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The County Managed Care Resource

HealthChoices Behavioral Health Managed Care

20th Year Anniversary (1997-2017)

The Model of Successful Behavioral Healthcare in Pennsylvania

WHITEPAPER

April 2018

1997 20 YEARS 2017

CONTENTS

ACKNOWLEDGEMENTS

The Whitepaper that follows has been commissioned by COMCARE, a program of the County Commissioner's Association of Pennsylvania (CCAP), to recognize and celebrate the Behavioral HealthChoices Managed Care Program's 20th Year Anniversary. Behavioral HealthChoices continues to successfully deliver broad access to high quality services, while saving Pennsylvania taxpayers billions of dollars.

COMCARE was formed in 2000 to be a resource for county behavioral health programs and staff to assist them with the implementation and administration of managed behavioral healthcare. COMCARE also provided information on insurance coverage for counties providing behavioral managed care, procurement, and advice concerning contracts and processes under the HealthChoices program.

CCAP and its member counties are committed to excellence in county government. CCAP provides a unified voice for Pennsylvania counties, providing information and guidance related to legislation, education, media, insurance, technology and many other crucial services for residents throughout the state. CCAP also strengthens Pennsylvania counties' ability to govern their own affairs and improve the well-being and quality of life of their constituents. Their mission is to educate and inform the public, administrative, legislative and regulatory bodies, decision makers, and the media about county government.

This whitepaper was prepared by Donald J. Panto, II of The Panto Group, LLC. Research was done on the accomplishments of Behavioral HealthChoices through contact with an array of key program stakeholders (see Appendix for key stakeholder list). Stakeholders were asked to respond to several basic questions to outline how Behavioral HealthChoices has succeeded since its inception. Responses were provided in writing or through personal interviews. The Office of Mental Health and Substance Abuse Services (OMHSAS) was also instrumental in providing statistical information. We wish to thank all the key stakeholders who provided their valuable input, as well as OMHSAS for their information and support.

EXECUTIVE SUMMARY

The County Commissioners Association of Pennsylvania and the COMCARE Board commissioned this report to provide policymakers with a review of the Behavioral HealthChoices Program's history, an analysis of the positive impact the program has had on consumers and their families, on every taxpayer and on the state's overall health care delivery system

The County Commissioner's Association of Pennsylvania / COMCARE fully supports the Pennsylvania Behavioral HealthChoices Carve-Out service model, and will continue to provide support to help Pennsylvania build upon this strong foundation.

This report comes as many states in the nation continue to grapple with the challenges regarding the delivery of behavioral health managed care services. In addition, every state, including Pennsylvania, is experiencing an unprecedented number of opioid and substance use deaths. Behavioral HealthChoices has proven to be an invaluable resource in the Commonwealth's on-going response to this public health crisis. In 2017, Behavioral HealthChoices marked 20 years of delivering valuable services to Pennsylvania's most vulnerable citizens and their families.

Overwhelming Success

- The decision to carve-out behavioral health managed care is among the most significant decisions impacting the financing and delivery of mental health and substance use treatment services since the passage of the Mental Health Act of 1966. The model creates a set of unique partnerships between the state, counties, and their Behavioral Health Managed Care Organizations
- Behavioral HealthChoices has demonstrated improved access and increased quality to critical services, at a cost savings estimated from $11 to $14 billion statewide through 2016. Counties, their BHMCOs, and community providers have developed a structure that assures a broad array of services for over 2.9 Million Pennsylvanians.

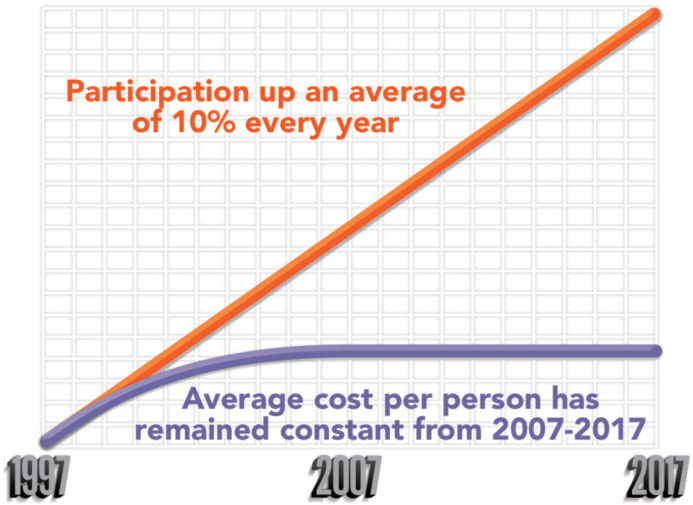
Innovative Change

- Behavioral HealthChoices was created in response to systematic challenges and shortcomings in the behavioral health system that led to poor results for consumers and significant, unnecessary costs for the state.
- National experience suggests that such blended or "carve-in" systems are primarily financial arrangements that have no bearing on care coordination. Most Managed Care Organizations (MCOs) use a "downstream risk" approach and contract behavioral health services to yet another managed care organization. These arrangements create barriers to care and strip needed dollars from care for administrative overhead or profit margins. In fact, in these models, MCOs have been shown to spend less than half of capitated mental health funds on mental health care.
- The wisdom and forethought of many individuals during the Ridge, Rendell, Corbett, and Wolf administrations with input from state officials at what was then the Department of Welfare (now the Department of Human Services) and locally at the county level has been realized not only by the significant cost savings, but in the increased access of valuable services not previously part of the service continuum as well as dramatic measurable increases in quality.

Accomplishments

County administrative and clinical managers, managed care organizations, and local service providers have continually collaborated on innovative solutions to meet the needs of Behavioral HealthChoices members and their families. Quality standards have been continually measured, strengthened, and improved throughout the program's history. In addition, accountability and efficiency practices have been built to provide greater control of public funds. These practices ensure the services that are need by members are provided in an efficient yet responsive manner. Through this management approach, counties can make appropriate and wise use of reinvestment dollars that are made available through the residual capitation. The Pennsylvania model provides a foundation for continued development of programs to manage mental health and substance use disorder programs.

- **Strategic Health System Innovation** - it was not until Behavioral HealthChoices was launched that a unified and integrated approach to leverage all the publicly funded behavioral health programs in an aligned fashion was established. Savings were achieved by utilizing less expensive and less restrictive community services.
- **Specialized Health Care** – it has proven to be very nimble and flexible, quickly able to respond to members' needs as well as larger systemic needs. Community behavioral health services are very specialized, and would present a unique challenge for traditional carved-in managed care insurers.
- **Improved Member Health** – successfully led to the development of new approaches to improve member health and reduce the cost of care. New consumer inventories and assessment tools helped to identify the health care needs of people with serious mental illness. Member Health Profiles and data exchange processes have been developed which gave both behavioral health and physical health providers a more complete clinical picture of the member.
- **Integrating Social Determinants of Health** - consistently delivered over its 20-year lifespan services that are mindful of the member's social determinants of health such as income, access to food and housing, employment, transportation and physical health management. County administration of Behavioral HealthChoices also benefits from a close alignment with a broad array of other human services resources including: child welfare, aging services, intellectual disability and early intervention programs, housing and homeless services, veterans' services, court / criminal justice system diversion programs, and local school districts.
- **Expanded Member Access** - member-months (the measure of individuals participating in Behavioral HealthChoices each month) has grown by an average of 10% per year from 1997 to 2017, indicating that many more people are on Medicaid as a percent of the general population, and more of those on Medicaid are accessing services. At the same time, while more members are eligible to receive services, the average cost per person per month has remained constant from 2007 (the year Behavioral HealthChoices was state-wide) to 2017.



