

Introduction to

Fairbanks Community Mental Health Services

“Why a new company in Fairbanks”

Presentation for

House Finance Subcommittee

Health and Social Services Interim Budget Study

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Introduction to Fairbanks Community Mental Health Services – “Why a new company in Fairbanks?” - Presentation Outline

1. What is meant by the term ‘Alaska behavioral health care system?’
2. What is currently challenging the system?
3. Why Fairbanks Community Mental Health Services?

What is meant by the 'Alaska behavioral healthcare system?'

1. **What is meant by the 'Alaska behavioral healthcare system?'**

60+ grantees of the Division of Behavioral Health and four hospitals with mental health units treating mental illness, substance use disorders or both.

What is meant by the 'Alaska behavioral healthcare system?'

FY 2013 DBH Grant Funding by Service Area and Grant Type

| Service Area | Treatment & Recovery | Prevention & Intervention | TOTAL |
|--------------------------|----------------------|---------------------------|---------------------|
| Anchorage | \$25,992,003 | \$2,017,536 | \$28,009,539 |
| Barrow | \$777,286 | \$144,000 | \$921,286 |
| Bethel | \$3,817,138 | \$1,142,390 | \$4,959,528 |
| Copper Center | \$237,344 | \$229,509 | \$466,853 |
| Cordova | \$357,605 | | \$357,605 |
| Dillingham | \$937,662 | \$1,185,842 | \$2,123,504 |
| East Aleutian Islands | \$291,551 | \$70,089 | \$361,640 |
| Fairbanks | \$7,742,466 | \$568,423 | \$8,310,889 |
| Haines | \$262,709 | | \$262,709 |
| Homer | \$358,359 | \$150,000 | \$508,359 |
| Juneau | \$4,376,881 | \$421,512 | \$4,798,393 |
| Kenai / Soldotna | \$2,721,774 | \$505,000 | \$3,226,774 |
| Ketchikan / Metlakatla | \$1,545,872 | \$398,191 | \$1,944,063 |
| Kodiak | \$1,086,117 | \$582,042 | \$1,668,159 |
| Kotzebue | \$1,363,670 | \$85,000 | \$1,448,670 |
| McGrath | \$309,371 | \$55,831 | \$365,202 |
| Nenana | \$295,831 | \$351,190 | \$647,021 |
| Nome | \$1,287,492 | \$546,199 | \$1,833,691 |
| Palmer / Wasilla | \$3,860,502 | \$373,200 | \$4,233,702 |
| Petersburg / Wrangell | \$771,168 | \$434,727 | \$1,205,895 |
| SEARHC Region | \$906,802 | \$440,657 | \$1,347,459 |
| Seward | \$365,193 | \$203,552 | \$568,745 |
| Sitka | \$1,254,526 | \$629,410 | \$1,883,936 |
| TCC Region | \$1,208,195 | \$242,300 | \$1,450,495 |
| Tok | \$224,823 | | \$224,823 |
| Valdez | \$329,232 | | \$329,232 |
| West Aleutian / Pribilof | \$377,647 | | \$377,647 |
| Other Statewide Grants | \$3,376,738 | \$1,280,340 | \$4,657,078 |
| TOTAL: | \$66,435,957 | \$12,056,940 | \$78,492,897 |

