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Philadelphia, Pennsylvania:

INNOVATION IN BEHAVIORAL HEALTHCARE WITHIN A COORDINATED, SINGLE-PAYER SYSTEM

OVERVIEW

With over 1.5 million residents, Philadelphia is the sixth most populous city in the country. It is also the poorest large city in the U.S., with a poverty rate of 25.7 percent.[1] As seen in other major urban centers, Philadelphia residents are burdened with high rates of substance use disorder (SUD), homelessness and mental illness. Approximately 1,000 Philadelphians live on the streets or in shelters.[2] In 2017, the city recorded more than 1,200 overdose deaths, twice the number of deaths in 2014. This number corresponds to 46.8 drug overdose deaths per 100,000 population in Philadelphia, a rate 216 percent higher than the national drug overdose death rate.[3,4] For more demographic information on Philadelphia and the other profiled cities, see Appendix Table X.

This case study focuses on a unique Medicaid managed care organization (MCO) serving those with behavioral health needs in Philadelphia. It then discusses a number of related initiatives, including cross-sector efforts to connect people to services and reduce arrests related to homelessness, SUD and mental illness, and closes with key takeaways for other city leaders and stakeholders.

Innovative City – Level Medicaid Financing

The city's Office of Behavioral Health within the Department of Behavioral Health and Intellectual disAbility Services (DBHIDS) has made significant investments in behavioral health for its Medicaid population, stemming from Pennsylvania's introduction of HealthChoices, the state's managed care program for Medicaid beneficiaries, in 1997. Under HealthChoices, behavioral health managed care organizations provide Medicaid beneficiaries with access to mental health and SUD services by paying for and contracting with behavioral healthcare providers who administer care. Philadelphia County created its own, city-run behavioral health managed care organization, Community Behavioral Health (CBH), the same year. Thus far, it is the

only county in the state and one of only a few nationally to create its own MCO.[5]

Structure

CBH was created through a Section 1915(b) waiver and is funded through HealthChoices which allows the city to meet the behavioral health needs of approximately 118,000 Medicaid-eligible recipients annually through value-based payment that incentivizes high-quality outcomes.[6] CBH is wholly owned by Philadelphia and is the only Medicaid MCO operating in the city. Overall, there are approximately 700 individual service locations in the city that offer behavioral health services delivered through a provider network of over 200 providers.[7]

CBH is responsible for covering mental health and substance use services for the more than 607,000 Medical Assistance eligible residents of Philadelphia County.[8] This includes authorizing payment for behavioral health services, contracting with Medicaid licensed service providers to deliver effective and medically necessary services and lowering healthcare costs through effective administration and operationalization of services.[9] As a city-managed 501(c)(3) non-profit organization, CBH provides and pays for healthcare for the city's most vulnerable residents, including services such as mental health and substance use outpatient and rehabilitation programs and inpatient psychiatric and addiction treatment programs.

Financing and Sustainability

CBH accounts for $1.3 billion of the $1.6 DBHIDS budget and is funded through the state's HealthChoices Behavioral Health Fund. Despite this large investment cost, the CBH has produced cost-effective results: it spends 92 cents of every dollar on purchasing treatment for city residents.

By having DBHIDS function as a single payer for behavioral and substance use treatment for Medicaid recipients in Philadelphia, the city has created a system in which it can incentivize the provider network to produce high-quality health outcomes in a cost-efficient manner.[10,11,12]

This system is unique compared to other cities in which mental health services, SUD treatment and the provision of Medicaid are often overseen by different departments. Philadelphia's centralized approach enables the city to design programs and payment mechanisms that comprehensively address homelessness, SUD and mental illness. Most importantly, the city's unique, single-payer funding mechanism allows for efficiencies that produce savings they then reinvest into the community. Over the first 20 years of its existence, CBH reinvested $300 million back into Philadelphia, including $84 million into drug and alcohol services and $80 million into homeless and housing services.[13]

