



San Bernardino SFY26 DBH Rate Setting

Gabe Smith, FSA, MAAA

Michael Schmidt

Brandon Stoller

Dylan Cervantes



CONSULTANTS | ACTUARIES | ECONOMISTS

Agenda



- Outpatient Rate Setting
- Residential Rate Setting

Outpatient Rate Setting



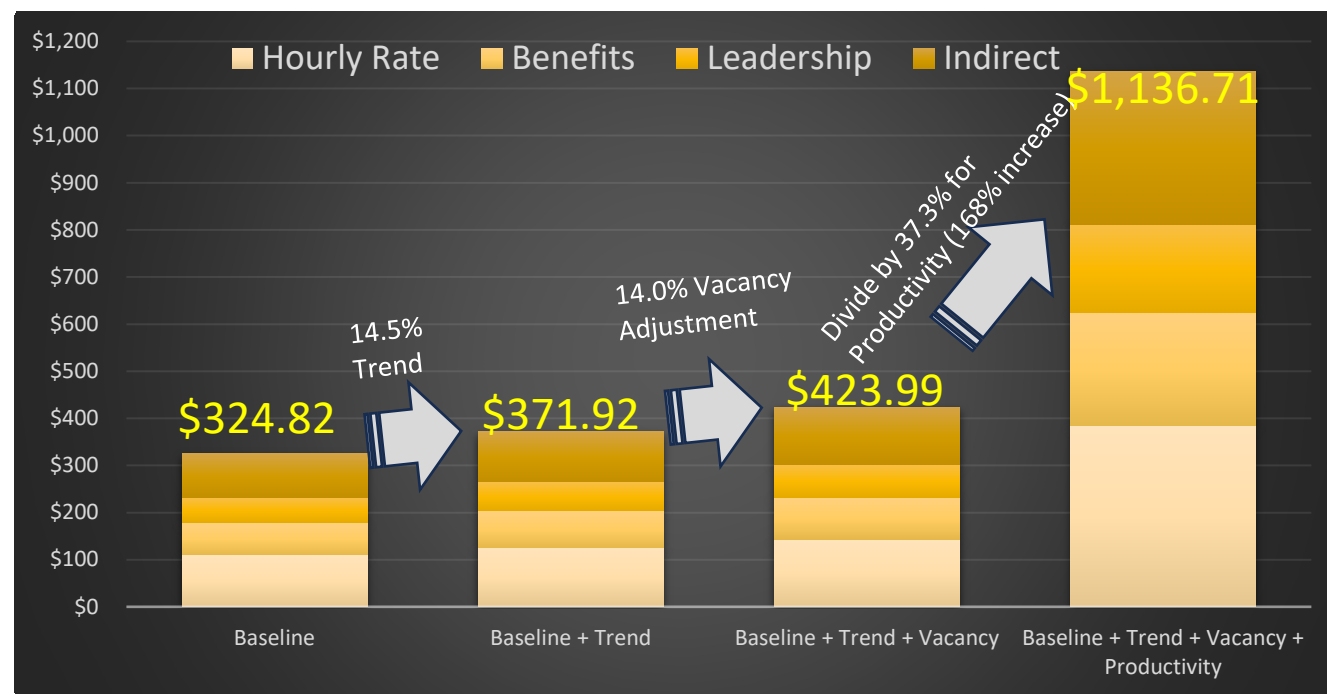
Rate Setting Example – DHCS Methodology

(for a hypothetical provider type and county)

$$\text{Hourly Rate} = \frac{\text{Hourly Wages} \times \text{RF} \times (1 + \text{Benefits}) \times (1 + \text{L\&S}) \times (1 + \text{I\&O}) \times (1 + \text{Trend}) \times (1 + \text{Vacancy})}{\text{Productivity}}$$

$$\text{Hourly Rate} = \frac{100 \times 1.1 \times (1 + 0.6625) \times (1 + 0.30) \times (1 + 0.40) \times (1 + 0.145) \times (1 + 0.140)}{0.373} = \$1,136.71$$

	DHCS Assumptions
Hourly Rate (FY21)	\$100.00
Regional Factor (RF)	1.1
Benefits	62.25%
Leadership & Support (L&S)	30%
Indirect & Operating (I&O)	40%
Trend (FY23 -> FY26)	14.5%
Vacancy	14.0%
Productivity	37.3%



Base Data

Data Sources

- Financial Templates
- Avatar Claims Data
- Provider Invoices

Programs and Regions

Programs and Regions

- Optumas received 65 outpatient templates from DBH contracted providers
 - 35 unique programs
 - 4 unique regions
 - Regional rates were not developed due to calculated productivity misaligning with expectations (e.g., Mountains and High Desert were most productive, Valley least).

