Analysis

Oregon Health Authority

Behavioral Health Caseload Forecasting

Analyst: Tom MacDonald

Request: Acknowledge receipt of a report from the Oregon Health Authority

Analysis: The Oregon Health Authority (OHA) has submitted an initial report regarding its review of community mental health caseload forecast processes and related funding formulas pursuant to the following budget note approved for Senate Bill 5525 (2019):

> *The Oregon Health Authority, in consultation with the Chief Financial Office of the Department of Administrative Services, the Legislative Fiscal Office, and community mental health programs, shall make recommendations to the 2020 Legislative Assembly about how to update behavioral health caseload forecast methodologies, processes and related funding formulas. At a minimum, the agency shall consider if the price per case accurately captures the cost of community based behavioral health treatment and how caseload methodologies and use of funding incentivizes regionally and nationally recognized best practices, and outcome oriented strategies, to create a more effective system to meet the behavioral health needs of individuals in the community and prevent higher levels of care when appropriate. The agency shall present recommendations to the Legislature by December 1, 2019.*

OHA established a workgroup with representatives from community mental health programs to review and form a response to the issues described in the budget note. The workgroup met from September through December of 2019 and made progress toward evaluating the existing caseload data, forecasting methodologies, and costs. The report submitted by OHA represents a status update on the work completed to-date. It also includes a summary of the remaining work needed to satisfy the budget note's requirements and makes some recommendations for improving the caseload forecasting process and funding methodologies.

Background: As part of the state's budget process, state agencies identify budget adjustments for forecasted changes in caseloads supported by services required by the federal government, state constitution, or court actions. Examples of these caseloads, often referred to as "mandated" caseloads, include Medicaid, foster care, and individuals with intellectual and developmental disabilities. For non-Medicaid community mental health programs (CMHPs), there are three mandated caseloads resulting from court actions:

- *Guilty Except for Insanity*: Individuals who have committed a crime and are determined to be guilty except for insanity (GEI).

- *Civil Commitment*: Individuals who go through a civil commitment process resulting in a judge requiring them to accept mental health treatment.

- *Aid and Assist*: Individuals who have been accused of a crime but are ordered by the courts to receive stabilization and mental health treatment to enable them to understand the criminal

charges against them and be able to "aid and assist" in their own defense.

Because the aid and assist population has historically been forecasted as a caseload predominantly served in the Oregon State Hospital (OSH), the process of tying CMHP budget adjustments to forecasted caseload changes has been in place only for the GEI and civil commitment caseloads. However, funding has separately been appropriated for aid and assist restorative services and community capacity through different stages of the budget process. In addition to these three mandated caseloads, the community mental health system also serves many individuals who have never been mandated by the courts to receive mental health treatment or are no longer under court order to do so. These "non-mandated" caseloads are part of the caseload forecasting process but related funding adjustments, if any, for these caseloads would be identified as part of a policy discussion and not according to the process used for mandated caseloads.

Caseload forecasts for both OHA and the Department of Human Services are conducted each spring and fall under the agencies' shared services structure. The CMHP forecasts have shown that the average caseloads for both the GEI and civil commitment populations have consistently declined over the past several years. According to the fall 2019 forecast, the average GEI population served in the community for 2019-21 is expected to be nearly 380 while the average civil commitment caseload is expected to be 740.

During the 2019-21 budget development process, a net reduction of $15.3 million General Fund was identified commensurate with forecasted caseload declines, driven mostly by forecasted declines in the civil commitment population. Due to concerns regarding the impact this reduction might have on the community mental health system, the legislature restored $6 million of this reduction as part of OHA's 2019-21 legislatively adopted budget. The legislature also established a $9 million reservation in the general purpose Emergency Fund and included the budget note resulting in this report.

Apart from changes in mandated caseload levels, the state's process for developing the CMHP budget involves multiple other types of budget adjustments. In 2019-21, these other adjustments include increases to support inflationary costs and several investments approved by the legislature for targeted program services, such as additional support for the aid and assist population, crisis and transition services, and provider rate increases.

