



To: Marcia Fazio, Deputy Commissioner, Quality Management
Molly Finnerty, M.D., Director, Psychiatric Services and Clinical Knowledge Enhancement System (PSYCKES)

From: Norman Brier, Director, Financial Planning

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Subject: Brief Financial History and Status of the New York State Office of Mental Health's (OMH) Quality Improvement Initiative for Clinics

OMH licensed mental health clinics, other than hospital-based and State-operated clinics, have had the opportunity to receive a Medicaid fee enhancement if they enroll in and actively participate in "quality improvement" (QI) initiatives coordinated by OMH's PSYCKES program since 2005.

The original value of the increment was a more than 6% increase in a participating clinic's "base Medicaid fee", i.e., the regulatory fee excluding any Comprehensive Outpatient Programs (COPs) and/or Community Support Program (CSP) supplemental rate. This enhancement was only available for fee-for-service (FFS) reimbursed Medicaid services.

The dollar value of this enhancement was continued when OMH licensed clinics transitioned to the current reimbursement system, Ambulatory Patient Groups (APGs), although the percentage value of the QI participation enhancement was reduced to about 3.84% because the clinic base rates were substantially increased.

Initially, under APGs, the QI payment was only available for FFS reimbursed services. Beginning September 2012, the State mandated that Medicaid Managed Care plans reimburse OMH licensed clinics at "government rates", i.e., the same rates as paid FFS. The rates include the QI enhancement as applicable.

Current plans continue the QI payments for both FFS reimbursed clinic services and Medicaid Managed Care reimbursed clinic services through at least the end of State Fiscal Year 2014-15 (March 31, 2015).

New enrollments into the QI initiative and disenrollments of current QI participating clinics will add or eliminate the QI enhancement from the clinics' base rates as applicable. The FFS rates will reflect the addition or deletion of the QI payment from the effective date of the status change. The Medicaid Managed Care payments will change only prospectively, beginning about a month after OMH Central Office is notified of the status change.

