

**Pre-Application Technical Assistance Reports for the
Access to Recovery Grant Program**

Report on Technical Assistance to Florida

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Consultation Between Barry Brauth and the State of Florida Written Report

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Introduction (Purpose of TA)

The State of Florida (the State) requested assistance with assessing the role that financial incentives could play in their planned voucher proposal for the Access to Recovery (ATR) grant program. Johnson, Bassin & Shaw, Inc. (JBS) contacted Barry Brauth of New York State's Office of Mental Health to assist the State.

Methodology

On May 11, 2004, the consultant, Barry Brauth, conducted a telephone conference with representatives from the State of Florida. Participants on the call included Ken DeCerchio (director of the Florida Substance Abuse Program Office), Sen-Yoni Musingo (information systems), Darran Duchene, Larry Ochalek, Bret Leonard (main contact), Amy Johnson, Slade Geiger, Bob Holm, Pam Petersen-Baston, and Dr. Daniel Santisteban from the University of Miami. The call lasted approximately 1 hour. (For the background and experience of the consultant, see the last section of this report.)

Content of TA Discussion

The State provided a brief overview of highlights of Florida's current delivery system and their thinking about modifications to make it ATR-compatible. Florida has extensive experience with performance measurement and performance contracting. Their contracts are based on unit cost, and they use a fee-for-service approach (subject to a cap on expenditures) to pay contractors. The State sets rates based on model budgets and then negotiates variances on a case-by-case basis. The State tracks providers on client outcomes, and the State feels that they should be paying providers only for good performance.

Florida: The State asked for advice on incentive payments in three broad categories:

- 1) Provider performance (paying for good outcomes).
- 2) Incentives for certain behaviors.
- 3) Encouraging consumer participation in post-treatment follow-up.

Consultant: Mr. Brauth discussed these three issues and made the following recommendations:

- **Issue #1: Incentives for provider performance.** Florida already has a rate methodology in place that reflects the efficient and economical production of services. Therefore, the consultant recommended that the State include a 3 percent cost of living adjustment (COLA) as an incentive for providers who meet their targets for the seven domains. Only providers who meet their targets would receive a COLA for the coming year. He also recommended reducing the seven outcomes to a single performance score for each provider, which could then be compared across all providers.

Because Florida has objections to paying differential fees to different providers, the State suggested that this COLA payment might be made as a year-end bonus to apply to future costs. Mr. Brauth agreed that this would be a sensible approach.

- **Issue #2: Incentives for certain behaviors.** Mr. Brauth suggested that it would be a good idea to use financial incentives for encouraging treatment providers to link their clients to recovery support services. He recommended that the State consider utilizing something like a 2 percent bonus for treatment providers whose clients reach a threshold of attendance at their recovery support services.
- **Issue #3: Consumer incentives for treatment follow up.** The consultant suggested making an incentive payment to recovery support providers—rather than directly to clients—for getting clients in for 6-month and 1-year follow-up. That is because paying direct incentives to the clients themselves for their post-treatment follow-up may not be ethical and could balloon the administration’s expense budget. In addition, this type of incentive for client follow up would encourage providers to keep their clients engaged as long as possible.

Consultant’s Background

Barry Brauth has worked for more than 25 years in various positions in administering both medical and behavioral health programs. After receiving his Master’s degree in public administration, Mr. Brauth moved to Albany for a position as a Federal Programs Coordinator for the State Office of Mental Health (OMH). There he developed rate and reimbursement strategies that resulted in hundreds of millions of dollars in increased Medicare and Medicaid revenue for New York State mental health programs.

In the early 1980s, Mr. Brauth joined Blue Cross of Northeastern New York as the senior policy advisor to the President. There he designed client tracking systems which were used to profile providers and to develop innovative insurance and funding mechanisms, such as case payment and prudent purchasing arrangements.

Mr. Brauth has worked with the OMH since 1986, except for a 1-year period as director of Utilization and Data Analysis with Value Behavioral Health. His responsibilities with OMH have included development of a patient classification schema and rate-setting alternative to the Medicare psychiatric Diagnostic Related Groupings (DRGs). This

alternative rate-setting methodology reimbursed hospitals based on case mix, length of stay, recidivism, and linkage to outpatient services. The project required the development of a sophisticated client information system, which was later used for planning, utilization monitoring, and the development of managed care proposals.

Mr. Brauth's current position is Director of Financial Planning. He is responsible for developing fiscal initiatives and reimbursement methodologies, which promote mental health programs that are stable, accountable, and outcome oriented.