

# BEHAVIORAL HEALTH RATE SETTING

With over 20 years of experience in the field, Public Consulting Group (PCG) has successfully guided and supported numerous public and private behavioral health clients with rate setting compliance and opportunities.



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## REGULATORY REQUIREMENTS (CMS AND OTHER):

Rate setting for behavioral health providers is largely defined by the setting in which the service is performed: hospital or community. The regulatory systems in place are unique for each service setting and payor type.

- Psychiatric Hospitals have a unique set of rules which govern rate setting efforts. Medicare reimburses inpatient providers on a Diagnostic Related Grouping (DRG) Prospective Payment System (PPS) for inpatient care and Ambulatory Payment Classification (APCs) for outpatient care. Generally, Medicaid reimburses private psychiatric facilities at FFS rates and public facilities receive cost based rates. Managed Care and Commercial payors usually reimburse providers utilizing FFS, cost based, and/or Pay-for- Performance (PFP) options.
- Community Based Providers (Community Mental Health Centers, Psychologists, etc.) follow a separate reimbursement system. Medicare reimburses providers according to the Medicare Physician fee schedule (CPT and HCPCS codes). Medicaid will often mirror the structure of the Medicare Physician Fee Schedule, but often times will adapt the schedule for state-specific service and budget restrictions. Managed Care and Commercial payors often use the Medicare Physician fee schedule (CPT and HCPCS).

Rate setting can be complex and cumbersome. It requires:

- A comprehensive understanding of the Medicare principles of reimbursement established in Provider Reimbursement Manual (PRM) 15-1;
- Knowledge of Medicaid State Plan section (Section 4.19);
- Knowledge and understanding of all costs, utilization, productivity standards, and/or efficiency factors which affect the rate calculations.

## PCG EXPERTISE:

PCG has provided rate setting services to behavioral health care clients since 1987. Our consultants have extensive experience with behavioral health care rate setting and reimbursement services, including:

- Review of Medicaid Rate Setting Methodology and Available Public Expenditure Data;
- Cost Reports or Survey(s) for Rate Setting;
- Complete Regulatory Analysis related to Rate Setting environment;
- Risk Assessment of Rate Changes;
- Calculation of Baseline Revenue Estimates with Updated Rates;
- Presentation of findings to State Agency/Provider/Insurer for Review;
- Rate Adjustments, including Retroactive Rate Increases;
- Calculation of Cost Settlement Payments (if applicable).



## ASK US ABOUT PCG'S BEHAVIORAL HEALTH RATE SETTING FOR:

- Alaska
- Florida
- Illinois
- Louisiana
- Massachusetts
- Missouri
- West Virginia
- Massachusetts Behavioral Health Partnership (MBHP) – Managed Medicaid Vendor
- Walden Behavioral Care (MA)
- South Bay Community Mental Health Center (MA)
- Croton Mountain Rehabilitation Center (NH)
- Erie County (PA), Department of Human Services