



Memorandum

To: Ming Wang, Program Administrator, Utah Department of Human Services
From: PATH Team at CLASP
Date: June 14, 2019
Re: Effective Bundled Rates

SUMMARY

Utah's PATH application calls for the introduction of changes to Medicaid financing that will cover clinical treatment, recovery support, prevention and promotion services for youth in transition. The initial proposal was to develop a bundled rate; Utah has recently implemented three behavioral health bundled rates through 1115 waivers. Because these bundled rates were only implemented in the last few months, there is limited data available on whether these bundled rates have improved the quality of care, improved health outcomes, or reduced costs. This memo provides select examples of bundled rates that have been in place for several years and offers evidence that it is possible to develop a youth in transition bundled rate that meets these three goals over time.

Model Bundled Rates: Physical Health

Around the nation, many states are incorporating bundled rates into their healthcare payment systems. As we discussed at the May 21-22 site visit, bundled rates were first developed to address physical health needs. Bundled payments are intended to move providers away from a quantity to a quality model (value-based care) by offering one single payment to address all the care associated with a healthcare episode.

Arkansas

[Arkansas](#) has been highlighted by CMS as a leading example of effective bundled payments in the context of physical health. To date, they pay for close to a dozen episodes of care including conditions that include surgery and hospital-based care. Since Arkansas started to use bundled payments, the state has seen many fiscal and healthcare benefits. In 2015, the state had saved close to 55 million dollars on Medicaid. Additionally, the bundled payment has reduced costs for hip and knee replacements, as well as chronic obstructive pulmonary disease. Arkansas has also had a decrease in emergency department utilization, as well as an increase in quality of care for patients. Other results include an increase in follow up visits for patients and better outcomes for them post-surgery. Researchers attribute their success with bundled payments to their ability to lower cost of services provided by the hospital in general. Unfortunately, in the next few years Arkansas may not have the same outcomes due to a recently created waiver that will require work requirements.

Model Bundled Rate: Youth Behavioral Health

Milwaukee County, Wisconsin

[Wraparound Milwaukee](#) was first created in 1995 as a grant funded initiative to provide wraparound services to children and adolescents with serious emotional, mental or behavioral health needs, or involvement with two or more systems (child welfare, juvenile justice, social services). In 2008, Wisconsin obtained a 1915(a) waiver under the social security act which allowed Wraparound Milwaukee to become a unique Care Management Entity (CME), acting as a type of behavioral health HMO. This waiver allows Wraparound Milwaukee to bill Medicaid for a broad array of services. The CME serves as the locus of accountability for youth involved in many systems. CME also makes it possible for wraparound services to happen effectively.

Wraparound Milwaukee draws on a pool of funds contributed by the child welfare system, juvenile justice system, public mental health systems, and Medicaid. The Medicaid contribution is structured as an all-inclusive case rate (bundled rate) billed per member per month. For youth to be eligible to participate in Wraparound Milwaukee they must be a member of Badger Care Plus or Wisconsin Medicaid, live in Milwaukee County, be between the ages of 0-20, have a severe emotional disturbance, have a behavioral or emotion challenge that puts the youth at immediate risk of being placed out of home, or be involved with two of the following: Child Protective Services, Juvenile Justice System, Mental Health Services, Special Education, or Social Services. Wraparound Milwaukee offers a broad, comprehensive service array that includes:

- Behavioral and clinical services (crisis intervention, individual therapy, intensive in-home therapy, evaluation, substance abuse therapy, medication management, day treatment, special therapy)
- Placement services (acute hospitalization, foster home and treatment foster home, group home care, residential treatment, supported independent living)
- Supportive services (mentors, crisis 1:1 stabilizer, tutors, parent/family aide, life coach-independent living, employment preparation and placement, internships)
- Other supportive services (camps, after school, suspension accountability, transportation, interpretive services, equine therapy, consultation with other professionals)
- Service coordination
- Respite (crisis, planned, residential)
- Discretionary support (Flex funds, clothing, food/groceries, housing assistance, childcare, furniture/appliances, educational expenses, YMCA memberships)

There is evidence that the Wraparound Milwaukee model has generated substantial cost savings by reducing both the annual number of expensive institutional care placements (375 to 110) and shortening the average length of stay (14 months to 4 months). The model is also significantly less expensive than not intervening, with an estimated reduction in projected costs of caring for the same population from \$88 million to an actual cost of \$12.5 million. Wraparound Milwaukee is linked to improved youth outcomes. 85% of youth at disenrollment from wraparound have an improved level of functioning; the initiative has also been linked to an increase in school attendance and a decrease in justice involvement.

Bundled Rates: Key Takeaways and Considerations

- Wisconsin's Wraparound Milwaukee initiative is a well-established example of exactly the type of comprehensive service array that Utah's PATH team hopes to fund for transition age youth.
- The Wraparound Milwaukee Model provides strong evidence for the types of improved youth outcomes that can be achieved using a bundled payment rate as a financing mechanism.
- There are some key similarities between the Wisconsin policy context and Utah's, including a partial Medicaid expansion to 100% of the Federal Poverty Level.
- It is important to note that Wraparound Milwaukee is not exclusively funded using Medicaid dollars, although Medicaid dollars are the largest proportion of dollars in the funding pool. The model requires investment from other youth-serving systems and agencies.
- Considering Wisconsin's success implementing a model for offering a comprehensive service array to children and youth driven by the payment mechanism that Utah initially proposed, the team may not want to completely abandon the idea of a bundled payment structure for youth in transition services.
- The team should explore whether other Medicaid waiver authorities, including 1915a, 1915c, or 1915i, could provide an avenue for piloting a youth in transition bundled rate.