



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

Global Commitment Register

April 17, 2023

GCR 22-114

FINAL

Brattleboro Retreat Prospective Payment Model Update

Policy Summary:

Vermont Medicaid is continuing the Brattleboro Retreat prospective payment model for inpatient psychiatric services. The per diem rate of \$3,100 and daily bed day target of 51 will remain in place. 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 the Department of Mental Health (DMH) and Department of Vermont Health Access (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.

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.

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. 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 1¹ 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.

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:

January 1, 2023

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:

Budget neutral.

Public Comment Period:

The public comment period ended on January 30, 2023. No comments were received.

To be added to the GCR email list, send an email to AHS.MedicaidPolicy@vermont.gov.

¹ 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.