

# Targeted behavioral health provider rate increases

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Engrossed House Bill 2584; Section 1(4); Chapter 285; Laws of 2020

November 1, 2022

## Executive summary

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As directed in House Bill (HB) 2584, this report contains the results of the Health Care Authority's (HCA) process for verifying that targeted behavioral health provider rate increases have been passed through to providers, and whether the changes in Chapter 285, Laws of 2020 were implemented. The statute reads:

(4) By November 1st of each year, the authority shall report to the committees of the legislature with jurisdiction over behavioral health issues and fiscal matters regarding the established process for each appropriation for a targeted behavioral health provider rate increase, whether the funds were passed through in accordance with the appropriation language, and any information about increased access to behavioral health services associated with the appropriation. The reporting requirement for each appropriation for a targeted behavioral health provider rate increase shall continue for two years following the specific appropriation.

HCA directs the actuaries responsible for developing the Medicaid managed care rates for behavioral health services to make adjustments to the Medicaid managed care rates whenever the Legislature directs a targeted rate increase. Following the inclusion of a targeted rate increase in Medicaid managed care rates, the actuaries analyze the encounter data for the periods that were subject to the increase. The actuaries compare the managed care organization (MCO) paid amounts in the period following the rate increase with the period prior to the effective date of the rate increase to confirm that each MCO has appropriately adjusted their provider reimbursement rates to include the increase directed by the Legislature.

This report focuses on the following rate increases that meet the definition of a "targeted behavioral health provider rate increase" for the calendar year 2021 reporting period:

- Secure Withdrawal Management and Stabilization (SWMS) facilities program rate increase
- Community behavioral health rate increase of 2 percent effective April 1, 2021

To confirm that the rates paid by the MCO to providers were increased appropriately, HCA directed the actuaries responsible for developing the Medicaid managed care rates for behavioral health services to evaluate the encounter data reported to ProviderOne and supplemental data provided by the contracted MCO.

## Report highlights

- All five of the contracted MCOs adjusted their SWMS rates as directed in contracts.
- All five of the contracted MCOs distributed funding to behavioral health providers to meet the 2 percent rate increase requirement per the contract.
- No increase in access to behavioral health services could be directly linked to the rate increase.
  - A workforce shortage plays a likely role in the inability to increase access to behavioral health services.
  - Pandemic-related constraints on providers also must be considered when analyzing the periods under review.

## Background

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The process of tracking and reporting “targeted behavioral health provider rate increases” is required under section (3)(a) of HB 2584 which states “The authority shall establish a process for verifying that funds appropriated in the omnibus operating appropriations act for targeted behavioral health provider rate increases, including rate increases provided through managed care organizations, are used for the objectives stated in the appropriation,” this analysis also confirms MCO compliance with the requirements in the managed care contracts.

Evaluation is also required by the Centers for Medicare & Medicaid Services (CMS) in 42 CFR 438.6 Special contract provisions related to payment. The State Directed Payment (SDP) rule [42 CFR 438.6\(c\)\(2\)\(ii\)\(D\)](#) requires the state to demonstrate, in writing, that the arrangement “has an evaluation plan that measures the degree to which the arrangement advances at least one of the goals and objectives in the quality strategy in § 438.340.” While CMS rules no longer require advance written approval of SDPs that direct MCOs to pay no less than the published state plan approved fee-for-service rates, the state must still have an evaluation plan for all SDPs.

## Scope of analysis

This report provides information regarding the targeted behavioral health provider rate increase funded in the 2021-2023 operating budget (ESHB 1109) for Secure Withdrawal Management and Stabilization (SWMS) facilities.

(22) \$6,655,000 of the general fund-state appropriation for fiscal year 2020, \$10,015,000 of the general fund-state appropriation for fiscal year 2021, and \$12,965,000 of the general fund-federal appropriation are provided solely for the operation of secure withdrawal management and stabilization facilities. The authority may not use any of these amounts for services in facilities that are subject to federal funding restrictions that apply to institutions for mental diseases, unless they have received a waiver that allows for full federal participation in these facilities. Within these amounts, funding is provided to increase the fee for service rate for these facilities up to \$650 per day. The authority must require in contracts with behavioral health entities that, beginning in calendar year 2020, they pay no lower than the fee for service rate. The authority must coordinate with regional behavioral health entities to identify and implement purchasing strategies or regulatory changes that increase access to services for individuals with complex behavioral health needs at secure withdrawal management and stabilization facilities.

This report also provides information regarding the 2 percent rate increase for behavioral services contracted through MCOs, as required by proviso 56 in the 2021-2023 operating budget (ESSB 5092):

(56) \$8,197,000 of the general fund—state appropriation for fiscal year 2022, \$8,819,000 of the general fund—state appropriation for fiscal year 2023, and \$38,025,000 of the general fund—federal appropriation are provided solely to continue in the 2021-2023 fiscal biennium the two percent increase to medicaid reimbursement for community behavioral health providers contracted through managed care organizations that was provided in April 2021. The authority must

employ mechanisms such as directed payment or other options allowable under federal medicaid law to assure the funding is used by the managed care organizations for a two percent provider rate increase as intended and verify this pursuant to the process established in chapter 285, Laws of 2020 (EHB 2584). The rate increase shall be implemented to all behavioral health inpatient, residential, and outpatient providers receiving payment for services under this section contracted through the medicaid managed care organizations.