- **Billions of Dollars in Savings** - provides a structure to contain behavioral health costs and bend the long-term cost curve. Segregating behavioral health Medical Assistance dollars allows state and county governments to monitor program revenues to ensure that funds are being allocated to the behavioral health service delivery system. Behavioral HealthChoices has a long history of promoting the use of taxpayer dollars to go directly to the public good.
- **Controls for Quality Assurance, Accountability, and Efficiency** - a model of quality, accountability, and efficiency. The regulations, coupled with the leadership of OMHSAS, provide an operating structure and support for the BHMCOs and their networks of service providers.
- **Quality Provider Service Network** - a catalyst to attract a network of highly qualified service providers. The provider network has grown in number as well as their respective service array. Service providers have been very supportive and constructive innovation partners from the beginning of the Behavioral HealthChoices Program.
- **Battling the Opioid Epidemic** - Behavioral HealthChoices, along with the local Single County Authority (SCA) for substance use disorders have provided badly-needed and targeted resources to battle the opioid crisis. Behavioral Health MCO's showed initiation and engagement rates more than double of that of the physical health MCO's for both measurement year 2013 and 2014. The performance of Behavioral HealthChoices for the initiation and engagement of those battling opioid addiction exceeds that of the HealthChoices physical health plan, providing a successful model moving forward.
- **Reinvestment Expanding Service** - reinvestment funds provide a unique opportunity for a financial incentive to reward sound financial management practices and allow the creative use of funds to fill gaps in the service system, test new innovative treatment approaches, and develop cost-effective alternatives to traditional services that have created cost savings for state plans. Reinvestment funds have allowed counties to provide supplemental services that go far beyond the in-plan service array. Over the first 20 years $844 Million was dedicated to reinvestment plans. Reinvestment is capped at 3%.

> The wisdom and forethought of lawmakers with bi-partisan support from the state legislature during the Ridge, Rendell, Corbett, and Wolf administrations, and locally at the County administration and legislative levels has been proven not only by the significant cost savings, but in the increased access of valuable services not previously part of the service continuum as well as dramatic measurable increases in quality.

- **Integrated Care** - expertise within Behavioral HealthChoices is taking the lead by exploring new effective methods to provide integration of behavioral and physical heath in ways that treat the whole person's needs. Clinical integration of behavioral and physical health has included comprehensive physical and behavioral health screenings, member engagement, shared development of care plans and care coordination and navigator support. System integration includes identifying areas where the health systems can work together, such as the integration of real-time information-sharing, multi-disciplinary teams that coordinate care, the development of provider networks, and mechanisms for assessing and rewarding high-quality care. Behavioral / physical health collaborations include behavioral health medical integration, behavioral health homes, primary care teams using nurse navigators, wellness coaches, certified peer specialists and certified recovery specialists, integrated care with Federally Qualified Health Centers (FQHCs), Centers of Excellence (COEs) for substance abuse, Certified Community Behavioral Health Clinics (CCBHCs), and joint behavioral health and physical health performance plans (i.e. integrated care plans).

INTRODUCTION

In 2017, Behavioral HealthChoices marked 20 years of delivering valuable services to Pennsylvania's most vulnerable citizens and their families. In 1997, policymakers in Harrisburg and around the state recognized that the growing demand for a wider range of behavioral health services for mental health challenges and drug and alcohol treatment required a new delivery model. Ultimately, a bipartisan coalition of stakeholders including county leaders, lawmakers, service providers, clients, and advocacy groups coalesced behind a model that called for a fundamental shift in the delivery of behavioral health services. The goal was to improve a patchwork system that was inefficient and failed to meet the heath care and support needs for Medical Assistance-eligible (Medicaid) citizens and their families. The new Behavioral HealthChoices delivery model created a "carve out" of behavioral health services to replace the ineffective fee-for-service "carve-in". The behavioral health carve-out recognized the special nature of the services necessary for this population. In addition, the new delivery system would be driven by local county governments, which were provided with several options for ensuring delivery of these services in their counties.

Impressive Performance

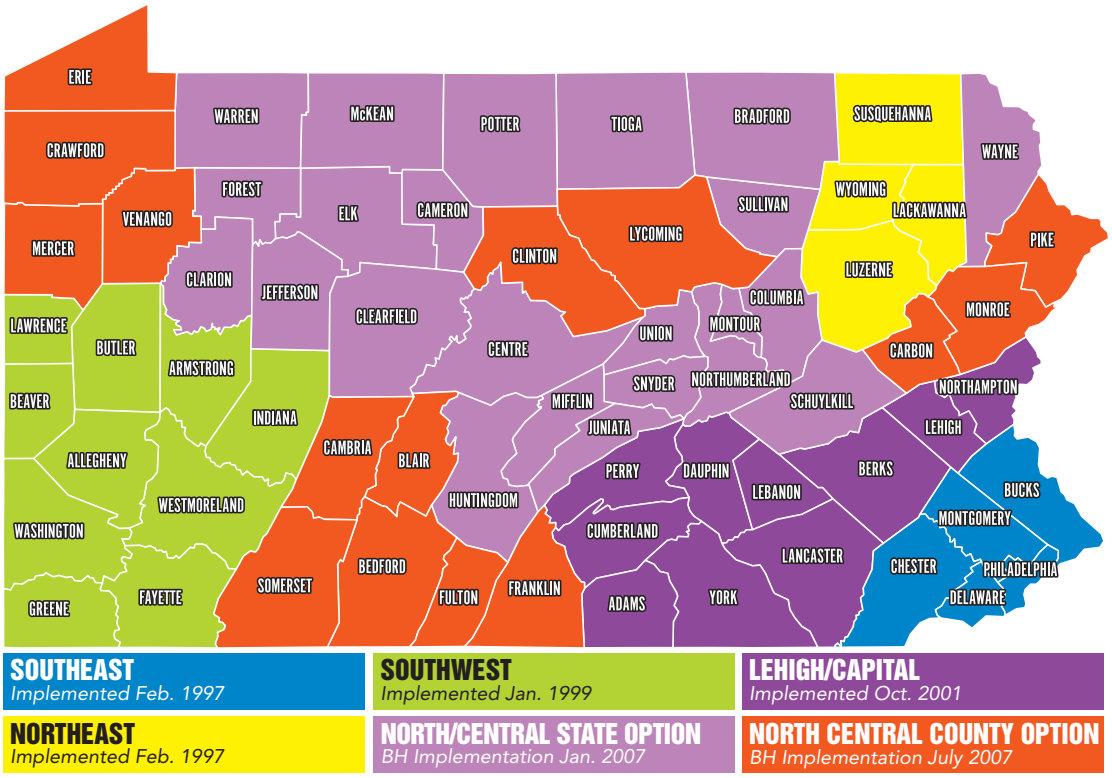
- Estimated savings of up to $14 Billion over 20 years
- Serving 2.9 Million people on Medicaid
- Over 90.7% of program revenue goes to service provision (medical loss ratio)
- Over the first 20 years $844 Million was dedicated to reinvestment plans. Reinvestment is capped at 3%
- A strong foundation for the "Triple Aim" - improving member experience of care, health of specialized behavioral health populations; and, reducing the per-capita cost of healthcare
- Integrating the strengths of county resources and social determinants of health
- Leveraging the strengths of behavioral health managed care to battle the opioid epidemic.

