



A Revised LME Cost Model

**Presented to the
Joint Legislative Oversight Committee on
MH/DD/SAS**

November 13, 2006

Starting Points



- **Defined functions of LMEs**
 - **HB 2077**
 - **Discussion with LMEs and NC Council of Community Programs**
- **Defined what State is willing to pay for and what it is not**
 - **Salaries and standard benefits**
 - **No cost associated with provider functions**
 - **Reasonable administrative salaries**
- **Adjusted cost model**



LME Functions per Model

- **Governance**
- **Business Management & Claims Payment**
- **IT**
- **Provider Relations**
- **Screening, Triage and Referral (STR)**
- **Service Management – UM, Care Coordination, Community Collaboration**
- **Customer Service**
- **Quality Management**

Governance



- **Chief Executive Officer**
 - **CEO & Board administrative support**
 - **Policy analyst to stay on top of State and Federal rules and regulations.**
 - **Switchboard and receptionists**
 - **Board support and expenses**
 - **Medical Director**
 - **Legal Expenses**
- NOT: lobbying, legal expenses associated with disputes with State agencies, provider accreditation or space**



Business Management & Claims

- **Chief Fiscal Officer**
- **Financial Analyst** - tracks relationship between services rendered and costs incurred
- **Accounts Payable, Accounts Receivable, Banking activities**
- **Human Resources activities** - employee recruitment, retention, staff development, benefits management
- **Claims processing**

NOT: Training service delivery staff, cost reporting required as service provider, billing for services performed by Area/County program staff



IT

- **Chief Information Officer**
- **Maintenance of Wide-Area and Local-Area Networks, technical assistance with software applications**
- **Routine data reporting and analysis – all reporting to the State – CDW, IPRS, inpatient utilization, # & locus of appeals & grievances, etc.**

NOT: Reports for activities as service provider



Provider Relations & Support

- **Provider Development**
 - Gap analysis
 - Initial contact and recruitment
 - Endorsing and contracting
 - **Provider Maintenance & Support**
 - Technical Assistance in Best Practices
 - S.B. 163 Activities
 - Appeals & grievances related to Providers
- NOT: Providing training that provider requires to meet basic requirements of service definitions**

Screening, Triage, and Referral



- **Brief telephonic screening to determine MH/DD/SA issue**
 - **Referral to provider of choice established timeframes.**
 - **TTY and foreign language interpretation**
 - **Registration management**
 - **Follow up on referrals**
 - **Interact with providers re: consumers receiving emergency services**
- NOT: clinical assessment, emergency service provision**



SM – Utilization Management

- **Authorizing state funded services**
 - **Authorizing use of state-facility resources**
 - **Maintaining CAP-MR/DD waiting list and authorizing eligibility determination**
 - **Qualitative review of 25% of PCPs to assess quality of planning process, adequacy of crisis plan, use of natural and community supports**
- NOT: 100% qualitative review of all PCPs**

SM – Care Coordination



- **Work with consumers discharged from hospitals, state facilities until connected with “clinical home” provider**
 - **Liaison with providers around high need/high risk consumers**
 - **Work with “clinical home” and primary care physicians for high need/high risk consumers**
 - **Participate in Child & Family and multi-agency teams planning services for high need/high risk consumers**
 - **Randomly attend other Child & Family and multi-agency teams to ensure provider participation**
- NOT: Case management, replacement for functions of “clinical home” providers**



SM – Community Collaboration

- **Work with other agencies serving/interacting with consumers: schools, juvenile and adult justice, hospitals, primary care physicians, DSS, Health Dept., sheriff and police, etc.**
- **Annual assessment of community strengths and needs for natural and community supports**
- **Participate in community emergency response plan development**
- **Develop and implement social marketing plan including prevention and education, reducing stigma, use of best practices, etc.**

NOT: Working with individual consumers

Customer Services



- **Serve as initial “gateway” and investigator for all complaints, appeals, grievances - denial of services & eligibility appeals, complaints regarding provider or choice of provider, etc.**
- **Staff CFAC**
- **Consumer education - rights, advocacy, etc.**
- **Administer customer satisfaction surveys, “mystery shopper,” etc.**

Quality Management



- **Needs assessment and planning - evaluate consumer & stakeholder feedback regarding system performance and needs, identify Best Practices for service planning, etc.**
- **Program Evaluation - review utilization trends among target groups, review waiting lists, etc.**
- **Assess risk of providers for monitoring purposes**

Updated Model



- **Increased salaries by 7.5% to equal State employee salary increases. Upper limit for State participation in non-MD LME salary = \$165,150, or 90% of the federal block grant maximum**
- **Adjusted fringe benefits to accommodate increased cost of health insurance. State does not participate in employer funded 401K, dental, vision, etc.**
- **Adjusted total population, Medicaid eligible population, and prevalence data to correspond to updated data in Long Range Plan model.**

Model Drives off Population



- **Size of catchment area = projected prevalence of MH/DD/SA issues**
- **Treated prevalence = projected caseload to be served**
- **Projected caseload to be served = number of providers required, number of services to authorize, claims to process, Person Centered Plans to review, etc.**
- **Assume STR = 24/7/365. All other functions are 9-5 Monday - Friday**

Fixed and Variable Costs



- **Fixed cost functions = Governance, Business Management, Community Collaboration**
- **Variable cost functions:**
 - **Consumers = STR, Care Coordination, UM, Provider Relations, Customer Services, Quality Management, Claims**
 - **Employees = IT, supplies, rent, equipment**
- **Because of fixed costs, cost per citizen per month is smaller in larger population areas, though total cost is higher**