Using Data to Survive the Transition to Managed Care

*Kansas Case Study*

As early as 2010, it was clear that for-profit managed care was coming to Kansas and members of the Association of Community Mental Health Centers of Kansas (ACMHCK) needed to get ready. To survive, ACMHCK centers needed to start operating like a business that had a clear handle on its costs.

**Identifying Costs by Provider Type**

As a first step, ACMHCK engaged MTM Services to provide individual centers with a detailed cost analysis by each type of credentialed provider to determine which were profitable, and which were generating net losses.

In order to engage effectively with the state, ACMHCK needed statewide data as well. Of the 26 centers operating in the state, 24 agreed to upload their de-identified information into **SPQM**, MTM’s state-of-the-art analytical and management support tool.
The initial phase took 10 months to complete. With this comprehensive data, ACMHCK was able to determine the average cost of providing care by each type of credentialed provider, which enabled a more detailed analysis of costs and revenue. It also allowed centers to benchmark against their peers for the first time.

Importantly, at this stage, ACMHCK members were not yet willing to identify their data and compare financial performance. As a result, centers could not yet share efficiencies and cost savings strategies with one another.

**Measuring Outcomes**

As a parallel effort, in 2010 ACMHCK centers began using MTM’s *Daily Living Activities–20* (DLA-20), which enables clinicians to measure the everyday parts of life impacted by mental illness or disability and support the functional assessment data needs of service providers. Over time, 23 of the 26 Kansas centers began using the DLA-20 and uploading scores into SPQM. Now, in addition to cost information, centers were tracking outcome data for thousands of patients. This additional information enhanced efforts to determine which services, and at what intensity, should be prescribed in the development of a Level of Care system.

**MCOs Arrive in Kansas – Providers Were Ready**

As expected, in 2012 Kansas selected three managed care organizations (MCOs) to manage all Medicaid services beginning January 2013. This came in the wake of several reductions in Medicaid reimbursement rates. The combination of costing information and outcome measurements available in SPQM allowed ACMHCK to provide the state with objective data regarding the actual cost of providing services and the potential impact of any proposed funding cuts. Unfortunately, the state nevertheless implemented a four percent reduction to all Medicaid programs as part of an effort to fill a substantial budget shortfall.

**Sharing Statewide Data to Demonstrate Value of Care and Maximize Impact**

After several years, providers in Kansas were comfortable with the data collection process. In 2014, it was time to *really* make the data work - to drive practice improvement, to share best practices and ultimately to ensure financial viability as well as a statewide system of care.
ACMHCK members initiated a new costing study with MTM designed to go deeper into the data they had collected. Through quarterly calls with the MTM team, they analyzed cost and revenue information by CPT code, service type, and even diagnosis. DLA-20 scores were available via SPQM, enabling a determination of the value of care, not only by cost but also by treatment efficacy.

Most significantly, by 2016, all 24 centers agreed to allow their data – both costing and outcome – to be identified by center within the ACMHCK collaborative. It had taken many years to overcome their concerns about sharing data, but they eventually agreed that the opportunity to implement true system learning was too important.

Data is Not Enough – Systems Learning is Key

As the data uploaded into SPQM became more specific and refined, so did the reporting. ACMHCK members could now look at many different measures of operational effectiveness as part of their efforts to manage costs and revenue.

For example, as the group examined reports demonstrating net patient revenue by service type for all centers, it became clear that different models of service delivery could produce positive financial results. It turned out one of the smaller centers was demonstrating a small positive margin for initial assessments. Other centers...
showing net losses per initial assessment - including several of the larger ones – were able to learn effective strategies to shift much of the demographic and data entry of the initial assessment to support staff. As a result, ACMHCK members were able to reduce initial intake assessments by an average of 20 minutes per client. The benefits were substantial: clinicians had significantly more time every month to see more clients, which not only meant more people got into care faster, but also revenue increased accordingly.

Data is Key to Successful Bargaining

In 2018, the ACMHCK formed an Independent Providers Agreement (IPA) in order to collectively negotiate contracts with payers while maintaining compliance with Department of Justice and Federal Trade Commission clinical and financial integration requirements. SPQM is key to meeting these requirements – analyzing data and managing outliers, both in terms of costs and outcomes.

SPQM – An Essential Tool to Improve State Provider Associations

SPQM has provided the data and analysis to seven statewide initiatives. In addition, more than 400 health care providers in 27 states – from mental health, substance abuse and intellectual/developmental disabilities providers to managed care organizations, and state departments of human services – have used SPQM to implement new practices and achieve truly meaningful change.

SPQM is not just another reporting system. SPQM combines data and analysis with sustained, hands-on consultation by experienced management consultants at MTM Services to solve problems and produce measurable outcomes for healthcare providers and the individuals they serve.

For more information on SPQM Statewide Collaborations and the MTM Consultation Team, please visit www.mtmservices.org or, to schedule a free planning meeting, please email MTM director of operations Marian Bradley or call (919) 387-9892.