Given the unique and varied needs of this population across the state, local control and accountability for the design and delivery of services was viewed as a critical component of the new model. The new model provided county leaders with the opportunity and responsibility to use savings – reinvestment dollars - generated through efficiencies realized in the system to create new and expanded programs and partnerships designed to meet local needs. Reinvestment dollars have led directly to improved care for Pennsylvanians. Over the last 20 years, this innovative model has earned bipartisan support in the General Assembly and the support of the administrations of Governors Tom Ridge, Edward G. Rendell, Thomas J. Corbett, and Tom Wolf.

The County Commissioners Association of Pennsylvania and the COMCARE Board commissioned this report to provide policymakers with a review of the Behavioral HealthChoices Program's history, an analysis of the positive impact the program has had on consumers and their families, on every taxpayer and on the state's overall health care delivery system. This report comes as many states in the nation continue to grapple with the challenges regarding the delivery of behavioral health managed care services. In addition, every state, including Pennsylvania, is experiencing an unprecedented number of opioid and substance use deaths. The has proven to be an invaluable resource in the Commonwealth's on-going response to this public health crisis.

The County Commissioner's Association of Pennsylvania / COMCARE fully supports the Pennsylvania HealthChoices Behavioral Health Carve-Out service model, and will continue to provide support to help Pennsylvania build upon this strong foundation.

The Behavioral HealthChoices Program is unique on the national level in the design and operation of a behavioral health managed care carve-out system. The program is providing services to approximately 2.9 million Medicaid eligible Pennsylvanians. The program continues to provide greater access to a wider array of behavioral health services for Pennsylvanians in need and has improved the quality of those services at a significant savings for taxpayers. Behavioral HealthChoices has demonstrated a cost savings estimated from $11 billion to $14 billion statewide through 2016. In addition to greater access and significant savings, the program has allowed the state's counties to form partnerships with one another, behavioral health managed care organizations (BHMCOs), service providers, members and their families, and community advocates hospital systems resulting in the development of new, innovative programs for this population. These programs have increased both the efficiency of the system and accountability for policymakers. Behavioral HealthChoices has emerged as one of the most successful, innovative county-based managed care delivery models in the country.



OVERWHELMING SUCCESS

The decision to carve-out behavioral health managed care is among the most significant decisions impacting the financing and delivery of mental health and substance use treatment services since the passage of the Mental Health Act of 1966. The model creates a set of unique partnerships between the state, counties, and their BHMCOs. These partnerships foster the combined strength of a shared commitment to expand access to care, to improve the quality of behavioral health services, and to generate cost savings for taxpayers. The Institute for Healthcare Improvement defines the "Triple Aim", as a service concept embraced by the Substance Abuse and Mental Health Services Administration (SAMHSA) promoting improved health, enhanced care, and reduced costs associated

with developing person-centered systems of care that address a person's holistic health and wellness. Behavioral HealthChoices has set a strong foundation for achieving the simultaneous pursuit of improving member experience of care (safe, effective, patient-centered, timely, efficient, and equitable), improving the health of members (addressing the broader social determinants of health) and reducing the per-capita cost of healthcare (simply slowing cost is not good enough; finding ways to reduce per-capita costs produces value for money invested). These three guiding principles reflect the vision outlined of the Triple Aim which was established by the Institute of Healthcare Improvement and propelled by the Affordable Care Act of 2010[1]. To achieve the Triple Aim, healthcare providers must organize care to meet the needs of a specialized population. This is precisely what has grown organically within the Behavioral HealthChoices Program. Forging new innovative partnerships among both public and private service providers to build customized quality programming for the specialized behavioral health population is a driving force of Pennsylvania's Behavioral HealthChoices success.

Behavioral HealthChoices has demonstrated improved access and increased quality to critical services, at a cost savings estimated from $11 to $14 billion statewide through 2016[2]. Counties, their behavioral health managed care organizations, and community providers have developed a structure that assures a broad array of services for over 2.9 million needy Pennsylvanians. The program has achieved and exceeded its original goals to increase member access to services, improve quality and save money. Unlike the physical health plans where profits are retained by the insurance company, a portion of the savings produced from efficient operations of Behavioral HealthChoices are "re-invested" back into the Program to meet specialized needs at the county level. Clearly, any sweeping change to this successful long-developed system would disrupt care and treatment services for vulnerable Pennsylvanians and their families.

> Far beyond the scope of federal "In-Plan" services required, counties have designed and developed *(in partnership with their subcontracted BHMCOs and service providers)*, approved "supplemental services" using "evidence-based practices" that meet the specific needs of their members.

INNOVATIVE CHANGE

Behavioral HealthChoices was created in response to systematic challenges and shortcomings in the behavioral health system that led to poor results for consumers and significant, unnecessary costs for the State. Over the course of several decades, behavioral health services were marginalized for individuals with the most serious illness and complex co-occurring disorders. As mental health and substance use disorder services were increasingly funded by the Medicaid program, government officials believed that the traditional fee-for-service approach led to uncontrolled utilization and weak quality standards. In the early 1990s, Pennsylvania implemented a voluntary Medicaid managed care program in the Philadelphia area. Medicaid funds for both physical and behavioral health services were capitated by utilizing a per member per month (PMPM) rate. The program was designed so that a managed care organization (MCO) would sustain a financial loss if claims paid were more than revenue based on the PMPM rate. However, if revenues were more than claims paid, the MCO would realize a profit. These excess revenues were not reinvested as they are now in Behavioral HealthChoices.