Budget note recommendations: The workgroup determined more time is needed to complete several activities to achieve the goals of the budget note. A key activity involves collecting community-level aid and assist caseload data to form statistical forecasting trends. As mentioned above, this caseload has traditionally been tracked as an Oregon State Hospital caseload. OHA recently started collecting this data from CMHPs to eventually incorporate into the community-level forecast and budget processes. More time is also needed to validate civil commitment caseload data. While the commitment start date for these individuals is known, proxies must currently be used to forecast the commitment end dates. In addition to these issues, more time is needed to validate cost data for each caseload category and determine an equitable method for distributing budget adjustments to community mental health programs resulting from caseload forecast changes.

Notwithstanding the need to continue this work, OHA's report includes the following point-in-time recommendations proposed by the workgroup:

- *Temporary pause on budget adjustments*: The workgroup recommends temporarily stopping

adjustments to OHA's 2019-21 budget in relation to the current caseload forecasting process for civil commitment and GEI caseloads while the budget note work remains ongoing. Because the workgroup's activities are expected to be finalized in advance of implementing the 2021-23 legislatively adopted budget, the agency's 2021-23 current service level budget will continue to recognize forecasted changes in mandated caseloads.

- *Aid and Assist caseload*: The workgroup recommends including this caseload in the mandated caseload budgeting process, which first requires establishing a process for collecting related caseload data from communities and determining a cost-per-case methodology.

- *Pre-commitment services*: The current caseload funding model does not incorporate costs associated with services leading up to individuals becoming civilly committed or determined not to meet the criteria for civil commitment. An example includes pre-commitment investigations. The agency recommends further review of these services to determine if such services should be funded in the caseload budget process as a cost to the state.

- *Reducing mandated caseloads*: The workgroup recommends considering the use of value-based payment methodologies or other policy options that help reduce the number of people who need court-ordered mental health services.

In terms of temporarily pausing budget adjustments tied to forecasted caseload changes, OHA did not include any such funding changes in its budget rebalance report submitted to the legislature for consideration during the 2020 legislative session. The other recommendations do not currently require formal action by the legislature and involve more work throughout 2020 before any could be implemented. As this work continues, additional recommendations may also be proposed for consideration.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report.

Office of the Director
Kate Brown, Governor

Oregon Health Authority

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January 17, 2020

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request
This letter transmits OHA's report of recommendations regarding behavioral health caseload forecast methodologies, processes and funding formulas as required in the budget note to Senate Bill 5525 (2019 Regular Session.)

Agency Action
As a result of the budget note, OHA convened a workgroup with representatives from the Chief Financial Office of the Department of Administrative Services, the Legislative Fiscal Office, and community mental health programs. The resulting report of the workgroup is attached.

Action Requested
Acknowledge receipt of the report.

Legislation Affected
None.

Sincerely,

Patrick M. Allen
Director

EC: Tom MacDonald, Legislative Fiscal Office
Ken Rocco, Legislative Fiscal Office
Patrick Heath, Department of Administrative Services
Kate Nass, Department of Administrative Services
George Naughton, Department of Administrative Services

Executive Summary

Oregon's behavioral health system is changing, one of those changes includes a long-running shift from emphasizing institutional levels of care to community-based services. Community systems have evolved to support people with more complex needs and innovative programs and funding models have emerged to support this shift.

One element of the Oregon Health Authority's (OHA's) budgeting process is intended to support communities serving people who have become engaged with the behavioral health system through court order. Historically, these people would have been served in state hospital settings. But as people from these "mandated" caseloads can be more appropriately served in their home communities, OHA's budget has included adjustments at Current Service Level (CSL) and through periodic rebalance plans. As the forecasted caseloads increased, OHA's Community Behavioral Health Budgets increased.

Recently, however, OHA saw forecasted caseloads decline for people who are civilly committed. This resulted in a significant CSL budget reduction that seemed inconsistent with the known need for community behavioral health services throughout Oregon. As a result, the 2019 Legislature included a budget note Senate Bill 5525.

In response to SB 5525 budget note (Appendix A), OHA convened a workgroup of stakeholders to review and recommend improvements to the CSL budget calculations for mandated community mental health caseloads. The workgroup met throughout the fall of 2019. This report summarizes progress to-date and identifies the following current recommendations from the work.

