JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

STATE CAPITOL
P.O. BOX 44294, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

MEMORANDUM

To: Representative Cameron Henry, Chairman
Senator Eric, LaFleur, Vice Chairman
Members of the Joint Legislative Committee on the Budget (JLCB)

From: John D. Carpenter, Legislative Fiscal Office
Patrick Goldsmith, House Fiscal Division
Sherry Phillips-Hymel, Senate Fiscal Services

Date: August 10, 2018

Subject: Review and Approval of Evidence-Based Budgeting Guidelines

The Louisiana Legislature passed Act 387 during the 2017 Regular Session establishing a pilot evidence-based budget process for adult mental health programs administered by the Louisiana Department of Health (LDH).

Act 387 states that legislative staff, and other agency staff as necessary, shall develop guidelines to establish the pilot evidence-based budget proposal process for adult mental health programs administered by the Louisiana Department of Health. **Act 387 also requires the guidelines to be submitted to the Joint Legislative Committee on the Budget for review and approval before the pilot can begin.** The guidelines should outline the process for conducting the pilot and the staffing resources necessary to implement the pilot.

Legislative staff from the House, Senate, and Legislative Fiscal office worked in consultation with LDH staff and Pew-MacArthur Results First Initiative staff to develop the guidelines. The Results First Initiative is a project of The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation that works with states to implement an innovative evidence-based policymaking approach that helps them invest in policies and programs that are shown to work.

Based on numerous meetings over the past year the working group prepared the attached guidelines to spell out the preliminary steps for creating and implementing a pilot evidence-based budget process. If approved by JLCB, LDH will use the guidelines to proceed with completion of the pilot program.

EVIDENCE-BASED BUDGETING GUIDELINES

Overview

The Louisiana Legislature passed Act 387 during the 2017 Regular Session establishing a pilot evidence-based budget process for adult mental health programs administered by the Louisiana Department of Health (LDH). Act 387 defines "Evidence-based Program" as a program or practice that has had multiple site random controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population. The attached guidelines outline the process for conducting the pilot and the staffing resources necessary to implement the pilot. The guidelines must be approved by the Joint Legislative Committee on the Budget (JLCB) before the pilot can begin.

If approved by JLCB, Legislative staff will work with Pew and LDH staff to implement the pilot. The staff will begin by setting a meeting schedule with agency staff to monitor agency progress on implementing the guidelines.

The guidelines are comprised of six steps:

1. Develop an inventory of funded services and programs.
2. Categorize services and programs by the level of evidence as to their effectiveness, based on nationally recognized standards.
3. Identify a specific population and service or set of services within the inventory to one program/service for which the department already has outcome data for the pilot.
4. Identify the potential return on investment of the program(s) and/or service(s) in the pilot program.
5. Present information gathered in the pilot to JLCB.
6. Determine staffing costs needed to implement a pilot program for an evidence-based budgeting process for adult mental health services.

Guidelines

1. Develop an inventory of funded programs. Step one is to conduct an agency-wide compilation of all state and Medicaid funded services and treatments currently available to adults with mental illness. Act 387 defines "Program Inventory" as a complete list of all proposed agency programs and activities that meet any definition set out in this Section. This will be an index of potential programs to review.

- Identify all currently funded adult mental health programs.
- Gather descriptive program data.

LDH has completed the inventory of current mental health programs that provide services and treatments to adults with mental illness (see Attachment A).

2. Categorize programs by their evidence of effectiveness. Step two requires agencies to categorize the programs they operate according to the rigor of their evidence of effectiveness. Again, Act 387 defined an

"evidence-based program" as "a program or practice that has had multiple site random controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population."[1] Categorizing the programs will include the following steps:

- Define evidence-based, research-based, promising practices, and no evidence of effectiveness by identifying relevant factors leading the positive outcomes in adult mental health programs.
- Categorize all agency programs as one of the following: (1) evidence-based, (2) research-based, (3) promising practices, and (4) other programs and activities with no evidence of effectiveness.[2]
- Staff may consult the Washington State Institute for Public Policy's Washington Evidence-Based Practice Institute, the Results First Clearinghouse Database[3], or any other comparable catalogue of evidence-based programs.

LDH has nearly completed this process in the development of the inventory of programs. The Pew staff would like to work with the department in the final categorizing of the programs.