Results

According to the most recent CBH annual report, CBH, working with the Philadelphia Department of Human Services, decreased the percentage of children in Psychiatric Residential Care by almost 78 percent from a peak of 2,723 in 2006 to only 609 in 2017.[14] Meanwhile, between 2010 and 2017, the number of individuals with a primary diagnosis of opioid use disorder receiving some form of medication assisted treatment (MAT) nearly doubled, including a 23.3 percent increase between 2016 and 2017 alone.[15] Philadelphia has also seen its population of individuals experiencing homelessness decline by five percent between 2016 and 2018.[16]

COLLABORATION ACROSS SYSTEMS

Philadelphia is also home to a number of initiatives responding to those experiencing homelessness, SUD and mental illness, particularly in emergency and crisis scenarios. The following are specific examples of innovative programs focused on complex populations that involve collaboration across city systems.

Police-Assisted Diversion (PAD)

Philadelphia, with assistance through a three-year grant from the Catherine T. and John D. MacArthur Foundation, launched the Police-Assisted Diversion (PAD) program in 2018.[17] Currently being piloted in three Philadelphia police districts, two in north Philadelphia and one in the east part of the city, PAD aids individuals who have been detained for low-level, non-violent drug crimes, sex work, and retail theft offenses by diverting them to supportive social services, instead of the criminal justice system. The program is also available to individuals with unmet health needs regardless of whether they have been identified as having committed an offense. PAD requires active collaboration between police, social services, and city government. Through this effort, navigators and case managers work to ensure individuals in the program can access social services, including harm reduction education and substance use treatment referrals, if needed. PAD recently launched a co-responder pilot for high-need areas, in which police officers ride along with behavioral health professionals three times a week to conduct targeted outreach and respond to quality-of-life service calls.[18] The new PAD Co-Responder pilot referred over 65 individuals to services while engaging over 800 community members since the spring of 2019.[19] Overall, the program seeks to reduce the city's prison population by 34 percent in three years and to reduce racial disparities in the justice system.

Behavioral Assessment Centers and Crisis Response Centers

Philadelphia's crisis response system includes Behavioral Assessment Centers (BAC) and Crisis Response Centers (CRC). Programs such as PAD may refer individuals in need of emergency mental health services or SUD treatment to BACs and CRCs, which are operated by DBHIDS.[20] There are six crisis response centers in the city where individuals can go for voluntary assessment and stabilization, receive medication assisted treatment for SUD, and get connected to further treatment (either at the BAC/CRC or via referral to other programs in the city).

In an effort to ensure that all individuals receive appropriate trauma-informed care, Philadelphians, particularly children, have long had access to their own specialized response centers.[21] In 2018, a new children's CRC, Philadelphia Children's Crisis Response Center (PCCRC), opened in partnership with the Children's Hospital of Philadelphia and the city of Philadelphia and is affiliated with the Belmont Behavioral Health Hospital. PCCRC replaced the CRC at Einstein Medical Center, which provided CRC services for children for many years before its closing. Individuals in need of support or services can also call the 24-hour mental health delegate line to seek a referral to a nearby CRC or have a mobile crisis team deploy to their homes or other locales for onsite intervention. CBH Member Services are available 24 hours a day, 7 days a week, 365 days a year to connect individuals to behavioral health treatment, services and supports within the publicly funded DBHIDS network.

Homelessness Response and Prevention

In cases involving individuals experiencing homelessness, programs such as PAD will connect individuals with emergency and temporary housing provided by the city of Philadelphia. Through the Office of Homeless Services, the city has adopted a "Housing First" strategy, working to prevent homelessness and divert individuals into stable homes. This strategy is designed to provide housing to those in need without requiring them to meet certain prerequisites. Under the city's Housing First strategy, individuals will not be denied assistance nor will housing be conditioned based upon prior criminal history, medical history or employment.

The city also operates numerous programs designed to prevent homelessness. For example, the city's shallow rent pilot program enables 39 low-income residents to pay a modest, fixed amount of rent towards a home in the community. This program is partially funded by the city. Other programs include the Encampment Resolution Pilot (ERP) which moves and assists individuals in a section of a neighborhood in northeast Philadelphia which is densely impacted by the opioid epidemic into housing and other social support programs.

