Overview of New Mexico's Behavioral Health System and the Legislative Finance Committee Program Evaluation: Cost and Outcomes of Selected Behavioral Health Grants and Spending

LFC Presentation to the Legislative Behavioral Health Subcommittee

Eastern New Mexico University-Roswell

July 9, 2013

Overview of Presentation

- Behavioral health needs in New Mexico
- Overview of behavioral system and funding
- Reviews of previous Legislative Finance Committee behavioral health program evaluations
- Results of the May 2013 program evaluation of cost and outcomes of selected behavioral health grants and spending

Behavioral Health Needs in NM

For 30 years, NM has had the highest alcohol-related deaths and among the highest drug-induced death rate in the nation.

- Prescription opioid sales are now greater in NM than the rest of the nation and prescription drug overdose deaths are now more common than illicit drug overdoes deaths.
- Eight of the 10 leading causes of death in NM are at least partially the result of abuse of alcohol, tobacco, and other drugs.
- The economic cost of alcohol abuse alone in NM was more than $2.5 billion in 2006, or $1,250 per person, according to NM DOH.

Behavioral Health Needs in NM

Thirty percent of adults served in the state's mental health system have co-occurring mental health and substance abuse disorders.

- In NM, depression is highest among young adults, ages 18 to 24 years and higher among Hispanics and Native Americans.
- Eleven percent of New Mexicans over 18 years of age reported frequent mental distress in the previous 30 days in 2009, the same as the national average.
- In 18 of New Mexico's 33 counties, the frequent mental distress of people over 18 years of age ranged from 16 percent to 18 percent in 2009.

Behavioral Health System Transformation

NM has made multiple major changes to the behavioral system in the past 15 years.

- 1990s Behavioral health was a part of the Medicaid Salud! system with integration of physical and behavioral health, under the management of 3 managed care companies and operated at the regional level by provider organizations.

- 2002 NM Behavioral Health Needs and Gap Analysis Project, commissioned by the Legislature, was completed.

- 2004 NM Legislature passes HB 271 establishing the BH Collaborative and BH Planning Council.

- 2005 The Collaborative chooses ValueOptions NM, Inc as the single statewide entity to manage substance abuse and mental health programs and funding for six state agencies.

- 2009 The state selects OptumHealth NM to replace ValueOptions as the single statewide entity.

- 2012 HSD submits a Medicaid waiver to the Centers for Medicare and Medicaid Services for numerous changes to the NM Medicaid program, including re-integrating behavioral and physical health under the management of 4 managed care companies.

Behavioral Health Purchasing Collaborative

In 2004, the Collaborative and the Behavioral Health Planning Council were created through legislation.

- Membership includes 15 cabinet level members.
- The secretary of the Human Services Department serves as the permanent chair, with the co-chair position alternated annually between the secretaries of the Children, Youth, and Families Department and the Department of Health.
- The Planning Council serves as an advisory body to the Collaborative and as an advocacy body for consumers.
- The Collaborative created 18 local collaboratives to represent regional concerns and recommendations.

Behavioral Health Purchasing Collaborative

The purpose of the Collaborative as established by state statute:

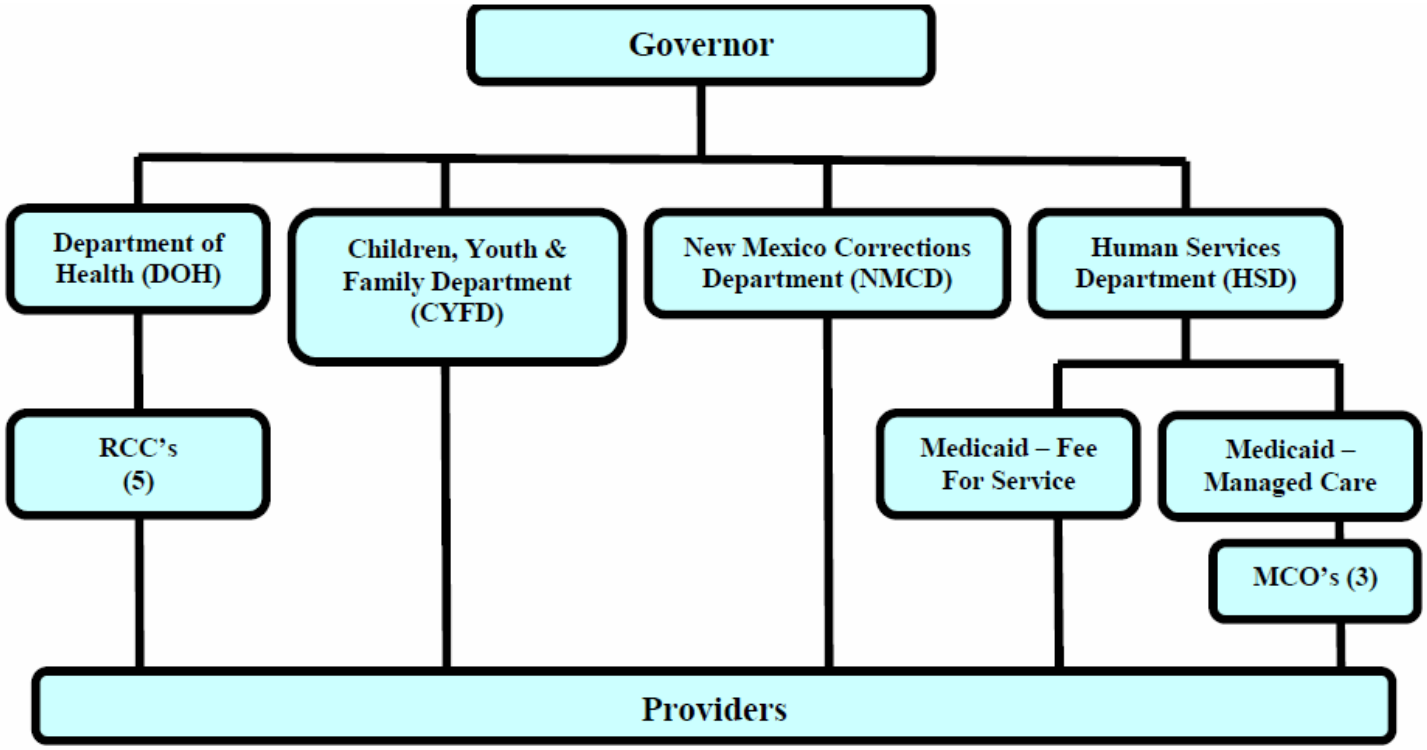
Creation of a single interagency purchasing collaborative to develop a statewide system of care that promotes the well-being of children, individuals and families; encourages a seamless system of care that is accessible and continuously