Rating Programs	Regions			
	East Desert	High Desert	Mountains	Valley
DMC ODS Outpatient Other				
MH FSP				
MH Outpatient				
MH Outpatient Intensive				
SMHS Outpatient Other				

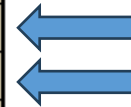
Hourly Wages (Net Benefits)

Data Sources

- Financial Templates
 - County Average
 - Program Average
- DHCS Wage Assumptions
- **Selection: Higher of DHCS or County Average**

Hourly Wages (Net Benefits)

DHCS Staff Classification	Hourly Wage		
	DHCS Assumption	County Average	Wage Selection
Certified AOD Counselor	\$ 32.16	\$ 28.15	\$ 32.16
Mental Health Rehabilitation Specialist	\$ 32.16	\$ 36.75	\$ 36.75
Other Qualified Practitioner	\$ 32.16	\$ 26.67	\$ 32.16
Peer Support Specialists	\$ 32.16	\$ 28.30	\$ 32.16
Community Health Worker	\$ 32.95	\$ 27.74	\$ 32.95
LCSW (Licensed, Waivered or Registered)	\$ 42.74	\$ 40.21	\$ 42.74
MFT/LPCC (Licensed, Waivered or Registered)	\$ 42.74	\$ 43.67	\$ 43.67
Licensed Psychiatric Technician	\$ 30.04	\$ 34.21	\$ 34.21
Psychologist (Licensed or Waivered)	\$ 66.05	\$ 80.57	\$ 80.57
Licensed Vocational Nurse	\$ 35.04	\$ 37.81	\$ 37.81
Medical Assistant	\$ 24.08	\$ -	\$ 24.08
Licensed Physician	\$ 164.23	\$ 274.17	\$ 274.17
Nurse Practitioner	\$ 81.67	\$ 143.16	\$ 143.16
Occupational Therapist	\$ 56.89	\$ -	\$ 56.89
Physician Assistant	\$ 73.66	\$ -	\$ 73.66
Registered Nurse	\$ 66.71	\$ 53.18	\$ 66.71



Benefit Load

Data Sources

➤ Financial Templates

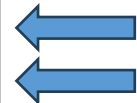
- County Average
- Provider Type Average
 - Licensed Physicians and Nurse Practitioners had low implied benefit load % relative to county average, coupled with higher hourly wages

➤ **Selection: County Average**

- **Licensed Physicians and Nurse Practitioners did not receive a benefit load due to high number of contracted providers**

Benefit Load Percentage

DHCS Staff Classification	Benefit Load %		
	County Average	Provider Type Average	Benefit Selection
Certified AOD Counselor	31.3%	23.7%	31.3%
Mental Health Rehabilitation Specialist	31.3%	27.3%	31.3%
Other Qualified Practitioner	31.3%	25.3%	31.3%
Peer Support Specialists	31.3%	21.1%	31.3%
Community Health Worker	31.3%	24.0%	31.3%
LCSW (Licensed, Waivered or Registered)	31.3%	25.7%	31.3%
MFT/LPCC (Licensed, Waivered or Registered)	31.3%	41.2%	31.3%
Licensed Psychiatric Technician	31.3%	21.5%	31.3%
Psychologist (Licensed or Waivered)	31.3%	24.2%	31.3%
Licensed Vocational Nurse	31.3%	24.9%	31.3%
Medical Assistant	31.3%	0.0%	31.3%
Licensed Physician	31.3%	2.9%	0.0%
Nurse Practitioner	31.3%	13.1%	0.0%
Occupational Therapist	31.3%	0.0%	31.3%
Physician Assistant	31.3%	0.0%	31.3%
Registered Nurse	31.3%	21.7%	31.3%