The MCO directly managed the physical health benefit and subcontracted management of the behavioral health benefit to a behavioral health managed care vendor for a PMPM rate. National experience suggests that such blended or "carve-in" systems are primarily financial arrangements that have no bearing on care coordination. Most MCOs use a "downstream risk" approach and contract behavioral health services to yet another managed care organization. These arrangements create barriers to care and strip needed dollars from care for administrative overhead or profit margins. In fact, in these models, MCOs have been shown to spend less than 50% of capitated mental health funds on mental health care. For those with mental illness, severe emotional disturbance, and/or substance use disorders, it is especially critical that care is well coordinated, flexible, and tailored to individual needs. This allows individuals to receive the best possible care and reduces the costs associated with unnecessary or inappropriate care[3]. Policymakers realized that a fundamental shift was necessary. Behavioral HealthChoices was designed to permit counties the right of first opportunity to assure local management.

National experience suggests that carve-in systems are primarily financial arrangements that have no bearing on care coordination. Most Managed Care Organizations (MCOs) use a "downstream risk" approach and contract behavioral health services to yet another managed care organization. These arrangements create barriers to care and strip needed dollars from care for administrative overhead or profit margins.

Prior to the Behavioral HealthChoices Program, counties and providers struggled under a fragmented "fee-for-service, carved-in" delivery system. With the Behavioral HealthChoices Program, they developed a holistic continuum of care in alignment with evidence-based models, maximizing clinical appropriateness, quality and cost. A deliberate phased-in approach over a 10-year period assured smooth and consistent program implementation. From 1997 to 2007, 43 Pennsylvania counties accepted the right of first opportunity in risk sharing arrangements; and 23 rural counties entered into a state contract arrangement; utilizing five behavioral health managed care subcontractors. In one county the state contracted directly with a behavioral health MCO. Each successive region that launched its program built upon the successes and advancements made earlier. Initially, as an added value to the local county primary contractors, Behavioral HealthChoices was designed to keep residual capitation reserved only for county program development rather than to enrich insurance company profit-margins. Residual capitation (funds remaining after all claims and administrative expenses are paid) was made available to mitigate county risk and to create customized service expansion through reinvestment. Currently, reinvestment funding is capped at 3% of capitation annually, with the remaining returned to the state. Reinvestment funds allow counties to create innovative, supplemental programs to broaden services to meet the specialized behavioral health needs of their citizens. Behavioral HealthChoices also paved the way for establishing a unified systems strategy to support programs across all funding streams available to county human services departments. This development enabled the replacement of more costly services provided within state hospitals, and for children in residential dependency / delinquency system, which increased state savings and improved the lives of countless Pennsylvanians. Behavioral HealthChoices has also expanded member access to services and assembled a state-wide provider network delivering high-quality behavioral health services. The provider network for the delivery of substance use services has increased by over 500

As an added value to the local County primary contractors, the HealthChoices Behavioral Health Program was designed to keep residual capitation reserved only for County HealthChoices Behavioral Health Program development rather than to enrich insurance company profit-margins.

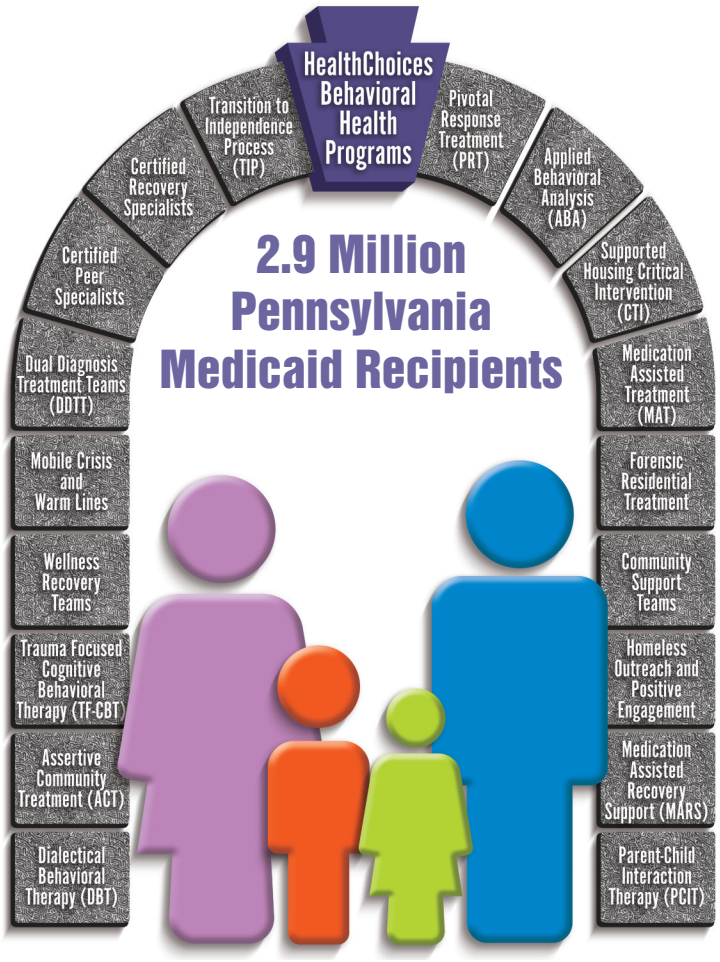
providers since the start of Behavioral HealthChoices, and is at the forefront of the state's response to the on-going opioid crisis, delivering treatment, counseling, housing, food and other services for members and their families.

The provider network for the delivery of substance use services has increased by over 500 providers since the start of Behavioral HealthChoices, and is at the forefront of the state's response to the on-going opioid crisis, delivering treatment, counseling, housing, food and other services for members and their families.

Far beyond the scope of federal "In-Plan" services required, counties have designed and developed *(in partnership with their subcontracted BHMCOs and service providers)* approved supplemental services using "evidence-based practices" that meet the specific needs of their members. Supplemental services and evidence-based practices have both broadened and strengthened the safety-net of behavioral health services. Carving behavioral health services back into physical health plans in the pursuit of perceived cost-savings would certainly strip down the scope of the current "customized" service array back to the much narrower required "in-plan" services. Specialized managed care, run at the local level, with all the resources and richness of the counties' awareness of their client's social determinants of health would be turned over to national medical health insurers, removed from both the members and their county affiliations. The effects of such an action would adversely impact the 2.9 million Medicaid recipients as well as their families in Pennsylvania and overturn the great successes and advancements made in Behavioral HealthChoices over the past 20 years.

ACCOMPLISHMENTS

County administrative and clinical managers, managed care organizations, and local service providers have continually collaborated on innovative solutions to meet the needs of Behavioral HealthChoices members and their families. Quality standards are continually measured, strengthened, and improved throughout the program's history. In addition, accountability and efficiency practices have been built to provide greater control of public funds. These practices ensure the services that are need by members are provided in an efficient yet responsive manner. Through this management approach, the county then has the ability to make appropriate and wise use of reinvestment dollars that are made available through the residual capitation. The Pennsylvania model



provides a foundation for continued development of programs to manage mental health and substance use disorder programs.

Key Accomplishments:

- **Strategic Health System Innovation**
  At the outset, Behavioral HealthChoices was designed to provide county leaders and providers with the flexibility to make strategic advancements to the delivery of behavioral health services. This design reflects Pennsylvania's long history of modifying and improving its model to resolve seemingly intractable challenges. However, it was not until Behavioral HealthChoices was launched that a unified and integrated approach to leverage all the publicly funded behavioral health programs in an aligned fashion was established. Savings were achieved by utilizing less expensive and less restrictive community services.