3. Identify the population and service array for the pilot. Step three requires agency staff, in consultation with volunteer third party consultants, to identify a target population and service array for the purpose of implementing the pilot.

a. Identify the targeted population and service array for the adult mental health pilot by narrowing the scope to one program/service for which the department already has outcome data.
b. Determine annual estimated budgets for the service included in the pilot and means of finance.
c. Gather and populate the model with Louisiana-specific information gathered from the department and national sources.
d. Discuss other national data sources used in the model regarding health care costs, prevalence and the labor market.

4. In consultation with LDH staff, the Pew-MacArthur Results First Initiative staff shall develop a methodology for conducting a return on investment analysis for the program in the pilot program. Step four requires agency staff to calculate the dollar value of the outcomes that the selected program achieves and weigh them against the costs. This will require the following steps:

- Results First Initiative staff shall develop a methodology for calculating a return on investment analysis in consultation with LDH staff

[1] R.S. 39:2(13.1)
[2] R.S. 39:2(40.1) defines a "research-based program" as a program or practice that has some research demonstrating effectiveness, but that does not yet meet the standard of evidence-based practices; R.S. 39:2(37.3) defines "promising practices" as a practice that presents, based upon preliminary information, potential for becoming a research-based or evidence-based program or practice.
[3] The Results First Clearinghouse Database is an online resource that brings together information on 2,867 programs from nine national clearinghouses that conduct systematic research reviews to evaluate effectiveness. http://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2015/results-first-clearinghouse-database

- Return on investment shall include definitions of costs and other inputs, as well as benefits of programmatic outcomes and outputs.
- Conduct the Cost Benefit Analyses
- Compare with Results First Clearinghouse Database in order to assess Louisiana's outcomes in comparison to those nationally recognized practices.

5. Submit information to the Joint Legislative Committee on the Budget on the pilot program. Step five requires agency staff to submit the program inventory/categorizations and report the results on the effectiveness and the return on investment studies on the program/service considered in the pilot program.

6. Determination of Staffing and Required Expenditures for the Pilot Program

At present, a definitive cost determination is indeterminable and dependent upon the size and scope of the Results First initiative pilot as determined by the Joint Legislative Committee on the Budget. However, some assumptions regarding cost can be made utilizing information gathered when creating the guidelines for the pilot program.

Overall costs of the pilot program are dependent upon its scope, the capacity of the staff to undertake the pilot, and the scale of services within adult mental health rehabilitation. The chosen scope of the program will ultimately drive potential overall costs regarding staff training, staff augmentation, and/or additional contracts with third-party consultants. To the extent that the pilot program consists of the entirety of adult mental health rehabilitation, significant training for existing staff at LDH may be required, as well additional contracts for outside consultants. The need for both is dependent upon the sections of this document that are part of the pilot, as well as the scale of adult mental health rehabilitation programs being examined in the pilot.

LDH staff have completed Sections 1 and 2 of this document (Inventory of Funded Programs, Categorization of Effectiveness), although the provided inventory and categorization have not been verified by a third-party. To the extent third-party verification of Sections 1 and 2 is required, a contract with an outside consultant may be required. Section 3 can likely be completed at a nominal cost that may be absorbed utilizing existing resources, as it is primarily conducted within LDH with volunteer outside consultants assumed to be staff from Pew. To the extent Sections 1-3 of this document (Inventory of Funded Programs, Categorization of Effectiveness, Identify Population and Service Array for the Pilot) entail the entire scope of the pilot program, LDH staff have already conducted a majority of this work utilizing existing personnel and resources, and would work with Pew staff to complete the categorization of existing programs. The most significant cost potential associated with Sections 1-3 is third-party verification of the inventory and categorization provided by LDH to the extent it is required.

Section 4 of the guidelines presents the most significant cost potential for the pilot program to the extent it is included as a component. Requirements of Section 4 relating to the definition of costs and benefits of programmatic outcomes, completion of the cost benefit analyses, and a comparison with the Results First Clearinghouse Database to assess Louisiana outcomes relative to nationally-recognized practices will present new costs. LDH personnel may be able to complete these tasks for the pilot program, however they may require staff augmentation and will require outside training to do so as they lack the necessary expertise to undertake Section 4. In lieu of training existing personnel, LDH may contract with a third-party entity with the expertise to conduct the cost benefit analysis.

Total costs of potential training or contracts associated with Section 4 are ultimately indeterminable and dependent upon which of these options are exercised. Assuming Pew will provide the necessary assistance in conducting the pilot program, costs associated with Section 4 may be eliminated or significantly reduced. In addition, to the extent the pilot program contemplates a cost/benefit methodology that does not strictly adhere to the Result First model, it may reduce the potential need for additional resources cited above.