FY13 Grant Type

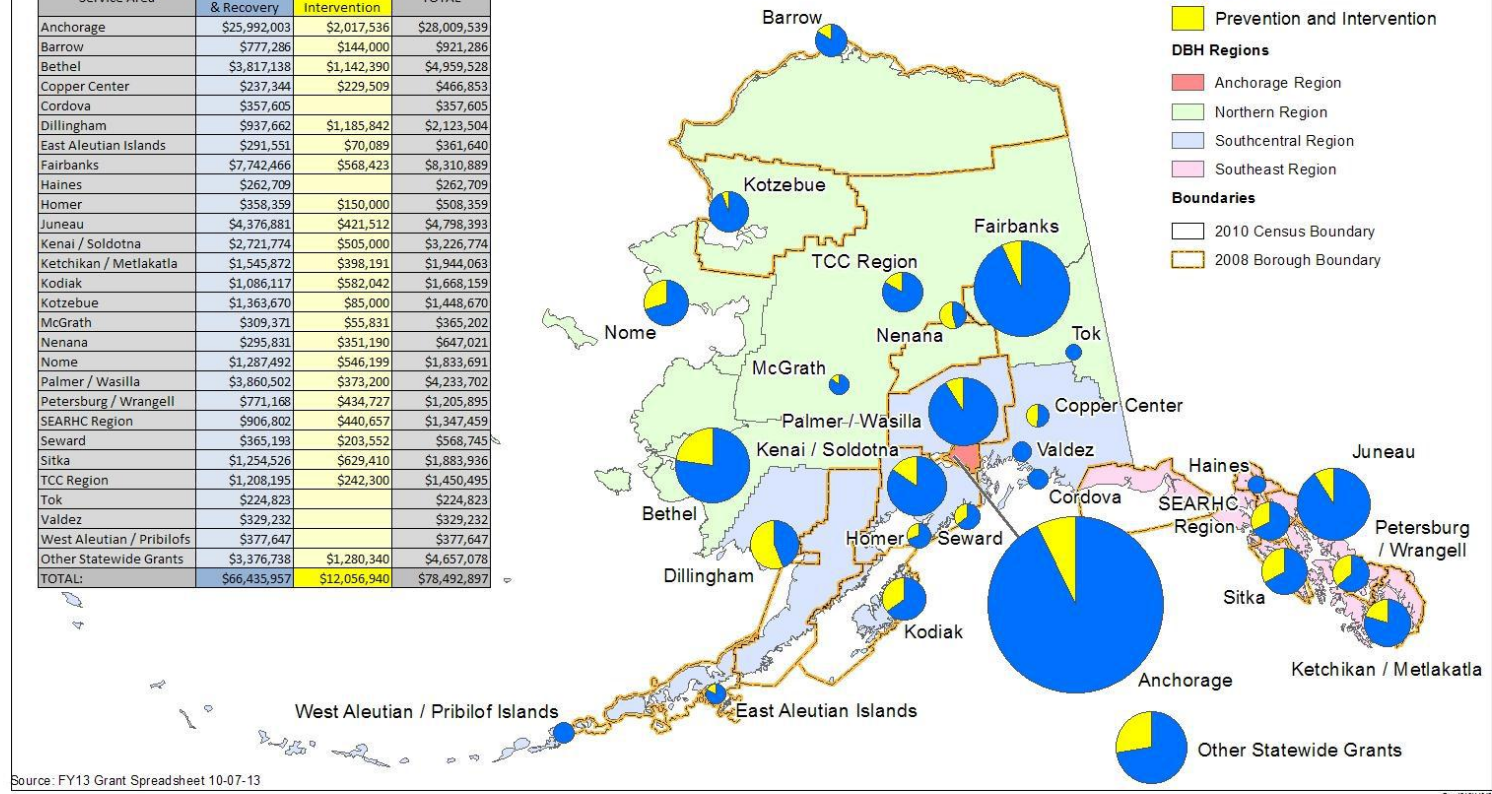
- Treatment and Recovery
- Prevention and Intervention

DBH Regions

- Anchorage Region
- Northern Region
- Southcentral Region
- Southeast Region

Boundaries

- 2010 Census Boundary
- 2008 Borough Boundary



Source: FY13 Grant Spreadsheet 10-07-13

May 12/10/14

What is meant by the 'Alaska behavioral healthcare system'?

