



State of Vermont  
Agency of Human Services  
280 State Drive, Center Building  
Waterbury, VT 05671-1000

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# Global Commitment Register

June 30, 2022

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GCR 22-056

PROPOSED

## **Brattleboro Retreat Prospective Payment Model**

### **Policy Summary:**

Vermont Medicaid is implementing a mid-year rate and utilization target adjustment to the Brattleboro Retreat prospective payment model for inpatient psychiatric services. The per diem rate will be increased to \$3,100, and the daily bed day target will be increased to 51 for dates of service on or after July 1, 2022. The rate increase is tied to several factors resulting in increased operating costs for the Brattleboro Retreat. The bed day target increase reflects the Retreat's capacity to serve more Medicaid members.

In March of 2021 Vermont Medicaid modified the reimbursement methodology for inpatient psychiatric services delivered by the Brattleboro Retreat (the Retreat). Previously, the Retreat had been reimbursed for inpatient hospital services by the Department of Mental Health (DMH) and the Department of Vermont Health Access (DVHA) under different methodologies. Payments from both departments were made on a fee-for-service, per claim basis. A prospective payment model was developed to replace these methodologies. Vermont Medicaid previously extended this prospective payment model into a second year, covering Medicaid inpatient stays at the Retreat in calendar year 2022.

Medicaid will continue to pay the Retreat a single monthly payment at the start of each calendar month. The monthly payment is informed by a number of factors:

- Historical utilization incurred by DMH and DVHA at the Retreat
- Projected utilization in the coming year
- Recent cost per day values incurred by the Retreat for direct care, fixed, and administrative costs
- A negotiated allowance for changes in cost each year for direct care, fixed, and administrative costs

At the start of each calendar year, Medicaid projects the number of inpatient bed days that it will purchase in the coming year. Using the factors mentioned above, a cost per patient day is determined. The monthly prospective payment represents the anticipated days that will be incurred multiplied by the cost per patient day. In 2022, Medicaid will purchase a total of 16,806 inpatient bed days at a rate of \$2,550 per day for dates of service January 1, 2022 – June 30, 2022, and \$3,100 per day for dates of service July 1, 2022 – December 31, 2022 resulting in annual payments not to exceed \$48,016,500.

Although the patient day utilization will be forecasted for each unit at the Retreat, this model will be tracked based on all Medicaid utilization combined, regardless of the hospital program where the utilization was ultimately incurred.

The Retreat is obligated to submit authorization requests and claims under the practices established by DMH and DVHA. This information will be used in an annual reconciliation process which is expected to be completed by October 1 of the following performance year.

In the reconciliation process, actual Medicaid utilization will be tracked against the assumption built into the model. The actual cost per day will also be tracked against the assumption in the model. For the utilization estimate, a corridor will be established each year that builds a range between the projected and actual AHS (DMH and DVHA) days incurred. In the first and second year of the model, if actual inpatient days incurred by Medicaid fall below two percent of the tolerance level, then the Retreat will be obligated to pay back some of the money received in the model performance year. This lower bound of the tolerance level may be adjusted downward to account for Level 1<sup>1</sup> admission rates as detailed in the executed contract. Conversely, if inpatient days incurred by Medicaid exceed two percent of the tolerance level, then Medicaid will remit an additional payment to the Retreat above the amount already paid. This reconciliation will account for the two rates and utilization expectations per six-month period in 2022.

Included in cost estimates are the costs of all Level 1 days regardless of payor less revenue generated by other payors. A cost settlement process will continue for the Retreat for the provision of all Level 1 days that it provides as per Act 79, Section 33b passed in the 2012 legislative session. In addition to edits in the Medicaid Management Information System, the cost settlement process ensures that all costs related to non-Medicaid individuals are paid with Global Commitment Investments rather than Medicaid program funding.

In addition to fiscal monitoring of this payment approach, Vermont Medicaid has also built-in quality of care measures to ensure that cost and quality incentives are aligned.

**Effective Date:**

July 1, 2022

**Authority/Legal Basis:**

[Medicaid State Plan](#)

[Global Commitment to Health Waiver](#): Waiver authority #5 [Section 1902(a)(13), 1902(a)(30)]; Special Term and Condition #6.8.

**Population Affected:**

All Medicaid

**Fiscal Impact:**

The estimated gross annualized budget impact is \$9,384,000.

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<sup>1</sup> Patients presenting for psychiatric admission who have severe psychiatric illness and require intense treatment services are considered “Level 1” patients if so determined by the Department of Mental Health Utilization Review Team.

**Public Comment Period:**

June 30, 2022 – August 1, 2022

Send comments to:

Medicaid Policy Unit

280 State Drive, Center Building

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Or submit via e-mail to [AHS.MedicaidPolicy@vermont.gov](mailto:AHS.MedicaidPolicy@vermont.gov).

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