Funding Blueprints Programs

Blueprints conference 2016

Funding Blueprint Programs

- **Melanie Duncan, Ph.D.** - Medicaid
- **Keller Strother** – Social Impact Bonds
- **Jeremy K. Ph.D.** - State and Federal Funding Allocations
- **Dan Edwards Ph.D.** - Reform-focused Funding
- Q&A Period

Medicaid 101 – How it works

- Medicaid realities
  - There is no simple version of Medicaid
  - One federal structure but many more than fifty Medicaid 'systems' given the numerous states that have county-level systems or multiple private managed care entities
  - How Medicaid operates in practical terms very much depends on the context (e.g. is there a waiver in place) and state system

Medicaid funding of EBPs

EBPs are currently funded by Medicaid in all of the following ways:

1) Traditional mechanisms – billing under the rehabilitative services option
2) As part of Medicaid Waivers
3) Via "managed care" mechanisms:
   - public management systems
   - private managed care systems

Medicaid 101 – Medicaid Waivers

Medicaid waivers

- Freedom of Choice/Demonstration Waivers
- Home and Community-Based Services Waivers (HBCS); Section 1915(c)
- Home and Community-Based Services State Plan Amendment, Option (1915i)

Medicaid funding of EBPs

FFT

- Billing under a variety of HCPCS codes
- *HCPCS codes are created and maintained by the American Medical Association (AMA)*

MST

- MST HCPCS code created in 2003 (H2033 Multisystemic Therapy for Juveniles)
- Also billed for under other HCPCS codes

Other BP models funded via Medicaid?

Lessons Learned

- For providers unfamiliar with Medicaid reimbursements, unanticipated administrative burdens and financial challenges are common.
  - Very high levels of administrative accountability including regular audits
  - Adverse audit findings can = returning payments for disallowed services
  - Strict requirements regarding client file management and billing submissions
  - Time demands for data entry often exceed expectations
  - Low caseloads create financial challenges (low caseloads = low reimbursements)

Lessons Learned (continued)

- Traditional Medicaid billing mechanisms (15 minute rates) are not best for most EBPs
- Case rates work best (case, daily or monthly) to facilitate fidelity to EBPs and therefore are more likely lead to the most positive clinical outcomes
- Management system requirements:
  - management of **service utilization** is needed
  - management of **service quality** and **outcomes** is needed

Rate Surveys

- States were surveyed on MST rates and their perceptions of the viability of those rates to maintain their teams.
- Findings…

States	# responders	average rate	Units	Average units
PA	13	Total cost range: $11,272 to $9,711 per youth	15 min units or weekly rates	234 units and 20 weeks
LA	12	$36.01 / $30.23	15 min. (Master/ Bachelor level)	244 units max.
NC	5	$36.57 to $43.88 per unit $3,600 per month $15,000 per case	15 min per unit monthly rate case rate	24 to 32 units per week

Rate Surveys

- States were surveyed on FFT rates and their perceptions of the viability of those rates to maintain their teams.
- Findings…

States	# responders	average rate	Units	Average units
PA	8	$3923 per youth average	15 min units	101 units / 17 weeks
LA	11	$38.00/31.70	15 min. (Master/ Bachelor level)	244 units max
DC	3	$3800	15 min units	6 month auth max

Can Medicaid funding work?

- Yes, Medicaid funding can sustain EBPs but is takes persistent work
- EBPs can expand dramatically under Medicaid funding
- Case example – Louisiana (MST)
  - 2008/2009, early Medicaid funding stream
    - 11 provider, 176 recipients, funding <$800K
  - 2010/2011, two years > 10X services delivered

Can Medicaid funding work? (continued)

- Case example – Louisiana (continued)
  - 2010/2011 MST service network
    - Performance of MST under x12 growth in 2 years?
    - 25 providers, 2,247 recipients, funding >$10 million
  - Louisiana MST dashboard*
    - ✓ Youth at home > 92%
    - ✓ Youth in school/work > 90%
    - ✓ Youth with no new arrests > 89%

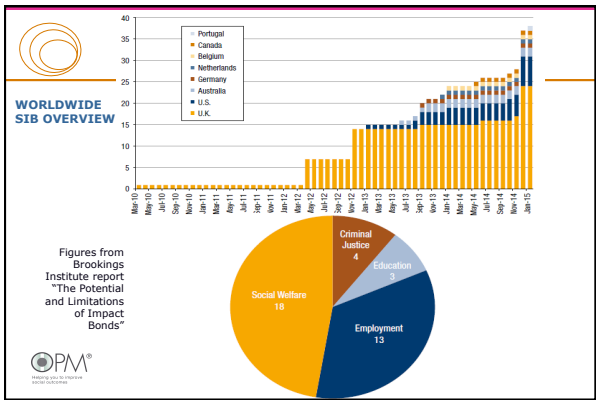
* MSTI dashboard data for period 1/1/2011 to 12/31/2011

