

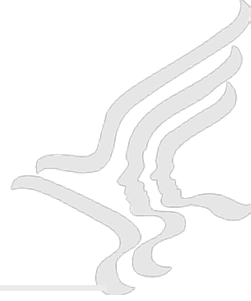
# Module 6: Financial and Organizational Issues



**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment  
<http://www.samhsa.gov>

# Module 6 Objectives

---



- Describe the changing patterns of detox service utilization
- Identify at least four major funding streams available to detox and substance abuse treatment programs
- Explain different types of financial arrangements in managed care contracts and their risks
- Describe other aspects of a managed care environment
- State two strategies for strengthening the financial base and market position of a detox program

# Changes in Setting and Types of Patient Problems in Recent Years



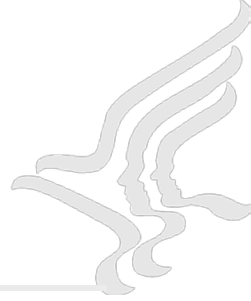
- Shift from inpatient to outpatient
- Substance abuse problems have shifted from alcohol and cocaine to opioids
- More opportunities for community-based and private detox programs
- Hospital-owned freestanding detox programs have increased

# Funding Streams and Other Resources for Program Development



- SAPT Block Grant Program
  - SAMHSA funding to each SSA; must apply through the state
- Medicaid
  - Coverage for uninsured and others; state determines eligibility
- Medicare
  - Federal coverage for those 65 and older; detox program must be Medicare certified
- SCHIP
  - Low cost insurance for children of low-income families not eligible for Medicaid; funds for detox varies from state to state.
- Social Services
  - TANF, Department of Labor, HUD, Voc Rehab funds, Title IV, and Ryan White Title I all are potential sources of funding for detox treatment, each with stipulations
- CJ/JJ Systems
  - State correctional systems, drug courts, and contractual arrangements with juvenile court system are potential sources of funding for detox treatment for those in the criminal or juvenal justice system
- Other Funding Streams/Resources
  - TRICARE, local funding, private payors, contributions, grants, and self-pay

# Working in a Managed Care Environment



- Four fundamental aspects of managed care arrangements
  - Contracts must specify obligations of each party
  - Detox program becomes a member of the managed care organization's network
  - Contract includes performance measurement and reporting
  - Contract includes utilization management to determine eligibility and medical necessity
- Costs include:
  - Staff time spent with patients
  - Administrative time spent in meetings and paperwork
  - Capital and operating expenses

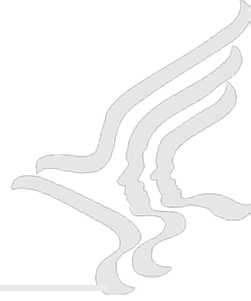
# Financial Arrangements and Risks with Managed Care



- **Fee-for-Service**
  - Requires precertification
  - Patient's benefit plan shows approved services
  - Standard rate is received by provider
  - Least risky arrangement
  - Must ensure that negotiated rate covers costs
  - All services must be costed out prior to contract
- **Capitation Agreement**
  - Stipulated fee to cover costs is established for all
  - Provider agrees to provide all or some services for an expected number of patients
  - Large service providers enter into capitation agreements
  - Provider may recover costs if more patients require treatment than predicted
  - Programs must track costs against budget to avoid deficits
- **Case Rate Agreement**
  - Fixed per-patient fee
  - "Set" of services is determined by managed care organization
  - Less risk for provider than with capitation agreement
  - Risk that patients may need more service than case rate covers
  - Provider must track actual average cost per case to avoid deficits

# Accreditation and Credentialing

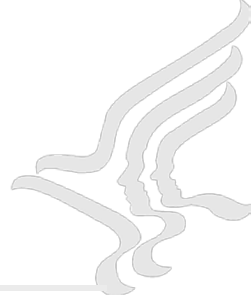
---



- Credentialing of providers is done by managed care organizations
- Staff credentialing requirements vary by managed care organizations
- Staff eligible for credentialing usually includes licensed professionals
- Types of staff needed and services provided vary among providers
- Detox programs participate in both medical and behavioral networks
- Program may be required to be accredited by CARF or JCAHO

# Performance Measures

---



- Key Process Outcome Measures include percentage of patients who:
  - Complete a defined individualized treatment regimen
  - Drop out within first 7 days of treatment
  - Remain in less intensive treatment 30 days after discharge
  - Are employed or in school 6 months after discharge
- NCQA's 4 Domains for Development of Performance Measures:
  - Prevention/education
  - Recognition or identification of substance abuse
  - Treatment
  - Maintenance of treatment effects

# Utilization and Case Management

---



- Utilization focuses on a single type of service
- Case management focuses on coordination of an individualized array of services
- Managed care staff in both utilization and case management authorize services for payment
- Wide variety of criteria are used to determine authorization (including ASAM criteria)

# Addressing Needs of Utilization and Case Management

---



Detox program must:

- Understand the roles of utilization and case management at managed care organization
- Be trained in conducting professional telephone relationships
- Be familiar with criteria and protocols of the managed care organization
- Have access to information required by the managed care organization
- Maintain complete records

# Strengthening Financial Base and Market Position



- Achieve recognition for quality and effectiveness of services
- Serve special populations
- Develop economies of scale
- Gain community visibility and support
- Form alliances with other treatment providers