For those at risk of becoming homeless or for those who have been displaced by a crisis including domestic violence or a fire, the Emergency Assistance and Response Unit (EARU) provides direct financial assistance to help individuals make rent or utility payments and works with landlords to ensure that residents can remain in stable housing.[22] For those who are unable to be placed in a stable home right away, the city offers emergency and temporary housing as a short-term alternative to sleeping on the streets. In addition, the Office of Homeless Services provides ongoing case management services, mental health assessments and referrals to drug and alcohol treatment services.

From 2016 to 2018, the city reduced the number of families residing in homeless shelters by 20 percent, largely by focusing resources on prevention.[23]

Project HOME

Project HOME is a nonprofit organization that partners with the city's DBHIDS, Office of Homeless Services, and other service providers to coordinate social services for homeless residents. In 2018, Project HOME placed 2,869 individuals in homes and assisted 6,890 in accessing services and other resources.[24] These services include adult learning and workforce development classes to help residents improve their lives to ensure sustained occupation of their homes. Project HOME has also developed 832 supportive and affordable housing units for Philadelphians experiencing or at risk of experiencing homelessness with more under construction.[25]

ROLE OF CITY LEADERSHIP

The City of Philadelphia maintains oversight of behavioral health services and programs through DBHIDS. City leadership routinely provides feedback on quality and access to services. This input has been critical in creating new programs. It has also facilitated system-wide responses such as the Philadelphia Resilience Project, the city's unified response to the opioid epidemic, and other systemic challenges.

Despite the city's innovative approaches, more work needs to be done. For example, the city

understands the need to further assist hard to reach populations, including those with co-occurring behavioral health and intellectual disabilities, the chronically homeless and those who have experienced a constant cycle of behavioral health challenges, homelessness and recidivism.

KEY TAKEAWAYS FOR CITY LEADERS

For city leaders considering similar approaches to SUD, homelessness and mental health issues, there are several key lessons that can be learned from Philadelphia's integrated programs and single-payer system:

Expand evidence-based care and crisis prevention services. Crisis response initiatives do not exist in a vacuum. In order to be successful, they must be paired with accessible treatment facilities and preventive services. Philadelphia city officials identified a need for evidence-based care available at all times, in all parts of the city. They also note that more needs to be done to prevent crises in the first place, such as expanding/enhancing early childhood screening and intervention programs; providing mental health first aid training; improving suicide, violence, and drug prevention; adopting a trauma-informed approach to care; and addressing social determinants of health such as poverty and racism. In particular, addressing social determinants with managed behavioral healthcare using value-based reimbursement represents a tremendous opportunity for improving population health.

Integrate care delivery and payment systems funding. In a typical managed care system, city, county or state governments will contract with private managed care organizations and collaborate with private health care providers. As a result, it can be difficult for local governments to access relevant data in a timely manner, capture cost-savings and provide personalized case management. By integrating behavioral health delivery and payment under a centralized system, Philadelphia rigorously evaluates its programs, reinvests savings in innovative approaches and tailors its services to meet community needs.[26]

Utilize alternative payment models (APMs) to lower costs. Medicaid pay-for-performance and value-based purchasing models aim to incentivize quality over volume by adjusting provider reimbursement based on whether they achieve desired cost and quality outcomes.[27] CBH was one of the first behavioral health organizations to experiment with using Medicaid physician payment to incentivize value and has since become a model for organizations across the country.[28,29] Other cities attempting to address mental health, homelessness and substance use challenges should consider which outcomes could be optimized through APMs. For example, cities may find that incentivizing home and community-based care may improve health outcomes and be more cost-effective than residential treatment facilities.

UNLESS OTHERWISE NOTED, ALL INFORMATION IS BASED ON AN INTERVIEW WITH THE CITY OF PHILADELPHIA OFFICE OF HEALTH AND HUMAN SERVICES, DEPARTMENT OF BEHAVIORAL HEALTH AND INTELLECTUAL DISABILITY SERVICES.

ENDNOTES

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