DEPARTMENT OF HUMAN SERVICES
Division of Mental Health
Fee for Service FY 06 Fourth Quarter Commitment Report
July 2006

Item in the Commitment	Status
1) The membership, appointment process, and meeting schedule for the alternative Advisory Structure shall be clearly articulated to assure that the fee-for-service issue, including SASS, can transition effectively into the Ongoing structures. The composition of the Advisory Structure should be at least 50% consumers or families, and should include local beneficiaries of the public mental health system, such as representatives from law enforcement, schools, judicial systems, and/or local mental health funding boards. a. Regional planning and input bodies shall be used periodically to review and analyze service and need data, and to gather input regarding community needs. That information should be brought to the state-wide DMH Advisory Structure for overall public mental health planning and priorities. b. The SRI shall cease to exist as a separate group once the restructured DMH Advisory Structure is in place and the work has been fully transitioned to the new Advisory Structure, its subcommittees or working groups.	**Ongoing**—During meetings in late August and early September, discussions on the desire to move toward an alternative advisory structure were held with membership of the existing fee-for-service (FFS) advisory structure the System Restructuring Initiative (SRI). SRI members were reluctant to significantly modify its membership as envisioned by the Division of Mental Health (DMH) except to add new members, including the four workgroup chairs. It was felt the addition of additional new members would require education and be disruptive. The SRI/fee-for-service conversion workgroups have been restructured to be more inclusive of other providers, consumers and other stakeholders. The result has been the participation of over 200 distinct stakeholders in the workgroup process. Regional meetings and statewide training sessions have been held to keep other stakeholders abreast on SRI/FFS developments and issues.

2) DMH shall continue to work with HFS (formerly DPA) and other affected departments to develop a Medicaid state plan amendment that includes current recommendations from the services workgroup related to recovery-focused service taxonomy with corresponding changes to Rule 132 and rates for these services. To the extent possible given the required federal approvals, the state plan amendment, changes to Rule132 and rates shall be effective no later than July 1, 2006, to correspond to the full implementation of fee-for-service. If all the recommended changes cannot be accomplished by this date the priority recommendations should be done first. a. A workgroup process is preferred as a method to develop recommendations for revised service definitions for HFS (formerly DPA) and DMH consideration. The existing services workgroup can be adjusted to incorporate greater clinical representation for this function.	**Ongoing**—A process for amending the Medicaid state plan, a prioritized list of services to be included in the state plan amendment and changes to Rule 132 were approved by the Inter-departmental Medicaid Group (consisting of the Departments of Healthcare & Family Services (HFS), Human Services (DHS), Children & Family Services (DCFS), and Corrections (DOC)) and DMH is moving forward with further approvals of this plan. Definitions for the prioritized services of Assertive Community Treatment (ACT) and Psychosocial Rehabilitation (PSR) have been drafted by workgroups and have been used as source documents for drafting state plan and Rule revision language. From the work on these definitions, an additional service, Community Support, was recommended and approved for prioritized attention this year, a stakeholder sub-workgroup formed and definitions drafted. A series of 27 focus groups for obtaining consumer and family input on the above were conducted across the state in January and February. Draft definitions were reviewed with the SRI Task Group. State department staff have drafted recommended changes in the state plan as well as Rule 132. DMH submitted draft state plan amendment language on PSR, ACT, Community Support services to HFS for their review. HFS has reviewed and forwarded this document onto Federal government for their consideration. State department staff are reviewing the proposed Rule 132 revisions with their organizations' executive staff. It is anticipated that a finalized Rule 132 revision will be filed this autumn with the Joint Committee on Administrative Rules (JCAR). With respect to Residential Support, a survey of existing residential programs was deployed to residential providers with a 100% response rate. The survey revealed extreme variability in residential services cost and staffing structures. As a result, the evaluation of Residential Support will proceed with care and continue into FY07. Standardized instruments for guiding decisions regarding the level of residential placement for individual consumers were reviewed by a stakeholder workgroup, who recommended the Level of Care Utilization Scale (LOCUS) tool as the most clinically appropriate. A group of providers was trained on using this tool and piloted it within their operations. The pilot concluded June 30th. Results of the pilot analysis will be taken to DMH and the SRI Task Group. The Fee-for-Service State Readiness Review completed by DHS's consultants noted the need for increased and improved state infrastructure, and raised many issues about the viability of moving to full implementation by July 2006. As a result, DMH is moving toward full implementation July 2007 and will address remaining concerns in FY07.

