DHHS Should Integrate State Substance Abuse Treatment Facilities into the Community-Based System and Improve Performance Management

A presentation to Joint Appropriations Committee on Health and Human Services

March 4, 2015

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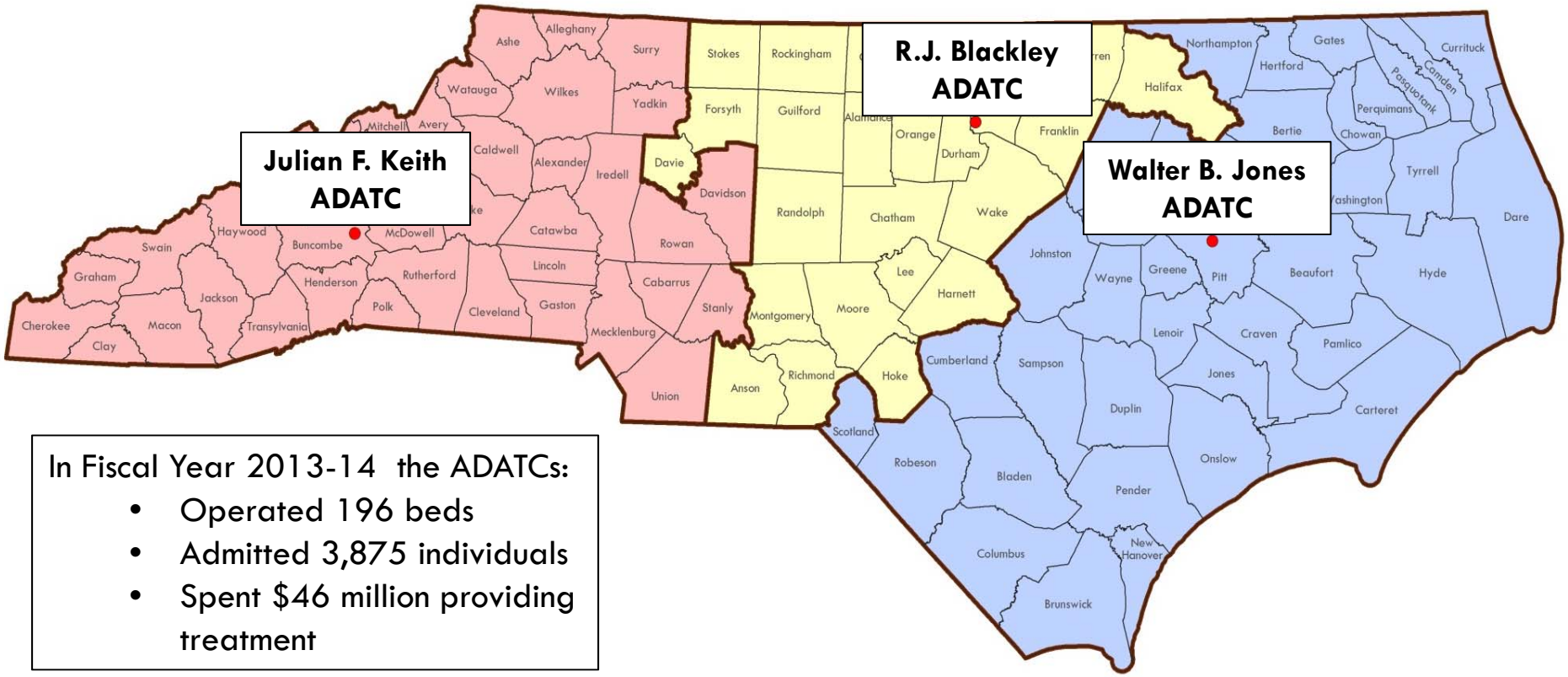
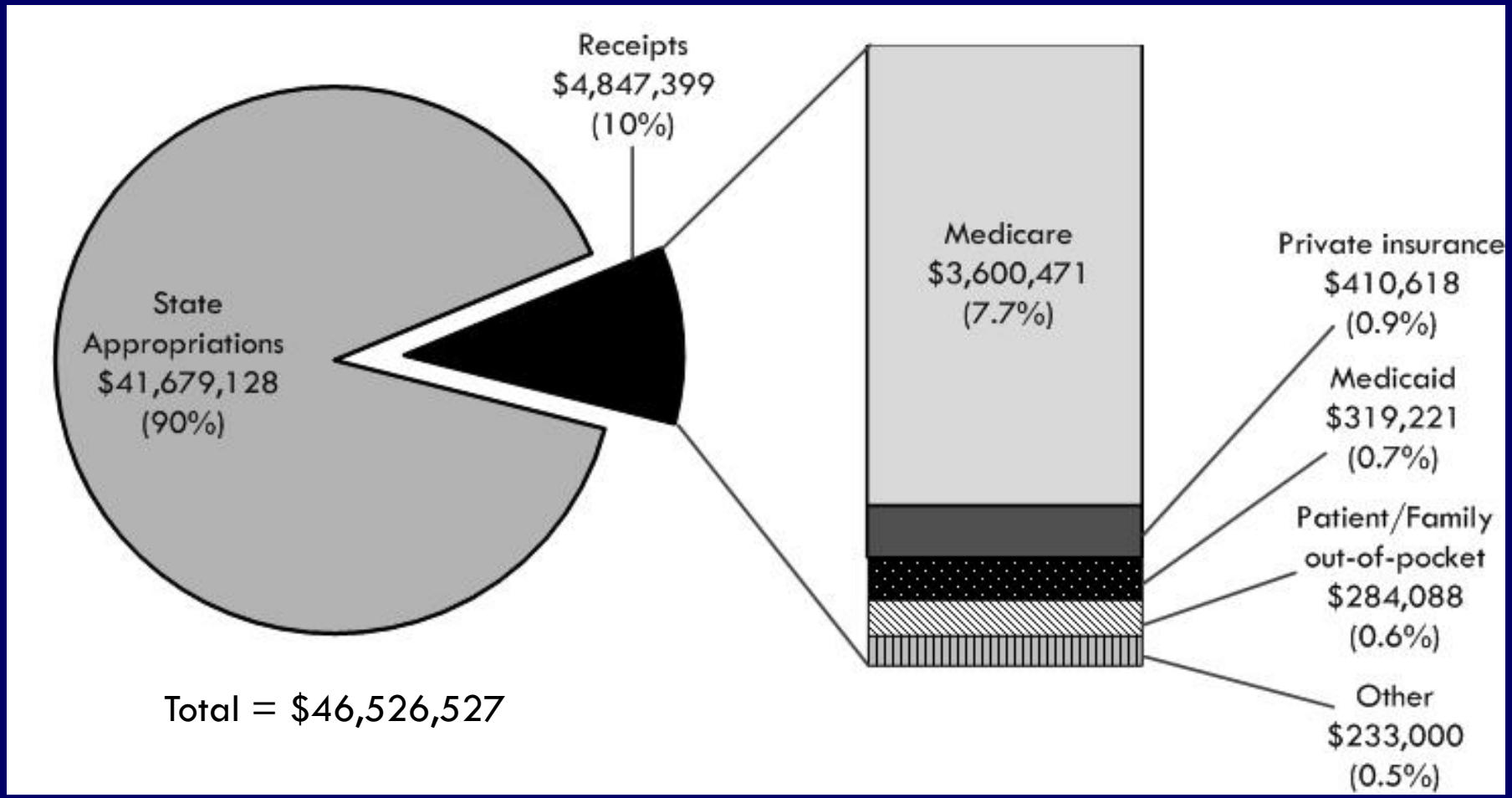
Three Alcohol Drug Abuse Treatment Centers (ADATCs)



