DHS Oregon Department of Human Services
Office of the Director
Oregon Health Authority
Kate Brown, Governor
500 Summer Street NE
Salem, OR 97301

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To: The Honorable Kate Brown, Oregon Governor

From: Patrick M. Allen, director of the Oregon Health Authority
Fariborz Pakseresht, director of the Department of Human Services

Subject: Psychiatric Residential Treatment Services (PRTS) capacity

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OHA and DHS are jointly recommending at least 47 additional Psychiatric Residential Treatment Services (PRTS) beds be developed to help meet the psychiatric needs of Oregon children. This number is based on the DHS estimate of 72 beds minus the 25 beds that are currently in development and estimated to be available by fall of 2020.

Background

DHS and OHA were directed by the Child Welfare Oversight Board on July 31, 2019, to conduct a joint analysis to review system capacity needs at the PRTS level of care within Oregon and make a recommendation to develop additional capacity if needed. The issues the state agencies were asked to address were:

- Whether the current capacity needs for PRTS within Oregon exceed the 15 additional PRTS beds that were to be developed by Dec. 31, 2019;
- Whether some level of ongoing dedicated child welfare system PRTS capacity is needed;
- Appropriate level of capacity needed to allow for consistent, timely admissions while maintaining financial sustainability; and
- Are PRTS rates enough to stabilize, sustain, and encourage adequate PRTS capacity within Oregon.

Current Oregon PRTS Capacity

The PRTS level of care capacity within Oregon, which includes a subset of beds known as subacute, is currently at 141 beds. The beds are operated by private nonprofit organizations that hold contracts with a variety of payers to deliver services. The payers include commercial insurance carriers as well as coordinated care organizations (CCOs), who are contracted to deliver the Oregon Health Plan (OHP) benefit package under the State Plan for Medicaid services and the 1115 OHP Demonstration Waiver Oregon has with the Centers for Medicare and Medicaid Services (CMS).

The age group associated with PRTS is roughly age 6 through 18. Approximately 245,000 children and youth within this age group are covered by OHP at any point in time, which equates to 0.6 beds of PRTS capacity for every 1,000 children on OHP in the defined age group.

Unfortunately, there are no national or state standardized methodologies for estimating the capacity needs for this level of care within the general population, let alone the Medicaid population or the subgroup of the Medicaid population who are part of the Child Welfare system. This is due in part to the lack of standardized ways in which this level of care is utilized across the nation and the lack of standardization associated with the service itself in Oregon, other states, and by payers — including commercial insurance.

PRTS are a required element of the CCO benefit package. By contract, CCOs must demonstrate that the services, or some equivalent substitute, are available for all who need it as demonstrated by federal medical necessity criteria.

Some PRTS providers also contract with commercial insurance carriers, and it is estimated that roughly 25 percent of PRTS capacity in Oregon is occupied by children served by these carriers. The remaining 75 percent of bed capacity is occupied by children on OHP, of which roughly 20 percent are children within the child welfare system. These numbers do not reflect children who are being served in PRTS programs out of state.

Estimated Need for Capacity within PRTS

OHA and DHS have independently conducted analyses to estimate need from their respective agency mission and scope. OHA looked at capacity for all Oregon children, including those with commercial insurance, while DHS focused on children served by the child welfare system.

As noted above, OHA and DHS are jointly recommending at least 47 additional PRTS beds be developed. This number is based on the DHS estimate of 72 beds minus the 25 beds that are currently in development and estimated to be available by fall of 2020.

Estimates of needed PRTS capacity, however, must be viewed in the context of the overall system of care. PRTS and subacute capacity, while important, are designed to provide assessment and limited duration treatment services and are only a component of this broader continuum. The need for PRTS level of care is highly influenced by access to robust community-based care. These types of services can reduce the need for residential level care, allow for shortening the duration of residential care (increasing facility capacity), and

assist in sustaining treatment gains (reducing readmissions). Because Oregon is currently strengthening its community-based systems of care (as prescribed by Senate Bill 1), estimates of the need for PRTS should be continually reassessed as those changes come on line. With that in mind, the agencies propose developing recommendations within 12 months (by December 31, 2020) for capacity, policy changes and budget to adequately build a service array for children specifically served by the child welfare system.

Reserved Capacity for Children in the Child Welfare System

The Child Welfare Oversight Board discussed the potential for capacity dedicated to the child welfare system so that foster children could avoid being on wait lists or temporary placements, such as hotels.

Children within the child welfare system are typically on the Oregon Health Plan. Reserved capacity for Medicaid-eligible individuals is not possible under the current Medicaid State Plan. The Medicaid team within OHA conducted an analysis of the possibility of reserving capacity and did not find allowance for that activity using Medicaid funding.

Mandatory coverage of an eligibility group provides access to all mandatory and optional state plan services. There is no authority to prioritize specific eligibility groups within the state plan and reserve capacity for specific services. If the group is eligible due to specific conditions, specific services may be provided to that group (i.e. prenatal care for pregnant women). Children served by child welfare have the same access to services as any other member of a categorically eligible group. Holding vacancies for this group for specific services is not allowable without a waiver.

The only regulation that allows Medicaid payment for reserving beds is for a temporary absence from an inpatient facility as described in 42 CFR §447.40. This does not authorize Medicaid payment for holding vacancies, only for payment during a temporary absence from a facility. OHA will soon begin work with CMS on the renewal of the current 1115 Waiver and will explore the possibilities of reserved capacity within that waiver framework.

Alternative payment options for reserved capacity using non-Medicaid funds will be explored in the recommendations developed by the agencies. In addition, the agencies will address anticipated effects of reserving capacity for child welfare children relative to other populations (such as non-child welfare involved OHP children).

PRTS rates

PRTS and subacute fee-for-service rates have been approved for increases based on an actuarial analysis. These are due to be implemented in early 2020 but will be retroactive to July 1, 2019. This means any services delivered and already paid after July 1, 2019 will receive a differential to make up the difference.

- PRTS rates will increase from $600 per day to $650 per day
- Subacute rates will increase from $700 per day to $850 per day

This rate change will also give the providers information to potentially renegotiate rates with CCOs and other payers of services. The goal is to provide payments that allow for stability of the current providers and potentially attract new providers to the system.
Shared OHA and DHS Next Steps

Shared OHA and DHS Next Steps

There is agreement between OHA and DHS that greater PRTS capacity is needed specifically for children and youth served in the child welfare system. The initial capacity estimate and policy considerations reviewed for this report surfaced further study needed to adequately approach building and supporting a service array for children and youth in the child welfare system.

Additional next steps proposed include:

- Engage PRTS providers, CCOs and commercial insurance carriers to identify future state options for Oregon recognizing collective resources and knowledge.
- Identify start-up funds needed to help offset one-time costs for developing additional capacity.
- Develop programmatic and policy change recommendations that would encourage and support capacity development and operational sustainability.
- Track provider outcomes and ongoing system capacity needs.
- Review current services with an equity lens and make recommendations to ensure culturally specific service delivery is occurring.
- Explore funding models to ensure capacity is available when needed.
- Coordinate with the System of Care Advisory Council with an analysis of the current continuum of care and develop long-term recommendations for the appropriate settings needed in Oregon.