3) The provider communication structure and methods that have been developed during the field test process shall be expanded beyond the 30 field test agencies to include all 158 providers impacted by the transition to fee-for-service. Logistics and resources required for monthly, state-wide meetings cause it to be likely that alternative communication strategies will be necessary, such as relying on website postings, email, and less frequent regional or "semi-regional' meetings. As a part of increased reliance on regional structures for communication, DMH shall make best efforts to ensure the consistency of regional information and resources. Progress reports on these alternate communication strategies and resource requirements will be part of the quarterly reports.	**Ongoing**—In addition to statewide meetings conducted throughout the fiscal year (in late September, late November and mid June), Regional and semi-Regional meetings continue to include updates and reviews of SRI/FFS activities. Representatives from all providers (i.e., beyond the 30 field test agencies) continue to be included in the restructured workgroups as a means of improving communication and representation throughout the DMH provider network. Website postings continue as a means of informing the broader stakeholder community of SRI/FFS activities, with minutes and reports posted at the DHS website (at: http://www.dhs.state.il.us/mhdd/mh/sri/) and background and research materials available at the Parker Dennison website (at: http://www.parkerdennison.com/Page.html). Moderated teleconferences available to all providers continue to be conducted every other month to relay information and updates about billings, the bill processing system, policies and procedures and to provide general technical assistance; this fiscal year calls have been conducted on August 9, October 11, December 20, February 21, April 11 and June 20. Summaries of the calls and provider questions and DHS/DMH answers are summarized and posted at: http://www.dhs.state.il.us/mhdd/mh/repCommServices/. Weekly teleconferences with Regional staff on SRI/FFS continue to enhance consistency in information dissemination. It is hoped that this has begun to address the problem of inconsistent communications from the regional structures noted in the Fee-for-Service State Readiness Review.
4) FY 06 provider contracts shall include the following: a. FY 06 contracts shall permit a limited portion of Medicaid and Non-Medicaid funding to be reallocated from those providers with very low billing levels to those with the highest levels of billing. The financial work group will continue to work with DHS/DMH on implementation of this process.	4a—**Complete**—The FY06 contract language included a midyear reallocation. This reallocation follows a model recommended by the Finance workgroup, with the Provider Chair of the workgroup noting the need to adjust funding based on demonstrated consumer need. The SRI Task Group voted 6 to 5 to not recommend the reallocation, with some members concerned with harming providers. MH notified providers affected by the reallocation in January and implemented a reconsideration process. Out of the 30 providers initially identified for potential reductions, 12 requested reconsideration. DMH reviewed these requests for reconsideration and determined that seven raised matters of fact that were relevant to the calculation of the reallocation. These requests were accepted and the reallocations were recalculated. The outcome of the reallocation analysis after the review of the requests for reconsideration is a reduction of contracts for 24 providers (16%), no change for 23 (14%), and an increase for 108 (70%). Providers were notified of the outcome by letter in early April. The mid-year reallocation did not affect FY07 contract amounts.

b. Providers shall continue to receive monthly advances of contract amounts, although the specific amounts of the advances shall be sufficiently flexible to allow the adjustments referenced above that begin to align billing and contract amounts, and to address cash flow problems associated with the 718 Mental Health Trust Fund.	4b—**Ongoing**—Providers have received monthly advances of FY06 contract amounts. The statutorily required report on the 718 Mental Health Trust Fund indicated that from projections based on provider Medicaid billings through November 2005, the Department expects to have sufficient funds to complete advance grant payments to community mental health service providers on schedule through FY 2006. Following meetings with the Governor's Office, DMH held a series of three teleconference meetings in March and April with the SRI Steering Group to continue dialogue on the 718 Trust Fund. The group made several comments, observations and recommendations, including that the system be redesigned to increase incentives for billing. DMH relayed this information to the Governor's Office and engaged in further discussions. DMH achieved agreement with the Governor's Office to propose that the Fund allocations in the future, beginning in FY 2007, be as follows: • First $75 million in deposits (an increase from $73 million to accommodate the CODB increase approved for this fiscal year) will be used to fulfill DHS/DMH's contracts with providers for the purchase of community mental health services. • The next $4.5 million is to be used for the oversight and administration of community mental health services and for up to $1,000,000 of this amount for support of community mental health service initiatives. • Any additional amounts shall be deposited 50% into the MH Trust Fund to be used for the purchase of community mental health services and 50% into the General Revenue Fund. This proposal was enacted in the 718 Fund legislation signed by the Governor in June.
c. Reconciliation's shall continue to compare advance payment amounts with billing levels for all providers, with a monthly summary that details the number of providers above/below 100%, 90%, and 80% of prorata Medicaid and Non-Medicaid billing levels by date of service.	4c—**Ongoing**—Trial "reconciliations" or comparisons of advances to billing levels are available to all providers from the Service Inquiry System (SIS) Online. A report of providers at varying levels of billing against contract amounts for FY06 is also available on SIS Online for both Medicaid as well as non-Medicaid billings. The prorata of a provider's contract is the portion of their total contract amount equal to the portion of the year for which the provider should have submitted billings. As of the second billing cycle in May 2006, 97 providers had Medicaid and nonMedicaid billings greater than or equal to 80% prorata of their contracts (with 51 greater than 100% of prorata), while 23 providers had billings less than or equal to 50% prorata. This year overall mental health FFS billings are 21.5% higher than they were at the same time last year. Medicaid billings are up 12% over last year and non-Medicaid billings up 55%.