available; and emphasizes prevention and early intervention, resiliency, recovery and rehabilitation.

Behavioral Health Purchasing Collaborative

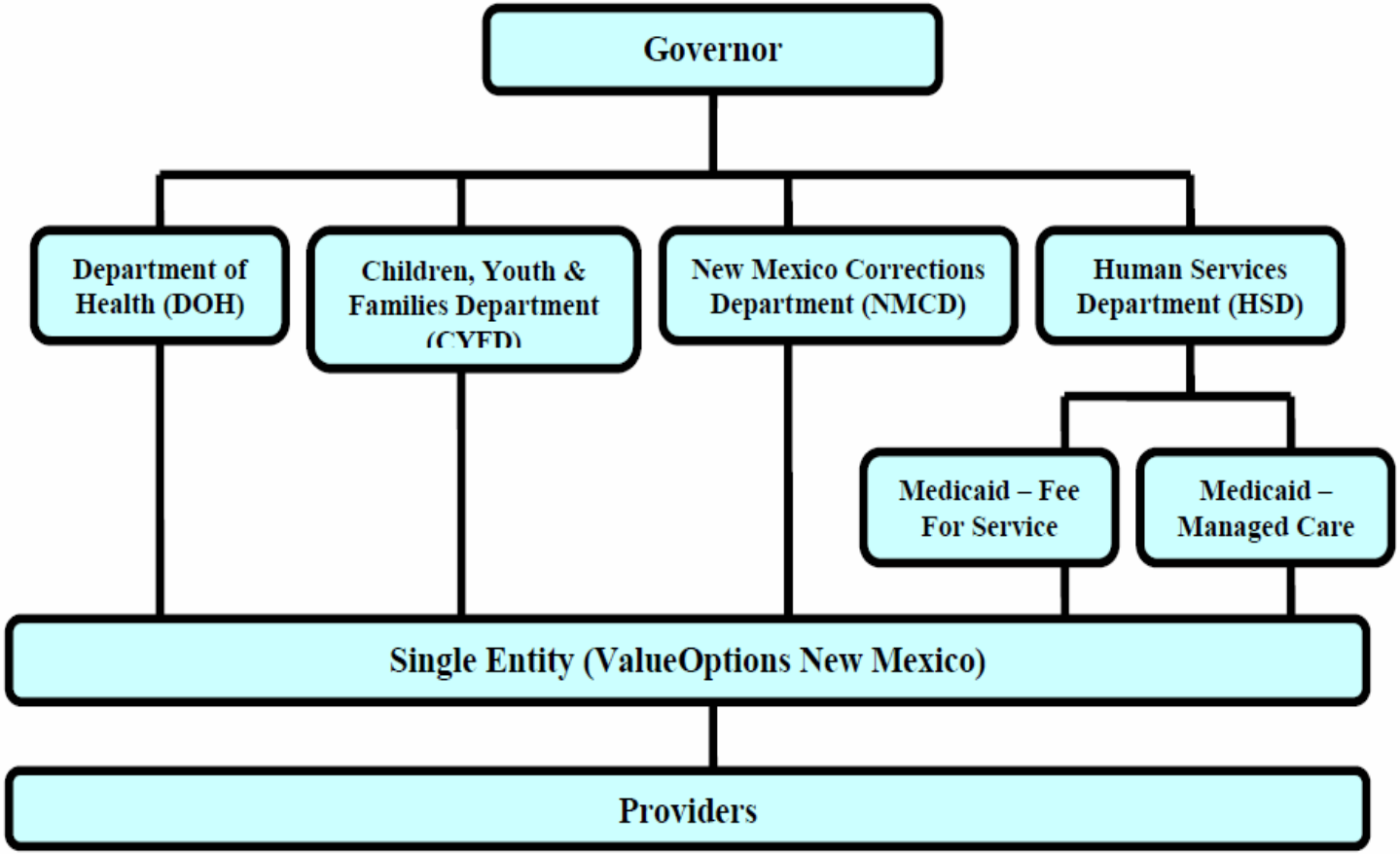
The responsibilities and duties of the Collaborative are also mandated through state statute.

