

Targeted behavioral health provider rate increases

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

November 1, 2021

Executive summary

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.

To confirm that the rates paid by the managed care organizations (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.

HCA directs the actuaries 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 months of service that were subject to the increase. The actuaries compare the MCO paid amounts in the period following the rate increase to 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 the Secure Withdrawal Management and Stabilization (SWMS) facilities program, as it was the only program that met the definition of a "targeted behavioral health provider rate increase" for this reporting period.

Report highlights

- Four out of five of the contracted MCOs adjusted their SWMS rates as directed in contracts, with the outlying MCO correcting their provider reimbursements retroactively.
- No increase access to behavioral health services could be directly linked to the rate increase.

Background

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 2019-2021 operating budget HB 1109 for Secure Withdrawal Management and Stabilization (SWMS) facilities. The Legislature directed HCA to increase per diem reimbursement rate from \$525 to \$650, effective January 1, 2020.

(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.

During the calendar year (CY) 2022 rate development process, HCA’s contracted Milliman actuaries analyzed CY2020 encounter data. The rate increase funded in HB 1109 for SWMS facilities was the only program change that met the definition of a “targeted behavioral health provider rate increase” funded by the Legislature that was effective during that period.

Key findings

The initial encounter data analysis for CY2020 showed that four out of five of the contracted Apple Health integrated managed care and integrated foster care MCOs adjusted their SWMS rates as directed in contracts. The paid amounts on the encounters from one MCO (MCO2 in the table below) did not reflect the expected rate increase. HCA reached out to that MCO and confirmed they had not implemented the rate increase on January 1, 2020. The MCO has since committed to correcting their SWMS provider reimbursements retroactively to January 2020 and updating their encounter records.

Table 1: SWMS per diem summary

State of Washington

Health Care Authority

Secure Withdrawal Management and Stabilization Per Diem Summary

SWMS Identified by HCPCS H0017 Only

Facility/MCO	CY2020 Per Diem Paid	Days
ABHS Cozza - NPI 1073648374		
MCO1	\$ 639.65	1,052
MCO2	\$ 525.00	217
MCO3	\$ -	-
MCO4	\$ 668.18	2,030
MCO5	\$ 650.00	17
Average Rate Paid	\$ 649.67	3,316
ABHS Cozza - NPI 1356831911		
MCO1	\$ 650.00	56
MCO2	\$ -	-
MCO3	\$ -	-
MCO4	\$ -	-
MCO5	\$ 650.00	2
Average Rate Paid	\$ 650.00	58
ABHS Chehalis - NPI 1609365238		
MCO1	\$ 650.00	18
MCO2	\$ -	-
MCO3	\$ -	-
MCO4	\$ -	-
MCO5	\$ 650.00	90
Average Rate Paid	\$ 650.00	108

Data note: Acronyms used in the above table:

- HCPCS - Healthcare Common Procedure Coding System
- ABHS - American Behavioral Health Systems
- NPI – National Provider Identifier

HCA confirmed there was no increased access to behavioral health services that could be directly linked to the increased rate in the appropriation.

Prior to the rate increase, there were two facilities operating and contracted to provide SWMS services to Apple Health clients: ABHS - Cozza and ABHS - Chehalis.

There were two additional facilities that have opened since, but there was no encounter data available during the CY2020 reporting period:

- Excelsior in Spokane opened 8 beds in September of 2020.
- Valley Cities facility in Kent opened in February 2021.

Conclusion and next steps

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

In the report due to the Legislature November 1, 2022, HCA intends to provide the results of the analysis of the two percent targeted behavioral health provider rate increase effective April 1, 2021¹. While there were several other program changes and expansions implemented during CY2021, there were no other changes implemented in CY2021 that meet the definition of “targeted behavioral health provider rate increase.”

¹ This rate increase was directed in Senate Bill 5092.