d. Capacity grants shall be maintained at current levels for FY 06, which is consistent with the recommendation from the finance workgroup and SRI. Further analysis of the amount of capacity grants and services supported by capacity grants shall be completed during FY 06 to facilitate changes that are aligned with service taxonomy and rate changes that are implemented with fee-for-service and as a part of the state plan amendment and Rule 132 changes.	4d—**Ongoing—**DMH completed some additional analysis of the components of current capacity grant funding; proposed principles, allocation methods and modifications were presented to the Finance workgroup for discussion in January. Capacity grant amounts for residential services remain the same per recommendations from the Services workgroup. Beginning in FY07, the Mental Health Juvenile Justice & Geropsychiatric Services program funding were moved from 100% capacity grant funding to 75% capacity grant/ 25% FFS to assess billing potential. Capacity Grant funding supporting consumer support activities was transferred from the FY06 PSR cost center and into its own cost center for FY07, "Community Consumer Support". The remaining PSR funding for FY07 is 100% FFS. DMH will use FY07 to work with stakeholder groups to analyze the capacity grant percentages and determine what changes are necessary.
e. The existing financial workgroup, including representatives from across the entire provider network and consumers/families, shall continue to provide input to DMH regarding FY 06 contracts and financially related transition issues. The membership in the existing financial workgroup shall be adjusted to include broader representation from the provider network while maintaining a reasonable size.	4e—**Complete**—The Finance workgroup has been restructured to include representatives beyond the 30 field test agencies and consumers and includes representatives from trade organizations. Proposed changes for the FY07 contract were presented to the workgroup in February and March, yielding excellent feedback.
f. Reconciliation of provider contracts shall continue as outlined in the FY 05 Community –Based Mental Health Services Memorandum of Understanding, as amended.	4f—**Complete**—Mock reconciliations for FY06 continued to follow the process outlined for FY05. Paper reconciliation of advances to billing levels is available to all providers through SIS Online.

5) A plan for provider technical assistance and training shall be developed and implemented for FY 06 that includes large group training and tailored technical assistance. The technical assistance shall be for a limited number of providers identified through criteria as needing additional assistance to be given best-effort opportunity to successfully complete the transition to fee-for-service. The technical assistance and training shall be provided through a combination of DMH, consulting and, potentially, provider trade association resources.	**Ongoing**—A contract for provider training and technical assistance was established with Parker Dennison and Associates. In addition to the statewide training sessions for all providers in late November and mid-June, DMH and Parker Dennison initiated a series of technical assistance teleconference consultations to providers. Providers were targeted for this assistance based on low FY05 and FY06 year-to-date billing performance. Providers adversely impacted by the planned mid-year reallocation were prioritized for consultation. These consultations began in January and continued into June 2006. 8 providers declined the consultation but the remaining 70 providers appear to have benefited greatly from the consultation. These intensive consultations have resulted in specific workplans for both provider and DMH staff and some have indicated the need for site visits. 13 site visits were completed in the third and fourth quarters. These are in addition to the 14 site visits Parker Dennison performed between last fiscal year and earlier this fiscal year. DMH has worked with the Illinois Hospital Association and individual providers to address technical assistance needs specific to hospital-based mental health providers. A series of teleconferences and site visits held January through June 2006 with IHA and several individual providers will inform an analysis to be completed July 2006. The results of this analysis will guide future technical assistance with this group of providers. Regional staff continue to provide and document additional ongoing technical assistance to all providers. Parker Dennison have held three sessions (in November, April and June) with DMH Regional staff to train them on technical assistance techniques.
6) A process shall be developed and articulated to identify geographic or service areas where service disruptions may occur, along with development of a contingency plan to address consumer needs in the event of changes in service capacity/availability during the transition to fee-for-service.	**Ongoing**—The Access workgroup is addressing this issue. Membership for the Access workgroup has been restructured to include consumers and representatives from beyond the original 30 Field Test providers. This workgroup assembled and reviewed literature and existing standards relative to access to draft a working definition of access. They wish to ensure that access standards apply to more than just Medicaid clients. The group requested from expert consultants a survey of eligibility standards in other states and noted the need to monitor changes in the mental health system that could arise under the AllKids initiative. This workgroup gave input to DMH as the Regions plan a geographical needs assessment to ensure that appropriate access to services are maintained. They have begun drafting a consumer safety net plan as well as standards for access to care.