- Identify behavioral health needs statewide, with an emphasis on that hiatus between needs and services set forth in the Department of Health's gap analysis and in ongoing needs assessments, and develop a master plan for statewide delivery of services;
- Submit a separately identifiable consolidated behavioral health budget request;
- Adopt rules for: standards of delivery for behavioral health services provided through contracted behavioral health entities;
- Provide a quarterly report to the Legislative Finance Committee on performance outcome measures;
- Inventory all expenditures for behavioral health, including mental health and substance abuse;
- Plan, design and direct a statewide behavioral health system, ensuring both availability of services and efficient use of all behavioral health funding, taking into consideration funding appropriated to specific affected departments; and
- Contract for operation of one or more behavioral health entities to ensure availability of services throughout the state.

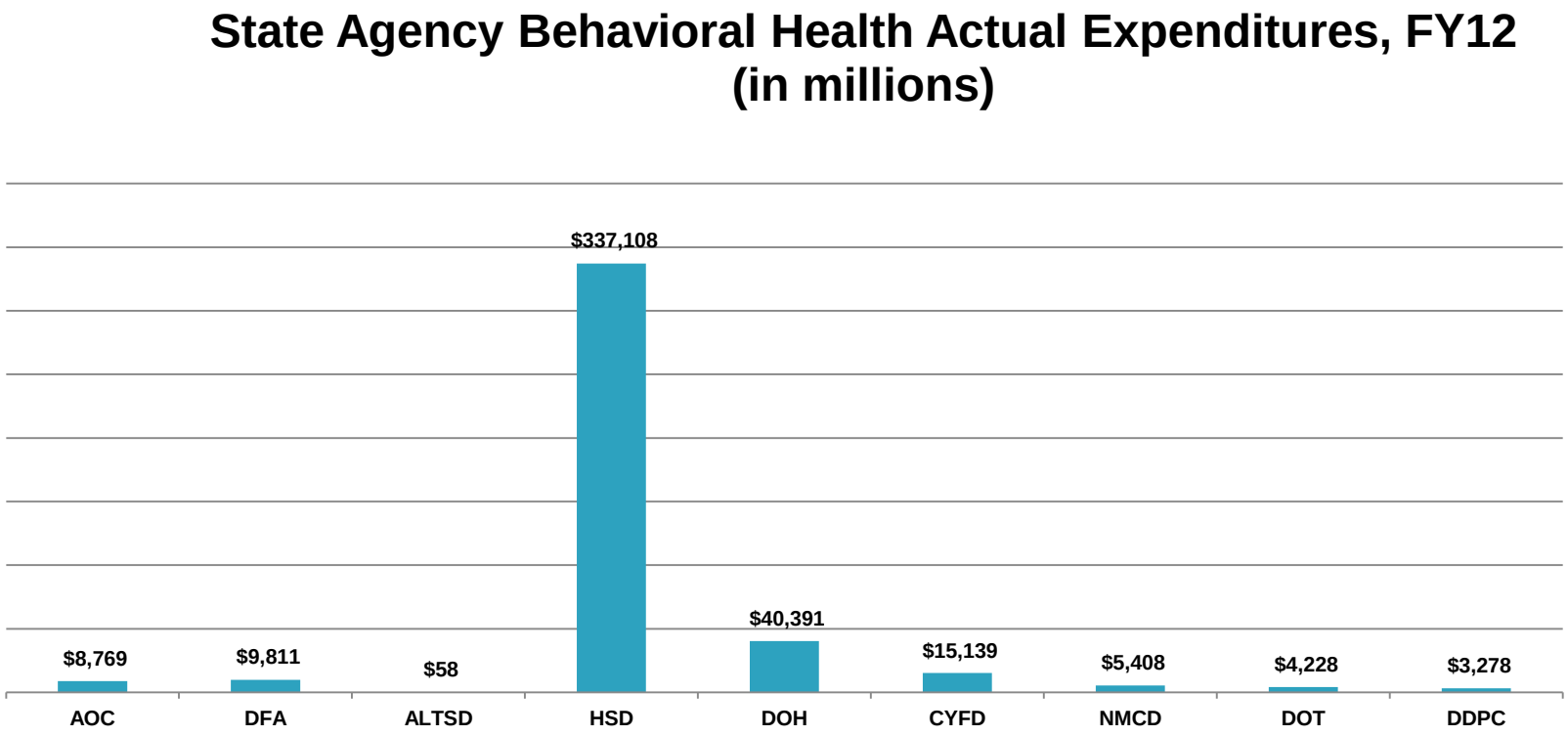
Behavioral Health System Organization: Pre-Collaborative