In Fiscal Year 2013-14 the ADATCs:

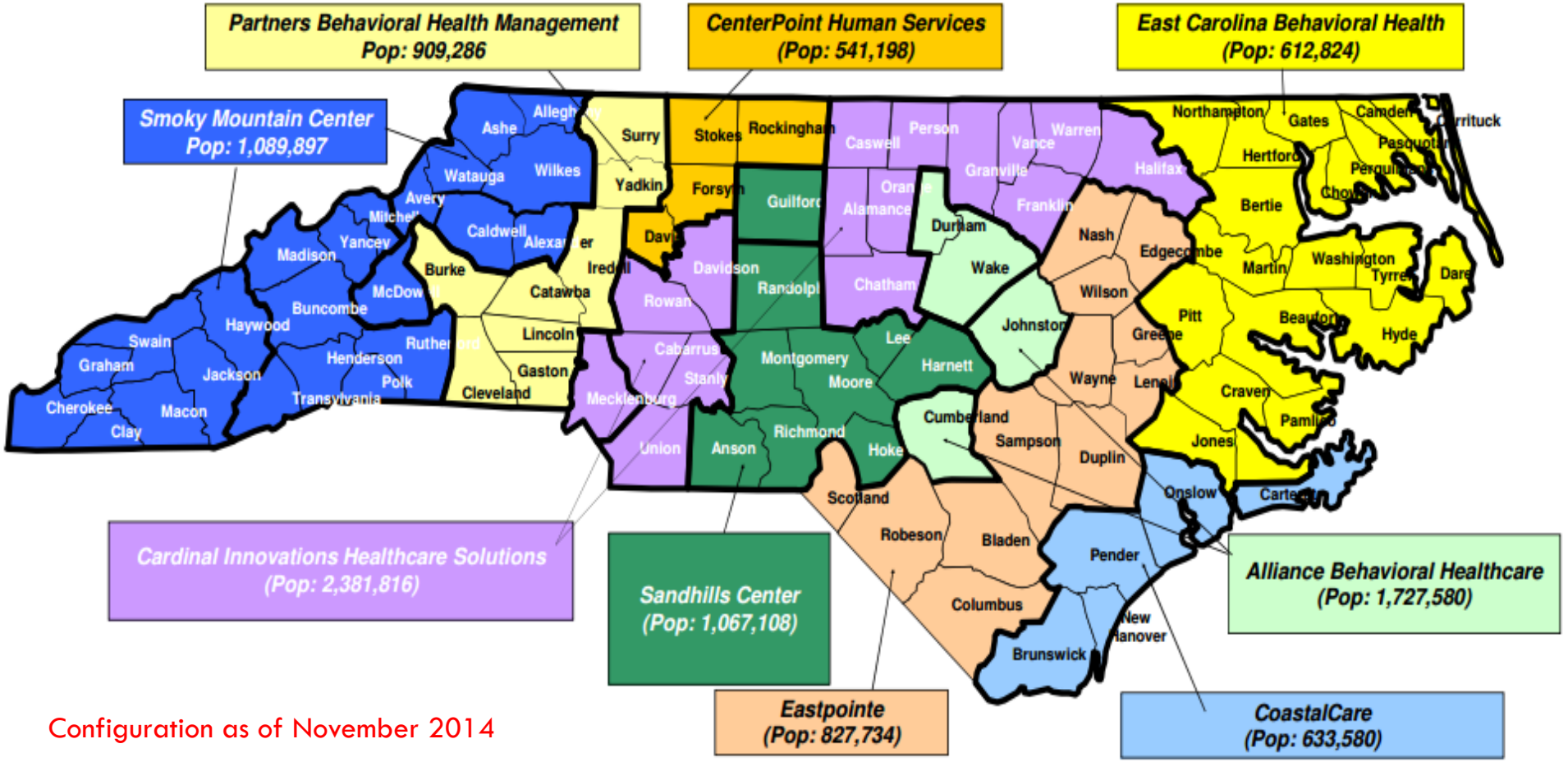
- Operated 196 beds
- Admitted 3,875 individuals
- Spent $46 million providing treatment