Because the issues are complex and interrelated, the workgroup determined that there is more work to be done.

The workgroup agreed that, at a minimum, three of the community mental health caseloads should be considered "mandated" due to the court-ordered nature of the services that are required to be provided.

1. People who have been civilly committed under ORS Chapter 426;
2. People who have been found guilty except for insanity under ORS 161.327-8; and
3. People who have been arrested and found unable to aid and assist in their own defense under ORS 161.370.

The current OHA budget includes periodic adjustments based on forecasted community mental health need for the first two populations.

The third population, people unable to aid and assist in their own defense, has not yet been factored into community CSL budget calculations. However, OHA is experiencing

unprecedented service demand at the Oregon State Hospital (OSH) and in the community for this group of people. The workgroup recommends adding this population into the CSL mandated caseloads.

The workgroup concluded that more time is needed for the following activities:

1. OHA needs to collect community aid and assist data for a longer period to establish statistical trends for forecasting;
2. OHA needs to implement a process that validates civil commitment data;
3. OHA needs to work with community stakeholders to establish or modify and validate cost models for the forecasts for each population;
4. The workgroup needs additional time to determine if there are other mandated caseload populations, such as people on pre-commitment holds under ORS 426.074 that should be considered in CSL calculations; and
5. OHA needs to work with community stakeholders to determine an equitable distribution method for increases and decreases that will result from the forecasts.

The workgroup agreed that while the work is underway, OHA will continue to provide bi-annual caseload forecasts and monitor budgetary impacts under the traditional calculation methodologies. OHA will request that the resulting budget adjustments under the traditional forecasting and pricing models be deferred until December 2020 when we will have a comprehensive plan for addressing all three mandated caseloads.

Budget Note Workgroup Recommendations

1. Place a "pause" for this biennium on community mental health budget adjustments for mandated caseloads for people who are civilly committed and those found guilty except for insanity.
    a. The Budget Note Workgroup will continue to meet throughout 2020 to:
        i. Continue working on data validation and pricing models to ensure appropriateness and completeness;
        ii. Continue working with OJD, MOTS systems improvements, and evaluating other data sources to improve data collection and validation;
        iii. Factor fund sources into case cost estimates;
        iv. Develop protocols for distributing contract funds in accordance with caseload adjustments; and,
        v. Recommend funding adjustments needed for future. Further, the group will attempt to delineate which budget adjustments should occur as part of CSL and which should be moved forward through Policy Option Packages.
    b. In the meantime, and concurrently, OHA will continue to work with the Office of Forecasting, Research and Analysis (OFRA) on the established schedule to

produce and present ongoing caseload forecasts under the existing model utilizing the Caseload Forecast Advisory Committee.

   i. The Budget Note Workgroup recommends expanding the membership of that committee to include more representation from community stakeholders.

   ii. The Budget Note Workgroup will continue to monitor budgetary impacts of caseload forecast adjustments from the established model.

   iii. The Budget Note Workgroup recommends that no budget changes will occur until work of the Budget Workgroup is completed.

2. Add Aid and Assist (ORS 161.370) as a mandated caseload that is forecasted for CSL budgeting.
3. Develop forecasting and funding models to account for caseloads resulting from Aid and Assist orders;
   a. Short-term and long-term solutions will be required. Until community service history and SB 24 implications are established, forecast methodology will be manually driven.
   b. Policy Option Packages may be required to continue expansion of community capacity needed to adequately serve people committed under ORS 161.370.
4. Develop forecasting and funding models to account for caseloads resulting from Pre-commitment Holds under ORS 426.074;
   a. Pre-commitment services are a key part of overall care continuum for civil commit populations. Costs associated with those services need to be reviewed for consideration within the funding models.
5. To meet a goal to ultimately reduce mandated caseloads, the Budget Note Workgroup will evaluate value-based payment methods or other policy options that will result in reduced numbers of people mandated for service by the courts.

