

Sj47 – Workgroup 1  
The Role of the Private Sector in Virginia's Behavioral  
Health System  
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Virginia Network of Private Providers

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# Who We Are

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- Virginia Network of Private Providers
  - 120 Member organizations
  - Approximately 16,000 employees
  - Approximately 35,000 People Served by member organizations
- Lutheran Family Services of Virginia
  - Approximately 1000 individuals served on a daily basis
  - Services across the state from Bristol and Wise County to Tidewater and Northern Virginia
  - Approximately 430 employees
  - FY 2019 Budget of approximately \$38 Million
  - Approximately 9% administrative overhead
  - Approximately 1% annual margin of revenue over expenses



# Private sector role in the Behavioral health System

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- Approximately 86% of community based behavioral health Medicaid expenditures go to private sector providers
- We all want the same thing – to make a difference in the lives of the people we serve and to strengthen the communities of which we are a part
- Willingness to be at table

# Systemic Issues/Themes

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- The need for partnerships and coordination
- “Free market” vs “system of care”
- Outcomes and accountability
- Regulatory processes and the impact on business models
- Workforce Issues
- Prevention and Early Intervention

# The need for Partnership and Service Coordination

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- Unfortunately, the various parts of the system often still see and treat each other as adversaries.
- The private sector wants to be at the table for regulatory, system design, and policy discussions.
- Case level service coordination and planning depends on local relationships and practices.



# Free Market vs. System of Care

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- Step Virginia is a good first step at developing a plan for needed services and capacity. Implementation is the issue.
- The private sector can develop services in response to identified needs where there is a business model that works.
- “Wack a Mole”

# Outcomes and Accountability

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- The movement toward the demonstration of outcomes and value based contracting is a good thing.
- The infrastructure needed to measure and report outcomes will stretch many providers and some may not be able to survive.
- Like healthcare in general, market forces are pushing toward consolidation.
- There are financial implications.

# Regulatory Processes and the Impact on Business Models

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- Regulations are necessary and important.
- Regulatory changes and interpretations are sometimes developed in the absence of provider input and can have unintended consequences.
- Regulations are often interpreted locally resulting in inconsistencies and inefficiencies.
- Regulations should support desired outcomes and where possible, innovation.
- Changes in regulations have cost implications.



# Workforce Issues

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- The biggest driver of quality of care is the quality and stability of direct care staff.
- Approximately 85% of the cost of service delivery is in staffing.
- Recruitment and retention of qualified staff is our biggest challenge.
- Private providers, CSBs, DBHDS, and managed care organizations all compete with each other for the same people.
- The first four bullets have financial implications.

# Prevention and Early Intervention

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- Commissioner Melton's behavioral health system transformation initiative moves in the right direction with regard to the stated focus on early intervention, wellness, and prevention.
- The challenge is in the implementation of prevention strategies under a financing structure built for the most part on Medicaid.
- The private sector wants to be part of the planning and implementation of this initiative.