

Care at the Crossroads:

A Financial Stress Test of the New Hampshire
Substance Use Disorder Delivery System

EXECUTIVE SUMMARY





BACKGROUND

In the Fall of 2022, Third Horizon Strategies (THS) was engaged by the NH Charitable Foundation to analyze the financial health of the substance use disorder (SUD) delivery system in New Hampshire. The Charitable Foundation commissioned this report to inform shared learning and elevate guidance that can inform private, philanthropic, and public investments to continue to grow, stabilize and sustain accessible behavioral health services for all. To view the full report, visit <https://thirdhorizonstrategies.com/a-financial-stress-test-of-the-nh-sud-delivery-system/>.

APPROACH

To conduct its analysis, THS conducted a review of publicly available information on the availability of state and federal funding, commercial and Medicaid payer information, and key informant interviews and focus groups to develop a 360 degree-view of the financial health of prevention, harm reduction, treatment, and recovery services for SUD throughout the state.

FINANCING OF SUD SERVICES

In State Fiscal Year 2023 (SFY23), the State of New Hampshire has approximately \$171m at its disposal for investment in SUD-related services. These funds are a mix of state and federal funding, as well as estimated expenditures within the Medicaid Program. Though a sizeable portion of these resources are ongoing and can be viewed as “permanent” sources, some are expected to decrease in the coming 1-2 years.

While commercial insurance provides revenue to support covered clinically focused SUD services, gaps in comprehensive commercial claims data, potential network adequacy challenges, and other attendant issues have led to fewer SUD-related claims in the commercial market than expected, given New Hampshire’s rates of SUD and large population receiving health coverage through employer-sponsored health plans and the individual marketplace exchange. NH Medicaid sees higher utilization for interventions such as Medication Assisted Treatment (MAT) than the national average. However, there is limited utilization of Alternative Payment Models (APMs) in both the commercial and public payer markets that can bundle and purchase a continuum of SUD services more efficiently and effectively. This suggests that payers have not been assertive in this respect and providers lack knowledge, business acumen, and/or opportunity to avail themselves of payment models that can provide more fiscal upside while improving quality of care.

SYSTEM RESILIENCY

Providers of services in New Hampshire express concern about their financial health and sustainability, noting burdensome procurement and reporting requirements, delays in reimbursement, and an overall lack of acumen around maximizing Alternative Payment Models (APM) and similar payment innovations. These challenges, compounded by the economic downturn and ongoing workforce issues, have led to significant concerns around the short and long-term financial sustainability of services. This concern is most acute relative to certain elements of the SUD system, where current budgets over-rely upon time-limited funding and/or short-term contracts. A survey of the provider community illustrates the impacts of contracting delays and limitations on funding. Providers report using operating reserves and other methods to navigate delays in reimbursement. Many of these strategies expose organizations to fiscal instability, and reduce incentives for providers to seek additional funding from the state. Similar challenges exist in public and commercial payment models, making it harder for providers to navigate effective leveraging of insurance reimbursement to support their overall fiscal health.

Conversations with state agency leaders also illustrated several challenges that impact provider solvency. Federal reporting, grant notification, and fund delivery timelines restrict the state's ability to move funds efficiently and quickly. Additionally, funds come through several disparate grant programs where inadequate resourcing is dedicated to covering expenses to administer, monitor, and report on contracts individually, often for the same SUD services being provided. This compounds already existing challenges with the workforce, as state agencies are facing similar gaps in staffing capacity as providers. State officials also note challenges around provider error in reporting, which delays reimbursements for expenses already incurred.

TOP FINDINGS



New Hampshire has robust strategic plans but lacks an overarching investment strategy for comprehensive SUD services.



Investments in SUD services over-rely on short-term funding methodologies for more “permanent” services and utilize “temporary” funding for investments that need to be long-term.



Resources are siloed and walled behind unnecessary administrative rules, procurement processes, state/federal regulations, and multiple decision-making structures.



The system has yet to take full advantage of opportunities to maximize public and commercial insurance payment access and innovation to stabilize and increase access to care.



Three elements of the SUD service array – the Doorways, Recovery Community Organizations, and the state’s harm reduction ecosystem – are particularly at risk.

RECOMMENDATIONS

Despite these challenges, THS concludes that structural, regulatory, and strategic fiscal policy changes can be made to enhance care delivery, stabilize providers, and allow New Hampshire to continue its long history of multi-stakeholder engagement and innovation to improve the delivery of behavioral health services for those who need them.

RECOMMENDATION 1:

Develop a cross-sector, cross-stakeholder unified financing strategy.

RECOMMENDATION 2:

Consolidate decision-making, oversight, and cross-sector collaboration.

RECOMMENDATION 3:

Address administrative barriers to accessing and utilizing resources.

RECOMMENDATION 4:

Strengthen and expand the use of APMs in Medicaid and commercial payers.

RECOMMENDATION 5:

Enhance support to provider organizations on contract management, payment reform, payer negotiation, and rate setting.

RECOMMENDATION 6:

Promote policy change that makes permanent, long-term system investment a central strategy at the state and federal levels.





THIRD HORIZON STRATEGIES



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