DEPARTMENT OF HUMAN SERVICES
Division of Mental Health
Fee for Service FY 06 Second Quarter Commitment Report
January 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 on-going 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.	**On-going**—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 advisory structure, SRI. SRI members were reluctant to significantly modify its membership as envisioned by 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, and Regional meetings have been held to keep other stakeholders abreast on SRI/FFS developments and issues. Consumer and provider leadership initiated identification and training of consumers with expertise in finances. During the second quarter a two-day intensive training session supported by DMH and led by consumer and provider leadership was provided to these five consumers on the financial aspects of the FFS conversion to prepare their active participation in the Finance Workgroup.

2) DMH shall continue to work with 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.	**On-going**—A process for amending the Medicaid state plan and a prioritized list of services to be included in the state plan amendment and changes to Rule 132 has been approved by the Inter-departmental Medicaid Group (HFS, DHS, DCFS, DOC). Definitions for the prioritized services of Assertive Community Treatment (ACT) and Psychosocial Rehabilitation (PSR) have been drafted by workgroups and will be 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 and a sub-workgroup formed. With respect to Residential Support, there have been over ten workgroup meetings: (a) a summary of residential issues was prepared; (b) a survey of existing residential programs was initiated; (c) standardized instruments for guiding decisions regarding the level of residential placement for individual consumers are being reviewed. The groups continue to work toward the original timelines of July 1, 2006, and state department staff have begun drafting recommended changes in the state plan as well as Rule 132. A series of focus groups for obtaining consumer input on the above is scheduled for January. 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.
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.	**On-going**—In addition to meetings conducted during the first quarter (statewide in late September and Regional), two state-wide training sessions were conducted by Parker Dennison for all providers; this training focused on the issues identified by providers during the summer as their most significant TA needs, and focused on financial modeling of fee for service revenues (with a spreadsheet tool for providers made available), productivity, and compliance monitoring. 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). Since July 1st, there have been 27 Regional or semi-regional meetings held that included updates and reviews of SRI/FFS activities. During the second quarter weekly teleconferences with Regional staff on SRI/FFS were initiated to enhance consistency in information dissemination. It is hoped that this will begin 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—**On-going**—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 being concerned with harming providers. This reallocation is scheduled for implementation in January.
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—**On-going**—Providers are continuing to receive monthly advances of FY06 contract amounts. The 718 Fund/Cash Flow subgroup reviewed an early draft of the statutorily required report on the 718 Mental Health Trust Fund. The 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
c. Reconciliations 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—**On-going**—Reconciliations of advances to billing levels are available to all providers from SIS Online. A report of providers at varying levels of billing against targets for FY05 is also available on SIS Online for both Medicaid as well as non-Medicaid billings. For billings submitted through the first cycle of December: 27 (18%) of the 152 providers had Medicaid and nonMedicaid billings greater than 80% (with 13 greater than 100% of prorata), while 43 providers had billings less than 50% prorata.
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—**On-going**—DMH has completed additional analysis of the components of current capacity grant funding; proposed principles, allocation methods and modifications will be presented to the Finance workgroup for discussion in January. Capacity grant amounts for residential services remain the same pending additional information and recommendations from the Services workgroup on this service.

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. f. Reconciliation of provider contracts shall continue as outlined in the FY 05 Community –Based Mental Health Services Memorandum of Understanding, as amended.	4e—**Complete**—The Finance workgroup has been restructured to include representatives beyond the 30 field test agencies and consumers. The workgroup and its subgroups have met approximately 15 times thus far this fiscal year. Proposed changes for the FY07 contract will be presented to the workgroup in January. 4f—**Complete**—Reconciliations for FY06 will continue to follow the process outlined for FY05. 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.	**On-going**—A contract for provider training and technical assistance was established, and Parker Dennison and Associates provided two state-wide training sessions for all providers; this training focused on the issues identified by providers during the summer as their most significant TA needs, and focused on financial modeling of fee for service revenues (with a spreadsheet tool for providers made available), productivity, and compliance monitoring. Between last fiscal year and this fiscal year, Parker Dennison and Associates have site-visited 14 of the 158 providers and completed one provider-specific telephone consultation. Due to the effectiveness of the telephone consultation, plans are under development to schedule approximately 40 telephone consultations in addition to approximately 12 additional provider site visits. Providers adversely impacted by the planned mid-year reallocation will be prioritized for consultation. Regional staff continue to provide and document additional ongoing technical assistance to all providers. The shortage of expert consultation relative to the demand and available resources continues to be a concern.
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.	**On-going**—This activity has been assigned to the Access workgroup. Membership for the Access workgroup has been restructured to include consumers and representatives from all DMH providers. This workgroup has been assembling and reviewing literature and existing standards relative to access, and wishes to ensure that access standards apply to more than just Medicaid clients.

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.	**Completed**—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."
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.	**On-going**— 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. This report completed by the Division further recommends that GRF, rather than the Trust Fund, be used for provider basic contract amounts, thus avoiding the Trust Fund cash flow issues in the future. The 718 Fund/Cash Flow subgroup formed to work on 718 cash flow issues and overall cash flow issues associated with the time from claim submission to payment will continue discussions. Discussions of alternate financing of the mental health system can occur in the context of the 718 Report.
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.	**On-going**—This task has been assigned to the Access workgroup. This workgroup has been assembling and reviewing literature and existing standards relative to access, and wishes to ensure that access standards apply to more than just Medicaid clients.
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.	**On-going**—Reports have been prepared with the SRI Task Group and submitted for the following dates: September 30, 2005 December 31, 2005