



Budget Office

CITY OF PHILADELPHIA

April 21 2023

The Honorable Darrell Clarke
City Council President
City Hall, Room 490
Philadelphia, PA 19107

Dear Council President Clarke,

This letter is in response to questions raised by Councilmember Squilla regarding the Proposed FY24 Operating and Capital Budget.

Questions for Community Behavioral Health and Department of Behavioral Health

Administrative Funding Questions:

CBH is a 501(c)(3) nonprofit that DBHIDS subcontracts with to manage the Behavioral Health Medicaid benefit in Philadelphia County. CBH is not a city agency and as such its employees are not considered city employees. CBH does not receive any General Fund funding.

CBH serves as the Behavioral Health Managed Care Organization for HealthChoices, the Commonwealth of Pennsylvania's program for delivering mental health and/or drug and alcohol services to medical assistance recipients, in Philadelphia County.

DBHIDS disburses Medicaid funds from the Commonwealth of Pennsylvania for the HealthChoices program to CBH. CBH contracts with third party healthcare providers and reimburses them for treatment provided to patients through local programs. CBH is responsible for monitoring and oversight of its service providers, as well as administrative support services, while DBHIDS serves as the oversight entity for CBH.

1. What has been the CBH administrative budget over the past 5 years (2019-2023)?

- **DBHIDS Response:** CBH's administrative budget covers the cost of running and operating the organization and has an operating budget of less than 10% of the total capitation for the cost of delivering the HealthChoices (HC) program over the last 5 years, well below the national average for Behavioral Health Managed Care Organizations. Below is a schedule of the administrative budget approved by the CBH Board versus the actual administrative costs. No data for actual costs is shown for the 3-month period of 2023:



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DBHIDS
Schedule of CBH Administrative Costs
Calendar Years 2019 to 2023

Year	Administrative Costs		Difference (% under budget)
	Budget (CBH Board Approved)	Actual	
2019	\$ 72,618,214	\$ 69,703,931	4%
2020	\$ 78,152,414	\$ 71,794,157	8%
2021	\$ 84,688,074	\$ 77,941,396	8%
2022	\$ 98,614,303	\$ 92,779,719	6%
2023	\$ 124,542,507		

* The increase in the 2023 administrative budget for CBH is a result of meeting state and federal Technology and Infrastructure requirements that require investments such as software enhancements and as well as privacy and security of HIPAA data. Also, the increase includes an investment in communication efforts regarding the end of the Public Health Emergency (PHE) to ensure members are aware of the impact of the end of the PHE. Please see 1a for additional rationale on the increase in cost.

a.) Follow up: Please provide a rationale for any increases to the budget.

Budget increases are largely due to; staffing to handle Network Development, Clinical Management, Provider Relations, Member Services and Information Technology, and investments in software and technology to address a technology deficit that was accumulated over two decades.

b.) Follow up: By what % has your overall organization grown.

- 2019- 516 Employees; 617,968 Enrolled Members
- 2020- 580 Employees; 681,159 Enrolled Members
- 2021- 672 Employees; 722,311 Enrolled Members
- 2022- 668 Employees; 753,099 Enrolled Members
 - 29% Growth of Employees since 2019,
 - 22% Growth of Members since 2019

When comparing CBH to other insurers/payers, the employee numbers are well below average for the overall size of the CBH member population.

2. What is the process for determining the compensation for the CBH executive team?

- **DBHIDS Response:** For Executive Compensation, CBH has invested in the Mercer Health Insurance Compensation Survey. While it is CBH’s goal to be competitive in the Health Insurance marketplace, we have a long way to go before we reach that goal. We will continue to use industry best practices when evaluating our compensation, including



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relevant surveys. The CBH Board approves the administrative budget annually and reviews it on a bi-monthly basis at the board meeting.

a) Follow up: How many executive positions has CBH added in the past two years?

The number of executive positions over the past 2 years has remained flat at 11 positions.

b) Follow up: please provide the compensation for the CBH executive team over the past five years – CY 2019, 2020, 2021, 2022, 2023.

Year	2019	2020	2021	2022	2023 as of 3/23
Compensation	1,682,445	1,523,621	1,742,551	1,803,127	587,024
Executive Positions	9	10	10	11	11

3. What are reinvestment dollars being spent on?

- **DBHIDS Response:** Reinvestment Funds must be spent in accordance with the Pennsylvania Department of Human Services (DHS), Office of Mental Health and Substance Abuse Services (OMHSAS) requirements. Additionally, all reinvestment proposals must be approved by OMHSAS prior to expensing any funds. Reinvestment funds provide a unique opportunity to fill identified gaps in the service system, test new innovative treatment approaches, address social determinants of health and develop cost-effective alternatives to traditional services that may create cost offsets for State Plan Services. Reinvestment is one mechanism used to achieve the Commonwealth’s expectation for the continuous quality improvement of a comprehensive treatment system that not only supports recovery for persons with mental health issues, including drug and/or alcohol treatment needs, but for the family support as well.

a) Could you tell us how much of the total is going toward CBH/DBH for new construction/infrastructure/etc?

