HEALTH HOMES RATE SETTING TOOL GUIDANCE AND INSTRUCTIONS

Purpose:

This guidance document accompanies the Health Homes Rate Setting Tool developed by John Snow, Inc. (JSI) in 2017, with generous support from The California Endowment (TCE). The tool is designed to support health center leaders in considering the costs, staffing, and infrastructure needs associated with implementing Health Homes. Health Homes is the care management and care coordination program supported by DHCS for individuals with multiple chronic conditions; the program is expected to begin in July 2018. This tool can give health centers a starting point in negotiating rates for Health Homes services with their plans, as well as providing insight into what additional resources and staffing may be needed.

Though this was designed with the Health Homes program in mind, this tool may be useful for health centers considering other care management or care coordination initiatives.

How to use the tool:

This tool incorporates assumptions based on Partnership HealthPlan of California's (PHC) Intensive Outpatient Management program, a pre-Health Homes initiative with services and patient populations similar to many upcoming Health Homes programs. Users of the tool also have the option to customize the staffing needs and population distribution based on their own experience. Toggling and modifying inputs will allow users to see how various changes impact program costs and resource needs.

All users should start with *Sheet 1: Staff & Pop Assumptions*. This sheet needs to be completed in order to use Sheet 2. All orange cells are for inputs; blue cells are pre-filled assumptions and cannot be modified; gray cells are calculations or carry over from Sheet 1 and cannot be modified.

- **Step 1**: Insert the total number of members you expect or hope to serve each year through your program. The caseload size is pre-filled based on PHC's experience.
- **Step 2**: Insert the annual salaries, excluding benefits and overhead, for staff members involved in your program for Years 1 and 2 in Columns E and F (incorporating an annual increase into Year 2 if necessary). This should be the salary for one full time person at each position, even if you anticipate using more or less than one FTE for each role. You may not anticipate using each type of staff member listed; leave the cell blank for any unused positions. In Lines 19-21, you may modify the text in Column D to include any staff you intend to use that are not already listed here. In Lines 23 and 24, input the benefits percentage added to staff salaries, as well as the indirect or overhead costs percentages.
    - Columns H and I in this section will automatically calculate based on the annual salaries listed, benefits percentages, FTEs and population distributions listed in the sections

below. This will allow you to review the average cost for each staffing position per caseload.

- **Step 3**: Input costs for anticipated non-staffing expenses that vary by the number of patients served (Lines 27-32) or are fixed regardless of program size (Lines 35-38). You may leave cells blank for expenses you do not anticipate; for any expenses not explicitly listed here, include them in Line 32 ("Other variable expenses") or 38 ("Other fixed costs") as needed.
- **Step 4**: These cells have been pre-filled using PHC's data. (The "Levels" identified here are based on the California Health Homes tiers outlined in the original concept paper and Addendum to the Application. Details about the definition for each level can be found in Lines 81-84 of the Sheet.) Lines 42-53 represent the number of hours per month that a given staff member spends for a single patient at each designated level. (Lines 47-53 are blank because PHC did not use these positions in their IOPCM program; you will have the opportunity to include time for these roles in Sheet 2: Custom Staffing&Population.) Lines 57-68 are calculations, based on the hours needed and caseload size, for the FTE required for each position for a full caseload of members in each level indicated. Depending on the time required, staff members may be able to manage multiple caseloads at a time.
- **Step 5**: Rows 71-75 have been pre-filled using data from PHC's target population. The percentages represent the proportion of the program's target population that falls into each Health Homes-defined Level. These percentages are likely to change over time as the program successfully reaches patients and reduces the amount of care they need. For example, PHC found that 23% of their target population needed engagement and outreach services during the first year of their program, but that by the second year, only 8% needed engagement. These percentages inform the makeup of a typical caseload when calculating cost and staffing needs.
- **Summary box** – Resources Required for Health Homes Program: Columns K, L, and M present the outputs of the tool based on the data entered throughout the Sheet. This includes the per member per month costs for each year, the total annual cost of the program, and the difference between the calculated per member per month cost and the amount you anticipate receiving from your health plan (if you enter an amount into Line 7). Lines 11-22 calculate the total FTE needed for staff at each position, allowing you to consider hiring needs. This allows for a given staff member to manage multiple caseloads at once if they are working under this program full time.