Behavioral Health System Organization: Post-Collaborative



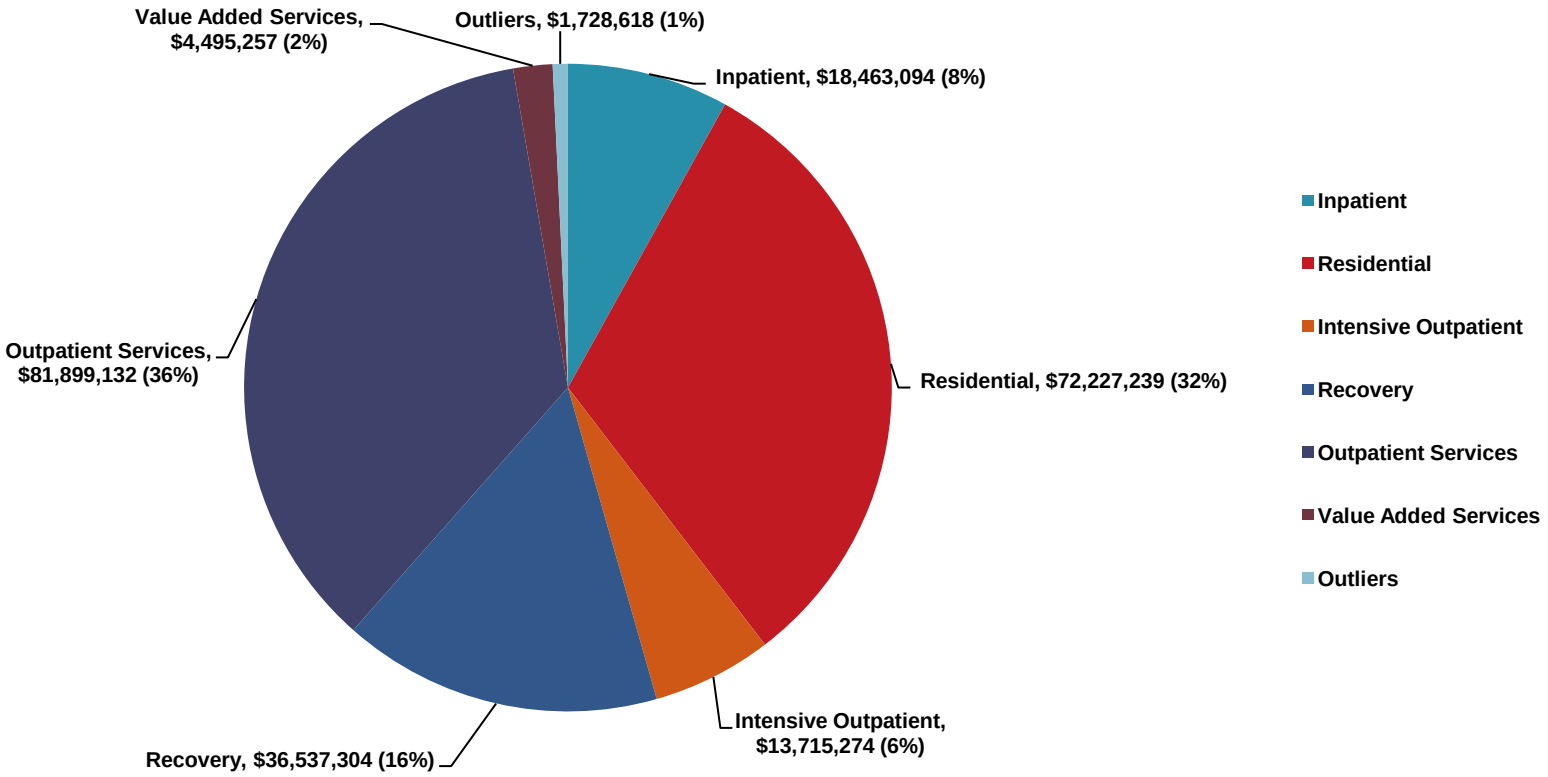
Behavioral Health Spending



Source: BHC Budget Compilation, FY14

Collaborative Funding FY12: Total Service Expenditure Amount and Percentage

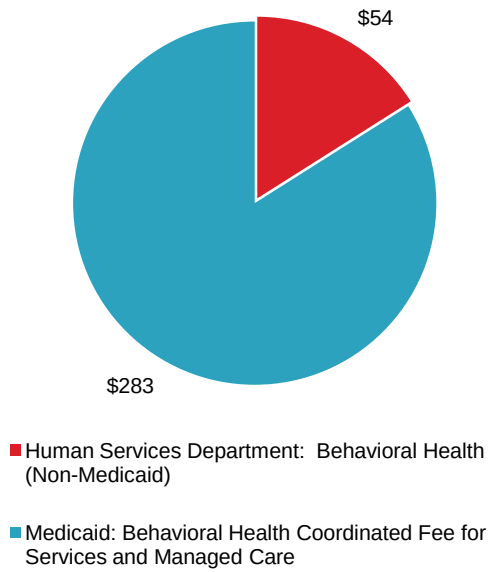
(Based on services provided as of 6/30/2012)



Source: OptumHealth NM FY12 CI-09 Report

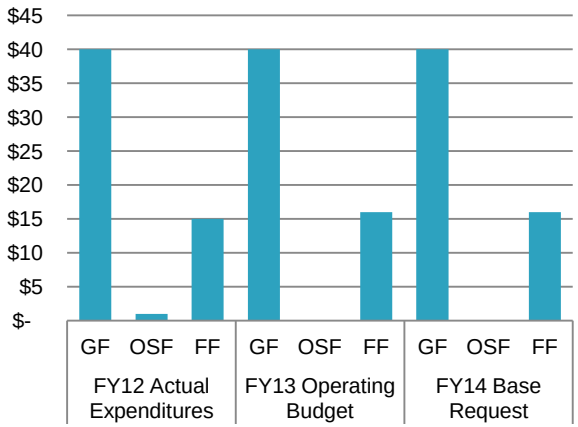
Total HSD Behavioral Health Funding Through the OptumHealth Contract

HSD Behavioral Health Spending, FY12 (in millions)



Source: BHC FY14 Master Compilation

HSD Behavioral Health Non-Medicaid Expenditures and Operating Budget, FY12-FY14
(dollars in millions)



Source: BHC FY14 Master Compilation

Behavioral Health Services Division Funding

The BHSD receives nearly $56 million in state and federal funding for operation of the division and provision of behavioral health services.

- Expansion of Medicaid and implementation of Centennial Care may reduce the need for state general fund.

- The LFC program evaluation recommends re-purposing at least 50 percent of current funding levels unless evidence of need is made through a gaps and needs analysis.

Total State and Federal Appropriations to BHSD

State and Federal Fund Appropriations to HSD for Behavioral Health Services, FY12

(in thousands)

	General Fund	Other State Funds	Federal Funds	Total
Personal services and employee benefits	$1,897		$282	$2,179
Contractual services	$39,073		$12,788	$51,861
Other	$417	$21	$54	$492
Other financing uses	$279		$1,073	$1,352

