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PROPOSED EIGHT COUNTY LOCAL MANAGEMENT ENTITY.

Proposed Eight County LME Service Divestiture Plan

General Principles:

The State Plan requires that the Qualified Provider Network Development Section of the LBP include a three (3) year Divestiture Plan designed to transition all clinical services delivered by the Western Highlands Region LME (LME) to the private sector. This plan must address the following questions:

- What are the goals and purpose of divestiture?
- What specific services should be transitioned to the private sector?
- In what order/under what time frames should these services be transitioned?
- What method should be used to make this transition smooth and effective? And
- What are the rules for divesting service delivery opportunities among private providers?

Purpose of Divestiture:

The purpose of the LME divestiture effort is to comply fully with the 2002 State Plan: Blueprint for Change in a way that guarantees consumer choice, consumer safety, and the availability of appropriate, quality services throughout the LME service area.

Goals:

- To ensure consumer choice of providers,
- To guarantee access to appropriate, high quality services based on the assessment of consumer, family and community needs,
- To improve the service delivery system (particularly for target populations) through the use of best practice service models,
- To ensure continuity of care and care providers, based on consumer choice, and
- To ensure that the LME has an effective infrastructure in place to manage and monitor the developing qualified provider network.

In implementing the LME Service Divestiture Plan, the following guidance should be followed:

- During the initial year of the three and one-half (3.5) year transition plan, we will seek to transition all clinical services to the private sector.
- Our overriding goal is the assurance of continuity of services to the residents of the eight county region who have utilized services of the three area programs in the past and continue to utilize such services at present.
- It is recognized that during the year 2003, each Area Authority is responsible for its own service divestiture as part of the transition to the beginning of LME operation on January 1, 2004.

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- Continuity of services will require somewhat different strategies, depending on the nature of the service and the clients being served.
 - (1) Developmental Disabilities clients currently utilize service providers for the vast majority of services delivered in the eight county area. The primary exceptions are Early Childhood Intervention and Case Management. Transition in these areas are delineated below.
 - (2) Services to Emotionally Disturbed Children are split between existing service providers and the area programs. Outpatient services will be outsourced by late fall, 2003, following the general plan delineated below.
 - (3) Services to Adults with Substance Abuse also are split between existing service providers and the area programs. Specialized residential services are to be transitioned to service providers during 2003, with outpatient services to be outsourced by late fall, 2003, following the general plan delineated below.
 - (4) Services to children with Substance Abuse are largely provided by the area programs. These specialized and outpatient services are to be outsourced by late fall, 2003, following the general plan delineated below.
 - (5) Services to adults with Mental Illness are largely provided by the area programs. The specialized residential programs and PSR programs will be transitioned to service providers by late fall, 2003, with outpatient services to be outsourced by late fall, 2003 as well, following the general plan delineated below.
- The Trend Area Board will outsource services in Henderson-Transylvania Counties to Mountain Laurel Community Services during the spring, 2003. The LME will evaluate the scope of the provider network in place in late 2003, and take steps to assure that there is a broad based provider system in place in Henderson-Transylvania Counties by July, 2004. Contracts for additional outpatient service providers will be issued in the spring, 2004. RFPs for specialized services will be issued in the spring, 2004, to assure compliance with provisions of the State MH Plan.
- Outpatient services in the six non-Trend Counties will be outsourced in the fall of 2003. Envisioned is a process by which interested service providers will submit proposals outlining their commitment to provide outpatient services to specific client groups, including a response to criteria established for outpatient services to specific client groups, including after hours/crisis services/emergency and medical services. Those outpatient service providers which qualify will be authorized to provide services. As additional service providers become qualified, they will be added to the network. RFPs may be issued for selective emergency/crisis services in the event that only one or a very limited number of providers are to be selected. The LME will be asked to support the provider network in place as of December 31, 2003.
- The goal will be to have all outpatient services contracts renewal dates throughout the eight County region be consistent—that is, July 1, 2005.
- Divestiture efforts will be accompanied by the development of a competent Provider Network Management function - as services are transitioned to the private sector we will continue to enhance our ability to manage our service network.
- Every effort will be made in the contracting process to provide opportunities for the current employees of the three area programs. Service provider selection should emphasize the need to insure that transitions in program management do not disrupt existing positive relationships between consumers, families and program staff.