Reinvestment funds are not used for CBH/DBH infrastructure.

b) Is this for physical improvements with our existing plans. See response for 3 a.

Provider Questions

1. How many CBH in-network providers have closed programs over the past two years to present date: CY 2021, 2022, 2023?

- **DBHIDS Response:**
 - In CY2021, four outpatient clinic providers left the CBH network, two independent practitioners, and one outpatient group practice left the network.



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- In CY2022, three providers left the CBH network (one with multiple types of services, one was an outpatient group practice, and one adolescent residential SUD provider in another part of the state).
- In CY2023, two outpatient providers have closed locations, and three other outpatient providers have consolidated by closing a satellite outpatient location, with those services being absorbed by other service locations.
- It should be noted that over 25 independent practitioners, group practices and/or outpatient clinics were added to the CBH network, which totals 188, since the beginning of 2022.

a) Follow up: What have been the reasons for closures?

- In CY2021, three of the outpatient clinic providers closed due to legal action (unrelated to CBH/financial concerns), and the fourth was in another county and left the network due to not having CBH members access services there, the two independent practitioners retired, and the group practice stopped serving CBH members in a nursing facility due to formally ending the relationship with that facility (and were replaced by another CBH provider).
- In CY2022, a multi-service provider which has several levels of care on the provider contract was terminated; the provider also has Family Based, Intensive Behavioral Health Services (IBHS), Mental Health Outpatient (MH OP). The provider was terminated due to quality concerns for Residential Treatment Facility (RTF) services, and then made the independent decision to close all their Philadelphia community services. The group practice closed due to the founder being ill and retiring, and the SUD adolescent residential program in Western PA closed due to no CBH referrals (pandemic-related and lack of juvenile court referrals).
- In CY2023, the two outpatient providers closed services due to staffing and financial concerns. The others consolidated by closing satellite locations due to long-term problems building and maintaining census (that were noted well before the pandemic) and were able to easily transition the existing clientele to their other locations.
- It should be noted that in the era of allowable Telehealth following the pandemic (which is a significant difference in Medicaid-funded behavioral health from prior to 2020), providers are exploring whether they require all current brick and mortar locations due to efficiencies that can be created by all staff not having to be on-site to provide treatment.

b) How does this compare to the closure rate prior to CY 2021?

This level of network departure is generally consistent with other years prior to 2021, though 2022 had significantly fewer departures from the CBH provider network than prior years.



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c) Are there levels of care where CBH believes there are/will be access issues? If so, what's the plan to address this?

There are currently not levels of care where CBH believes there are significant access issues. CBH has moved to an “open network” since October 2022, for certain levels of care in which we want to focus on even more robust access due to future trends, and these include:

- Acute Inpatient Psychiatric units, specifically within medical hospitals (due to myriad closures of community hospitals with psych units in recent years, such as Hahnemann, St. Josephs, Brandywine, etc.)
- Mental Health Outpatient services (both licensed outpatient clinics and independent practitioners/group practices)
- Intensive Behavioral Health Services- Applied Behavior Analysis (ABA)
- Residential Treatment Facilities for children and adolescents

2. Given the ongoing opioid epidemic, how is CBH supporting substance use treatment providers on the front lines?

- **DBHIDS Response:** CBH offers free-of-charge, didactic training on best practices to support front line workers, including assessment, documentation, treatment planning and even self-care for frontline staff. These are utilized by the provider network to bolster and instill competence and confidence in frontline staff. Likewise, CBH offers free-of-charge Technical Assistance for individual providers, in which CBH TA staff can spend extended periods of time supporting providers both regarding quality of care, and in how to create an efficient and supportive infrastructure for the wellness of each organization and its staff.

a) Follow up: There are several SUD providers that have closed programs, what are CBH's plans to address potential access issues?

CBH monitors access in formal ways on a perpetual basis, including utilizing monthly access surveying, to ensure robust access of all services. CBH has regularly offered procurements for needed services, and now has an option of “open network” and can include any services for which there are access challenges. There have not been systemic access issues for SUD to date. For example, rehab and withdrawal management typically can be accessed the same day, while outpatient services can be accessed often within a day for many (but typically within 3 to 5 days for the network).

b) Follow up: What efforts, if any, has CBH undertaken to support these agencies in remaining open and viable?

As mentioned above, there have been multiple efforts, including open network.



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3. What is CBH's approach to provider rate requests?

- **DBHIDS Response:** CBH allows providers to request rate increases for specific levels of care twice per year with an effective date of July 1st and January 1st. Providers must provide financial information demonstrating a need for an increase. The proposed rates are then compared to peer rates and evaluated based on need, market pressures, the number of providers providing the service within the network, and other factors.

a) **Follow up: How often does CBH provide rate increases to the network?**

CBH performs a process of general rate rebasing for standard rates on an annual basis, raising rates for the period since the last rate rebasing based on the dollars available in the capitation to support provider rate increases after individual rate increases have been taken into account.