Source: GAA FY12

Previous LFC Behavioral Health Performance Evaluations

Program Evaluation	Year	Findings	Recommendations
Audit of Medicaid Managed Care Program SALUD Cost Effectiveness Behavioral Health Services Access to Salud Services (HSD)	2000	LFC staff estimates only 55 percent of Salud! Behavioral health funds were distributed directly to providers which represents a reduction in access to and quality of behavioral health services as a result of Salud!.	Require 90 percent of the behavioral health care related funding to be dedicated for behavioral health care service providers and eliminate unnecessary layer of administrative burden and profits in favor of quality services to Medicaid recipients.
		The HSD's Quality Assurance Bureau and legislative auditors found frequent incidences of poor case file documentation and non-compliance with industry standards in MCO/BHO utilization management functions.	Carving out behavioral health services from Salud! Is an important option which HCFA directed the HSD to transition out to fee-for-service.
Review of Substance Abuse Program (DOH)	2005	The impact of publicly funded treatment efforts in New Mexico is virtually unnoticeable to the public due to the large substance-abuse population, the limited number of persons who need and seek treatment, and the undeterminable treatment success rates.	Reallocate funding based on provider performance to avoid violating the anti-donation clause.
		The current methods used for measuring and monitoring utilization and cost of provider services are inefficient, ineffective, and an open invitation for abuse and possibly fraud.	Develop an oversight methodology that will ensure compliance with all standards; systematically test for internal controls and fiscal accountability; and amend contracts to allow firm enforcement of provider sanctions.
Review of the Interagency Behavioral Health Purchasing Collaborative	2006	The Collaborative could improve on its key statutory duties necessary to ensure a well planned and functioning behavioral health system.	Require external quality audits to review all services funded by the Collaborative, not just Medicaid managed care.
		The Collaborative's financial oversight of ValueOptions needs improvement to ensure sound business practices.	Report performance measure and other outcome data to the Legislative Finance Committee as a Collaborative.
Behavioral Health Collaborative: Follow-Up Review	2007	Statutory changes to improve its accountability to the Legislature are still needed. Behavioral health appropriations and performance measures remain fragmented despite legislative efforts to streamline programs.	Consider legislation containing staff recommendations from the 2006 report, including continuing to consolidate behavioral health appropriations into a single program.
		The Collaborative's payment and business practices continue to cause concerns. Pre-paying ValueOptions for services not yet rendered is still contrary to best practice as specified by the Procurement Code.	
Medicaid Fraud, Waste, and Abuse Controls (HSD and Office of the Attorney General)	2011	The HSD's Office of the Inspector General primarily focuses on other programs despite Medicaid expenditures accounting for the vast majority of the HSD's spending.	The HSD should amend MCO contracts to include performance measures related to fraud, waste, and abuse prevention activities.
		The HSD lacks adequate oversight over MCO fraud, waste, and abuse functions.	The HSD should streamline and prioritize Medicaid program integrity functions.

Source: LFC Files

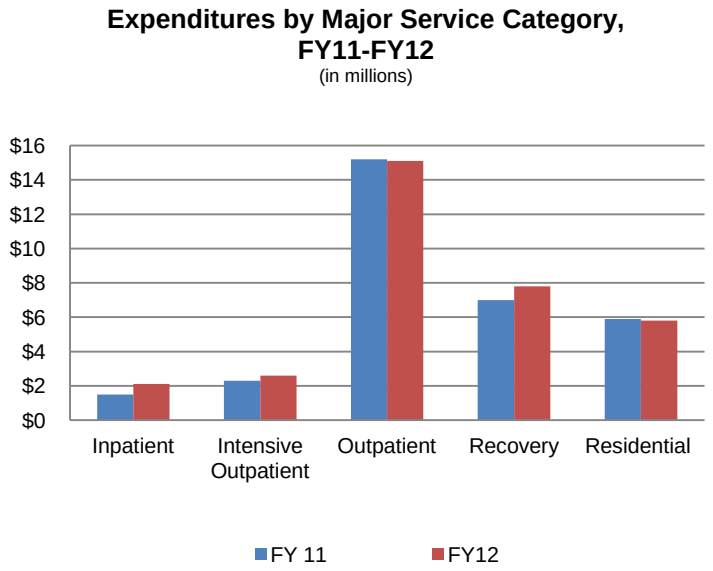
The HSD denied LFC staff access to information, limiting the ability to ensure the appropriate use of funds.

- Federal privacy laws do not prohibit access to client information for agencies that can impact funding. LFC staff stated willingness to enter into a confidential agreement and made assurances protected information would not be made public, but requests were still denied.

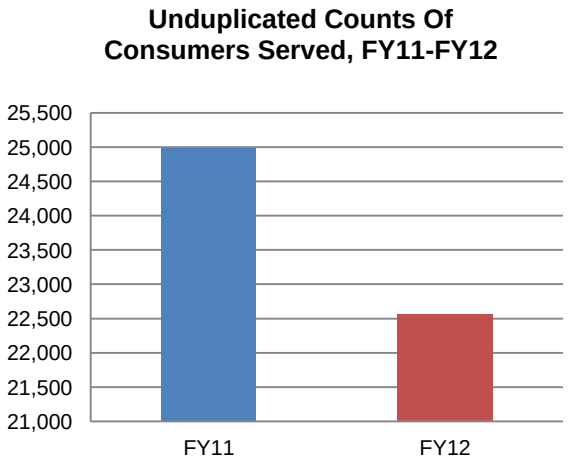
- LFC staff consulted with the Substance Abuse and Mental Health Services Administration (SAMHSA) officials who expressed that the federal grant dollars should receive the same scrutiny as state funding.