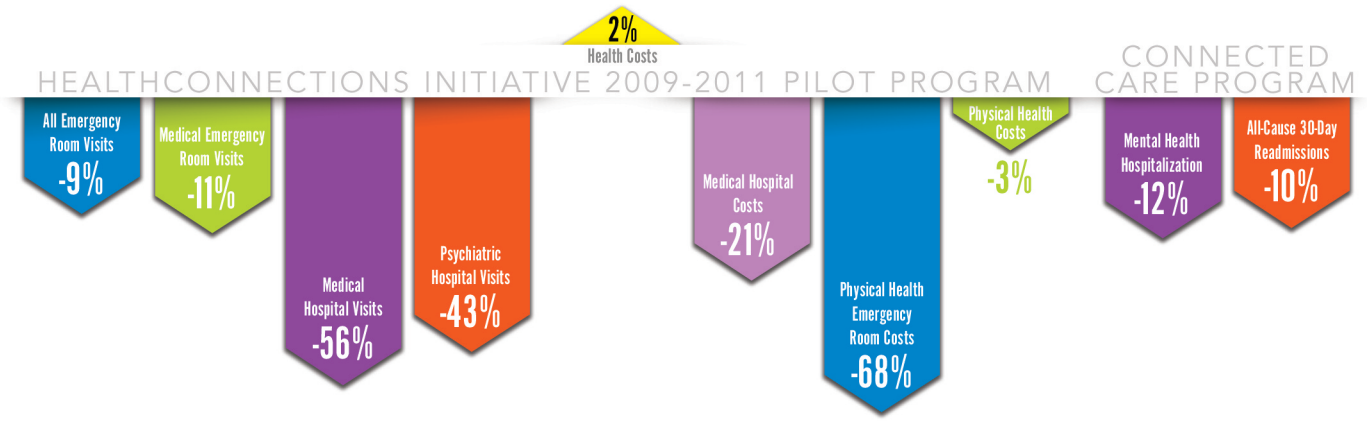
  Partnerships forged among OMHSAS, counties, BHMCOs and service providers have helped develop and expand the use of evidence-based and promising practices. Most recent innovative programming underway within Behavioral HealthChoices include:
  - Dialectical Behavioral Therapy (DBT)
  - Assertive Community Treatment (ACT)
  - Trauma Focused Cognitive Behavioral Therapy (TF-CBT)
  - Wellness Recovery Teams deliver coordinated and more effective care for individuals with co-occurring serious mental illness and complex physical health needs
  - Mobile Crisis and Warm Lines provide intensive community support for individuals and families to prevent the need for hospitalization
  - Dual Diagnosis Treatment Teams (DDTT) ensure that individuals with co-occurring mental health challenges and intellectual disabilities are appropriately and efficiently diagnosed
  - Certified Peer Specialists provide treatment interventions that assist members with mental health challenges
  - Certified Recovery Specialists work with members with addiction challenges
  - The Transition to Independence Process (TIP) has created a more effective way for providing care to transition age youth, ages 18 to 22
  - Pivotal Response Treatment (PRT) and Applied Behavioral Analysis (ABA) ensures more effective care for children and adolescents with autism
  - Supported Housing, Critical Time Intervention (CTI) and Specialized Case Management Teams help individuals grappling with housing challenges
  - Medication Assisted Treatment (MAT) models deliver stronger treatment for individuals with Substance Use Disorders
  - Forensic Residential Treatment and Community Support Teams work with individuals with criminal justice involvement
  - Homeless Outreach and Positive Engagement (HOPE) provides hands-on support and assistance to one of our most challenging populations
  - School-based models provide services in the schools for needy children and adolescents
  - Medication Assisted Recovery Support (MARS) model supports persons in their addiction to Opioids through the use of Certified Recovery Specialists who provide care coordination services in support of the treating physician
  - Evidence based practices such as Parent-Child Interaction Therapy (PCIT) for children and their parents or caregivers that focuses on decreasing behavior problems and increasing social skills

- **Specialized Health Care**

Behavioral HealthChoices has proven to be very nimble and flexible, quickly able to respond and adapt to members' needs as well as larger systemic needs. Mental health conditions and substance use disorders represent significant markers for healthcare disparity, in addition to household income and socioeconomic status. Barriers can prevent individuals and families from accessing the fully integrated, person-centered care needed for recovery and resiliency. These disparities, along with the social determinants of health that impact an individual's condition, are not fully understood to the extent needed in behavioral health carve-in models. Behavioral HealthChoices, in contrast, ensures ongoing, focused innovation and expertise regarding these factors. Community behavioral health services are very specialized and would present a unique challenge for traditional carved-in managed care insurers. Behavioral health service providers would also face significant operational challenges in navigating much larger physical health networks.

As a specialty insurance program, Behavioral HealthChoices has developed innovative services targeted to treat those recovering from opioid addiction. Pennsylvania is currently experiencing an unprecedented number of opioid and substance use deaths. Harnessing the combined resources of Behavioral HealthChoices and county Mental Health and Substance Use Disorder agencies, each Pennsylvania County has been free to develop specific strategies of care to combat this public health disaster.

- **Improved Member Health**



Early in Behavioral HealthChoices, indicators of reduced inpatient and other 24-hour levels of care were targeted for service improvement. Behavioral HealthChoices has successfully initiated new approaches to improve member health. One of these initiatives was made possible through receiving an Innovations Grant for the seriously mentally ill called the "Rethinking Care Program" (RCP), an initiative of the Center for Health Care Strategies (CHCS). This grant targeted 2 regions – one in the southeast (Bucks, Montgomery, and Delaware Counties) and the second in the west (Allegheny County). In the southeast, the health outcomes data produced under the HealthConnections Initiative 2009-2011 Pilot Program[4] show that all emergency room visits were reduced by 9%, and medical emergency room visits decreased 11% overall. Medical hospital visits decreased by 56%, and psychiatric hospital visits decreased by 43%. Most profoundly, while behavioral health costs only increased by 2%, there were offset reductions in medical hospital costs of 21%, physical health emergency room costs of 68%, and year-over-year trend of physical health costs of 3%[5] . In the western region, the Connected Care program in conjunction

with other initiatives helped to improve outcomes significantly. Data showed that the mental health hospitalization and the all-cause 30-day readmission rate for the entire study population were 12% and 10% lower respectively[6]. New consumer inventories and assessment tools helped to identify the health care needs of people with serious mental illness. Member Health Profiles and data exchange processes have been developed which gave both behavioral health and physical health providers a more complete clinical picture of the member. Integrated provider health navigator teams and participating primary care physicians perceive value in the process and have remained enthusiastic participants in the process.