Agency Action

Stakeholder Workgroup

OHA convened the Mental Health Budget Note Workgroup on September 3, 2019, and held bi-weekly meetings through January 8, 2020.

Participants:

- Legislative Fiscal Office (LFO)
- Department of Administrative Services (DAS), Chief Financial Office (CFO)
- The Association of Oregon Community Mental Health Programs and representative from the following counties:
  - Grant, Klamath, Lane, Multnomah, and Yamhill
- OHA staff representing various departmental specialties and perspectives

Context for Caseload Growth in the Continuing Service Level (CSL) budget calculations

In developing the Agency Requested Budget, agencies work with DAS CFO and LFO to calculate the Current Service Level (CSL). Calculating CSL is part of the state-wide budget development process to project the cost for agencies to continue existing programs at the current level of service into the next biennium. This stage of the budget includes many calculations including cost-of-living changes, program phase-ins, program phase-outs, revenue adjustments, and mandated caseloads. DAS issues specific CSL instructions to agencies early each biennium. In addition to adjustments at CSL, OHA periodically reevaluates the forecasted caseloads and interim budget adjustments occur.

All other budget decisions for agency budget enhancements are made through Policy Option Packages.

Allocating Caseload Budget Adjustments

Because caseload forecasts are based on the overall service population, there is no algorithm for distributing budget adjustments as they occur. The Budget Note Workgroup identified that OHA needs to establish a protocol for distributing funds to or reducing funds from Community Mental Health Program contracts when caseload-driven budgets change.

Mandated Populations

Mandated caseload in OHA's CSL includes services that are mandated through federal law or court-order. OHA currently calculates CSL adjustments for federal Medicaid programs and people served in the community as a result of civil commitment and those who have been found guilty except for insanity.

For civil commitment and GEI populations, there are complex issues. Both populations also receive services at the OSH. OSH capacity issues are not addressed in this report; however, there is a strong interdependence between the community capacity to respond to mandated populations and OSH census. A robust, appropriately-funded and well-functioning community system is critical to maintaining appropriate utilization of the highest-cost OSH hospital level-of-care resources.

- Civil commitment (ORS Chapter 426)
  - Community caseloads have been declining

- GEI (ORS 161.327 and 161.328)
  - Community caseloads are relatively small and have remained relatively stable, slightly increasing over time.
- The following populations are not currently factored in the CSL caseload calculations.
  - Aid and Assist (ORS 161.370)
  - Pre-commitment Holds (ORS 426.074)

State Data Systems and Caseload Counts

OHA has instituted a caseload forecasting process for people served in the community under civil commitment and those that are guilty except for insanity. The current caseload forecasting process is administered through the Office of Forecasting, Research and Analysis. Forecasters utilize data from multiple state data systems to identify trends used for forecasting future service needs. The Budget Note Workgroup identified several concerns about data completeness and accuracy.

- Current community forecasts include people under civil commitment and those who have been found guilty except for insanity. Aid and assist clients who are served at OSH are forecasted; however, data are not sufficient to forecast community restoration aid and assist. Currently, community restoration data is collected on a quarterly basis, and has only been collected for three quarters. There are not enough data points to conduct large-scale trend analyses or forecast future community utilization/need at this time.
- In order to develop forecasts for the mandated populations served under ORS 161.370 and ORS 426.074, a concerted effort needs to be made to provide complete data on an on-going basis. Current forecasting methodology provides statewide information. Data are insufficient to generate county-by-county forecasts. As part of this workgroup's activities, OHA shared civil commit data used for forecasting with a subset of counties for validation. To-date, one county has cross-referenced the OHA data with their source data and discrepancies between the two data sets have been identified. More work needs to be done to identify, account for, and correct discrepancies. This process is in progress.
- Current data forecasting utilizes several proxy assumptions in lieu of having access to source data. For example, for the civil commit caseload, OHA does not know the end date of the civil commit episode. The courts are the system of record and there is currently no way to access these data. OHA has a known problem with the MOTS data system. The 2019 LAB included funding for the planning phase of the MOTS replacement project. Planning is underway. An RFP will be issued to identify a contractor to replace the system during the 2021-23 biennium, if approved for funding by the Governor and Legislature.
- Representatives from Oregon Judicial Department (OJD) discussed court data systems with the Budget Note Workgroup. Access to court systems could allow system-of-record information regarding people committed under various statutes, including ORS