State Appropriations Funded 90% of ADATC Operations in Fiscal Year 2013-14



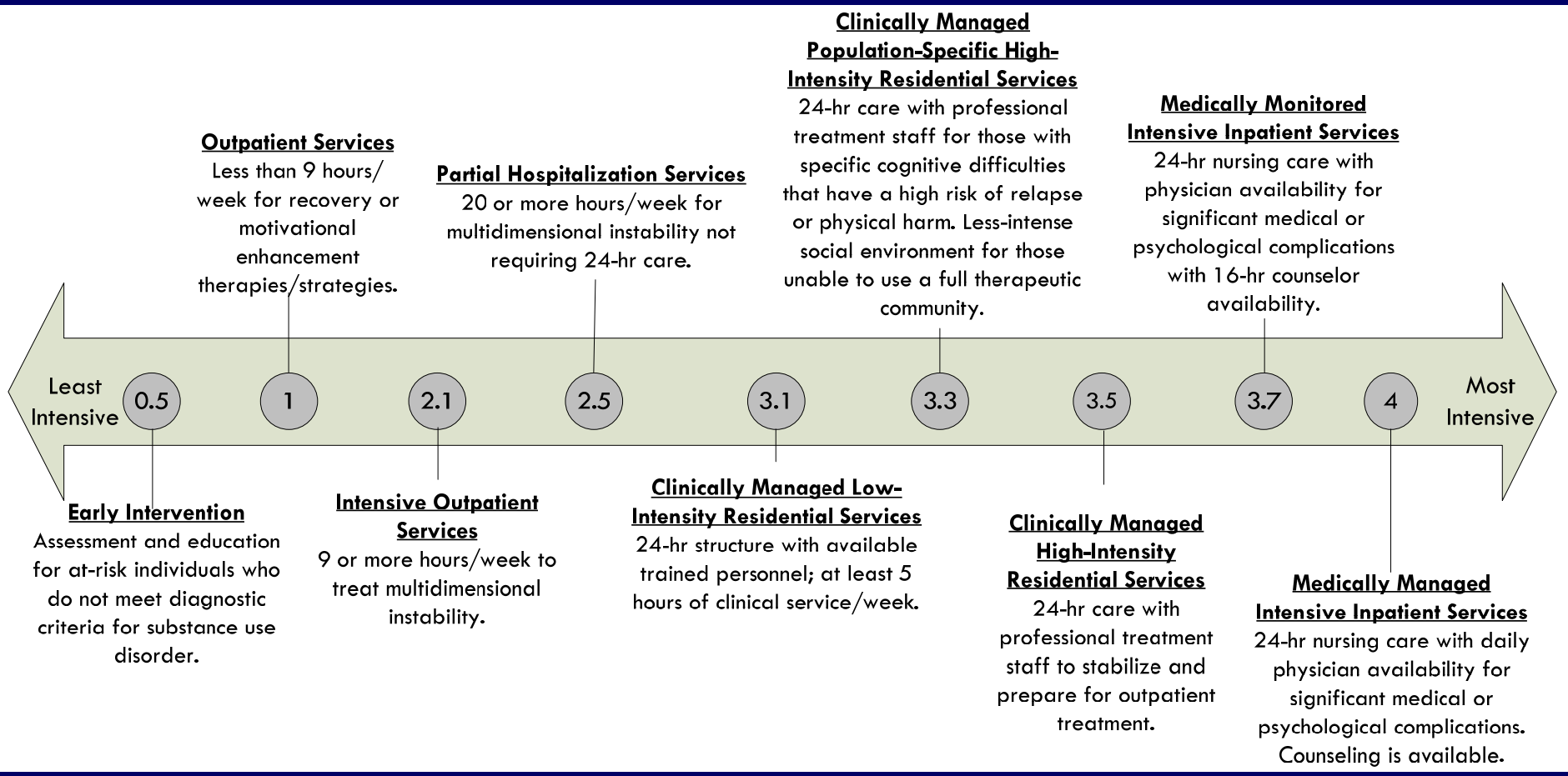
Total = $46,526,527

Community-Based Treatment System
Local Management Entities/Managed Care Organizations (LME/MCOs)



Configuration as of November 2014

American Society of Addiction Medicine (ASAM) Continuum of Care for Substance Abuse Treatment



Report p. 4, Exhibit 1

Finding 1.

The three Alcohol and Drug Abuse Treatment Centers operate with a high degree of autonomy, resulting in operational and treatment differences

ADATC Admissions, Personnel, and Expenditures

ADATC Facility	Annual Admissions	Number of Personnel	2013–14 Expenditures	Average Cost Per Stay
Julian F. Keith	1,203	194	$15,212,660	$12,646
R.J. Blackley	1,291	152	$16,126,312	$12,491
Walter B. Jones	1,381	155	$15,187,556	$10,998
Total	3,875	501	$46,526,527	

Report p. 13, Exhibit 8

Over-Expenditures at ADATCs in Fiscal Year 2013-14

- ADATCs received a $4.9 million reduction in appropriations
- ADATCs overspent appropriations by $5.2 million
- Overexpenditures covered by O'Berry Neuro-Medical Treatment Center and Murdoch Developmental Center

Report p. 15

Finding 2.

Separation of the Alcohol and Drug Abuse Treatment Centers from the community-based system creates operational silos which impose challenges to utilization management, continuity of care, and information management

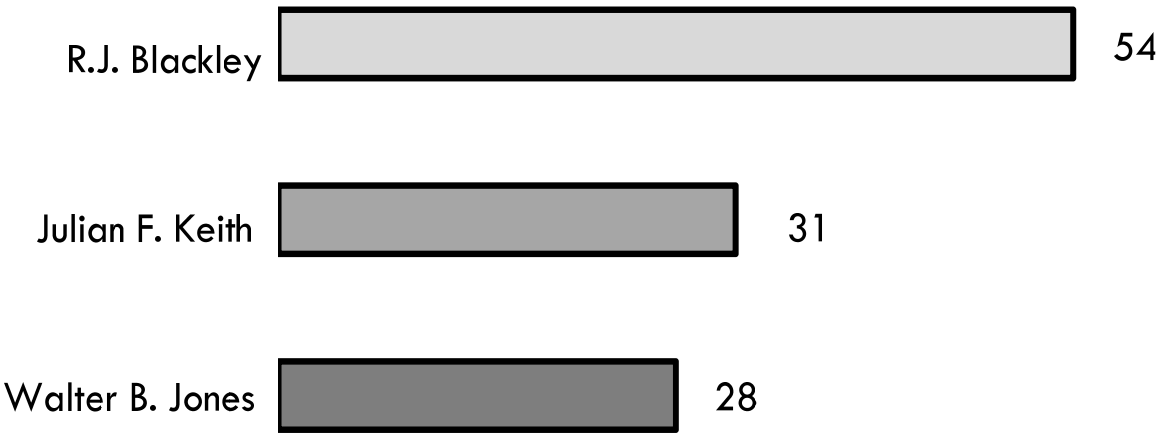
Structural Incentives Promote Overreliance on ADATCs

- LME/MCOs have no financial incentive to manage utilization of ADATCs
- ADATCs have limited incentive to restrict utilization
- LME/MCOs have little incentive to invest in expanded community-based treatment options that would serve as a substitute for ADATC services

Report p. 20

Prolonged Lengths of Stay Cost the State More Than $1.5 Million in Fiscal Years 2012-14

