

# MERCER GOVERNMENT HUMAN SERVICES CONSULTING

## BEHAVIORAL HEALTH

Since 1985, Mercer has consulted with more than 30 states and the federal government on a wide variety of health care and human services issues, including actuarial, data/systems analysis, clinical, policy, operations, and procurement.

State governments are facing increasingly complex budgetary, clinical, and regulatory challenges in the provision of behavioral health services to vulnerable populations. The national call to transform mental health systems increases the demands on state and local governments to improve access to evidence-based, cost-effective services. The ever-changing regulatory environment requires significant planning and creativity on the part of government agencies tasked with monitoring and improving quality, access, and cost-effectiveness.

Many of Mercer's behavioral health specialists have public mental health system experience at the state and local levels, and understand the barriers and opportunities faced by those involved in systemic change. Our public sector and behavioral health experience is complemented by our expertise in Centers for Medicare & Medicaid Services (CMS) policy and federal regulations, and our experience in information systems, encounter data management, actuarial rate setting, strategic planning,

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Mercer's Government Human Services Consulting helps government agencies design, implement, and monitor behavioral health programs that enhance the quality of care while controlling financial and operational burdens. Mercer's dedicated group of experienced psychiatrists, psychologists, psychiatric nurses, social workers, substance-abuse professionals, pharmacists, and former CMS policy experts provide varying levels of clinical, operational, policy, and strategic consulting.



and managed care. By teaming our clinical and policy experts with Mercer's actuarial and information planning consultants, we have the depth and breadth of experience to help our clients increase their financial and operational efficiencies.

We combine high-level strategic consulting with practical solutions to help states transform and manage their behavioral health programs. Our consultants are actively working in a number of states to bring evidence-based practices and care-initiative systems from concept to reality. Our capabilities and experience include:

- Strategic planning, including program design based on national trends and best practices, waiver development, and clinical-practice guidelines development and pay-for-performance initiative.
- Policy and regulatory guidance and technical assistance related to 1915(b), 1915(c), and 1115 waivers as well as state plan amendments, including Section 1915(i), *Home and Community-Based Services*, and Section 1945, *Health Home State Plan Options*.
- Procurement assistance, including development of program standards and requirements, and the technical questionnaire and evaluation criteria; design of performance guarantees and incentives; training, technical assistance, and oversight during the evaluation phase; and facilitation of site visits and finalist negotiations.
- Behavioral health program management, including performance-based contracting, readiness, and clinical operational reviews of behavioral health managed care organizations; benchmarking studies; fidelity reviews; and related corrective-action plan development and monitoring.
- Actuarial analysis, including financial analysis for waiver and state plan development (including review of other state-funded programs for potential Medicaid coverage), capitated rate setting for managed care programs, fee-for-service rate setting for fee schedules, and cost driver analyses integrated with behavioral health program management consulting.

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For more information, please contact a Mercer representative at one of the following offices:

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## CASE STUDY

### Situation

A state had a mandate to perform annual clinical and financial operational reviews of its prepaid inpatient health plans (PIHPs), serving Medicaid members under mandatory behavioral health managed care. The cost trend was rapidly increasing and could not be sustained by the system. There was limited coordination at the state level between clinical and actuarial processes, making it difficult to measure the impact of improvements in quality and cost-effectiveness. Furthermore, there was increasing entry to the behavioral health system by members normally served by the state's local education and developmental disabilities agencies.

### Challenge

The number and scope of the annual reviews and the complexity of local/managed behavioral health organization partnerships required a comprehensive, efficient, and fair approach. Most of the partnerships were newly formed to provide managed care services. The state was also in the midst of formalizing standards for the managed care initiative.

### Action

Mercer worked closely with the state to develop a combined clinical, quality, and financial performance review process that would address the scope and complexity of the PIHPs. The four phases of the reviews included:

1. Desk reviews of clinical, quality, and financial policies and procedures, and analysis of claims/utilization data to identify cost drivers.
2. Onsite reviews of more than a dozen PIHPs, including interviews of key clinical and financial operations personnel and clinical chart audits to assess compliance with policies and procedures.
3. A coordinated analysis phase involving a joint analysis by the actuarial and clinical teams on process and findings to identify deficiencies that could affect cost or quality.
4. The publication of best practices and recommendations for corrective actions.

### Result

The management of medical necessity improved an average of 10% in the majority of behavioral health PIHPs over a year, resulting in improved financial results. The reviews also identified best clinical and financial practices by PIHPs. What's more, problem performers were identified and additional actions taken, including sanctions for contractual noncompliance and an expanded clinical study to quantify the cost of medical management gaps.