



OREGON  
**HEALTH**  
AUTHORITY

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# Medicaid Adult Mental Health Rates Standardization

Fee-for-Service Rate Increase effective 1/1/25

Presenter:

Donny Jardine, Senior Federal Policy Liaison for HCBS

# Agenda

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- Provide an overview of the rate improvements for Adult Mental Health Residential Services, as described in OAR 410-172-0705 – Residential Rate Standardization
- Describe the process OHA and Comagine Health will take to update rates
- Describe provider actions to access new rates

# Rate Setting Overview

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- OHA contracted with CBIZ Optumas to develop Adult Residential rates for CY25
  - Last updated with across-the-board increases in July 2022 (30%) and October 2023/July 2024 (6.9%)
- Optumas has worked with OHA since 2012, including setting RTF rates the past two cycles
- The State Plan Amendment requires periodic review of the rates for adequacy
  - The rates had not been rebased since pre-COVID and no longer adequately reflect the current cost requirements of expenses, labor, and care for all types of homes equitably
- Rates match payment to risk to provide maximum sustainability across the program
  - Ensure all providers are paid appropriately based on costs incurred for providing care
  - Create equity across rate cells
  - OHA determines total budget, actuaries calculate optimal allocation of finite resources

# Considerations

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## OHA

- Limited budget
- Demand for residential placement exceeds supply
- Acute to residential placement is inconsistent and not always appropriate
- SRTF-1s declassing to SRTF-2

## Providers

- Rates too low, particularly for smaller and rural homes
- LSI not accurately capturing acuity
- SRTF-1s unable to meet requirements, particularly 24-hour nursing
- Low tier 1 rates (hold placement when resident temporarily out of home)

# Data

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- BH Fee Schedule for historical payment
- Financial templates
  - Draft template provided to all homes and live Q&A webinar held to solicit feedback
  - The template was greatly simplified since the last cycle to focus on revenue, expenses, and staffing for CY22 and CY23. Only CY23 was used as the basis for these rates.
  - The template was delivered to all homes on 3/1/24 along with a FAQ
  - Initial deadline to return template 4/1, extended to 4/15 to give providers more time
  - Approximately 50% of homes completed and returned their template
- MMIS residential payments and claims
- LSI data
- Market research for RNs and healthcare workers salary requirements
- Optumas reviewed a statistically valid sample of homes to ensure the rate setting methodology is actuarially sound and aligns with the SPA, approved by CMS.

# Key Rating Variables

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- Bed Count
  - Larger homes more efficient, more profitable
- Security
  - SRTFs more expensive than RTFs/RTHs, more stringent requirements
- Geography
  - Utilizes Oregon's [minimum wage regions](#): Standard, Portland Metro, Non-Urban
  - Latest data indicates Non-Urban homes are most expensive to operate on a per-bed basis
  - While Portland Metro has a higher cost of living, the limited supply of RNs and other direct care providers in rural areas drove rural salary costs higher
- Acuity
  - LSI poor predictor of behavioral acuity
- Finite resources will be allocated to the most under-funded rate cells

# CY23 Financial Results

Home Characteristics			Reported CY23 Profit		
Geography	Security	Size	Min	Max	Average
Portland Metro			-31%	69%	<b>18%</b>
Standard			-7%	53%	<b>16%</b>
Non-Urban			-13%	47%	<b>11%</b>
	RTF		-31%	69%	<b>15%</b>
	SRTF		-13%	57%	<b>20%</b>
		1-5	-19%	69%	<b>19%</b>
		6-10	-31%	54%	<b>6%</b>
		11-16	-7%	57%	<b>27%</b>

# CY25 Rates – Effective 1/1/2025

## CY25 RATES

### RTF

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Standard</b>	1-5	\$ 252.21	\$ 420.35	\$ 523.95	\$ 709.97	\$ 984.19
	6-10	\$ 186.22	\$ 310.36	\$ 413.96	\$ 517.55	\$ 676.64
	11-16	\$ 131.20	\$ 218.67	\$ 297.63	\$ 350.61	\$ 510.32

### SRTF-1

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 540.03	\$ 900.05	\$1,020.57	\$1,337.27
	6-10	\$ 454.27	\$ 757.11	\$ 877.63	\$1,002.95
	11-16	\$ 309.54	\$ 515.90	\$ 636.43	\$ 871.70