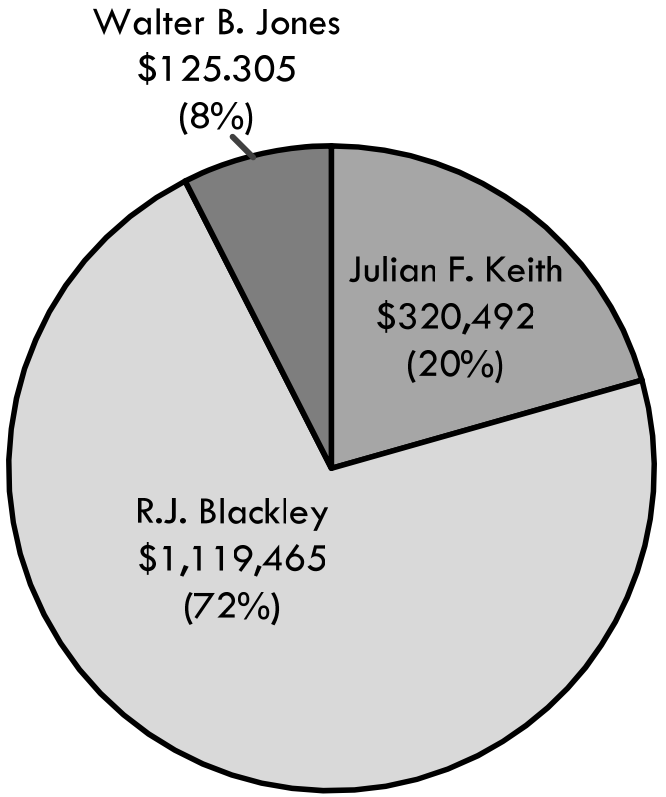
Number of Individuals Who Received Prolonged Treatment



Total = 113 Individuals

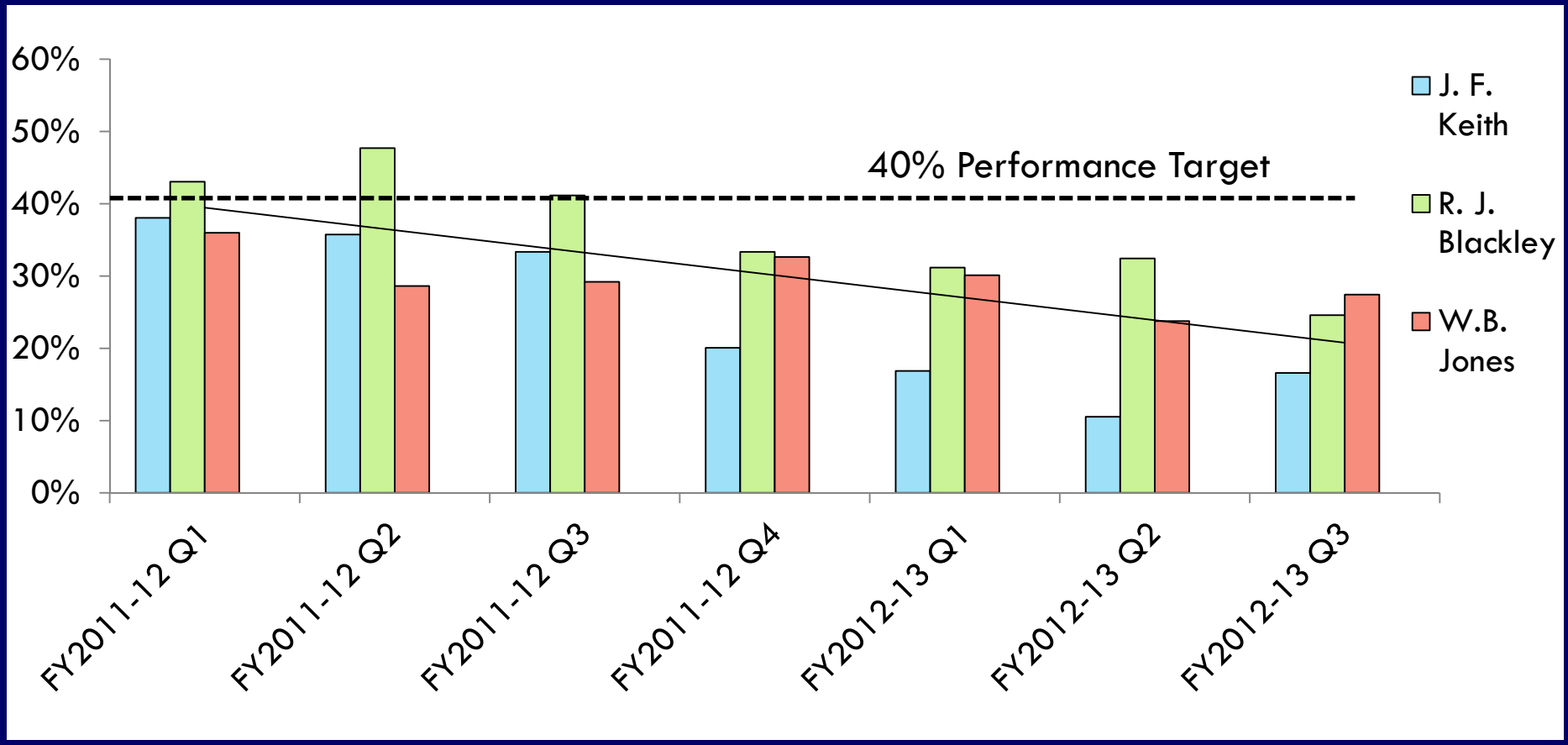
Prolonged Length of Stay = treatment days that exceeded two standard deviations from the mean number of treatment days at each facility