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- The divestiture transition will begin with residential services and day services, and then extend to outpatient services. These residential and day services require an RFP process and have comparative uncomplicated funding streams. The transition of outpatient services must be handled in an incremental manner, taking into account the differences in the existing network of service providers in each of the eight counties of the LME area, the added complexity of managing a larger number of providers and the intermingling of funding streams and subsidies.
- Some case management may be included as a requirement of service providers in this system of service management and coordination, whether or not reimbursement is available.
- Services contracts generated under the Divestiture Plan should be handled through a fair and open process.
- The Divestiture Plan will reflect only the amount of change in the LME service system that can be successfully managed at any given time. The divestiture effort will focus on a gradual change process with the goal of uninterrupted existing consumer services. Consequently, all divestiture dates are subject to change, based on unanticipated complications at the state or local level.
- Divestiture efforts may include “bundling” services in the contracting process (e.g. bidding out day programs as a package or bundling day and residential programs together). This bundling concept has the advantage of reducing the number of providers to be managed, creating economies of scale in pricing, reducing the opportunity for adverse selection on the part of providers and giving providers enough business to allow them to make a commitment to the LME service area.
- The divestiture of services may include efforts to address the needs of consumers through the promotion of: (1) generalized service networks designed to provide a broad array of services to consumers within the same age/disability group, (2) specialized service contracts designed to serve groups of consumers/families with special needs, and (3) specialized service contracts designed to meet the needs of individual consumers.
- Where appropriate, contract providers will be encouraged to use existing area program utilized facilities in the delivery of residential, day, and outpatient services.
- Divestiture efforts should not merely ratify the status quo – they should seek to move the service system in a direction that addresses such issues as the increased use of best practice models and the focus of services on the target populations.
- Consumers and families (e.g. CFAC representation) should be involved in the development of specialized and general selection criteria for contract providers.

Divestiture Timeframes:

2003 (last 6 mos.):

Outpatient Services:

The divestiture of outpatient services will be an incremental process that ensures the continued availability of quality providers and continuity of care, while seeking to offer meaningful choice. The following steps will be taken during the transition year, 2003-2004:

- Maximize use of effective providers,

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- Review and modify area program private practice policies as potential strategy for expanding private network,
- Explore clinical relationships under which private outpatient providers are allowed to use Area Program facilities,
- Explore alternative payment methods for private sector outpatient services,
- Define “best practice” contract needs and recruit and develop providers as necessary,
- Develop a plan for divestiture of the ADETS/DWI/EAP Programs , and
- Develop a plan for outpatient service programs for special populations (e.g. ECI, Regional TASC Program, Jail Diversion, Family Preservation etc.).
- Develop a plan for the outsource of outpatient services for specific groups of clients in specific geographic areas of the region.
- In March, 2003, develop a plan for transition of the Narcotic Treatment Program—effective transition date of fall, 2003

Direct psychiatric (medical and physician extender) services, including prescription assistance programs, will be divested concurrently with other outpatient services. Because medical services are provided at a loss within the current reimbursement structure, payment systems will be developed for outpatient and other services which permit adequate payment for medical services.

Residential Programs:

- Beginning March, 2003, develop a plan to transition the operation of Swain Recovery Center and Mary Benson House, with target date of fall, 2003.
- Develop bid proposal for DD group homes and Apartment Programs – effective transition date of fall, 2003
- Develop bid proposal for MH Group Homes and Apartment Programs – effective transition date of fall, 2003

Day Programs:

- Beginning March, 2003, develop plan for transition of Substance Abuse Services day programs, to service providers, with target date of Fall, 2003
- Beginning March, 2003, develop plan for transition of Mountainhouse and Magnolia House (PSR) clubhouse programs to service providers, with target date of fall, 2003.

All Services:

- LME begins operation on January 1, 2004.

Effective January 1, 2004, the LME will be asked to approve contracts for continuation of those agreements initiated by Rutherford-Polk and Blue Ridge area programs as part of this divestiture timetable. The LME will review the relationship between Trend and Blue Ridge Health Services to assure consistency with the State MH Plan as to divestiture issues.

