

**The New York State Office of Mental Health and the New York State Office of Addiction Services and Supports, in consultation with the New York State Department of Health**

**Behavioral Health Expenditure Target (BHET)**

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**Introduction to Behavioral Health Expenditure Target (BHET)**

New York State, along with the Medicaid Redesign Team Behavioral Health Work Group redesigned the behavioral health system in order to modify resource allocation. Part of the objective of this redesign was to provide more effective care coordination by bringing additional behavioral health benefits into the managed care program for adults. This implementation began in New York City October 1, 2015, and for remaining counties outside of New York City on July 1, 2016.

The State anticipated that having Managed Care Organizations (MCOs) manage all behavioral health specialty services would produce some changes to patterns of service utilization and may reduce overall utilization of some behavioral health services. As a result, the State is required to reinvest any savings in behavioral health services to address unmet needs of the behavioral health population.

**Line of Business**

In furtherance of this objective, Medicaid Mainstream Managed Care (MMC) plans, Health and Recovery Plans (HARPs) and New York Human Immunodeficiency Virus Special Needs Plans (HIV SNPs) have a Behavioral Health Expenditure Target (BHET) issued annually by the State. Plans that do not expend 96% of their behavioral health premium will have a remittance calculated subsequent to the rate year. MMC and HIV SNP remittances were first implemented in State Fiscal Year 2018-19 while HARP remittances were first implemented in State Fiscal Year 2019-20.

**BHET calculation**

The process below indicates how the components of the BHET remittance are calculated for plans in the MMC, HARP and HIV SNP programs.

Development of Behavioral Health Expenditure Targets:

The Inpatient Mental Health and Substance Abuse, Outpatient Mental Health and Substance Abuse, Behavioral Health Home and Community Based services (BH HCBS) regional rates were used as the basis for the Behavioral Health Expenditure Target calculation. Adjustments were made to these rates to isolate the portion of the premium subject to the BHET risk sharing arrangement.

The rates were then adjusted for plan specific final relative risk scores to update the targets to reflect the behavioral health rates being paid to the plans. As the HIV SNP program is not risk adjusted, no adjustment was made for plans in that program. Actual member months summarized from the eligibility data were multiplied by the calculated rates to get to the total Behavioral Health Expenditure Target.

Summarization of Actual BHET Experience:

Calendar Year (CY) Medicaid Managed Care Operating Report (MMCOR) and CY HIV Special Needs Plan Operating Report (SNPOR) Inpatient Mental Health and Substance Abuse, Outpatient Mental Health and Substance Abuse and BH HCBS Per Member Per Month Expenditures (PMPMs) were used as the basis for summarizing actual BHET experience. The PMPMs were further adjusted for applicable

adjustments including a 3-month trend factor to adjust the data forward to the applicable State Fiscal Year period.

For State Fiscal Years 2018-19, and 2019-20, base cost report data was compared to the encounter data. This approach allowed plans to adapt to BHET specific spending classification and complements the State's efforts to align MMCOR reporting with the encounter record. If the amounts in the encounter data aggregated across all eligible BHET categories exceeded amounts in the cost report data aggregated across all eligible BHET categories, plans were credited additional experience using the encounter data. Actual member months summarized from the eligibility data were multiplied by the experience PMPMs to calculate the total actual BHET experience amount. Beginning State Fiscal Year 2020-21, BHET experience is based solely on cost report data aggregated across all eligible BHET categories.

#### Calculation of the BHET Remittance:

The total BHET and the total actual BHET experience amounts calculated above were compared. If MCO experience was higher than 96% of the BHET, no remittance amounts were applicable. If MCO experience was lower than 96% of the BHET, a remittance was calculated equal to the difference between 96% of the BHET and the actual BHET experience.

#### **Definitions and Terms**

The following definitions and terms are included in the BHET calculation.

**BHET Target Expense** means the Behavioral Health (BH) expenditure amount that MCOs will be measured against for the year.

**BHET Experience** means the actual reported Behavioral Health (BH) expenditures incurred by the MCO for the year.

**BHET %** means the ratio of BHET experience to BHET Target Expenses.

**Remittance** means the amount of premium to be recovered from the MCO if MCO experience was lower than 96% of the BHET Target Expense. There is no remittance if an MCO's experience is higher than 96% of the BHET.

**Member Months** is the total number of months members were enrolled in an MCO during the year.