

To: Kathy Stone, Director Division of Behavioral Health
From: IBHA substance abuse rate assessment committee
Date: November 13, 2018
Re: IBHA recommended Medicaid substance use disorder base rate adjustments

Medicaid reimbursement rates for substance use disorder (SUD) treatment have been and continue to be well below the actual cost of providing care. This fact was documented in the House File 2463 December 2014 report. The report recommended an immediate increase in SUD reimbursement rates and Magellan agreed to provide a “stabilizing” rate increase by March 1, 2015 with additional rate increases aimed at equalizing outpatient rates with the CMHCs and providing B3 service rate increases based upon analysis of program costs. These promised increases never occurred due to the announcement of the Medicaid Modernization RFP in February 2015.

In 2018 the legislature passed HF 2418 directing IDPH and DHS to convene a Substance Use Disorder Provider Reimbursement Workgroup to once again review the adequacy of SUD Medicaid reimbursement. While the committee’s work is not yet complete, the group has already come to unanimous agreement that the reimbursement rates are not adequate and that SUD outpatient rates should be on par with outpatient rates provided CMHCs and these rates should be adjusted annually based upon an Iowa cost of living index.

There is also agreement that reimbursement of SUD B3 services are inadequate and need immediate adjustment. IBHA has developed a methodology documenting the costs of providing integrated co-occurring care and establishing new base rates for these services. IBHA rejects the notion of cost reporting as programs have been forced to keep expenses at unreasonably low levels due to the inadequate reimbursement rates.

The methodology utilized to establish the recommended new base rates is one of creating conservative staffing models for each ASAM level of care. The assumptions utilized in these staffing models are:

1. Programs must be co-occurring capable
2. Residential programs must meet ASAM criteria
3. Clinical staff should minimally be master prepared clinicians
4. Staff salaries should be comparable to other like programs in the state
5. Programs must be able to meet CARF accreditation standards
6. ASAM level 3.3 – 3.7 must provide therapy services 7 days per week
7. Programs must be able to meet the Bio-psycho-social needs of patients

Once staffing models for each level of care were determined, IBHA programs were surveyed to determine their ratio of direct care clinical salary costs to total program costs. The range of direct care salary to total cost was 54% to 48%. We chose to utilize 50% to project a conservative total program cost.

We utilized program size of 20 beds for ASAM levels 3.3 - 3.7 residential programming and 10 beds for ASAM level 3.7 withdrawal management. We utilized 12 beds for ASAM level 3.1 ½ way house programming.

Salaries used were determined by analysis of available data. Sources used included the IBHN salary survey, Iowa labor statistics, National Association of Addiction Treatment Programs 2018 Salary Survey and comparable current Iowa salaries paid at Cherokee and Independence Mental Health Institutes.

IOP, IOP with housing, Partial, and Partial with housing recommended rates were established by using the salary selected to be utilized in all our models for a Master Degreeed (not independently licensed) clinician. The salary utilized is less than all comparable salaries in the state leading to a conservative cost calculation. We calculated the actual cost per productive hour and multiplied the rate times 3 for IOP and 5 for Partial as IOP requires 3 hours per day three times per week and Partial requires 5 hours per day 3 days per week. We added a cost for housing of \$30.00 per day for IOP and Partial with housing. It should be noted that IOP and Partial with housing require programming seven days per week. This method provides a cost which is extremely conservative and remains below actual cost of providing this service for many.

The recommended base rates for all B3 services are attached with all the comparable data and supported attachments. We are happy to respond to questions and provide additional supportive documentation upon request.