

Office of Mental Health and Addiction Services  
Children's Mental Health System Change Initiative

Financing - Policy Six  
**UPDATED**  
**REVISIONS ARE IN BOLD**  
November 28, 2005

It is the policy of the Office of Mental Health and Addiction Services (OMHAS) to fund the statewide continuum of comprehensive, coordinated, culturally competent, child centered, family driven home and community-based children's mental health services. OMHAS will ensure that "funding intended and allocated by the legislature for children's mental health is used for that purpose." OMHAS will contract with the Mental Health Organizations (MHOs), the Community Mental Health Programs (CMHPs), and ITS Providers and will follow these procedures:

1. Financing for Psychiatric Residential Treatment Services (PRTS):
  - a. **Capitation rate setting methodology with MHOs is based on a blend of historical utilization ( 50%) and child population (50%) for the first 15 months of the Initiative. Utilization data used in this process was from calendar year 2004.**
  - b. **On January 1, 2007 the rate setting methodology will change to 25% historic utilization and 75% child population.**
  - c. **On January 1, 2008 rates will be based on statewide per member per month calculations.**

Financial Glide Path for Psychiatric Residential Treatment Services to MHOs:

**10/05- 12/06:        50% Historical Utilization (CY 04)  
                             50% Population**

**1/07-12/07:        25% Historical Utilization  
                             75% Population**

**1/08:                    100% Population**

2. **Psychiatric Day Treatment Services (PDTS): The rate setting methodology allocates historic utilization of PDTS to MHOs where the children live (money follows the child). Allocation is based on 95% historic utilization and 5% on population distribution effective 10/1/05. On January 1, 2006 this will change to 90% historic utilization and 10% population distribution.**

3. **Infrastructure Stabilization Glide Path for Psychiatric Residential Treatment Services and Psychiatric Day Treatment provided to children enrolled in a MHO. OMHAS will develop expenditure benchmarks for MHOs that are based on a percentage of revenue each plan receives for PDTS and PRTS. The percent of PDTS and PRTS revenue that must be spent with ITS certified providers will decrease over time:**

**10/05-10/06: 50% spend with certified ITS providers  
50% % Flexible, may spend with certified provider**

**1/07-12/07: 25% spend with certified ITS providers  
75% Flexible**

**1/08: 100% Flexible**

4. The infrastructure stabilization glide path requires that the identified financing be spent with ITS providers (under Children's ITS OAR 309-032-1100 through 309-032-1230) and that the funding designated as flexible be spent with providers certified for services being delivered. Funds may be used to purchase non-traditional and traditional mental health services.

5. **Fee for Service:** PRTS and PDTS payment for children eligible for Medicaid's "Household of One" (HHO) and for children who are Medicaid eligible but not enrolled with an MHO will be on a retrospective cost reimbursement basis to the PRTS and PDTS providers using existing payment methodology. The CMHPs will screen, assess and make referrals to PRTS and PDTS. The CMHPs

will provide (and be funded for) care coordination and aftercare services.

6. OMHAS' performance measures in determining MHO adherence to the infrastructure glide path will take into account the MHOs formal efforts to contract with ITS providers and ITS providers ability to develop needed services.
7. In consideration of the child's risk factors and available financial resources, the MHOs will prioritize children with the most serious mental health needs for the Integrated Service Array.
8. **Long Term Psychiatric Services: Secure Children's Inpatient Program, Secure Adolescent Inpatient Program, and Stabilization and Transition Services:** OMHAS will ensure the availability of court ordered secure inpatient services and will meet the existing need for **children and** adolescents requiring secure inpatient treatment and meet the criteria for **long-term psychiatric care**. OMHAS, the CMHPs and the MHOs will engage in a quality improvement process regarding admission decisions, care coordination, and transition planning. The CMHP will provide care management while the **child or adolescent is being served**.