- **Integrating Social Determinants of Health**

Behavioral HealthChoices has consistently delivered over its 20-year lifespan services that are mindful of the member's social determinants of health such as income, access to food and housing, employment, transportation and physical health management. These determinants account for as much as 40% of health outcomes, and 80% of physicians believe that addressing social needs is as critical to improving patients' health and outcomes as addressing their medical conditions. County administration of Behavioral HealthChoices also benefits from a close alignment with a broad array of other human services resources including: child welfare, aging services, intellectual disability and early intervention programs, housing and homeless services, veterans' services, court / criminal justice system diversion programs, and local school districts.

County administration of Behavioral HealthChoices also benefits from a close alignment with a broad array of other human services resources including child welfare, aging services, intellectual disabilities and early intervention, housing and homeless services, veterans' services, the courts / criminal justice system and forensics, and local school districts.

Medicaid *(the nation's largest insurer and single largest payer in every state, covering more than 20% of the U.S. population)* looks to promote strategies that integrate social interventions into their coverage, delivery, and payment models taking full advantage to assure that spending is targeted to the services—both medical and social—that have been shown to influence patient health and health outcomes, while also achieving cost-savings as a result of reduced emergency department use, inpatient admissions, and readmissions[7]. This is precisely the goal and focus of Behavioral HealthChoices.

- **Expanded Member Access**

Over the 20-year history of Behavioral HealthChoices membership has increased and the service array, including in-plan services as well as innovative cost-effective alternatives and supplemental services focused on local needs. Program members are offered provider choice for in-plan services with a minimum of at least two providers for each level of care, within all access standards. Member-months (the measure of individuals participating in Behavioral HealthChoices each month) has grown by an average of 10% per year from 1997 to 2017, indicating that many more people are on Medicaid as a percent of the general population, and more of those on Medicaid are accessing services. At the same time, while more members are eligible to receive services, the average cost per person per month has remained constant from 2007 (the year Behavioral HealthChoices was state-wide) to the present[8].

Basic services covered by all HealthChoices Behavioral Plans include:

- For Adults: Inpatient Psychiatric Services as well as Inpatient Drug and Alcohol Detoxification, Psychiatric Partial Hospitalization, Outpatient Services for Mental Health and Substance Use Disorders, Non-Hospital Detoxification, Rehabilitation and Halfway House, Laboratory and Diagnostic Studies, Crisis Intervention, Targeted Case Management and Certified Peer Specialists.
- For Children: Inpatient Psychiatric Services, Family Based Mental Health, Residential Treatment, Mental Health and Substance Use Outpatient Treatment, Partial Hospitalization, Crisis Intervention, School-Based Services and Other Evidence Based Practices / Interventions, and, Behavioral Health Rehabilitation Services.

Optional Services include (not all inclusive):

- Drug & Alcohol Case Management, Residential Treatment Facilities for Adults, Assertive Community Treatment, Community Treatment Teams, Intensive Outpatient for Substance Abuse, Psychiatric Rehabilitation Services.

- **Billions of Dollars in Savings**

Behavioral HealthChoices provides a structure to contain behavioral health costs and bend the long-term cost curve. Segregating behavioral health Medical Assistance dollars allows state and county governments to monitor that program revenues are being allocated to the behavioral health service delivery system. Behavioral HealthChoices has a long history of promoting the use of taxpayer dollars to go directly for the public good.

Behavioral HealthChoices has shown significant savings generated by administratively well-run county programs and their BHMCOs through the application of managed care principles. Internally OMHSAS estimates have calculated the medical loss ratio *(MLR)* for behavioral health MCOs *(MLR is the ratio of dollars paid for medical services to members, divided by total dollars in the program)*. OMHSAS estimates that the MLR for Behavioral HealthChoices is 90.7% statewide, which exceeds the mandates for physical health MCOs[9]. Financial requirements place limits on administrative costs and provide the assurance that residual capitation (i.e. program savings) can only be used to secure the required risk reserves when a county holds the risk and/or to enhance and expand the program, rather than for MCO profit-margins as with PH-MCOs. More recently, residual capitation has been capped at 3% of capitation with the overage being returned to OMHSAS.

- **Controls for Quality Assurance, Accountability, and Efficiency**

Behavioral HealthChoices has been a model of quality, accountability, and efficiency. Regulation of the programmatic and administrative functions is in accordance with the HealthChoices Programs Standards and Requirements (PSR), Financial Reporting Requirements (FRR), and the HealthChoices Examination Guide for auditing standards. Program regulations have provided clear structure for accountability for every county. The regulations, coupled with the leadership of OMHSAS, provide an operating structure and support for the BHMCOs and their networks of service providers. Additional standards that created significant operational improvements include:

- Capitation rates ranges are evaluated by OMHSAS actuaries, and determined to be actuarially sound.

- Market rates for service providers were established in a competitive market environment fostered by the BHMCOs, and approved by counties.
- Employing strong methods of utilization management techniques, expanding the use of less restrictive services while assuring the appropriateness of care.
- Strong quality control over fraud, waste, and abuse obligations at all levels.
- Behavioral HealthChoices not only defined standard "in-plan" services, but provided a way for counties and their BHMCOs to be innovative to develop supplemental services that were more cost effective and productive and in-plan options which provide better outcomes and a cost savings from traditional in-plan services. This afforded counties great flexibility to craft programming around their local needs.
- The ability for counties to strategize financial funding using a braided approach to maximize the clinical and safety-net support of existing county programs.
- Supporting the provider community by providing training through the utilization of administrative funds to develop evidence-based practices (as contrasted with programs that are carved-in, placing the obligation for training upon the provider community).
- Access standards were defined and incorporated, to assure all members had access to all in-plan and approved supplemental services.
- The use of an external quality review organization to continually assess and report the operational performance of Behavioral HealthChoices and each of their respective BHMCOs and primary contracted counties or multi-county entities. Defined performance outcomes measures are reviewed annually, highlighting areas requiring improvement plans.
- Defined quality improvement / assurance processes incorporating the member's voice into assessing quality and satisfaction. Consumer / Family Satisfaction Teams assure that the voice of members and their families are part of the program operations for satisfaction and quality control.
- Increased usage of technology to provide the basis for statistical analysis, evidence based decision-making, financial utilization review, and quality reporting.
- Incorporating industry standard financial analysis and utilization review; building a heavy usage of medical claims data to support trend analysis and program service modeling.
- Enhanced recruitment and retention of a high-quality service provider network. Providers within the network often work collaboratively with counties and their BHMCO to conceptualize, develop and implement new service capacity.
- A collaborative framework to identify new initiatives to address the needs of the member population, or specialty sub-populations, and the ability to structure cost-effective programming around these needs using reinvestment funds.

- **Quality Provider Service Network**

Behavioral HealthChoices has been a catalyst to attract a network of highly qualified service providers. As outlined above the provider network has grown in number as well as their respective service array. Providers work closely with counties and BHMCOs to identify need and to participate in building capacity within the network. Providers have a great ability to adapt rapidly to changes in their community in the delivery of Behavioral HealthChoices services. Service providers have been very supportive and constructive innovation partners from the beginning of Behavioral HealthChoices. They have partnered with counties in developing a quality continuum of services and have participated in many reinvestment initiatives. The Rehabilitation and Community Provider's Association (RCPA)[10], a representative state association of community behavioral health providers, is also very supportive of the Pennsylvania behavioral health carve-out model.