FY 2013 DBH T&R Grant Funding by Service Area and Program Type

| Service Area | PES | SED | SMI | SA Res | SA Out | Detox | Opioid | Agreements | Other | TOTAL |
|--------------------------|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Anchorage | \$1,222,927 | \$2,548,209 | \$4,927,195 | \$5,787,149 | \$2,180,012 | \$2,145,135 | \$950,301 | \$3,864,140 | \$2,389,834 | \$25,982,003 |
| Barrow | \$586,942 | \$11,238 | \$47,817 | \$151,288 | | | | | \$777,289 | |
| Bethel | \$550,114 | \$36,074 | \$271,532 | \$855,375 | \$199,836 | | | | \$1,445,437 | \$3,017,138 |
| Copper Center | \$47,409 | \$47,472 | \$59,328 | \$83,099 | | | | | | \$237,346 |
| Cordova | \$53,559 | \$105,403 | \$59,573 | \$99,070 | | | | | | \$307,605 |
| Dillingham | \$51,384 | \$198,182 | \$288,196 | \$293,348 | \$95,152 | | | | | \$937,662 |
| East Aleutian Islands | \$43,733 | \$68,310 | \$29,155 | | \$100,303 | | | | | \$281,551 |
| Fairbanks | \$542,873 | \$1,878,932 | \$1,496,981 | \$1,262,850 | \$528,351 | \$1,915,654 | \$222,016 | | \$75,000 | \$7,742,466 |
| Haines | \$32,879 | \$54,341 | \$91,702 | | \$83,087 | | | | | \$262,709 |
| Homer | \$185,000 | \$10,000 | \$183,359 | | | | | | | \$368,359 |
| Juneau | \$199,879 | \$1,013,087 | \$1,635,496 | \$577,837 | \$611,922 | \$72,879 | | | \$265,979 | \$4,379,881 |
| Kenai / Soldotna | \$195,987 | \$763,153 | \$416,278 | \$411,910 | \$736,475 | | | | \$198,871 | \$2,721,774 |
| Ketchikan | \$38,397 | \$448,813 | \$513,914 | \$219,713 | \$248,598 | | | | \$80,000 | \$1,540,523 |
| Kodiak | \$97,855 | \$34,158 | \$429,429 | \$214,897 | | | | | | \$1,086,117 |
| Kotzebue | \$294,198 | \$70,389 | \$70,003 | \$929,096 | | | | | | \$1,363,670 |
| McGrath | \$75,753 | \$30,475 | \$169,713 | \$33,430 | | | | | | \$309,371 |
| Nenana | \$201,446 | | | \$94,395 | | | | | | \$295,831 |
| Nome | \$151,879 | \$33,891 | | | \$1,002,532 | | | | \$100,000 | \$1,287,492 |
| Palmer / Wasilla | \$255,360 | \$559,412 | \$988,226 | \$878,828 | | | | \$140,800 | \$1,039,872 | \$3,860,502 |
| Petersburg / Wrangell | \$384,365 | \$52,542 | \$77,954 | | \$258,707 | | | | | \$771,168 |
| SEARHC Region | \$35,400 | | \$350,500 | \$193,050 | \$316,892 | | | | | \$905,802 |
| Seward | \$55,279 | | \$148,437 | \$183,477 | | | | | | \$387,193 |
| Sitka | \$123,058 | \$309,179 | \$105,894 | \$300,000 | \$218,415 | | | | | \$1,256,556 |
| TCC Region | \$418,854 | \$170,456 | \$389,131 | \$250,740 | | | | | | \$1,229,181 |
| Tok | \$224,923 | | | | | | | | | \$224,923 |
| Valdez | \$89,194 | \$38,894 | \$87,964 | | \$128,230 | | | | | \$294,232 |
| West Aleutian / Pribilof | \$68,780 | \$41,584 | \$88,178 | | \$104,105 | | | | | \$302,647 |
| Other Statewide Grants | | | | | | | | \$2,900,000 | \$875,738 | \$3,775,738 |
| TOTAL | \$5,329,135 | \$9,012,888 | \$12,892,850 | \$11,187,992 | \$8,888,821 | \$4,133,482 | \$1,172,316 | \$5,504,940 | \$5,543,739 | \$66,435,983 |