Cost of Prolonged Treatment



Total Cost = $1,565,262

Continuity of Care Among the ADATCs and LME/MCOs Falls Short of the Performance Target



Report pp. 22-23, Exhibit 15

Finding 3.

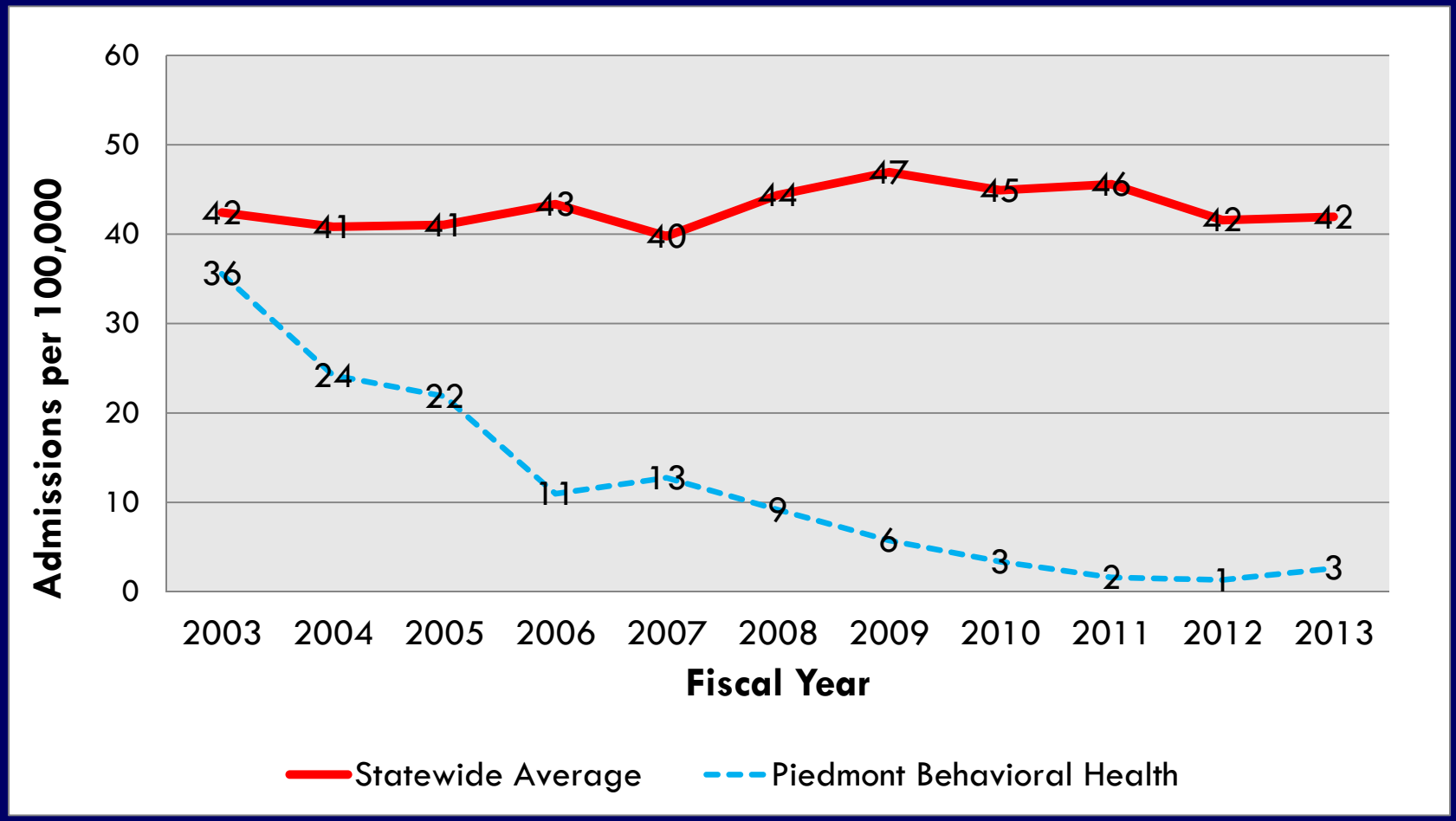
Separation of the Alcohol and Drug Abuse Treatment Centers from the community-based system limits North Carolina's ability to address service gaps and manage cost