In 2012, RCPA *(then known as the Pennsylvania Community Providers Association, or PCPA) published a position paper entitled "Continuing the Success of Pennsylvania's Behavioral Health Managed Care Program". RCPA summarized the voice of their association membership in the position that the behavioral health carve-out should continue. The support of RCPA is a clear indication that Behavioral HealthChoices is fully supported by the provider community for the continued growth and success of the behavioral health carve-out model. The* success of the program at the member level comes from the highly skilled staff of the community service providers, as they are trained and guided by the requirements of Behavioral HealthChoices. Behavioral HealthChoices has defined and raised the overall standard of quality of those who provide services.

- **Battling the Opioid Epidemic**

Pennsylvania is currently experiencing an unprecedented number of heroin, opioid, and substance use deaths. Behavioral HealthChoices, along with the local Single County Authority (SCA) for substance use disorders have provided badly-needed and targeted resources to battle the opioid crisis, including:

- The use of Certified Recovery Specialists (CRS), credentialed individuals who have shared experience, who are trained to help peers to move through the recovery process
- In-Patient Drug & Alcohol Services
- Non-Hospital Rehabilitation
- Halfway House
- Partial Hospitalization
- Outpatient / Intensive Outpatient Treatment Services
- Medication Assisted Treatment

One significant creation has been Centers of Excellence (COEs). COEs, sometimes referred to as "Health Homes", coordinate care for people with opioid-related substance use disorders who have Medicaid. COE care management teams ensure that people stay in treatment, receive follow-up care and are supported within their communities[11].

The Healthcare Effectiveness Data and Information Set (HEDIS) is a tool used by more than 90% of America's health plans to measure performance on important dimensions of care and service[12]. OMHSAS engages an external quality review organization to evaluate the performance of measures based on HEDIS standards for initiation and engagement of persons with a diagnosis of heroin abuse, and enrolled in both physical health and behavioral health HealthChoices. When comparing the initiation and encounter rates for the same period for Physical Health and Behavioral Health, IPRO, Pennsylvania's external quality review organization, reported that behavioral health MCO's showed initiation and engagement rates more than double of that of the physical health MCO's for both measurement year 2013 and 2014[13]. The performance of Behavioral HealthChoices for the initiation and engagement of those battling opioid addiction exceeding that of the HealthChoices physical health plan provides a successful model moving forward.

- **Reinvestment Expanding Service**

Reinvestment funds provide a unique opportunity for a financial incentive to reward sound financial management practices and allow the creative use of funds to fill gaps in the service system, test new innovative treatment approaches, and develop cost-effective alternatives to traditional services that have created cost savings for state plans. Local reinvestment plans are a way of achieving continuous quality improvement of a comprehensive treatment system that not only supports recovery for persons with mental health issues, including drug and/or alcohol treatment needs, but for the family support structure as well.

Local reinvestment plans are a way of achieving continuous quality improvement of a comprehensive treatment system that not only supports recovery for persons with mental health issues, including drug and/or alcohol treatment needs, but for the family support structure as well.

Reinvestment funds have allowed counties to provide supplemental services that go far beyond the in-plan service array. Over the first 20 years $844 Million was dedicated to reinvestment plans. Reinvestment is capped at 3%. The ability to utilize reinvestment funds has enabled innovative and specialized services to be designed. The capitation that is not used during annual contract year does not go to improve the profit margin of the insurance company – rather it is restricted for use to cover risk and contingency requirements for each county, or for reinvestment into Behavioral HealthChoices. This unique partnership assured that Behavioral HealthChoices would have the internal financial resources to grow additional programming to meet the needs of specialized populations.

The development of new reinvestment services at the county level are a collaborative effort including members and their families, county leaders, local legislators, the BHMCO as well as other stakeholder groups. For stakeholders to provide informed feedback about options for reinvestment funds, the county and their behavioral health managed care organization present the results of data analysis performed to document utilization trends, unmet needs, populations served, outcomes achieved by the HealthChoices program to date, as part of the planning process in the development of the reinvestment plan. Stakeholders are involved at all stages of the planning and decision-making process. Evidence of their involvement and feedback is summarized as part of the plan submission. Counties document the planning process used at the local level to discuss behavioral health service needs. Preliminary reinvestment plans are then discussed with the OMHSAS Field Office for input regarding planned use of funds prior to submission to OMHSAS for final approval.

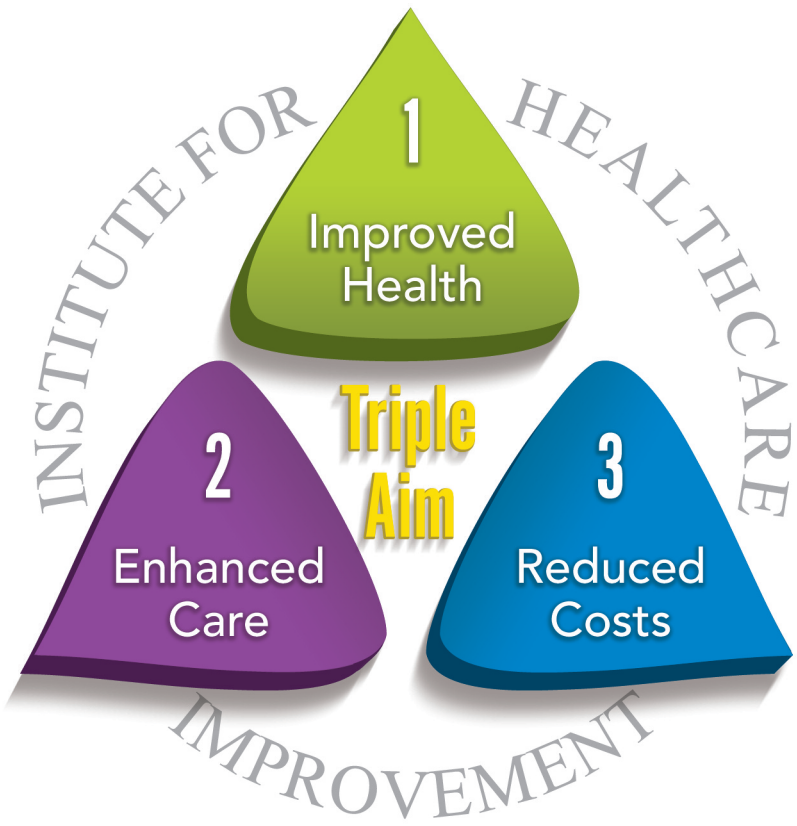
- **Integrated Care**

Behavioral HealthChoices has provided the platform and the resources to develop many services that have extended broadly beyond "in-plan" services. Over twenty years, teams of stakeholders have learned and developed new service delivery models to provide the behavioral health services Pennsylvanians need. Reinvestment funds have been the engine to fund new pilot initiatives and develop greater access, quality and cost effectiveness in programs and services developed.