Effective January 1, 2004, LME develops plans to outsource the following mandated public sector services to selected service providers following applicable State regulations in the following areas:

- (1) Early Childhood Intervention;
- (2) CAP-MR/DD case management;
- (3) CTSP case management, and
- (4) non-CAP-MR/DD case management.

The plans would have varied target dates for implementation. CTSP case management would be divested soon after January 1; ECI, CAP-MR/DD case management, and non-CAP-MR/DD case management would

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most likely be divested on or about July 1, 2004, so as to assure continuity with pending State ECI planning and the likelihood of a revised CAP-MR/DD waiver.

- Crisis /Emergency Services

LME will develop a plan of crisis/emergency services for the eight county region, linking hospital emergency rooms and regional residential/crisis/inpatient resources, as available, for both adults and children. Broughton Hospital and other regional facilities will be utilized until a regionally-based alternative is available within the eight county area. This plan will take into account the divestiture of services from area programs to service providers by identifying local service providers with responsibility for after hours emergency services coverage, assuring continuity of care for high risk clients, both adults and children.

2004:

- LME to define and implement “best practice” methods for outpatient contractors – develop a more specific concept of: “What do we want to buy?”
- LME will review the system in place for renting space in county-owned facilities and in former area program occupied facilities to assure equal treatment of services providers in access to and utilization of such facilities.
- LME will explore the development of payment options for State and Medicaid funded contract services, particularly possible alternative rate setting strategies. This includes exploration of Division rules regarding rate setting for outpatient services using State dollars exclusively, as well as pursuit of alternative payment strategies using Medicaid dollars.

2005:

All Services:

- LME will continue to refine payment and contracting methodologies and strategies to achieve best outcomes.
- Monitor existing contractual arrangements.

2006:

All Services:

- LME will continue to refine payment and contracting methodologies and strategies to achieve Best outcomes.
- Monitor existing contractual agreements

Role of non-profit corporations historically associated with Trend and Blue Ridge:

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- Role of Mountain Laurel Community Services:

Mountain Laurel Community Services, Inc., is a non-profit corporation and the owner of several facilities in which Trend Area Program has provided services. This organization has been expanded to encompass adult and child MH/DD/SA populations as well as MR-MI clients in Transylvania and Henderson Counties, and is one of several outpatient service providers in the region. The governing body expects to expand services into Polk and Buncombe Counties in 2004.

- Role of WNC Human Services:

WNC Human Services, Inc., as it is now known, is a non-profit corporation which was originally a CAP services provider. This organization has been expanded to encompass adult and child MH and SA populations as well as MR-MI clients. The governing body will soon include representatives of all eight counties. The organization is expected to begin providing services in late fall, 2003, as one of many outpatient services providers in the region. Any additional services which are of a specialized non-outpatient nature will be awarded on a RFP basis, following pre-established criteria.

- Use of facilities owned by Mountain Laurel Community Services:

Mountain Laurel Community Services, Inc. will continue to utilize its facilities for charitable purposes including utilization for MH/DD/SA services. The emphasis is on continuing existing services in these facilities where possible, thus assuring continuity of services for clients. Service providers not affiliated with Mountain Laurel Community Services but desiring to lease Mountain Laurel facilities should apply to Mountain Laurel.

- Role of Blue Ridge HSF facilities:

Blue Ridge Human Services Facilities, Inc., is a non-profit corporation which owns the facilities in which the current Blue Ridge AP provides services, either directly or on a contractual basis. Blue Ridge HSF will continue to utilize its facilities for MH-DD-SA services. Eleven of the sixteen facilities will most likely be occupied by a single provider of the service for which there is a contract between the LME and the service provider. In the outpatient facilities, it is expected that there will be more than one service provider. Most likely, there will be a continuation of the services currently provided in the facility by the Blue Ridge AP, with the identity of the provider to be determined by action of the LME. If WNC Human Services, Inc. uses these facilities, it will be one of several service providers located in the facilities. The emphasis is on continuing existing services in these facilities where possible, thus assuring continuity of services for clients.

The location of the LME offices, once all clinical services are divested, must be central to the region, but not necessarily within the current Blue Ridge HSF owned facilities.