



COLORADO

Department of Health Care  
Policy & Financing

# ACC Phase II Program Decision: Reimbursement for Behavioral Health Services

February 2016

This document details a key program decision that replaces section 6.1.1.3 Reimbursement for Behavioral Health Services and updates section 6.1 Payment found in the [ACC Concept Paper published October 20, 2015](#).

**Program Decision:** The Department of Health Care Policy and Financing (Department) will retain a modified capitation payment methodology for core behavioral health services. The capitation will be directed to the Regional Accountable Entities who will be responsible for managing the health needs of Medicaid enrollees in their region. The capitation will differ from the current capitation administered by the Behavioral Health Organizations (BHOs) in order to better support whole person accountability. Differences include:

- Adjustments to the diagnosis and services parameters to help clients access behavioral health services and reduce barriers to care,
- New value-based purchasing incentives (both monetary and measurement) that promote accountability for physical and behavioral health outcomes, and
- Shifts in funding to create flexibility to pay for integrated behavioral health services within primary care settings.

The Department will continue engaging stakeholders to define the program changes, including identifying the core behavioral health services.

**Accountable Care Collaborative Overview:** The Department of Health Care Policy and Financing (Department) is committed to creating a high-performing, cost-effective Medicaid system that delivers quality services and improves the health of Coloradans. Phase II of the Accountable Care Collaborative (ACC) seeks to leverage the [proven successes](#) of Colorado Medicaid's programs to enhance the Medicaid client and provider experience.

The ACC Phase II is based on three key principles:

- Person- and family-centeredness
- Delivery of outcomes and value
- Accountability at every level

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A few of the key concepts of the ACC Phase II model are:

- Integrate physical and behavioral health care by contracting with one regional entity (the Regional Accountable Entity or RAE) that focuses on whole person care,
- Further advance coordinated care by supporting a system of multidisciplinary Health Teams that, based on a client's needs, can include specialty behavioral health providers, long-term services and supports case management agencies and certain specialists,
- Automatically enroll all full-benefit Medicaid clients in the ACC, and
- Increase use of value-based payment for both RAEs and providers.

**Background:** On October 20, 2015, the Department [published the ACC Phase II Concept Paper](#). The Concept Paper provided a venue to share some of the Department's proposed plans for reforming Medicaid and initiate conversations with federal, state, and local partners. From the onset, the Department planned to adjust some proposed policies based on further research and stakeholder feedback.

Following the release of the Concept Paper, the [Department hosted and participated in a variety of stakeholder meetings](#) to gather feedback on many of the proposed concepts. In general, the Department has received positive feedback about the general direction and vision presented in the Concept Paper including:

- Approval for establishing RAEs to oversee both behavioral and physical health regional networks and reduce barriers of the current siloed system.
- Strong consumer encouragement for increasing access to appropriate behavioral health services for all Medicaid clients.
- Support for expanding the medical home model to include other key providers frequently involved in supporting clients' health and well-being.
- Agreement that client engagement and onboarding are important components for a successful model.

Some areas where there have been the most requests for additional discussion include:

- Payment for behavioral health services,
- Most appropriate method of reimbursing integrated behavioral and physical health care,
- How proposed Phase II efforts align with other state and federal initiatives,
- Requirements for screening clients for physical, behavioral, and social needs, and
- Whether there should be clear statewide standards for care coordination or whether the RAEs should have greater flexibility in defining the standards.

**Payment:** As payment is a powerful lever to effect systems change, the Department has proposed some significant changes to the current Medicaid payment system.

- A single per-member per-month (PMPM) administrative payment to the RAEs,



with a higher proportion tied to value and outcomes.

- Regional Accountable Entities will have flexibility to distribute resources to Health Teams for the delivery of team-based, coordinated and integrated care.
- Key Performance Indicators that will allow RAEs to earn additional funds annually based on performance related to nine measures that indicate progress toward goals around health, value, and client and provider experience.
- Competitive Pool that RAEs will be eligible to receive based on their relative performance in a prioritized area of work.
- Shared Savings, calculated after accounting for program expenses and budgeted savings, will be available for qualifying RAEs and participating providers.

**Rationale for Program Decision Change:** In the October Concept Paper, the Department proposed that behavioral health services would not be reimbursed through a capitated model. Stakeholder concerns about the proposed payment model for behavioral health services have included concerns that new payment models may cost more, would reduce provider flexibility to deliver services proven to be useful for recovery, and could negatively impact client outcomes.

The Department is committed to providing a full continuum of behavioral health services for individuals diagnosed with a behavioral health condition while also increasing access to prevention and early intervention services. The Department and stakeholders have identified a number of critical benefits that are required to provide a comprehensive behavioral health benefit for individuals with a diagnosed behavioral health condition.

- Coverage of inpatient hospitalization services (i.e., Institutes for Mental Diseases) as an 'in lieu of' service,
- Maintain ability to provide alternative community-based services, such as peer support services, vocational services, intensive case management, and Clubhouse and drop-in centers,
- Ensure accountability for continuity of care from crisis response through hospitalization to community-based services, and
- Enable flexibility so RAEs and providers can deliver the services that clients need.

Based on the identified risks of the proposed alternative payment mechanisms, the Department has decided to retain a modified capitation for core behavioral health benefits at the onset of the RAE contract period. The Department will make changes to the payment methodology in order to address a number of challenges presented by the current system. In particular, the Department seeks to:

- Improve access to care by adjusting the parameters of the covered diagnosis requirements,
- Sustain and expand the network of eligible mental health and substance use disorder providers, and

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- Support the delivery of a diverse range of behavioral health services in physical health settings.

The proposed modified capitation reimbursement methodology for behavioral health services will continue to evolve over the course of ACC Phase II in order to support higher levels of integration and achieve greater value for clients and the State. Throughout the program, the Department will partner with stakeholders to advance the behavioral health payment model to improve the health of all Medicaid clients.

The Department acknowledges that this is a high-level description and that many of the details need to be articulated. In order to define the payment model in more detail the Department will continue engaging stakeholders using multiple approaches. In particular, the Department will be partnering with the Colorado Behavioral Healthcare Council (CBHC) and consumers to develop recommendations to implement the payment changes referenced above. A description of the stakeholder process the Department and CBHC will be utilizing over the coming months will be available at [Colorado.gov/HCPF/ACCPhase2](https://colorado.gov/HCPF/ACCPhase2).

### **For more information**

View the Department's ACC Phase II Concept Paper and sign up for regular updates at [Colorado.gov/HCPF/ACCPhase2](https://colorado.gov/HCPF/ACCPhase2).