The Majority of Expenditures are for Services Delivered in the Community and Home

<u>Although state expenditures have increased, the number of clients served has decreased.</u>

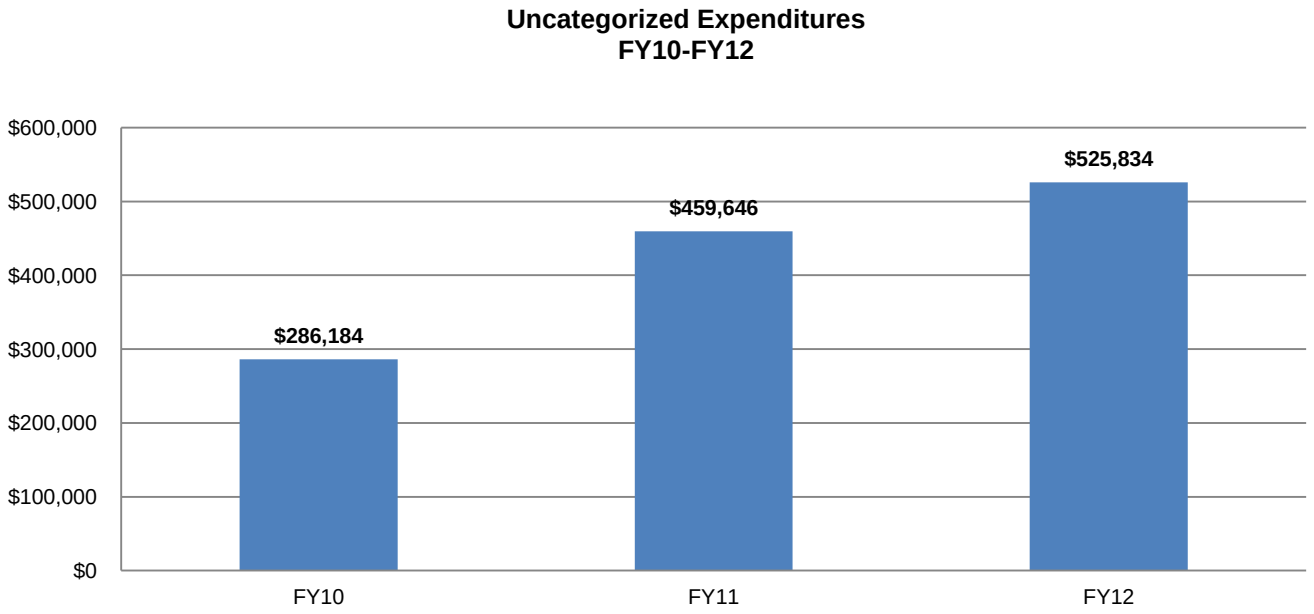


Source: BHSD 06 Reports, FY12



Source: BHSD-02 FY12 Report

More than $1 million in FY10-FY12 expenditures were labeled as uncategorized by OptumHealth creating a lack of accountability in the system.



Source: BHSD 06c Reports FY10-FY12

Performance outcomes have been inconsistent over the past three years

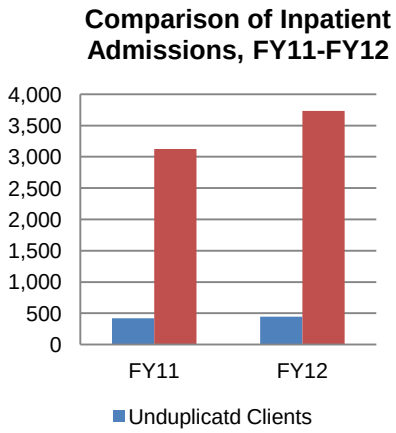
Although consumers reported progress in reducing alcohol and drug dependency, consumers did not have adequate access to follow-up care following inpatient discharge.

Behavioral Health Performance Measures and Outcomes

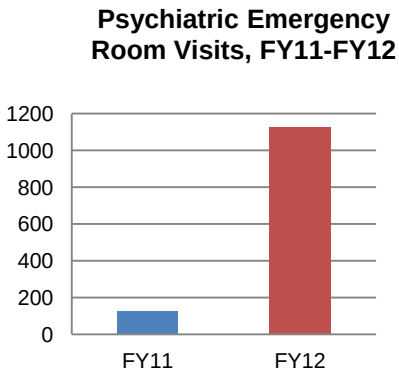
	Target	FY10	Target	FY11	Target	FY12
Percent of people receiving substance abuse treatment who demonstrate improvement in the drug domain of the Addiction Severity Index	80%	55%	75%	70%	75%	71%
Percent of people receiving substance abuse treatment who demonstrate improvement in the alcohol domain of the Addiction Severity Index	80%	73%	80%	92%	80%	87%
Percent of individuals discharged from inpatient facilities who receive follow up services in 7 days.	37%	30%	37%	34%	37%	34%
Percent of individuals discharged from inpatient facilities who receive follow up services in 30 days.	59%	44%	59%	51%	56%	49%