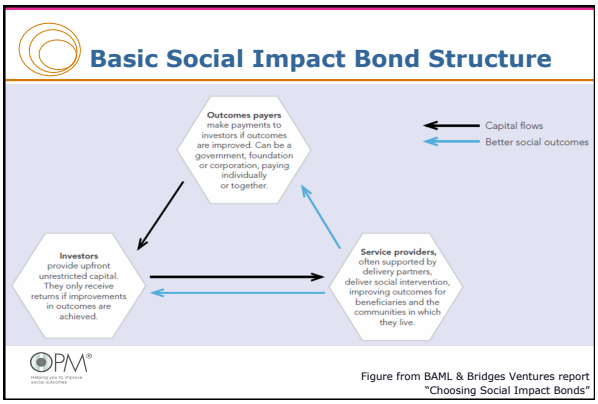
What EBPs can do?

- Post a Preferred Service Description
- Provide feedback on rates and standards when asked
- List/post state Service Descriptions
- Rate state Service Descriptions
- For examples of these for MST, see: http://mstservices.com/resources/funding-and-medicaid-standards

Social Impact Bonds (SIBs)

- An emerging and innovative funding source and structure!
- Many of the early SIBs have been more focused on 'innovative' programming than on 'proven' interventions
- But EBPs with strong evidence of effectiveness, like Blueprint certified models, *should* be attractive to the SIB market as it matures





MST - PART OF INNOVATIVE APPROACH USING SOCIAL INVESTMENT TO INCREASE FUNDING FOR EFFECTIVE SERVICES

Essex County, UK

Slides borrowed from
Cathy James, UK Department of Health

UK/Essex social impact bonds

1st Part	A fixed-rate loan to Places for People Homes (a provider of affordable housing)
2nd Part	A social impact bond to provide services to troubled families whose children are considered to be at risk of being placed in care

LOW RISK LOAN COMBINED WITH HIGH RISK INVESTMENT = GREATER APPEAL TO CIVIC-MINDED INVESTORS

INVESTMENT STRUCTURE: "FUTURE FOR CHILDREN" HOUSING AND MST PROJECT

INITIAL FUNDING

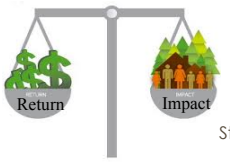
- $1,000 is invested by private parties (the Investors)
  - $780 (78%) to the Housing Project
  - $200 20%to the MST Program for ~380 youth/families
  - $20 (2%) to the management process

PAYMENTS LATER

- After 8 years the Investors get back:
  - $1,000 from the housing project ($780 plus 3.2% interest for 8 years)
  - Additional returns based on the MST program outcomes

http://allia.org.uk/latest-news/2013/02/04/future-for-children-bond/

"If we want civic-minded affluent people to make a lot more money available for social purposes, they need to know they'll eventually get it back.



Philanthropy is disposable; social investment is recyclable."

Steven H. Goldberg, February 4, 2013

Social investing has the potential to significantly change how we fund social programs

Questions?

Medicaid 101 – Medicaid Waivers

- Freedom of Choice/Demonstration Waivers
  Advantages:
  - More flexibility in services
  - Improved service coordination
- Disadvantages:
  - Must be budget neutral (which can lead to cost sharing and reduced benefits)
  - Capped payments
  - May result in an inadequate provider network

Medicaid 101 – Medicaid Waivers

- Home and Community-Based Services Waivers; 1915(c)
  - Advantages:
    - Provides wider range of services and expanded benefits (habituation)
    - Available to more individuals (300% above FPL)
    - Covers "other" services: training, supervision, etc.
  - Disadvantages:
    - Caps costs and number of beneficiaries
    - Cost neutrality requirement must be demonstrated

State Plan Amendment Option

- Home and Community-Based Services State Plan Amendment, Option (1915i)
  - Advantages:
    - States define the needs-based criteria and services when writing the plan.
    - Don't have to prove cost neutrality
  - Disadvantages
    - Number of individuals served is capped and financial eligibility stipulates income not above 150% of federal poverty level.
    - Limited eligible services compared to 1915c