

FADAA Policy Endorsing Provider Sponsored Networks

Background: Legislation passed in 2002, 2003, and 2004 (SB1258, SB2404, HB 1843) made clear the State's intention to contract for delivery of both substance abuse and mental health services with a single managing entity in each district or region. During the 2004 legislative session, the policy was revised for Medicaid services to include contracting with Health Maintenance Organizations (HMOs.)

State policy assumes that providers organized into networks will form partnerships with managed care organizations (MCOs) in order to bid on behavioral health services contracts. Networks may also represent providers in negotiations with HMOs.

In response to emerging State policy, networks including substance abuse providers have been formally constituted in the Suncoast region and in districts #1, #8, #11 and #14. Networking initiatives are under way in districts #2, #4, #7, #9 and #12.

Across the nation, behavioral managed care initiatives in both government and commercial contracting have fostered the organization of health care providers into networks, for the purpose of:

- joint contracting with various payers including state government,
- negotiation from strength with Health Maintenance Organizations (HMOs) and other behavioral managed care organizations (BMOs), and
- to serve as a means of reducing the cost of administrative services, which agency members purchase from the network.

Government policy endorsing networks assumes that providers joining together will to create an integrated system of care, which improves the accessibility and cost effectiveness of services to clients. Policymakers are seeking a "well managed system of care," which translates best practices into standards and protocols, which are then monitored by the network to ensure that high quality services are delivered.

Benefits of provider networks:

- Improve client accessibility to a range of services, "a seamless continuum"
- Help to make effective the "no wrong door" policy.
- Assist client to move through levels of care.
- Improve continuity of care for vulnerable populations.
- Move from program focused planning to person focused planning.
- Facilitate consumer choice of providers.
- Enable providers to negotiate from strength.
- Improve State funding flexibility (facilitate contract amendments and improve ability to match client with needed services, without fewer limitations regarding funding source.)

- Sharing of expertise – innovative collaboration.
- Management and cost efficiencies (shared administrative services, group purchasing, economies of scale.)
- Single point for State monitoring and accountability.
- Provide training and technical assistance to agency members.
- Regionalize and upgrade IT (district data functions.)
- Centralize and streamline outreach, case management, and wrap around services.
- Assist smaller agencies to upgrade systems for quality and efficiency.
- Rationalize services to prevent duplication and fill gaps.
- Enhance linkages with mental health, primary care, child welfare, the courts, Corrections, education, and community stakeholders
- Move focus to data based, community planning for client service needs.
- Use data to improve efficiency, effectiveness and customer satisfaction.
- Promote economic use of limited resources.
- Joint marketing.
- Facilitate adoption and monitoring of best practices, standards of care, and measures of outcome and client satisfaction.
- Stronger, more focused advocacy for our clients.

Disadvantages of Networks

- Costs to create new infrastructure (time, money) internally and at the Network level.
- Costs to train staff, Board, and community stakeholders in new paradigm.
- Potential loss of market share or need to re-tool to provide new services.
- Equity issues for smaller agencies: able to afford buy-in? able to establish systems required by network standards for quality and efficiency?
- Loss of individual agency decision-making.
- Facilitates managed care, which results in loss of control regarding decisions about client services.
- Insufficient data to demonstrate improved client services and outcomes.

Important characteristics of a provider network

- Includes traditional providers of care who have a history of client advocacy.
- Establishes strong linkages with collateral systems and community stakeholders (e.g. child welfare, foster care, courts, schools.)
- Include mechanism for community governance and oversight.
- Re-investment of savings into community services.
- Provides for consumer involvement.
- Demonstrates cultural sensitivity.

FADAA endorses the development of Provider Sponsored Networks and will seek to clarify 1) the important characteristics of such networks and 2) their role as managing entities which contract with the State to deliver substance abuse treatment services.