| Program Type Grouping | | SA Out |
|-----------------------|--|--|
| PES | Psychiatric Emergency Services | Adult - Outpatient - SA Women & Children - Outpatient - SA Youth & Family Outpatient - SA |
| SED | SED Youth Outpatient - MH Youth Residential - MH | Detoxification Outpatient Opioid Treatment Program - SA |
| SMI | Adult Residential - MH SMI - Outpatient - MH | Provider Agreements Services on behalf of an individual |
| SA Res | Adult Residential - SA Recovery Camps - SA Women & Children Residential - SA Youth Residential - SA | Consumer/Family Directed Programs - MH Disability Justice - MH & SA Employment Services Pilots - MH & SA Other |

Program Type

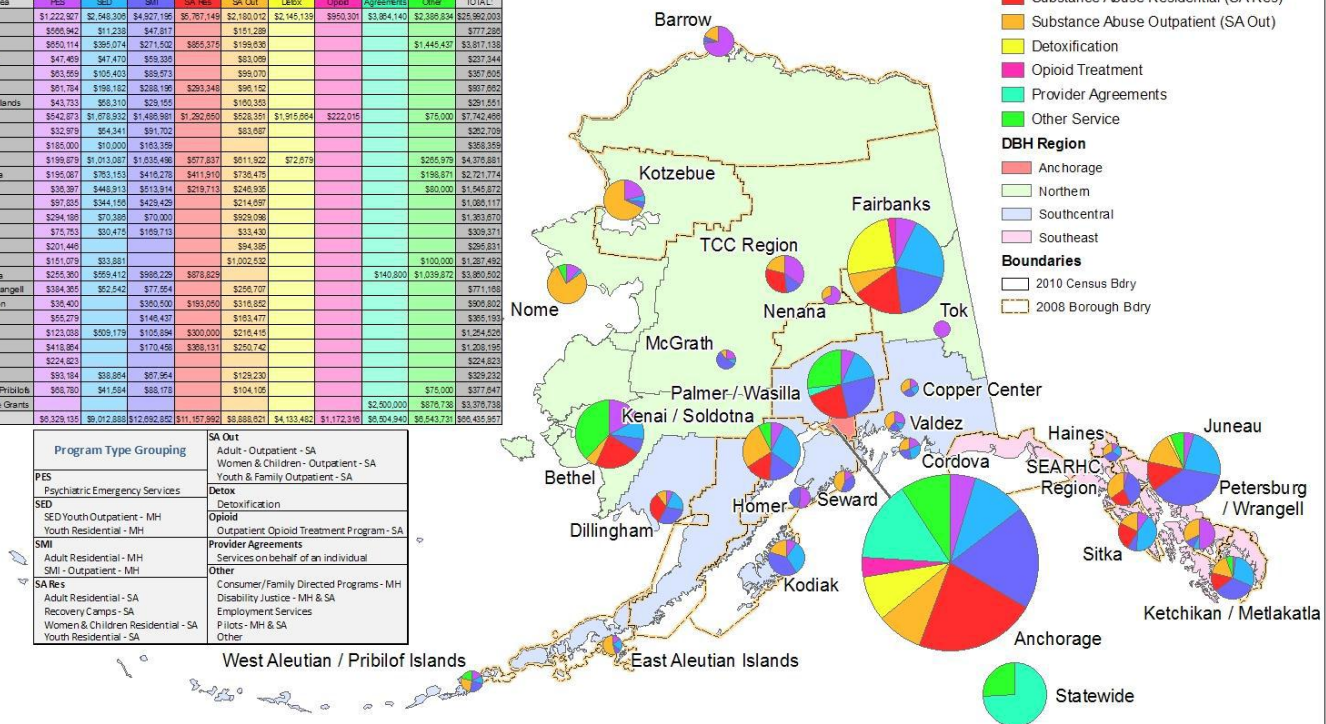
- Psychiatric Emergency Services (PES)
- Severe Emotional Disturbance (SED) Youth
- Serious Mental Illness (SMI) Adults
- Substance Abuse Residential (SA Res)
- Substance Abuse Outpatient (SA Out)
- Detoxification
- Opioid Treatment
- Provider Agreements
- Other Service

