

**MEMORANDUM**

TO: Howard Henry, Ohio Department of Mental Health and Addiction Services

FROM: Sophia Papadimos, Regulatory Policy Assistant

DATE: April 15, 2014

RE: **CSI Review – Health Home Service (OAC 5122-29-33)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of one rule being amended by the Ohio Department of Mental Health and Addiction Services (OhioMHAS). The rule pertains to health home service and the specific requirements and certifications necessary for providers to participate in the program. Health home service is a coordinated, person-centered system of care, meant to assist adults and children with Severe and Persistent Mental Illness (SPMI) and Severe Emotional Disturbance (SED). The Centers for Medicaid and Medicare Services (CMS) offers states the option to implement health home service as a Medicaid reimbursable service. In order to be eligible for the reimbursable service the state must submit a Medicaid State Plan Amendment to CMS. The state must then adopt a process for assuring compliance with the standards for health home services.

The amended rule addresses the specific requirements and certifications necessary for providers to participate in the program. This rule package was previously submitted to the CSI Office in June 2013 but due to ongoing conversations with stakeholders the rule was pulled from the Joint Committee on Agency Rule Review (JCARR) and resubmitted to CSI on March 10, 2014. The public comment period was held open through March 31, 2014 and ten comments were received during this time, primarily regarding the Medicaid reimbursement rates for the health home service.

The health home initiative allows people with SPMI and SED to obtain comprehensive medical, mental health, addiction, and social services through a team of health care professionals. Health home service aims to improve the integration of physical and behavioral health care, lower the rates of hospital emergency department use, reduce hospital admissions and readmissions, improve the experience of care and reduce reliance on long-term care facilities. Phase I of the health home service project began in 2013, in which providers from five counties were participants. Phase II of the program will begin in 2014 and will be expanded to include six new counties. Based on findings during Phase I, OAC 5122-29-33 is being amended to set the new criteria providers must meet in order to participate.

Since the rule package was originally submitted to CSI in 2013, several changes have been made based on findings from Phase I and stakeholder input. OhioMHAS and Medicaid sponsored a series of meetings from August 2013 through February 2014 in order to establish a program for Phase II that not only assisted those with SPMI and SED but did so at a rate that was fiscally sustainable for the program. OhioMHAS explained in its revised BIA that in order to narrow the scope of providers and only assist individuals with the most costly, chronic and complex health conditions, it was decided a health home provider must demonstrate integration of physical and behavioral health care for a minimum of six months prior to the date of application. Additionally, the health home provider shall use a team to deliver health home service, which must include at least one nurse care manager. Lastly, OhioMHAS found in order for a provider to efficiently deliver services an electronic health record must be implemented and actively used prior to certification.

The adverse impact identified in the BIA is the financial cost placed on providers in order to be accredited and comply with program regulations. The provider must obtain behavioral health/primary care accreditation from one of three national accreditation bodies; the fees for accreditation range between \$6,895 and \$20,000. Additionally, all providers who would like to participate in the program must acquire an electronic health record system by the time of certification. The Department estimates the price of the software for an electronic health record system ranges from \$20,000 to \$50,000. If the provider does not already have a nurse on staff to fill the role of nurse care manager, the salary for the newly added staff member can be considered an adverse impact. OhioMHAS provided data from the Bureau of Labor Statistics, which showed the mean annual wage in 2013 for a Registered Nurse was \$61,750. While these costs are significant, OhioMHAS has determined an electronic record system and nurse care manager are necessary in order to provide the best healthcare possible to those with SPMI and SED.

The CSI Office received many comments regarding the eligibility requirements proposed by OhioMHAS, as well as the corresponding Medicaid reimbursement rates for providers (which are not included in this rule package). The comments largely focused on the fact that Phase II of this project will significantly reduce the Medicaid reimbursement rates which were previously applied

to Phase I providers. The CSI Office had several discussions with OhioMHAS and Medicaid regarding the concerns of providers. The agencies explained that an inability to participate in the health home program will not impact Medicaid reimbursement for other mental health interventions. Moreover, in a revised BIA OhioMHAS explained that the eligibility requirements which narrowed the scope of providers were necessary in order to ensure that providers in Phase II were those best suited to carry out the principles of health home integration. This would provide the health home program with the best opportunity to have a successful outcome. Therefore, the CSI Office has determined the purpose of the rule is justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Ohio Department of Mental Health and Addiction Services should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.