To the extent the evidence-based process is scaled up to a larger scale (program-wide, agency-wide, department-wide, etc.), the cost factors identified in the previous paragraphs (staff augmentation, training, potential contracts) will require significant additional resources to implement the program on a larger scale. Additionally, potential savings from the evidence-based process are currently indeterminable and dependent upon findings of the evidence-based process in Louisiana.

The Legislative Fiscal Office has also conducted a survey of four states (Connecticut, Minnesota, Mississippi, and Oregon) that have implemented the Results First initiative. In order to provide further context of the complexities of making a precise determination of potential costs, the attached matrix details the scope of their programs, inventories, ability to produce a cost-benefit analysis, application, required resources, and issues with implementation in those states.

Louisiana Adult Mental Health Rehabilitation Inventory

This inventory presents information about rehabilitation services and treatments available to adults with mental illness. The level of evidence demonstrates the extent to which rigorous research has been completed. The Washington Institute of Public Policy (WSIPP) or the National Registry of Evidence-Based Programs or Practices (NREPP) are the two sources identified in reference to evidence supporting the listed service or treatment.

Mental Health Program	Description
Adult Mental Health Rehabilitation Services	The Medicaid program provides coverage under the Medicaid State Plan for mental health rehabilitation services rendered to adults with behavioral health disorders. The mental health services rendered to adults shall be necessary to reduce the disability resulting from mental illness and to restore the individual to their best possible functioning level in the community.

Adult Mental Health Program	Service/Practice	Description	Frequency of service	Impact on outcomes	Source of evidence	Additional resources	MOF	Other Comments
Adult Mental Health Rehabilitation Services	Community Psychiatric Support and Treatment	A comprehensive service which focuses on reducing the disability resulting from mental illness, restoring functional skills of daily living, building natural supports and solution-oriented interventions intended to achieve identified goals or objectives as set forth in the individualized treatment plan. CPST is a face-to-face intervention; however, it may include family or other collaterals. Most contacts occur in community locations where the person lives, works, attends school, and/or socializes.	Generally 2-3 visits per week	Category of services	There is general research and evidence to support psychiatric rehabilitation efficacy, but some of the specific evidence based CPST services that are available in Louisiana are broken out below.		Medicaid Covered Service	
Adult Mental Health Rehabilitation Services	CPST/Assertive Community Treatment (ACT)	An evidence-based, multi-disciplinary service model which is available to recipients at all times. The frequency and intensity of supports are tailored to meet the recipients needs. Services include: case management, support and skills training (self-care, financial management, use of transportation, etc.), illness education and medication management, psycho-education to family members, and housing assistance.	Dependent on need, multiple sessions per week	Proven effective	NREPP - ACT	http://www.lamedicaid.com/provweb1/Providermanuals/manuals/BHS/BHS.pdf	Medicaid Covered Service; All SGF for the uninsured	
Adult Mental Health Rehabilitation Services	CPST/Forensic Assertive Community Treatment (FACT)	A specialized ACT Team that services individuals transitioning and re-entering the community from correctional facilities. Services include: coordination with supervision officers, case management, support and skills training (self-care, financial management, use of transportation, etc.), illness education and medication management, family psychoeducation and housing assistance.	Dependent on need, multiple sessions per week	Promising	WSIPP - FACT		Majority SGF	
Adult Mental Health Rehabilitation Services	Psychosocial Rehabilitation (PSR)	The intent of PSR is to restore the fullest possible integration of the individual as an active and productive member of his or her family, community and/or culture with the least amount of ongoing professional intervention. PSR is a face-to-face intervention with the individual present. Services may be provided individually or in a group setting. Most contacts occur in community locations where the person lives, works, attends school and/or socializes. Psychosocial Rehabilitation provided as part of a comprehensive specialized psychiatric program available to all Medicaid eligible adults with significant functional impairments resulting from an identified mental health disorder diagnosis. The medical necessity for these rehabilitative services must be determined by and services recommended by a licensed mental health professional (LMHP) or physician, or under the direction of a licensed practitioner, to promote the maximum reduction of symptoms and restoration to his/her best age-appropriate functional level.	Generally 2-3 visits per week	Category of services	There is general research and evidence to support psychiatric rehabilitation efficacy, but PSR provision for adults must also be based on one of three curriculum options for adults - Boston Psychiatric Rehabilitation Model; Clubhouse Model or Social Skills Training Model		Medicaid Covered Service; All SGF for the uninsured	
Adult Mental Health Rehabilitation Services	CPST or PSR/Permanent Supportive Housing	Long-term housing supports with community outreach and transportation assistance, education, skills development, crisis assistance, resource development and coordination, case management, and medical and psychiatric coordination. Behavioral Health components of this EBP are provided through CPST and PSR.	Housing is continuous. Services are dependent on need, but often weekly	Proven effective	WSIPP - Supported Housing for Chronically Homeless Adults		The CPST and PSR components are Medicaid Covered Services	Louisiana's system is the nation's first large scale PSH initiative using integrated, scattered-site housing linked with evidenced-based mobile community supports for a cross-disability population. Program uses a housing first model.
Adult Mental Health Rehabilitation Services	Crisis Intervention/Crisis Response services	Services that are provided to a person who is experiencing a psychiatric crisis, designed to interrupt and/or ameliorate a crisis experience including a preliminary assessment, immediate crisis resolution and de-escalation, and referral and linkage to appropriate community services to avoid more restrictive levels of treatment. The goal of crisis intervention is symptom reduction, stabilization, and restoration to a previous level of functioning. All activities must occur within the context of a potential or actual psychiatric crisis. Crisis Intervention is a face-to-face intervention and can occur in a variety of locations where the person lives, works, attends school, and/or socializes.	Dependent on need	Category of services	There is general research and evidence to support the efficacy of crisis services, but some of the specific evidence based crisis services available in Louisiana are broken out below.		Medicaid Covered Service; LGEs also fund crisis continuum services through SGF and Grant resources	