DBH Region

- Anchorage
- Northern
- Southcentral
- Southeast

Boundaries

- 2010 Census Bdry
- 2008 Borough Bdry



Source: FY13 Grant Spreadsheet 10-07-13

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What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

60+ grantees of the Division of Behavioral Health and four hospitals with mental health units treating mental illness, substance use disorders or both.

Would you agree it is complex?

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Would you agree it is complex?

Contributing to the complexity are the different ways the system is funded.

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Contributing to the complexity are the different ways the system is funded.

Some are under a rate structure determined by **Indian Health Services** and are provided through members of the Alaska Native Tribal Health Consortium. Providers include:

- Manillaq Health Center
- SCF - Southcentral Foundation
- SEARCH – Southeast Alaska Regional Health Consortium
- TCC - Tanana Chiefs Conference here in Fairbanks
- YKHC - Yukon Kuskokwim Health Corporation

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Some are **Federally Qualified Health Clinics** which have part of their service reimbursements determined by a federal rate setting mechanism with some behavioral health services reimbursements are determined by the state of Alaska.

Examples are:

- Mat-Su Health Services
- Peninsula Community Health Services

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Some are **multi types of Medicaid funded** services. This means fee for service as well as home and community based waiver based Medicaid. (rate review underway for HCBW) Examples include:

- Access Alaska
- Arc of Anchorage
- Assets
- Hope Community Resources
- SeaView Community Services in Seward
- South Peninsula Behavioral Health Services in Homer

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Limited services Medicaid providers - Many specialize in services for children and youth and their families. Examples include Denali Family Services, Family Centered Services of Alaska, Presbyterian Hospitality House, Alaska Child and Family previously known as Alaska Children's Services and Juneau Youth Services. Through Denali Kid Care, the service population is insured. Further, there is an ability to control financial and clinical risk by having admissions criteria and defined capacity.

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Grant Funded - Primarily grant funded are the adult substance use treatment providers which includes Akeela, Clitheroe, Narcotics Treatment Center and Nugen's Ranch. The amount of grant(s) determines capacity.

What is meant by the 'Alaska behavioral healthcare system?'

1. **What is meant by the 'Alaska behavioral healthcare system?'**

Community Mental Health Services – primary funding is Medicaid, Medicare and Comprehensive Behavioral Health Treatment and Recovery (CBHTR) grant.

Anchorage Community Mental Health Services

Gateway Center for Human Services in Ketchikan

Juneau Alliance for Mental Health

Railbelt Mental Health in Nanana

Tok Area Counseling and previously

Fairbanks Community Behavioral Health Center

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

Community Mental Health Services – primary funding is Medicaid, Medicare and Comprehensive Behavioral Health Treatment and Recovery (CBHTR) grant.

This group is distinctively different from the preceding due to the limited ability to control the front door as far as financial and clinical risk is concerned. The Comprehensive Treatment and Recovery grant requires a sliding fee scale and “may not deny treatment to an otherwise eligible recipient due to the recipient’s inability to pay for service;” and there is no formal/routine rate setting mechanism.

What is meant by the ‘Alaska behavioral healthcare system?’

1. What is meant by the ‘Alaska behavioral healthcare system?’

Contributing to the complexity are the different ways the system is funded.

