

FREESTANDING PSYCHIATRIC HOSPITALS RATE REDUCTION

1. IS THIS A RATE CHANGE OR A METHOD CHANGE?

Rate Change

2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?

This change represents a decrease in the reimbursement rates for services provided by freestanding psychiatric hospitals paid using a prospective per diem methodology.

3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?

The Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS or Agency) proposes to revise the payment rate for freestanding psychiatric hospitals. Changes are necessary to reduce the Agency's spending to balance the state budget in accordance with Article 10, Section 23 of the Oklahoma Constitution, which prohibits a state agency from spending more money than is allocated.

4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.

Inpatient hospital services provided in freestanding psychiatric hospitals are reimbursed using a prospective per diem methodology that is based on the median cost per day calculated from 1988 claims and trended uniform cost report data. The rates were last updated by a factor of -3.25% on 4/1/10.

5. NEW METHODOLOGY OR RATE STRUCTURE.

Rates for freestanding psychiatric hospitals in effect as of 4-30-2016 will be decreased by 3 percent.

6. BUDGET ESTIMATE.

Estimated savings to ODMHSAS for SFY2016 is \$57,249 Total; \$22,333 State share.
Estimated savings to ODMHSAS for SFY2017 is \$343,501 Total; \$134,000 State share.

7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.

The Agency has determined that this change will have no adverse impact on access to care.

STATE PLAN AMENDMENT RATE COMMITTEE

8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.

The Agency requests the SPARC to approve the proposed reimbursement methodology for freestanding psychiatric hospitals by decreasing the rates in effect as of 4-30-2016 by 3 percent.

9. EFFECTIVE DATE OF CHANGE.

May 1, 2016