Administrative Load

Data Sources

- Financial Templates
 - County Average
 - Program Average
- DHCS Assumption
- **Selection: County Average**

Administrative Load Percentage

DHCS Staff Classification	Administrative Load		
	DHCS Average	County Average	Admin Selection
Certified AOD Counselor	100.5%	102.5%	102.5%
Mental Health Rehabilitation Specialist	100.5%	102.5%	102.5%
Other Qualified Practitioner	100.5%	102.5%	102.5%
Peer Support Specialists	100.5%	102.5%	102.5%
Community Health Worker	100.5%	102.5%	102.5%
LCSW (Licensed, Waivered or Registered)	100.5%	102.5%	102.5%
MFT/LPCC (Licensed, Waivered or Registered)	100.5%	102.5%	102.5%
Licensed Psychiatric Technician	100.5%	102.5%	102.5%
Psychologist (Licensed or Waivered)	100.5%	102.5%	102.5%
Licensed Vocational Nurse	100.5%	102.5%	102.5%
Medical Assistant	100.5%	102.5%	102.5%
Licensed Physician	100.5%	102.5%	102.5%
Nurse Practitioner	100.5%	102.5%	102.5%
Occupational Therapist	100.5%	102.5%	102.5%
Physician Assistant	100.5%	102.5%	102.5%
Registered Nurse	100.5%	102.5%	102.5%

Vacancy Rate

Data Sources

- Financial Templates
 - County Average
- DHCS Assumption
- **Selection: County Average**

Vacancy Rate Percentage

DHCS Staff Classification	Vacancy Rate		
	DHCS Average	County Average	Vacancy Rate
Certified AOD Counselor	14.0%	7.7%	7.7%
Mental Health Rehabilitation Specialist	14.0%	7.7%	7.7%
Other Qualified Practitioner	14.0%	7.7%	7.7%
Peer Support Specialists	14.0%	7.7%	7.7%
Community Health Worker	14.0%	7.7%	7.7%
LCSW (Licensed, Waivered or Registered)	14.0%	7.7%	7.7%
MFT/LPCC (Licensed, Waivered or Registered)	14.0%	7.7%	7.7%
Licensed Psychiatric Technician	14.0%	7.7%	7.7%
Psychologist (Licensed or Waivered)	14.0%	7.7%	7.7%
Licensed Vocational Nurse	14.0%	7.7%	7.7%
Medical Assistant	14.0%	7.7%	7.7%
Licensed Physician	14.0%	7.7%	7.7%
Nurse Practitioner	14.0%	7.7%	7.7%
Occupational Therapist	14.0%	7.7%	7.7%
Physician Assistant	14.0%	7.7%	7.7%
Registered Nurse	14.0%	7.7%	7.7%

Productivity

Data Sources

➤ Financial Templates

- Overall productivity target was set at **40%**
 - Observed increasing productivity trend from FY2023-24 – FY2024-25

➤ Productivity Variation

- Provider Type
 - Used a combination of productivity measured from the FTE Templates and CalMHSA relativities
- Program
 - Financial Templates
 - Avatar Claims Data
 - Place of service was leveraged to derive the assumed field work by program

Productivity Relativities

Program	Program Productivity	
	Relativity	Ranking
MH Outpatient	1.02	1
SMHS Outpatient Other	1.02	2
DMC ODS Outpatient Other	1.00	3
MH FSP	0.97	4
MH Outpatient Intensive	0.92	5

Provider Type	Provider Productivity	
	Relativity	Ranking
Certified AOD Counselor	1.10	2
Licensed Physician	1.10	2
Psychologist (Licensed or Waivered)	1.10	2
Licensed Vocational Nurse	1.07	4
Community Health Worker	1.04	5
Mental Health Rehabilitation Specialist	1.01	6
Nurse Practitioner	1.00	7
Occupational Therapist	1.00	8.5
Physician Assistant	1.00	8.5
Medical Assistant	1.00	10
Registered Nurse	0.99	11
LCSW (Licensed, Waivered or Registered)	0.99	12.5
MFT/LPCC (Licensed, Waivered or Registered)	0.99	12.5
Other Qualified Practitioner	0.97	14
Licensed Psychiatric Technician	0.97	15
Peer Support Specialists	0.90	16