Impact on Outcomes - Definitions

Proven effective	A proven effective service or practice offers a high level of research on effectiveness, determined through multiple qualifying evaluations outside of Minnesota or one or more qualifying local evaluation. Qualifying evaluations use rigorously implemented experimental or quasi-experimental designs.
Promising	A promising service or practice has some research demonstrating effectiveness, such as a single qualifying evaluation that is not contradicted by other such studies, but does not meet the full criteria for the proven effective designation. Qualifying evaluations use rigorously implemented experimental or quasi-experimental designs.
Theory-based	A theory-based service or practice has no research on effectiveness or less rigorous research designs that do not meet the above standards. These services and practices typically have a well-constructed logic model or theory of change. This ranking is neutral. Services may move up to promising or proven effective after research reveals their impact on outcomes.
No effect	A service or practice with no effects has no impact on the desired outcome. It does not include the service's potential effect on other outcomes. Qualifying evaluations use rigorously implemented experimental or quasi-experimental designs.
Category of services	These are broad categories of services that can include a number of different provider types and service models, with additional variations based on what a client may receive, dependent on need. As services can vary from client to client, we cannot assess their effectiveness overall.

Pew-MacArthur Louisiana Results First Visit

August or September 2018 (TBD)

Kevin: xxx Arrival on xxx
6pm Departure on xxx

Ronojoy: xx Arrival on xxx
xxx Departure on xxx

Brian: xxx Arrival on xxx
xxx Departure on xxx

Location: TBD—Baton Rouge, LA

Goals: Review RF Approach, Status of the Partnership, and develop a single program using the RF program Inventory and Benefit Cost tools. The morning session will focus on developing the single program, with a presentation of the results in the afternoon. This would lead to a discussion/decision on how to continue with the Results First effort.

**Kevin and identified staff person in Legislature will have a pre-call/webinar with Amanda Joyner in preparation for this on-site meeting.

Xxx, xxx

8am- 9am: Discussion of work to date in Louisiana/Goals for Results First (Ronojoy/Brian)

- Review Legislation and timeline
- Approach to assess workload/scope/feasibility
- Key questions and policy goals for Louisiana
- Using results First Result

--LA Participants: Amanda and legislative staff member

9-10am: Review Results First Approach and Overview of Mental Health (Kevin)

- Program inventory Overview
- Benefit Cost Model Overview
- Report example from Alabama and/or Minnesota for Adult Mental Health

--LA Participants: Amanda and legislative staff member

10-12: Develop Program Inventory for 1 program (Kevin)

- Review Program Inventory fields/Fill in background information about program
- Fill in budget and usage information, as well as Per participant Cost