- Some are under a rate structure determined **by Indian Health Services** and are provided through members of the Alaska Native Tribal Health Consortium. (https://www.federalregister.gov/articles/2013/04/17/2013-0930/reimbursement-rates-for-calendar-year-2013#print_view)
- Some are a combination of Federally Qualified Health Clinics with cost based adjustments for covered services.
(<http://www.raconline.org/topics/federally-qualified-health-centers/faqs/#whatis>)
- Some have multiple types of Medicaid – fee for service; home and community based waiver services (HCB review underway.)
- Substance abuse treatment services for adults are primarily grant funded.
- Community mental health centers are normally a combination of grant, Medicaid and Medicare funded with no formal rate setting mechanism.

What is meant by the 'Alaska behavioral healthcare system?'

1. What is meant by the 'Alaska behavioral healthcare system?'

60+ grantees of the Division of Behavioral Health and four hospitals with mental health units treating mental illness, substance use disorders or both.

Would you agree it is complex?

What is meant by the 'Alaska behavioral healthcare system?'
and
What is currently challenging the system?

1. **What is meant by the 'Alaska behavioral healthcare system?'**
2. **What is currently challenging the system?**

What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system? Or, what happened to Fairbanks Community Behavioral Health Center? (in my opinion and not as a spokesperson for FCBHC)

- **Demand for services**
- **Workforce**
- **Ever increasing cost of doing business for particularly for providers in a service line without a rate setting mechanism.**

What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system?

- **Demand for services** – capacity is an issue across the system. Many strategies have been implemented such as the acute care model at API and ‘same day access.’ FCBHC had implemented a ‘same day’ access in an attempt to meet community needs. Data indicates that a significant number were not insured – upwards to 50%. This was primarily adults from the community being referred for psychiatric and other mental health services. Most were seriously mentally ill. Many people show up when near or in a crisis situation.

What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system?

- **Demand for services**
- **Workforce** – Many community providers are challenged to have/keep clinical and administrative talent due to inability to provide competitive compensation and benefits. Examples include –
 - > recruiting challenges
 - > train and then brain drain
 - > necessity to utilize locum tenens prescribers

What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system?

- **Demand for services**
- **Workforce**
- **Ever increasing cost of doing business for particularly for providers in a service line without a rate setting mechanism.**

What is currently challenging the system? Or, what happened to FCBHC?

2. **What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.**
- The current conundrum is reimbursement rates that result in negative contribution. Said another way, it costs more to provide the service than is reimbursed.
 - “Contribution margin is an accounting and finance term used to describe the marginal profit made by a company per unit of sale [or service]. The contribution margin plays a large role in profitability, and having a negative overall contribution margin, indicates that *the company needs to take action to prevent going out of business*. Per Brian Bass, Demand Media, as printed in the Chron –Houston Chronicle’s Small Business Section.

What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.

Anchorage based data.

- Example: Clinical Associate – BA/BS degree or five years experience. Salary range: \$16-\$20.20 based on experience.

| | | |
|------------|---------------|------------|
| • \$33,280 | Required's & | \$42,016 |
| <u>.40</u> | Benefits | <u>.40</u> |
| \$465926 | Cost of doing | \$58,822 |
| <u>.36</u> | Business | <u>.36</u> |
| \$63,365 | | \$79,998 |

What is currently challenging the system? Or, what happened to FCBHC?

2. **What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.**

- Example: Clinical Associate – BA/BS degree or five years experience. Salary range: \$16-\$20.20 based on experience.
- Therefore, the total cost range per CA is \$63,364 - \$79,998
- Production – total hours available to produce income: 920
- $\$63,364 / 920 = \68.87 per hour
- $\$79,998 / 920 = \86.95 per hour
- Average reimbursement rate per hour when there is a payer source = \$64.00

What is currently challenging the system? Or, what happened to FCBHC?

2. **What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.**

- Example: Clinical Associate – BA/BS degree or five years experience. Salary range: \$16-\$20.20 based on experience.

- Therefore, the total cost range per CA is \$63,364 - \$79,998.