4. Other countries across the commonwealth raised provider rates, why has Philadelphia not done that? How are provider agencies involved in determining priorities for the behavioral health system?

- **DBHIDS Response:** Per the process described above, CBH does have a process to raise non-standard and standard rates on an annual basis when the capitation allows. It is critical that rate increases be weighed against the ability for CBH to continue to operate with a reasonable margin on an annual basis.

5. How are provider agencies involved in determining priorities for the behavioral health system?

- **DBHIDS Response:** CBH utilizes a Provider Advisory Committee, with a diverse group of representative providers, to inform how priorities are developed for the behavioral health system. This includes their providing their insights and perspective on future proposed initiatives and direction for the system, as well as real-time feedback on proposed policy changes, regulatory changes and/or funding approaches. CBH also hosts a variety of provider meetings (both individual and groups of like service providers), as a direct communication venue for providers to inform the direction of the system. CBH also utilizes a variety of provider surveys annually to obtain specific provider perspective, including direction for the system. Recent examples have included several rounds of surveys regarding Telehealth implementation (and needs) and staffing surveys so that providers can inform what levels of staff and types of service providers are being most impacted by staffing challenges.

6. As the behavioral health Managed Care Organization for Philadelphia, CBH's main goals are access, quality, and fiscal stewardship. What is CBH's current approach to ensuring its meeting its goals in these areas?



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- **DBHIDS Response:** As noted above, CBH strives to achieve a balance between providing reasonable and sustainable provider rates while, at the same time, ensuring the long-term success of the organization. CBH also monitors our administrative budgets and costs very closely to balance excellent member and provider services with reasonable margins.

Additionally, CBH requires response to monthly access surveys, in which network providers must inform CBH of current capacity and length of time until next available appointment (for both prescribers and therapists), for both adults and children. CBH also holds monthly cross-departmental “Network Adequacy” meetings for both children and adult services, in which each level of care is closely examined over the course of the year, and any more pressing items can be brought up monthly.

CBH also undertakes the following processes:

- a. Gap analysis—the Provider Network Management (PNM) team reviews each contracted level of care (LOC) at least once per year in network adequacy committee (NetAd) meetings. PMN highlights status of each LOC to include member need, member utilization of that Level of Care (based on claims data; includes in-network and out-of-network utilization), and our in-network provider capacity. The NetAd meeting discussions involve cross departmental input and recommendations for remediation of any service gaps.
- b. Member needs assessment—the member needs assessment is an annual report which includes an assessment of our member population, an assessment of our provider network, as well as recommendations to address identified gaps within the network and access-related areas of concern. The member assessment section which is a summary of our member profile (race & ethnicity, age, sex), Social Determinants of Health (SDOH) data, member experience survey results, access related complaints & appeals, summary of timely access to behavioral health routine services, as well as a subsection on identified “special populations” (ex: members with autism spectrum diagnosis).
- c. Provider network assessment—the provider network assessment includes an assessment of provider ratios, practitioner ratios, geographic distribution of providers, service utilization, and an assessment of timely access to behavioral health services. The recommendations section (based on findings related to assessment of the provider network capacity and current member behavioral health needs) includes next steps/recommended interventions to address identified areas of concern and ensure member access to behavioral health services.

CBH’s quality department further monitors our network through our complaints and grievance processes as well as monitoring and managing provider quality concerns.

7. What oversight does DBHIDS provide to ensure CBH is meeting its goals?

- **DBHIDS Response:** DBHIDS provides oversight to ensure CBH meets the goals set forth by the Commonwealth of Pennsylvania Department of Human Services HealthChoices



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Behavioral Health Program Standards and Requirements and appendices. DBHIDS provides routine oversight of the HealthChoices contract with CBH's quality improvement activities including: CBH's Performance Improvement Plan (PIP), Program Evaluation Performance Summary (PEPS), Pay-for-Performance (P4P), Value Based Purchasing Plan (VBP), and Integrated Care Program (ICP) Plan. Additionally, DBHIDS reviews CBH's operations, policies, protocols, and procedures to determine if activities are compliant/non-compliant based on contractual requirements. Moreover, there are several oversight meetings that are conducted routinely. On a quarterly basis, a meeting occurs with the Pennsylvania Department of Human Services (DHS), Office of Mental Health and Substance Abuse Services (OMHSAS) to discuss oversight activities.

a) Follow up: What processes does DBHIDS use to monitor CBH?

- DBHIDS developed a tool to perform a yearly review of the HealthChoices Behavioral Health Program Standards and Requirements manual and audits CBH compliance with such requirements.
- DBHIDS created a formal oversight process with written procedures for the oversight of Denials, Complaints and Grievances, and is planning a phased approach to continue to draft written operational protocol to operationalize audit function of all contractual obligations.