The expertise within Behavioral HealthChoices is taking the lead by exploring new effective methods to provide integration of behavioral and physical heath in ways that treat the whole person's needs. Clinical integration of behavioral and physical health has included comprehensive physical and behavioral health screenings, member engagement, shared development of care plans and care coordination and navigator support. System integration includes identifying areas where the health systems can work together, such as the integration of real-time information-sharing, multi-disciplinary teams that coordinate care, the development of provider networks, and mechanisms for assessing and rewarding high-quality care.

Behavioral and physical health collaborations include behavioral health medical integration, behavioral health homes, primary care teams using nurse navigators, wellness coaches, certified peer specialists and certified recovery specialists, integrated care with Federally Qualified Health Centers (FQHCs), Centers of Excellence (COEs) for substance abuse, Certified Community Behavioral Health Clinics (CCBHCs), and joint behavioral health and physical health performance plans (i.e. integrated care plans).

Built upon the knowledge and successes of effective behavioral health managed care in the Pennsylvania carve-out model with over 20 years of refinement, and the financial resources accumulated through sound financial management, Behavioral HealthChoices has created successful models for health integration.



APPENDIX – KEY STAKEHOLDER PARTICIPANTS

COMCARE wishes to thank the following key stakeholder participants who provided valuable input into gathering information to produce this paper, listed in alphabetical order:

Key Stakeholder Participant	Organization
Albert Abramovic	Commissioner, Venango County
Kevin Barnhardt	Commissioner, Berks County
Susan Blue	CEO and President, Community Services Group, Inc.
Stephen Christian-Michaels	Chief Strategy Officer, Wesley Family Services of Western PA
Michele Denk	Executive Director, Pennsylvania Association of County Drug and Alcohol Administrators
Jonna DiStefano	Administrator, Delaware County Behavioral Health / Intellectual Disabilities
Daniel Eisenhour	Director, Dauphin County Mental Health and Intellectual Disabilities
Joan Erney, J.D.	CEO, Community Behavioral Health
James Gallagher	CEO, Northeast Behavioral Health Care Consortium
Cindy Grezeszak	Director, Bucks County Department of Behavioral Health
Jeff Hartzell	HealthChoices Deputy Mental Health Administrator, Carbon – Monroe – Pike Mental Health and Developmental Services
Tina Heinrich, Ed.S.	HealthChoices Clinical Director, Behavioral Health Services of Somerset and Bedford Counties
James Highland, PhD, MHSA	Principal, Berry Dunn McNeil & Parker, LLC
Rick Kastner	Executive Director, Lancaster County Drug & Alcohol Commission
Wendell Kay	Commissioner, Wayne County
Lucy Kitner	Executive Director, Pennsylvania Association of County Administrators for Mental Health / Developmental Services
Jennifer Koppel	Director, Lancaster County Coalition to End Homelessness
Sara Krosin	Director of Administration, Allegheny HealthChoices, Inc.
Tanya Kvarta	Executive Director, Behavioral Health of Cambria County
James Laughman	CEO, PerformCare
James Leonard	CEO, Magellan Health
Terry Mardis	Acting Director, Bureau of Financial Management and Administration, Pennsylvania Office of Mental Health and Substance Abuse Services
Brandi Phillips	CEO, Allegheny HealthChoices, Inc.
David McAdoo	CEO, Southwest Behavioral Health Management, Inc.
Gerard Mike	Administrator, Beaver County Behavioral Health and Developmental Services
LeeAnn Moyer	Administrator, Montgomery County Office of Managed Care Solutions
Melissa Reisinger	Executive Director, Tuscarora Managed Care Alliance
Steve Remillard	Director, Bureau of Quality, Data, and Clinical Review, Pennsylvania Office of Mental Health and Substance Abuse Services
Sherry Rubin	Senior Account Executive, Magellan Health
Scott Suhring	CEO, Capital Area Behavioral Health Collaborative, Inc.
Sally Walker	Director, Behavioral Health Administration Unit, Behavioral Health Alliance of Rural Pennsylvania
Wylie Norton	Commissioner, Sullivan County

END NOTES

1. A Primer on Defining the Triple Aim; Institute for Healthcare Improvement; Ninon Lewis, MS, Director of IHI's Triple Aim for Populations Focus Area.
2. Statistical Information provided by OMHSAS; June 2017
3. Continuing the Success of Pennsylvania's Behavioral Health Managed Care Program – Controlling Cost, Improving Access, and Providing High Quality Care; Pennsylvania Community Provider's Association; 2012.
4. Early Lessons from Pennsylvania's SMI Innovations Project for Integrating Physical and Behavioral Health in Medicaid; Center for Health Care Strategies, Inc.; Jung Kim, Tricia Higgins, Angela Gerolamo, and Dominick Esposito, Mathematica Policy Research, and Allison Hamblin, Center for Health Care Strategies; May 2012.
5. Statistical information provided by Magellan Behavioral Health of PA
6. SMI Innovations Project in Pennsylvania: Final Evaluation Report; Mathematica Policy Research; Jung Y. Kim, Tricia Collins Higgins, Dominick Esposito, Angela M. Gerolamo, and Mark Flick; October 1, 2012
7. Medicaid at a Crossroads: What's at Stake for the Nation's Largest Health Insurer; State Health Reform Assistance Network (A Robert Wood Johnson Foundation Program); Prepared by Deborah Bachrach, Patricia Boozang, and Arielle Traub, Manatt Health; February 2017.
8. Statistical Information provided by OMHSAS; February 2018
9. Statistical Information provided by OMHSAS; based on internal estimates as outlined in the CMS Managed Care Final Rule (expected implementation in 2019).
10. With well over 300 members, the majority of who serve over 1 million Pennsylvanians annually, Rehabilitation and Community Providers Association (RCPA) is among the largest and most diverse state health and human services trade associations in the nation. RCPA advocates for those in need, works to advance effective state and federal public policies, serves as a forum for the exchange of information and experience, and provides professional support to members. RCPA provider members offer mental health, drug and alcohol, intellectual and developmental disabilities, children's, brain injury, medical rehabilitation, and physical disabilities and aging services, through all settings and levels of care.
11. For more information on the Centers of Excellence see http://www.dhs.pa.gov/citizens/substanceabuseservices/centersofexcellence/
12. The National Committee for Quality Assurance (NCQA) produces HEDIS measures as a tool to measure healthcare performance; see: http://www.ncqa.org/hedis-quality-measurement
13. Initiation and Engagement of Alcohol and Other Drug Dependence Treatment: Opioid Results; Measurement Year 2014 Results and Analysis; IPRO; CORPORATE HEADQUARTERS; 1979 Marcus Avenue, Lake Success, NY 11042-1002; www.ipro.org