of a Strong ATR Bid

Missouri: State officials want to know what will represent a strong ATR bid.

Consultant: Mr. Brauth had no inside information about bid applications. He suggested that Missouri would need to call CSAT to find out more. In his opinion, a strong application would have to contain at least three components:

- It would have to rely on outcomes in the seven domains.
- It should have financial incentives to support those outcomes.

- It would have to demonstrate an ability to expand the network and utilization of recovery support services.

Consultant's Background

Barry Brauth has worked for more than 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 that resulted in hundreds of millions of dollars in increased Medicare and Medicaid revenue for New York State mental health programs.

In the early 1980s, Mr. Brauth joined Blue Cross of Northeastern New York 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.

Mr. Brauth has worked with the OMH since 1986, except for a 1-year period as director of Utilization and Data Analysis with Value Behavioral Health. His responsibilities with OMH have included development of a patient classification schema and rate-setting alternative to the Medicare psychiatric Diagnostic Related Groupings (DRGs). 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.