



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 119: PED Recs/Publicly Funded Substance Abuse Svcs

2015-2016 General Assembly

Committee:	House Health, if favorable, Appropriations	Date:	March 17, 2015
Introduced by:	Reps. Horn, Hurley, Saine	Prepared by:	Theresa Matula
Analysis of:	First Edition		Committee Staff

SUMMARY: *House Bill 199 integrates State-operated Alcohol and Drug Treatment Centers (ADATCs) into the array of publicly funded substance abuse services managed by Local Management Entities/Managed Care Organizations (LME/MCOs), as recommended by the Joint Legislative Program Evaluation Oversight Committee. The transition would take place over a three-year period with full integration occurring by June 30, 2019.*

BACKGROUND: The Program Evaluation Division's report, [2014-14](#), found that the three Alcohol and Drug Treatment Centers (ADATCs), Julian Keith, RJ Blackley, and WB Jones, operate autonomously from the LME/MCO managed community-based system thereby limiting the ability to address service gaps, provide a continuum of care, and manage cost. The report also identified the need for a performance management system to track long-term outcomes of substance abuse treatment.

BILL ANALYSIS: House Bill 119 is divided into eight Parts outlined below.

PART I. Definitions - Defines or describes the following terms and abbreviations: ADATCs, DHHS, DMH/DD/SAS, DSOHF, LME/MCO, and transition period.

PART II. DHHS Transition Business Plan for Integrating ADATCs into the array of publicly funded substance abuse services managed by LME/MCOs - Establishes the intent to integrate ADATCs into the range of services managed by the LME/MCOs over a three year period beginning July 1, 2016, and achieving full integration by June 30, 2019.

By April 1, 2015, the Department of Health and Human Services (DHHS) must submit to the Joint Legislative Oversight Committee on Health and Human Services, a three-year transition business plan consisting of the information outlined below.

- Projected demand by LME/MCOs for substance abuse services provided by ADATCs for: (i) each fiscal year of the transition, and (ii) the first three fiscal years subsequent to full integration.
- Projected availability of services at all ADATCS during (i) each fiscal year of the transition period, and (ii) the first three fiscal years subsequent to full integration.
- Procedures for making operational adjustments at each ADATC during the transition period.
- Methodology for establishing and updating the rates paid by LME/MCOs for substance abuse services provided by ADATCS.
- Uniform process for LME/MCOs to give prior authorization for ADATCs to admit and treat individuals whose care is managed and paid for by the LME/MCO.

PART III. Termination and Reallocation of Direct State Appropriations for ADATCs –Notwithstanding anything to the contrary, the intent is to terminate all direct State appropriations for ADATCs by July 1, 2019, and to reallocate the funding to DMH/DD/SAS for allocation to LME/MCOs. This will allow the LME/MCOs to assume responsibility for managing all publicly funded substance abuse services for individuals within their respective catchment areas.



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To provide the LME/MCOs an opportunity to plan the efficient and effective management of reallocated ADATC funds, DMH/DD/SAS must carry out the tasks outlined below.

- 1) Calculate and notify each LME/MCO by August 1, 2015, of its estimated share of fund allocations.
- 2) Require each LME/MCO to submit by February 1, 2016, a written transition plan describing how the LME/MCO plans to use reallocated ADATC funds to accomplish the following related to substance abuse services: (i) build capacity for community-based services, (ii) reduce service gaps, (iii) purchase services from the ADATC, or (iv) a combination of these. DMH/DD/SAS must review the plans to ensure reallocated funds are used to purchase substance abuse services.

PART IV. LME/MCO Payment and Utilization Management for ADATC Services – Each LME/MCO is required to do all of the following:

- By February 1, 2016, submit to DMH/DD/SAS a written transition plan.
- By February 1 of each year, submit projected demand for ADATC services for the upcoming fiscal year to the Division of State-Operated Healthcare Facilities (DSOHF), DHHS.
- By April 1 of each year, enter into a contract with DSOHF for the ADATC services it intends to utilize during the next fiscal year. The contract must include all of the terms specified in the bill.
- Implement and enforce the prior authorization process established by DHHS as required in Part II of the bill.

PART V. Adjustment of ADATC Operations – The intent is for each ADATC to be wholly receipt-supported by the end of the transition period. As such, each ADATC must annually evaluate and adjust their operations based on projected demand for services and the availability of funding from direct State appropriations and estimated receipts. Operational adjustments must comply with procedures specified in Part II of the bill.

PART VI. Oversight and Reporting – During the transition period, DMH/DD/SAS must monitor the following: 1) expenditures by the LME/MCO to ensure it meets maintenance of effort requirements of the federal Substance Abuse Prevention and Treatment Block Grant; 2) efforts by LME/MCO to increase capacity for substance abuse treatment and development of community-based services; 3) utilization by LME/MCO of substance abuse services provided by ADATCs.

Beginning October 1, 2016, and annually thereafter until October 1, 2020, DHHS must report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Program Evaluation Oversight Committee on: 1) the status of fully integrating the ADATCs, and 2) a breakdown of how direct State appropriations reallocated from the ADATCs to the LME/MCOs have been used to purchase substance abuse services.

PART VII. Plan for Strengthening Performance Management for the State's Publicly Funded Substance Abuse Services – By January 15, 2016, DMH/DD/SAS, DHHS, in consultation with LME/MCOs must develop and submit to the Joint Legislative Oversight Committee on Health and Human Services, a plan to strengthen performance management for the State's publicly funded substance abuse services. DHHS is encouraged to consult with various entities. The plan must include: 1) specific long-term outcome measures; 2) information technology challenges and proposed remedies; 3) time lines for tracking long-term outcome measures; 4) data elements to improve the process of analyzing service gaps; and 5) protocols for using long-term outcomes to assess, measure and hold LME/MCOs accountable for effective and efficient treatment.

EFFECTIVE DATE: This bill becomes effective when it becomes law.