Productivity Factors

Provider Type	Productivity Factors				
	DMC ODS Outpatient Other	MH FSP	MH Outpatient	MH Outpatient Intensive	SMHS Outpatient Other
Certified AOD Counselor	44.0%	42.7%	45.1%	40.3%	44.7%
Community Health Worker	41.5%	40.2%	42.5%	38.0%	42.1%
LCSW (Licensed, Waivered or Registered)	39.7%	38.5%	40.7%	36.4%	40.4%
Licensed Physician	44.0%	42.7%	45.1%	40.3%	44.7%
Licensed Psychiatric Technician	38.8%	37.6%	39.7%	35.5%	39.4%
Licensed Vocational Nurse	42.7%	41.3%	43.7%	39.1%	43.3%
Medical Assistant	40.0%	38.8%	41.0%	36.6%	40.6%
Mental Health Rehabilitation Specialist	40.5%	39.2%	41.5%	37.1%	41.1%
MFT/LPCC (Licensed, Waivered or Registered)	39.7%	38.5%	40.7%	36.4%	40.4%
Nurse Practitioner	40.1%	38.8%	41.0%	36.7%	40.7%
Occupational Therapist	40.0%	38.8%	41.0%	36.7%	40.6%
Other Qualified Practitioner	38.9%	37.7%	39.9%	35.7%	39.5%
Peer Support Specialists	36.0%	34.9%	36.9%	33.0%	36.6%
Physician Assistant	40.0%	38.8%	41.0%	36.7%	40.6%
Psychologist (Licensed or Waivered)	44.0%	42.7%	45.1%	40.3%	44.7%
Registered Nurse	39.8%	38.6%	40.8%	36.5%	40.4%

Draft Rate Recommendations and Qualitative Feedback

- Overall, across all provider types, the initial recommended rate was approximately 65%-75% of the DHCS rate.
 - This range aligns consistently with benchmarks from other counties
 - Initial rate recommendations were developed at the provider and program level
- DBH executive leadership then reviewed and identified some manual adjustments
 - Provider qualifications
 - Program differentials
 - Parity between mental health and substance use disorder providers

Final Rates

- After much deliberation, we determined that a simplified fee schedule was the best approach
 - Small cell sizes
 - Imperfect data
 - Easier for implementation, budgeting, and developing future incentives
- Final rate schedule
 - DMC ODS Outpatient, MH Outpatient, SMHS Outpatient Other
 - 70% of DHCS Rate
 - MH FSP and MH Outpatient Intensive
 - 75% of DHCS Rate
 - DBH will map each provider/program into applicable category for payment

Residential Rate Setting



Residential Rate Setting

Example: Crisis Residential

- DHCS set rates for many other services uses similar principles
 - Use historical data
 - Trend to the period for which rates will be effective
 - Make other adjustments needed to reflect the future state

$$\text{Daily Rate} = \frac{\text{Treatment Cost}}{\text{Client Days}} \times (1 + \text{Trend}) \times (1 + \text{Vacancy})$$

Base Data

Data Sources

- Financial Templates
 - Received 11 unique templates
- Avatar Claims Data
- Provider Invoices

Programs

Program	Received Financial Template?
	Y/N
Adult Residential	N
Crisis Residential	Y
Behavioral Health Long Term Residential 3.1	Y
Behavioral Health Long Term Residential 3.3	Y
Behavioral Health Long Term Residential 3.5	Y
Alcohol and Drug Services; (Residential Addiction Outpatient). Sub-Acute Detoxification 3.2	Y

SUD Residential

- Reviewed cost structure of providers with different service mix
 - ASAM 3.5
 - ASAM 3.1, 3.5, and 3.2
 - Used relativities inherent in DHCS rates by ASAM level to allocate costs
- Benchmarked SUD rates for providers with different service mix to one another
- Developed baseline rate recommendations by program type
- Next Steps:
 - DBH will discuss rates with each provider individually

QUESTIONS



THANK YOU

Gabe Smith, FSA, MAAA
Director, CBIZ Optumas
gabe.smith@optumas.com

Michael Schmidt
Manager, CBIZ Optumas
michael.schmidt@optumas.com