### SRTF-2

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 450.02	\$ 750.04	\$ 850.47	\$1,198.93
	6-10	\$ 378.55	\$ 630.92	\$ 731.36	\$ 899.25
	11-16	\$ 257.95	\$ 429.92	\$ 530.36	\$ 781.53

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Portland Metro</b>	1-5	\$ 245.18	\$ 408.63	\$ 512.22	\$ 782.98	\$1,085.38
	6-10	\$ 179.18	\$ 298.64	\$ 402.23	\$ 521.98	\$ 746.20
	11-16	\$ 143.70	\$ 239.50	\$ 328.26	\$ 386.66	\$ 562.79

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 531.84	\$ 886.41	\$1,006.93	\$1,474.78
	6-10	\$ 446.08	\$ 743.47	\$ 863.99	\$1,106.07
	11-16	\$ 301.36	\$ 502.26	\$ 622.79	\$ 961.33

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 443.20	\$ 738.67	\$ 839.11	\$1,322.22
	6-10	\$ 371.73	\$ 619.56	\$ 719.99	\$ 991.67
	11-16	\$ 251.13	\$ 418.55	\$ 518.99	\$ 861.89

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Non-Urban</b>	1-5	\$ 259.67	\$ 432.79	\$ 536.38	\$ 709.97	\$ 984.19
	6-10	\$ 193.68	\$ 322.80	\$ 426.40	\$ 529.99	\$ 676.64
	11-16	\$ 130.30	\$ 217.16	\$ 297.63	\$ 357.22	\$ 510.32

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 561.63	\$ 936.05	\$1,061.39	\$1,337.27
	6-10	\$ 472.44	\$ 787.39	\$ 912.74	\$1,038.08
	11-16	\$ 321.92	\$ 536.54	\$ 661.88	\$ 871.70

		Total PMPD			
	Bed Size	1	2	3	4
	1-5	\$ 468.02	\$ 780.04	\$ 884.49	\$1,198.93
	6-10	\$ 393.70	\$ 656.16	\$ 760.61	\$ 899.21
	11-16	\$ 268.27	\$ 447.12	\$ 551.57	\$ 781.53



# CY25 Rate Increases

## RATE CHANGE (from 7/1/2024 Fee Schedule)

### RTF

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Standard</b>	1-5	17%	24%	14%	0%	0%
	6-10	73%	38%	20%	9%	0%
	11-16	106%	9%	9%	0%	0%

### SRTF-1

		Total PMPD			
	Bed Size	1	2	3	4
<b>Standard</b>	1-5	125%	40%	31%	0%
	6-10	279%	195%	68%	0%
	11-16	336%	126%	37%	0%

### SRTF-2

		Total PMPD			
	Bed Size	1	2	3	4
<b>Standard</b>	1-5	110%	30%	23%	0%
	6-10	253%	174%	57%	0%
	11-16	305%	110%	28%	0%

### Total PMPD

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Portland Metro</b>	1-5	4%	10%	1%	0%	0%
	6-10	51%	21%	6%	0%	0%
	11-16	105%	9%	9%	0%	0%

### Total PMPD

		Total PMPD			
	Bed Size	1	2	3	4
<b>Portland Metro</b>	1-5	101%	27%	17%	0%
	6-10	238%	166%	50%	0%
	11-16	285%	102%	22%	0%

### Total PMPD

		Total PMPD			
	Bed Size	1	2	3	4
<b>Portland Metro</b>	1-5	87%	18%	9%	0%
	6-10	214%	147%	40%	0%
	11-16	258%	88%	13%	0%

### Total PMPD

		Total PMPD				
	Bed Size	1	2	3	4	5
<b>Non-Urban</b>	1-5	21%	29%	16%	0%	0%
	6-10	80%	45%	23%	12%	0%
	11-16	105%	9%	9%	2%	0%

### Total PMPD

		Total PMPD			
	Bed Size	1	2	3	4
<b>Non-Urban</b>	1-5	134%	48%	36%	0%
	6-10	294%	211%	75%	4%
	11-16	354%	138%	43%	0%

### Total PMPD

		Total PMPD			
	Bed Size	1	2	3	4
<b>Non-Urban</b>	1-5	118%	37%	26%	0%
	6-10	267%	189%	63%	0%
	11-16	322%	121%	33%	0%

# Questions



Thank you!