7)	DMH shall complete a readiness review of the state systems, using consultants with appropriate experience. The readiness process shall identify and address critical implementation issues that must be addressed prior to the full implementation of fee-for-service.	**Complete**—Telephone assessments occurred in early October, and the onsite assessment activities occurred during the fourth week of October. The "**Mental Health Fee-for-Service State Readiness Review"** report was published in December and is available at: http://www.dhs.state.il.us/mhdd/mh/sri/ . The report summary includes the finding that "It is not feasible for DMH to move the mental health system to full fee for service nor advance and reconciliation reimbursement by July 1, 2006 due to a number of critical limitations and lack of capacity in key functional areas." In May 2006, Parker Dennison completed a follow-up on-site assessment of state information technology capabilities under FFS to help inform the development of an RFP for the services of an Administrative Services Organization (ASO). In May 2006, a subgroup provided to the SRI Task Group a list of issues that should be resolved prior to FFS implementation.
8)	Mechanisms shall be identified and developed to address two cash flow issues that have been identified as a part of the field test process—the 718 Mental Health Trust Fund shortfall, and the time from claim submission to payment on Medicaid claims. Discussions on alternate financing of the mental health system shall occur with the current SRI finance group during June and July and reported to the House Fee-For-Service Initiatives Committee. If no agreement is reached, discussions will continue.	**Ongoing -**The statutorily required report on the 718 Mental Health Trust Fund report indicated that from projections based on provider Medicaid billings through November 2005, the Department expects to have sufficient funds to complete advance grant payments to community mental health service providers on schedule through FY 2006. Following meetings with the Governor's Office, DMH held a series of three teleconference meetings in March and April with the SRI Steering Group to continue dialogue on the 718 Trust Fund. The group made several comments, observations and recommendations, including that the system be redesigned to increase incentives for billing. DMH relayed this information to the Governor's Office and engaged in further discussions. DMH achieved agreement with the Governor's Office to propose that the Fund allocations in the future, beginning in FY 2007, be as follows: First $75 million in deposits (an increase from $73 million to accommodate the cost of doing business (CODB) increase approved for this fiscal year) will be used to fulfill DHS/DMH's contracts with providers for the purchase of community mental health services. The next $4.5 million is to be used for the oversight and administration of community mental health services and for up to $1,000,000 of this amount for support of community mental health service initiatives. Any additional amounts shall be deposited 50% into the MH Trust Fund to be used for the purchase of community mental health services and 50% into the General Revenue Fund. This proposal was enacted in the 718 Fund legislation signed by the Governor in June. The time from bill submission to payment was noted by expert consultants in their State Readiness Review as an issue that should be addressed prior to FFS implementation. The overall cash flow issues associated with the time from bill submission to payment will continue to be assessed by DMH's expert consultants in consultation with the Finance Workgroup.

9)	DMH shall lead a process to develop baseline access to care standards that are measured regularly at local, regional and state-wide levels. The process shall include input from the stakeholder workgroup.	**Ongoing**— The Access workgroup is addressing this issue. Membership for the Access workgroup has been restructured to include consumers and representatives from beyond the original 30 Field Test providers. This workgroup assembled and reviewed literature and existing standards relative to access to draft a working definition of access. They wish to ensure that access standards apply to more than just Medicaid clients. This workgroup gave input to DMH as the Regions plan a geographical needs assessment to ensure that appropriate access to services are maintained. They have begun drafting a consumer safety net plan as well as standards for access to care.
10)	DMH in collaboration with the SRI/Advisory Structure shall prepare quarterly progress reports describing progress on the fee-for-service transition. Those reports shall be delivered the House Special Committee on Fee-For- Service, the Senate Health and Human Services Committee, and the Governor and published on the website no later than 30 days following the close of the quarter.	**In Process**—Reports have been prepared with the SRI Task Group and submitted for the following dates: October 28, 2005 January 30, 2006 April 29, 2006 July 28, 2006