During the calendar year (CY) 2022 managed care rate development process, Milliman, HCA’s contracted actuaries, monitored the CY2021 managed care encounter claims data and supplemental data received directly from MCOs. This was done to ensure that the rate increases were passed through by MCOs to providers. Below are the findings provided by Milliman.

## Key findings

The encounter data analysis for CY2021 showed that all of the contracted Apple Health integrated managed care and integrated foster care MCOs adjusted their SWMS rates as directed in contracts.

**Table 1** is the Medicaid fee schedule showing the history of fee-for-service SWMS rates and the effective dates, to compare with the actual rates paid by MCOs that are displayed in Table 2.

**Table 1: SWMS maximum allowable fee**

Washington State Health Care Authority (HCA)  
 Substance Use Disorder  
 Institutional Billing  
 Secure Withdrawal Management and Stabilization

Maximum Allowable Fee	Comments	Effective
\$ 536.64	Secure withdrawal management	7/1/2019
\$ 650.00	Secure withdrawal management	1/1/2020
\$ 650.00	Secure withdrawal management	7/1/2022

## Table 2: SWMS MCO per diem summary

State of Washington  
Health Care Authority  
Secure Withdrawal Management and Stabilization Per Diem Summary  
SWMS Identified by HCPCS Only, submitted through June 2022

Facility/MCO	CY2021 Per Diem Paid	Days
<b>ABHS Cozza - NPI 1073648374</b>		
MCO1	\$ -	-
MCO2	\$ 650.00	502
MCO3	\$ -	-
MCO4	\$ -	-
MCO5	\$ 779.62	3,609
<b>ABHS Cozza - NPI 1356831911</b>		
MCO1	\$ 654.11	841
MCO2	\$ -	-
MCO3	\$ 650.00	264
MCO4	\$ 775.00	68
MCO5	\$ 650.32	82
<b>ABHS Chehalis - NPI 1609365238</b>		
MCO1	\$ 660.68	757
MCO2	\$ -	-
MCO3	\$ 650.00	164
MCO4	\$ -	-
MCO5	\$ 655.04	469
<b>VCCC - NPI 1972668853</b>		
MCO1	\$ 975.00	10
MCO2	\$ 650.00	83
MCO3	\$ -	-
MCO4	\$ 837.47	200
MCO5	\$ 908.81	47

(1) SWMS identified with HCPCS Code: H0017

(2) Only MCOs with reported SWMS stays in 2021 are shown

(3) Where reported days were reasonable, they were used. In instances where reported days were 0 or unreasonable, we calculated days using service dates reported on the encounter.

(4) Three encounters with units that appear to be reported incorrectly have been removed from this summary

HCPCS - Healthcare Common Procedure Coding System

ABHS - American Behavioral Health Systems

NPI - National Provider Identifier

VCCC - Valley Cities Counseling and Consultation

The encounter data analysis for CY2021 showed that all contracted MCOs adjusted their SWMS rates as directed in contracts and are paying providers at least the fee-for-service Medicaid amount.

### Two percent rate increase observations

The actuaries also observed that three of the five MCOs distributed the 2 percent rate increase funding to providers as required by the contract. The data for two MCOs indicated that provider rate increase payments were at below 2 percent. HCA followed up with those two MCOs to get clarification and resolution to this issue to ensure the directive was met. One MCO confirmed in writing that additional payments were issued to providers after the data had been submitted to Milliman for analysis, as a result of reprocessing of claims. The other remaining MCO confirmed that the amount originally reported to Milliman for analysis was missing some information which resulted in underreported data. After taking into consideration this additional information provided from both MCOs, it was determined that all five MCOs met the contract requirement regarding the 2 percent behavioral rate increase.

It is also observed that the rate increase could not be directly linked to an increase in access to behavioral health services. As reported by many behavioral health providers in the recent years, one of the biggest obstacles to increasing access to care is the workforce shortage that remains high even though the demand for behavioral health services is increasing. It is possible that with the continuous investment by the Legislature into these vital services through this and other financial initiatives, the workforce challenges can be elivated with time. In addition, restrictions on providers during the pandemic has impacted the ability of providers to increase levels of service provision. Continued monitoring of these efforts will allow HCA to suggest necessary changes to ensure increases in levels of service.

## Conclusion and next steps

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HCA validated that this type of analysis is both useful and necessary based on the results of the SWMS facility rate and the 2 percent BH rate increase evaluation.

In the report due to the Legislature November 1, 2023, HCA intends to continue to provide the results of the analysis of the 2 percent rate increase distributed to providers by MCOs during the CY 2022. While there were several other program changes and expansions implemented during CY2022, there were no other changes implemented in CY2022 that meet the definition of “targeted behavioral health provider rate increase”, thus additional analysis will not be necessary.