- Rate per hour = \$64.00, therefore, $\$64 \times 920 = \underline{\$58,880}$

- | | |
|----------|----------|
| \$63,364 | \$79,998 |
|----------|----------|

| | |
|----------------|----------------|
| <u>-58,880</u> | <u>-58,880</u> |
|----------------|----------------|

| | |
|-----------|------------------|
| \$- 4,484 | \$-21,118 per CA |
|-----------|------------------|

What is currently challenging the system? Or, what happened to FCBHC?

2. **What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.**

- Example: Psychiatrist (Salary range \$210k - \$240k)
- Medicaid rate per hour = \$144, therefore, $\$144 \times 1,440 = \underline{\$207,360}$ (55.8% of actual cost)
- Medicare rate per hour = \$83.25, therefore, $\$83.25 \times 1,440 = \underline{\$119,898}$ (32.3% of actual cost)

What is currently challenging the system? Or, what happened to FCBHC?

2. **What is currently challenging the system? Ever increasing cost of doing business for particularly for providers in a service line with a rate setting mechanism.**

Cost Drivers: Labor (Recruiting, Development, Retention, Benefits); Health Insurance whether self-Insured for Health, Dental and Vision or not; Information Technology; IT Security; Liability Insurance – Professional, General, Auto, Cyber, D&O; Operating Expenses – utilities, facilities; fleet; Accreditation; Audits – FSA, 401k, IT; Risk Mitigation Measures – Medicaid and Medicare due to audits; HIPPA due to amount of PHI; Business Continuity – fire, disaster, loss of connectivity, redundant data locations, back up generators, loss of talent/personnel . .

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What is currently challenging the system? Or, what happened to FCBHC?

2. What is currently challenging the system?

- **Demand for services**
- **Workforce**
- **Ever increasing cost of doing business for particularly for providers in a service line without a rate setting mechanism.**

Why Fairbanks Community Mental Health Services?’

Why Fairbanks Community Mental Health Services? Anchorage Community Mental Health Services – Purpose, Vision, Mission

Purpose: Consumer-Driven Behavioral Healthcare Services

Vision: Wellness For Everyone.

Mission: Promote *recovery* and wellness by providing consumer driven behavioral healthcare services.

Why Fairbanks Community Mental Health Services? Anchorage Community Mental Health Services – Who does ACMHS serve?

2. Who are consumers/users of services?

ACMHS consumers range in age from 2-100 years of age. During FY 2013, over 2,200 children, adolescents, adults and seniors were served. Over 140 clinical staff supported by sophisticated clinical and administrative infrastructure.

Why Fairbanks Community Mental Health Services? Anchorage Community Mental Health Services – Who does ACMHS serve?

2. **Who are consumers/users of services?**

ACMHS consumers range in age from 2-100 years of age. Service are for those most in need of clinical services:

- Severely emotionally disturbed (SED) children and youth – focus area is 5 and younger.
- Seriously mentally ill (SMI) adults who may have a co-occurring substance use disorder and
- Persons with Alzheimer's or related dementia. (Adult day care so can remain in home/community.)

Why Fairbanks Community Mental Health Services? Good business.

3. **Why FCMHS?**

Business opportunity for consolidation of administrative and management in order to provide a more efficient utilization of limited governance and administrative resources eliminating duplicative processes and personnel. This reduces the overall overhead and administrative costs of combined operations. It also provides leverage for purchasing such as insurances, software as a service (SAAS), supplies and other services. Last, it allows better utilization of training and clinical expertise.

Introduction to Fairbanks Community Mental Health Services – “Why a new company in Fairbanks?” - Presentation Outline– Presentation Outline Review

1. What is meant by the term ‘Alaska behavioral health care system?’ Complex system of providers with varied funding sources across Alaska.
2. What is currently challenging the system? Demand for services; workforce and increasing cost of doing business particularly for portion without a rate review mechanism.
3. Why Fairbanks Community Mental Health Services? Consolidation for efficiency and effectiveness.

Introduction to Fairbanks Community Mental Health Services – “Why a new company in Fairbanks? Good Business.” – Thank you.

- Questions?

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