



State of Vermont
Agency of Human Services
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Waterbury, VT 05671-1000

Global Commitment Register

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FINAL

Alternative Payment Model for Brattleboro Retreat

Policy Summary:

Vermont Medicaid modified the reimbursement methodology for inpatient 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. An Alternative Payment Model (APM) was developed to replace these methodologies.

The purpose of the APM is to add administrative simplicity in claims processing for both Medicaid and the Retreat. The APM also provides the Retreat with a predictable cash flow for inpatient stays that are primarily the responsibility of Vermont Medicaid (DMH and DVHA combined).

In the APM, Medicaid will 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 APM year, Medicaid will project the number of inpatient bed days that it will purchase in the coming calendar year. Using the factors mentioned above, a cost per patient day will be determined. The monthly APM 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, the APM 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 occur annually within five months of the end of the APM year.

In the reconciliation process, actual Medicaid utilization will be tracked against the assumption built into the APM. The actual cost per day will also be tracked against the assumption in the APM. 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 year of the APM, 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 APM year. 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 in the APM.

A corridor will also be established each year for the cost per day. The assumed cost per day in the first year of the APM is \$1,838.33. A lower band of 97 percent of this value (\$1,783.18) and upper band of 103% of this value (\$1,893.48) is defined in the first year of the APM. The purpose of this corridor is to inform the cost per day estimate used in the APM for future years. If the Retreat achieves cost containment such that its actual cost per day is below the lower band, then the assumption in the next year's APM will be the lower band cost per day. If the Retreat has costs exceeding the upper band cost per day, then the assumption in the next year's APM will be the upper band cost per day. If the Retreat's actual cost per day falls between the lower and upper band, then the actual cost per day will be used to inform the next year's APM.

Medicaid days for involuntary placement are included in the utilization estimates for this APM. A cost settlement process will continue for the Retreat for the provision of all involuntary placement days that it provides as per Act 79, Section 33b passed in the 2012 legislative session.

In addition to fiscal monitoring of this APM, Vermont Medicaid is also building in quality of care measures to ensure that cost and quality incentives are aligned in the APM.

Effective Date:

March 1, 2021

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 #29.

Population Affected:

All Medicaid

Fiscal Impact:

This change is expected to be budget neutral.

Public Comment Period:

The public comment period ended on March 29, 2021. No comments were received.

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