Chapter 426 (civil commitment), ORS 161.327-328 (guilty except for insanity), and ORS 161.370 (Aid and Assist). The OJD system collects some, but not all, circuit court information. The courts are in the ramp-up phase of implementing their new data system. There is not currently a source for municipal court records. The data system for the circuit courts is sorted and stored by case number and does not easily allow for systematic crosswalk with OHA's client-based systems. While little capacity exists for data sharing in the short-term, OHA and OJD will continue to engage in long-term discussions about ways to improve data sharing across systems.

- The Oregon 2019 Legislature passed SB 24, making changes to ORS 161.370. There is currently additional policy work on the statute. The impacts to the community system are not yet known, making forecasts difficult.

Forecast Funding Models

The Budget Note Workgroup began to identify gaps regarding pricing.

- Civil commitment cost priced in the current funding model does not include pre-commitment work. Because there are no caseload adjustments for county requirements under ORS 426.074, caseload pressures from this work are not adjusted during budget development. In addition, caseload funding is not forecast for all treatment needs, including medical, co-occurring disorders and housing supports.
- Community-based aid and assist services budget is not yet sufficient to support statewide treatment and housing resource need considering expected 19-21 caseload growth. Because foundational funding has not yet been established, we haven't yet reached benchmark funding levels from which to build caseload forecast adjustments.

Other Challenges of Current Funding Model

- Disincentives for preventing higher levels of care—only get positive budget adjustment when people decompensate to point of civil commitment, arrest, or committing a crime.
- No allowance in current model for fund sources or alternative funding options.
  - Some costs of caseload growth may be covered through Medicaid.
  - Some components of service, housing for example, are provided through other agencies such as HUD Section 8 or OHCS.
- Data sources don't originate from source court data—the available data is based on proxy assumptions and relies on self-reported, unvalidated quarterly submission of spreadsheets from counties.
- There is not an actuarial baseline fund level for each population—will need more time to complete extensive work with counties to determine case elements, hours/units of service, and cost per unit of service.

Next Steps

OHA will continue to convene meetings of the workgroup to implement the recommendations.

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Appendix A

SB 5525 Budget Report and Note

Excerpt from SB 5525 (2019 Regular Session) Budget Report and Measure Summary:

For non-Medicaid community mental health programs, there are two caseloads that are part of the forecast process in terms of adjustments made to the budget: 1) individuals who have committed a crime and are determined to be guilty except for insanity (GEI); and 2) individuals who have been found by a court to be a danger to themselves or others or unable to provide for their own basic needs due to a mental illness and are civilly committed. Changes in the GEI and civil commitment caseloads impact the level of General Fund provided to county-based community mental health programs. The Spring 2019 forecast results in a slight increase in the GEI caseload, but a decrease in the civil commitment caseload. The result of these caseload changes is a decrease of $18.5 million General Fund. When combined with a $3.1 million General Fund increase at CSL based on the Fall 2018 forecast, the net budget impact for community mental health caseload changes is a decrease of $15.4 million General Fund. Although this budget change is intended to follow the caseload forecast and not impact services, the size of this decrease has raised concerns regarding the potential impact on the community mental health system. As a result, the Subcommittee approved the following Budget Note.

Budget Note:
The Oregon Health Authority, in consultation with the Chief Financial Office of the Department of Administrative Services, the Legislative Fiscal Office, and community mental health programs, shall make recommendations to the 2020 Legislative Assembly about how to update behavioral health caseload forecast methodologies, processes and related funding formulas. At a minimum, the agency shall consider if the price per case accurately captures the cost of community based behavioral health treatment and how caseload methodologies and use of funding incentivizes regionally and nationally recognized best practices, and outcome-oriented strategies, to create a more effective system to meet the behavioral health needs of individuals in the community and prevent higher levels of care when appropriate. The agency shall present recommendations to the Legislature by December 1, 2019.