If you are interested in modifying the staffing and population assumptions included in Sheet 1, proceed to *Sheet 2: Custom Staffing & Population.* This sheet can only be used after Sheet 1 has been completed. Gray cells in this sheet cannot be modified. As you are filling out this sheet, it may be helpful to refer to the assumptions from PHC's program in Sheet 1 to provide you with a benchmark for the various inputs.

- **Step 1**: The number of members served per year has been pre-filled based on your inputs in Sheet 1. Enter the average caseload size you anticipate for your program in Line 6.
- **Step 2**: The salaries and percentages in Columns E and F are taken from your inputs in Sheet 1.

- o Columns H and I in this section will automatically calculate based on the annual salaries listed, benefits percentages, FTEs and population distributions listed in the sections below. This will allow you to review the average cost for each staffing position per caseload. They will remain blank until you have completed Steps 4 and 5.
- **Step 3**: The non-staffing expenses are taken from your inputs in Sheet 1.
- **Step 4**: The "Levels" identified here are based on the California Health Homes tiers outlined in the original concept paper and Addendum to the Application. Details about the definition for each level can be found in Lines 81-84 of the sheet. In Lines 42-53, input the number of hours per month that a given staff member will spend for a single patient at each designated level. For example, Cell E42 should have the number of hours a nurse would spend on a single engagement patient in a month. Column I represents the additional hours a staff member would need to spend on a patient each month if that patient is experiencing homelessness.
  - o Lines 57-68 are a calculation, based on the hours needed and caseload size, for the FTE required for each position for a full caseload of members in each level indicated.
- **Step 5**: The percentages represent the proportion of the program's target population that falls into each Health Homes-defined Level. These percentages are likely to change over time as the program successfully reaches patients and reduces the amount of care they need. For example, PHC found that 23% of their target population needed engagement and outreach services during the first year of their program, but that by the second year, only 8% needed engagement. These percentages inform the makeup of a typical caseload when calculating cost and staffing needs. To the best of your ability, input the percentage of your target population that falls under each Level of services needed. You may need to use an average if you believe different clinics or sites serve different populations. Lines 71-74 should add up to 100%; the cells in Line 76 will turn green to indicate that you have reached 100%. Line 75 should include the percent of your population that is experiencing homelessness, regardless of the Level they fall under.
- Summary box: Columns O, P, and Q present the outputs of the tool based on the data entered in Sheet 1, which uses the assumptions based on PHC's program. Columns K, L, and M present the outputs based on your custom program data entered in Sheets 1 and 2. The outputs include the per member per month costs for each year, the total annual cost of the program, and the difference between the calculated per member per month cost and the amount you anticipate receiving from your health plan (if you enter an amount into Line 7). Lines 11-22 calculate the total FTE needed for staff at each position, allowing you to consider hiring needs. This allows for a given staff member to manage multiple caseloads at once if they are working under this program full time. By comparing the two output boxes, you can see how your program differs from PHC's.

Sheet 3: Calculations is for review only and should not be modified. This sheet displays the calculations that are made to inform Sheets 1 and 2.

Additional considerations:

As you complete the tool, you may want to consider the following questions:

- Is this entirely new staff capacity, or will you be pulling staff from elsewhere to cover this program? What are the impacts to the existing program?
- Do you need additional physical space (offices, a new building) to house the staff you will hire to cover this program? If so, you can add these expenses under "Fixed Expenses".
- Will you use existing resources to support this program?
- Will there be a "ramp up" period before the program is fully staffed and reaching patients? How long will it take to get to a full caseload? If you anticipate a ramp up period, you may want to use the tool twice—once including the level of staffing and expenses needed during the ramp up period, and once using inputs for a program at full capacity.

Contact:
For questions about this tool or its assumptions, please contact Robin Haller at JSI (robin_haller@jsi.com).