Source: Agency Quarterly Performance Report Cards

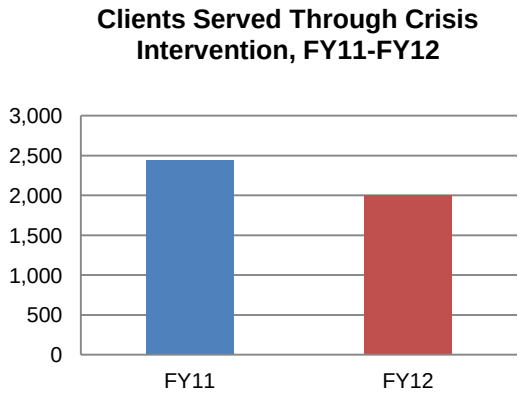
While programs have been created to decrease hospitalizations and improve system efficiency, the have not positively impacted high intensity, high cost service utilization.



Source: OH CI09 FY11, FY12 Reports



Source: OH CI09 FY11, FY12 Reports



Source: OH CI09 FY11, FY12 Reports

The HSD, through a contracted vendor, has recently completed an audit of billing practices of 15 providers.

- OptumHealth and the HSD Inspector General are responsible for reviewing program integrity.
- Information relating to the monitoring of providers by OptumHealth was not made available.
- Although the Inspector General's job duties include auditing of provider business practices, non were completed from FY10 through FY12.

The program integrity clause of the contract is weak, lacking performance measures by which HSD can evaluate monitoring effectiveness.

- The contract does not preclude monitoring of state general fund; however, efforts have been directed to the use of Medicaid funds.
- While state general funds pale in comparison to Medicaid, the state funds serve as the safety net for needy individuals not eligible for Medicaid-sponsored services.
- With the limited ability to expand state funding, it is important these funds are protected for the intended use.

Letters of Direction impede transparency in the use of public funds

- Letters of Direction are issued on behalf of the Collaborative to provide direction to OptumHealth on substantive contract issues or funding transfers between providers and funding sources.
- From 2009 through 2012, over 170 Letters of Direction were issued.
- Many of the individual letters relate to multiple changes in funding, services, and programs.

HSD should ensure Letters of Direction maintain the original intent of funding and are not used primarily as a mechanism to expend unallocated money and do not violate statute or regulation.

Examples from Letters of Direction

- Letters are used to reimburse agencies for work completed in the past year for which money was unavailable or for future costs from a previous year's funding.
- Exchanging state funds for federal funds at the end of the year, after which services were delivered. Although reasons are not stated, unused state funds could revert to the state, while federal funds are allowed to carry-over.
- End of year Letters of Direction are issued for services and programs which could not be completed prior to the end of the year.

Letters of Direction (continued)

- Partners in Wellness, a Los Lunas based private program housed in a facility built with state capital funding, is contractually obligated to financially support operational costs.
- Letters of Direction allow the program to request reimbursement from the state for a portion of the costs.
- Reimbursement to Partners in Wellness also includes reimbursement for employee salaries, travel expenses, and communication technology.
- Partners in Wellness is not assessed rental fees for the facility.
- In 2013, the state Attorney General issued an opinion which directed the City of Las Cruces to charge fair market rents to non-profits housed in city building or be in violation of state anti-donation statutes.

Letters of Direction (continued)

- Letters of Direction excuse a provider's requirement to submit accurate or timely claims: reimbursement is changed from a fee-for-service model to invoice billing allowing the provider to not report specific information required of the claims process.
- On July 26, 2011 a letter directed OptumHealth to pay claims to Carlsbad Mental Health despite the failure of the provider to submit accurate claims. Shortly after, an audit by the New Mexico Attorney General's office identified Medicaid fraud and resulted in closure of Carlsbad Mental Health.
- Letters are specific directing OptumHealth to contract with identified vendors and consultants, which circumvents the state procurement process.

HSD also transmits direction to OptumHealth through Change Request Forms

- LFC staff requested access to Management Letters, the previous iteration of Change Request Forms, but staff was not informed the title had been changed and the forms were not made available until LFC staff learned through other sources of the name change.

- Examples of Change Request Form direction include:
  - Transfer of $109 thousand from Otero County Council to Carlsbad Mental Health three months prior to closure of the Carlsbad facility
  - Transfer of $50 thousand to the Presbyterian Medical Service veterans' program and the transfer of $172 thousand to Partners in Wellness, neither with a stated purpose

The LFC program evaluation provided recommendations to improve program integrity

- Report the results of behavioral health audits to the LFC
- Clarify the role of the HSD Inspector General in the auditing process
- Require OptumHealth to revise their program integrity monitoring to ensure early detection of failures to comply with federal and state statutes and regulations
- Establish performance measures in MCO contracts which would aid in the monitoring level of provider oversight