

Washington Medicaid Integration Partnership Snohomish County Pilot White Paper Abstract of Financial Findings

Overview

The following material contains *selected* Financial Findings from the *Washington Medicaid Integration Partnership Snohomish County Pilot White Paper* prepared by Barbara Mauer, MSW CMC and Dale Jarvis, CPA in January 2004. The full White Paper contains important information regarding how the integration of behavioral health (mental health and substance abuse) services with medical services can improve the care and health status of the Medicaid and state priority populations; and a more detailed assessment of the potential impact that a dually managed system (NSRSN and WMIP) would have on the Snohomish County residents receiving services from these programs.

Selected Financial Findings

- **Use of NSRSN-Funded Mental Health Services in Snohomish County:** There are approximately 9,600 Medicaid enrollees in Snohomish County that are aged, blind or disabled, and 21 years of age and older – the WMIP target population. Of this group 3,800 are receiving care through the NSRSN – a 39% “penetration rate”. A recent DSHS study found that almost half (47%) of the Washington State Medicaid aged, blind and disabled population over 18 years of age had a mental health diagnosis and slightly over half of those with a mental health diagnosis (25% of the total population) were served by the RSN system. Snohomish County is currently serving a higher proportion of the aged, blind or disabled than the statewide average.

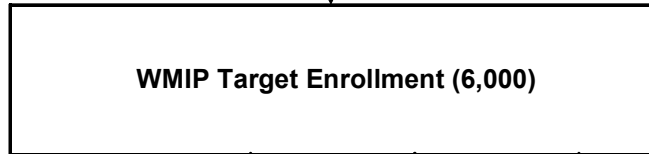
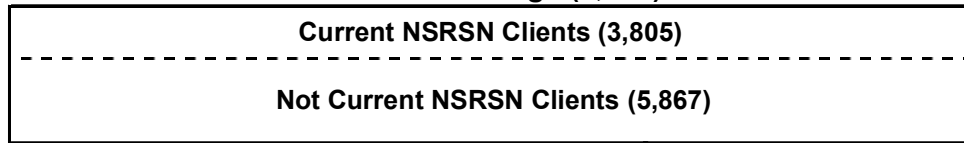
If Snohomish County was at the statewide average 4,500 of the target population would have a mental health diagnosis and 2,350 would be receiving care from the NSRSN. Because the number of clients in care in the county (3,800) is substantially larger than the statewide average (2,350) and the RSN has fairly strict admission criteria, there is a strong likelihood that the vast majority of seriously mentally ill adults are in service, along with a number of persons with moderate mental health risk and complexity.

- **The WMIP Mental Health Financial Design:** The WMIP project is designed to enroll 6,000 of the 9,600 aged, blind or disabled Medicaid enrollees in Snohomish County. All or part of their mental health care would be funded through shifting all or part of their per member per month Medicaid premium dollars from the North Sound RSN to the WMIP contractor(s). The WMIP contractor(s) would then be responsible for integrating their behavioral health and medical care, as well as increasing the number of individuals receiving mental health care in order to achieve additional medical cost offsets.
- **NSRSN Service Delivery Expenditures:** In fiscal year 2003 the NSRSN funded over \$10.4 million of direct mental health service to the 3,800 aged, blind and disabled Medicaid clients in Snohomish County. These services included inpatient, outpatient, crisis, and

residential care.

- **WMIP Revenue and Expense Transfer Implications:** A preliminary study completed for this White Paper of WMIP enrollment scenarios for the 6,000 enrollees projects that between \$4.5 million and \$7.1 million of the Medicaid mental health premiums would be transferred to the WMIP contractor(s). If inpatient care is excluded from this transfer the figures decrease by approximately \$1.5 million. The same study suggests that a much smaller amount of service costs would follow the 6,000 enrollees – between \$63,000 and \$3.6 million, depending on how many of the clients currently in care remained within the NSRSN system and how many were enrolled in the WMIP pilot. The study determined that a net transfer to the WMIP contractor(s) of between \$1.8 and \$4.5 million – money that is currently used to provide services to NSRSN aged, blind and disabled clients in Snohomish County – would take place to serve Snohomish County Medicaid enrollees with low to moderate behavioral health risk and complexity.
- **NSRSN/WMIP Benefit Mismatch:** A preliminary study of the WMIP and NSRSN Benefit Packages finds that between 24% and 36% of services being currently provided to 3,800 NSRSN Medicaid aged, blind and disabled clients appear to not be included in the WMIP Benefit Package. This could result in potential service reductions of between \$400,000 and \$1.2 million per year for Medicaid enrollees who transfer from the NSRSN to the WMIP pilot.
- **Combined Premium Transfer and Benefit Mismatch:** The combined impact of net premium dollar transfers and benefit mismatch in the current WMIP design means that between \$3.1 and \$4.6 million of resources would be shifted away from the treatment of seriously mentally ill residents of Snohomish County to serve other Snohomish County Medicaid enrollees with low to moderate behavioral health risk and complexity.
- **Adjustments for Inpatient Dollars and Risk Staying with the NSRSN:** A new, proposed WMIP design shift that would move WMIP inpatient premium dollars and risk back to the NSRSN provides only a minor return of premium dollars and substantially increases the financial risk to the NSRSN, including the potential loss of a number of inpatient diversion and alternative resources currently in place.
- **Potential Change in Available NSRSN Service Capacity:** Implementation of the WMIP Project, as currently designed, could jeopardize the fiscal viability of the Mukilteo Evaluation and Treatment Center, the Bailey Center Crisis Residential Facility, and potentially the six NSRSN-funded residential facilities in Snohomish County, all of which provide services that appear to not be in the WMIP benefit package.

**Snohomish County Medicaid: Aged, Blind, Disabled
21+ Years of Age (9,672)**



Portion of WMIP enrollees
who are current NSRSN clients:
(per enrollment mix analysis)

small *medium* *large*

	Scenario 1	Scenario 2	Scenario 3
Assumed NSRSN Clients to WMIP	377	1,431	2,360
Percentage of 3,805 NSRSN Clients	12%	46%	77%
Aged, Blind	3,966	3,966	2,460
Disabled, Presumptive SSI	2,034	2,034	3,540
WMIP Target Enrollment	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Aged, Blind Premium \$	\$731,489	\$731,489	\$453,777
Disabled, Presumptive SSI Premium \$	\$3,822,293	\$3,822,293	\$6,651,808
Premium \$ to WMIP	<u>\$4,553,782</u>	<u>\$4,553,782</u>	<u>\$7,105,586</u>
Enrolled Client Costs	-\$62,998	-\$1,887,375	-\$3,671,589
Net Transfer to WMIP	<u>\$4,490,784</u>	<u>\$2,666,407</u>	<u>\$3,433,997</u>
Benefit Mismatch - Low (24%)	\$15,120	\$452,970	\$881,181
Benefit Mismatch - High (34%)	\$21,419	\$641,707	\$1,248,340
Combined Transfer - Low Mismatch	<u>\$4,505,903</u>	\$3,119,377	<u>\$4,315,178</u>
Combined Transfer - High Mismatch	<u>\$4,512,203</u>	<u>\$3,308,115</u>	\$4,682,337

Figure A – Transfer of Clients and Premium Revenue – NSRSN - WMIP