- Enter Data into Cost Benefit Model

--LA Participants: Amanda and legislative staff member

Lunch 12-1

1-2: Brainstorm report out structure and recommendations for next steps (Kevin/Ronojoy)

- Create a one pager summarizing program results
- Discuss Scope of work
- Discuss workload
- Discuss usage/application ideas

--LA Participants: Amanda and legislative staff member

2-4: Convene larger group to discuss Implications/Next Steps (Sen Hewett)

- Amanda and Leg staffer report out on process and results from morning meetings
- Group discusses workload implications, based on report back from morning

--LA Participants: Workgroup working on implementing Senate Bill, as well as effected agency(Health and Human Services)

DARYL G. PURPERA, CPA, CFE

Report Highlights

Access to Comprehensive and Appropriate Specialized Behavioral Health Services in Louisiana

Louisiana Department of Health

Audit Control # 40160027
Performance Audit Services • February 2018

Why We Conducted This Audit

We evaluated the access Medicaid recipients have to comprehensive and appropriate specialized behavioral health (SBH) services in Louisiana. SBH services, which include services such as psychosocial rehabilitation, assertive community treatment, therapy, and crisis intervention, are designed to treat mental health and substance use issues. Mental Health America's 2015 report listed Louisiana as one of five states in the nation with the highest prevalence of mental illness and lowest rates of access to care, as Louisiana ranks 47th among states in people having access to behavioral health services.

What We Found

We found that Louisiana does not always provide Medicaid recipients with comprehensive and appropriate specialized behavioral health services. The issues and challenges we identified, along with recommendations to assist LDH to address them, are:

- **Although the expenditures for SBH services increased from approximately $213 million in 2012 to $445 million in 2016, approximately $266 million (60%) of 2016 expenditures were for psychosocial rehabilitation and community psychiatric support and treatment, which are not evidence-based services and are difficult for LDH to monitor.** In contrast, the number of individuals receiving two of the four Medicaid evidence-based services decreased after SBH services were moved into managed care. Providing evidence-based services is important because these services have been shown to produce positive outcomes and reduce costs.

- **Case management services help ensure that individuals receive appropriate and coordinated care. Although LDH requires that managed care organizations (MCOs) offer case management for SBH services, MCOs reported that only 7.4% of individuals served by case management had a behavioral health diagnosis.** Given that only a small number of individuals received these services and MCOs are required to identify and offer these services, LDH should develop a method to monitor these services beyond self-reported information by the MCOs.

- **MCOs are required by their contracts to maximize the availability of community-based SBH services to reduce the use of emergency rooms and eliminate preventable hospital admissions. However, according to surveys of both hospitals and coroners, there are not enough accessible community-based services in Louisiana. Also, data shows that Medicaid recipients continue to access emergency rooms for SBH services.** According to survey responses from 36 hospitals, 85% of respondents stated there are not adequate community-based services, and 76% of respondents do not believe that appropriate follow-up treatment and care services are available once they release patients. Coroners also cited the lack of community resources as a reason that commitments have increased.

Continued on next page

Access to Comprehensive and Appropriate Specialized Behavioral Health Services in Louisiana

Louisiana Department of Health

What We Found (Cont.)

- **Although Louisiana has two state psychiatric hospitals, they only serve adults. There are no state psychiatric hospitals for the adolescent or youth populations. In addition, the closure of state psychiatric hospitals and decrease in the number of funded long-term beds has resulted in longer waiting lists for individuals who need more restrictive care.** The waiting list at Central Louisiana State Hospital increased from 62 in June 2016 to 79 in February 2017, while total beds available decreased from 354 in 2012 to 225 in 2016.

- **Individuals with behavioral health needs are served in inappropriate settings, such as prisons and nursing facilities, that do not always provide needed services. For example, of the 4,084 individuals with a primary behavioral health diagnosis in nursing facilities, 49% did not receive any SBH services.** According to Louisiana's Department of Corrections, 25% of inmates have a mental illness. In addition, the United States Department of Justice filed a lawsuit against Louisiana in December 2016 for unnecessarily relying on nursing facilities to serve people with serious mental illness rather than providing services in the most integrated setting appropriate to their needs.

- **Budget cuts have affected the state's ability to provide comprehensive and appropriate SBH services to Medicaid recipients. These challenges have resulted in gaps in services and a lack of data integration among providers, which contributes to fragmented care.** Decreased funding and budget cuts have decreased the state's ability to pay for needed SBH services and have led to delays in providing services to address gaps in SBH services.