

**DEPARTMENT OF HUMAN SERVICES**  
**Division of Mental Health**  
**Fee for Service FY 06 Third Quarter Commitment Report**  
**April 2006**

<b>Item in the Commitment</b>	<b>Status</b>
<p>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.</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">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.</p>	<p><b>Ongoing</b>—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.</p> <p>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.</p>

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 Rule 132 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 have been approved by the Inter-departmental Medicaid Group (HFS, DHS, DCFS, DOC) and DMH is moving forward with this plan. 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. The Inter-departmental Medicaid Group reviewed and approved the revised definition for ACT.

State department staff have begun drafting recommended changes in the state plan as well as Rule 132 and the groups are working toward timelines of the Fall of 2006. A series of 27 focus groups for obtaining consumer and family input on the above were conducted across the state in January and February.

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 LOCUS tool as the most clinically appropriate. A group of providers was trained on using this tool and has begun to pilot it within their operations.

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.

<p>3)</p>	<p><b>Ongoing</b>—In addition to meetings conducted during the first and second quarters (statewide in late September and late November as well as Regional meetings), Regional and semi-Regional meetings continue to include updates and reviews of SRI/FFS activities.</p> <p>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: <a href="http://www.dhs.state.il.us/mhdd/mh/sri/">http://www.dhs.state.il.us/mhdd/mh/sri/</a>) and background and research materials available at the Parker Dennison website (at: <a href="http://www.parkerdennison.com/Page.html">http://www.parkerdennison.com/Page.html</a>).</p> <p>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 and April 11. Summaries of the calls and provider questions and DHS/DMH answers are summarized and posted at: <a href="http://www.dhs.state.il.us/mhdd/mh/repCommServices/">http://www.dhs.state.il.us/mhdd/mh/repCommServices/</a>.</p> <p>Weekly teleconferences with Regional staff on SRI/FFS continue 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.</p>
<p>4) FY 06 provider contracts shall include the following:</p> <p>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.</p>	<p>4a—<b>Complete</b>—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. DMH notified providers affected by the reallocation in January and created an reconsideration process. Out of the 30 providers initially identified for potential reductions, 12 (40%) 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.</p>

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.

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.

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

**4b—Ongoing**—Providers are continuing to receive 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. As the time of this writing, DMH has achieved agreement with the Governor's Office to propose the following:

That the Fund allocations for 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.

**4c—Ongoing**—Reconciliation's of advances to billing levels are available to all providers from Service Inquiry System (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 second cycle of February:

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. 76 providers had Medicaid and non-Medicaid billings greater than or equal to 80% prorata of their contracts (with 35 greater than 100% of prorata), while 35 providers had billings less than or equal to 50% prorata.

**4d—In process**—DMH has 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.

<p>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.</p> <p>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.</p> <p>f. Reconciliation of provider contracts shall continue as outlined in the FY 05 Community –Based Mental Health Services Memorandum of Understanding, as amended.</p>	<p>In FY07, the Mental Health Juvenile Justice &amp; Geropsychiatric Services programs will begin to be partially funded by FFS contracts to assess billing potential, and the Urban Systems of Care programs will be partially funded by capacity grants. DMH will use FY07 to analyze the capacity grant percentages to determine what changes are necessary.</p> <p>4e—<b>Complete</b>—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.</p> <p>4f—<b>Complete</b>—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.</p>
<p>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.</p>	<p><b>Ongoing</b>—A contract for provider training and technical assistance was established with Parker Dennison and Associates. In addition to the two statewide training sessions for all providers in late November, DMH and Parker Dennison initiated a series of technical assistance teleconference consultations to providers. 63 Providers were initially targeted for this assistance based on low FY05 billing performance. Providers adversely impacted by the planned mid-year reallocation were prioritized for consultation.</p> <p>7 providers declined the consultation but the remaining 56 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. 9 site visits have been completed this quarter. These are in addition to the 14 site visits Parker Dennison performed between last fiscal year and earlier this fiscal year.</p> <p>Regional staff continue to provide and document additional ongoing technical assistance to all providers.</p>

<p>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.</p>	<p><b>Ongoing</b>—The Access workgroup is addressing this issue. Membership for the Access workgroup has been restructured to include consumers and representatives from all DMH 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 will give input to DMH as the Regions plan a geographical needs assessment to ensure that appropriate access to services are maintained.</p>
<p>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.</p>	<p><b>Completed</b>—Telephone assessments occurred in early October, and the onsite assessment activities occurred during the fourth week of October. The “<b>Mental Health Fee-for-Service State Readiness Review</b>” report was published in December and is available at: <a href="http://www.dhs.state.il.us/mhdd/mh/sri/">http://www.dhs.state.il.us/mhdd/mh/sri/</a>. 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.”</p>
<p>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.</p>	<p><b>Ongoing</b> -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.</p> <p>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. As the time of this writing, DMH has achieved agreement with the Governor’s Office to propose the following:</p> <p>That the Fund allocations for FY 2007 be as follows:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>The overall cash flow issues associated with the time from claim submission to payment will continue to be assessed by DMH’s expert consultants in consultation with the Finance Workgroup.</p>

<p>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.</p>	<p><b>Ongoing</b>— The Access workgroup is addressing this issue. Membership for the Access workgroup has been restructured to include consumers and representatives from all DMH 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 will give input to DMH as the Regions plan a geographical needs assessment to ensure that appropriate access to services are maintained.</p>
<p>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.</p>	<p><b>In Process</b>—Reports have been prepared with the SRI Task Group and submitted for the following dates:</p> <p style="padding-left: 40px;">September 30, 2005</p> <p style="padding-left: 40px;">December 31, 2005</p> <p style="padding-left: 40px;">March 31, 2006</p>