The Piedmont Demonstration Project

- In 2003, Piedmont Behavioral Health (PBH) began receiving a share of state institution funding from the psychiatric hospitals and ADATCs in order to expand their provider network in the community
- PBH agreed to pay ADATC when an individual from a PBH county is treated at an ADATC

Report pp. 27-29

Fewer Individuals are Admitted to ADATCs from Piedmont Behavioral Health Counties



Report pp. 26-27, 29-30

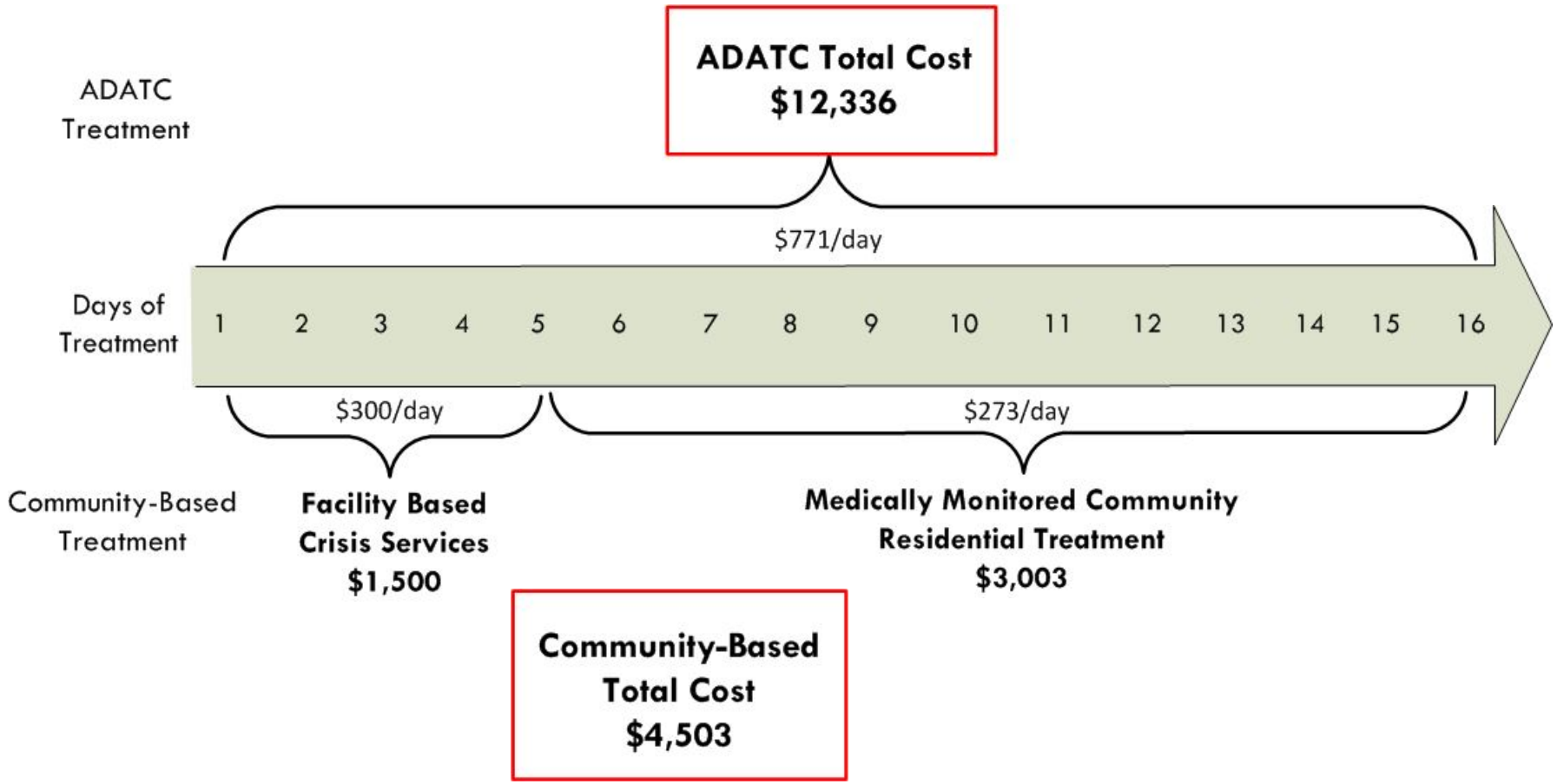
PBH Use of Other Services

- Two crisis/detoxification facilities that serve PBH counties
- Seven hospital detoxification providers
- 300 individuals served at medically monitored community residential treatment facility

Source: Cardinal Innovations Healthcare Solutions, Fiscal Year 2012-13

Report pp. 28-29

Medically Monitored Intensive Inpatient Services Cost Less in the Community-Based System



Report pp. 29-30, Exhibit 19

The Community-Based System Has Service Gaps

- Some LME/MCOs had levels of care for which they did not expend any dollars on services
- If there is a gap in services, individual may be treated at a higher level of care than necessary and at greater cost
- Separation of the ADATCs and community-based system limits the ability of LME/MCOs to address these gaps

Report pp. 31-34

Finding 4.

North Carolina lacks a performance management system that tracks long-term outcomes of public substance abuse treatment

Substance Abuse Treatment Performance Management

- North Carolina does not have reliable encounter-level data due to problems with NCTracks since July 2013
- When encounter-level data was available, performance management emphasized processes and outputs rather than outcomes

Report pp. 31-32, Exhibit 14

Measuring Long-Term Outcomes

Outcome Measure	Indicator
Reductions or abstention from substance use over time	• % of those treated who are no longer using • % of those treated who report reductions in use • % of those treated who report no use
Improvements in personal health over time	• Reductions in emergency room-related costs • Reductions in overall healthcare spending for those who received treatment
Improvements in social functioning over time	• Obtaining employment • Maintaining employment • Reduced reliance on social support programs • Stable living environment
Reductions in threats to public health and safety over time	• Reductions in criminal justice system interactions

Report pp. 31-32, Exhibit 14

Recommendations

Recommendation 1.

The General Assembly should integrate the Alcohol and Drug Abuse Treatment Centers into North Carolina's community-based substance abuse treatment system

The Process

- One year of planning for transition
- Reduce funding to ADATCs in 25% increments over a three-year transition period, while funding to LME/MCOs is increased by a corresponding amount
- By the fourth year, LME/MCOs would receive 100% of state appropriations previously going to ADATCs

Integration Process

- LME/MCOs would be able to use reallocated funding to increase capacity in the community-based system and/or purchase services from ADATCs
- By the end of the transition period, ADATCs would be providers in a LME/MCO network and would be receipt-supported based upon demand for services

Report p. 41

Timeline for Reporting

- Feb 1, 2016—LME/MCOs develop plans on how to use reallocated funding
- April 1, 2016—DHHS submits an ADATC business plan for the transition to the Joint Legislative Oversight Committee on Health and Human Services
- 2016 until 2020—DHHS annually submits report on integration of ADATCs into the community-based system and LME/MCO use of reallocated funding

Report p. 41

Recommendation 2.

The General Assembly should direct DMH/DD/SAS to strengthen its performance management system for substance abuse treatment by improving data collection and tracking long-term outcomes

Direct DMH/DD/SAS to Develop a Plan to Improve Performance Management

Plan should include:

- Specific long-term outcome measures the division will begin tracking
- Steps for incorporating outcomes into performance management system to assess the performance of providers, LME/MCOs, and the system as a whole
- Data elements to improve the process of analyzing gaps in the community-based system
- Timelines

Report pp. 42-43

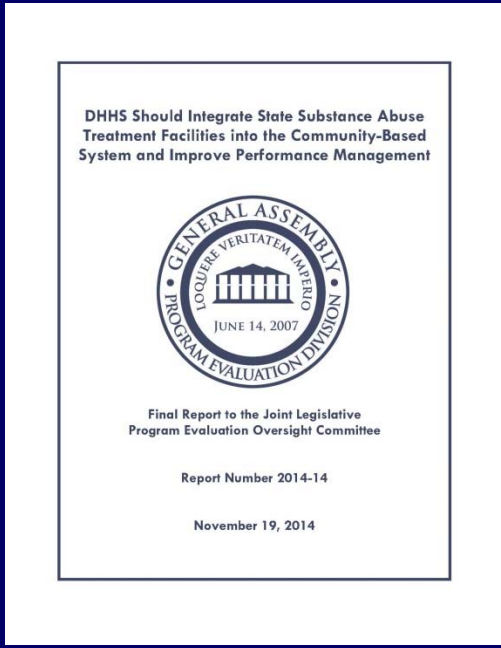
Plan for Improved Performance Management

- DMH/DD/SAS should submit a plan to the Joint Legislative Oversight Committee on Health and Human Services on or before January 15, 2016

Summary

- Separation of the ADATCs from the community-based system limits North Carolina's ability to address service gaps, provide a seamless continuum of care, and manage cost
- DHHS should integrate the ADATCs into the community-based system and improve performance management by tracking long-term outcomes

Report available online at www.ncleg.net/PED/Reports/reports.html



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