Iowa Department of Public Health

2018 Senate File 2418 Report – Substance Use Disorder Provider Reimbursement

December 2018

Authorship – Division of Behavioral Health, Bureau of Substance Abuse

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Funding: IDPH receives an appropriation from the State General Fund for substance use disorder services and is the Single State Agency for the Substance Abuse Prevention and Treatment Block Grant from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration.

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Summary

Charge to the Workgroup

In Senate File 2418, the 2018 Iowa General Assembly directed the Iowa Department of Public Health (IDPH) to work with stakeholders to review reimbursement for substance use disorder services providers, as follows:

> The department of public health [IDPH], in collaboration with the department of human services [DHS], shall engage a stakeholder workgroup to review reimbursement provisions applicable to substance use disorder services providers. The issues considered by the workgroup shall include but are not limited to:
>
> A. the **adequacy of reimbursement** provisions, including for both outpatient and residential treatment,
>
> B. whether it is appropriate to **rebase reimbursement**,
>
> C. whether there is **equity in reimbursement** compared to the reimbursement methodologies used for providers of similar behavioral health services, and
>
> D. **access to substance use disorder services providers** including whether the designated number of community mental health centers is sufficient.
>
> The workgroup shall review the reports of previous workgroups including those authorized in 2014 Iowa Acts, chapter 1140, section 3, subsection 1, and shall report the workgroup's findings and recommendations to the general assembly on or before December 15, 2018.

The Workgroup met in three open public meetings on August 23, September 20, and November 29, 2018.

Workgroup Findings

Finding A. **Current substance use disorder reimbursement provisions are NOT ADEQUATE.**

Finding B. **It is necessary to ADJUST (REBASE) reimbursement for substance use disorder treatment services.**

Finding C. **There is NO EQUITY in reimbursement for substance use disorder treatment service providers compared to providers of similar behavioral health services.**

Finding D. **ACCESS IS NOT SUFFICIENT to substance use disorder services providers.**

Note: The Workgroup did not make a determination on whether the designated number of community mental health centers is sufficient. Instead, the Workgroup determined that access to substance use disorder treatment providers is severely limited by the significantly lower Medicaid reimbursement rates paid to those providers, when compared to the Medicaid enhanced rates paid to community mental health centers for the same services.

Workgroup Recommendations to the Legislature

1. ESTABLISH EQUITY in Medicaid reimbursement for similar mental health and substance use disorder services and providers.

a. Direct DHS to establish the IDPH Integrated Provider Network as a Medicaid provider type, consistent with the Community Mental Health Center provider type, and grant DHS emergency rule-making authority to do so.

b. Direct DHS to reimburse the Integrated Provider Network provider type at the Medicaid Community Mental Health Center Enhanced Fee Schedule, effective no later than July 1, 2019.

2. ADJUST and ASSURE ADEQUATE REIMBURSEMENT for substance use disorder treatment services.

a. Direct DHS and IDPH to study 1915(b)(3) service reimbursement for substance use disorder Intensive Outpatient and Residential treatment using a projected cost report agreed upon by DHS, IDPH, and the Integrated Provider Network, no later than March 1, 2019. Use the results of the study to recommend adjustments to 1915(b)(3) rates for the Integrated Provider Network service type for the 2020 State Fiscal Year.

- For this to be accomplished, Integrated Provider Network providers must provide projected cost report data to DHS by February 1, 2019.

Appropriate funding to implement the recommended reimbursement adjustments for the 2020 State Fiscal Year.

b. Direct DHS, in collaboration with IDPH and behavioral health services providers, to study Behavioral Health Service and 1915(b)(3) service reimbursement using the projected cost report agreed upon by DHS, IDPH, and the Integrated Provider Network, and use the results to recommend adjustments to the 1915(b)(3) and Behavioral Health Services Fee Schedule for the 2021 State Fiscal Year.

- For this to be accomplished, the study and recommendations must be completed by December 15, 2019.

Appropriate funding to implement the recommended reimbursement adjustments for the 2021 State Fiscal Year.

c. Direct DHS and IDPH to establish a plan for regular review of substance use disorder treatment reimbursement and provide information to the legislature for consideration of appropriating funding.

- If funding is appropriated, direct DHS to adjust Medicaid fee-for-service and 1915(b)(3) waiver reimbursement rates accordingly, and direct IDPH to review Integrated Provider Network service reimbursement rates.

3. ASSURE ACCESS to substance use disorder treatment.

a. Direct DHS to direct the Medicaid managed care organizations (MCOs) to review and revise pre-authorization requirements for medication-assisted treatment for opioid use disorders to support immediate initiation of needed treatment services, effective April 1, 2019.

In so doing, DHS should direct each MCO to:

- Request and consider input from IDPH.
- Request and consider input from medication-assisted treatment prescribers and providers.
- Consider and align with Center for Disease Control and other Federal guidelines, other States' approaches, "Medication First" models, and other nationally-accepted standards of care.
- Provide to DHS and IDPH a summary of each MCO's considerations and subsequent revisions to the pre-authorization requirements for medication-assisted treatment.

b. Direct IDPH to establish a Substance Use Disorder Provider Panel, in collaboration with DHS, to review access to substance use disorder services and to identify and resolve barriers to access.

- Provider Panel members should include, at a minimum, representatives of hospital-affiliated substance use disorder treatment programs and the Integrated Provider Network.

Supporting Information

The following information was considered by the Workgroup in determining the recommendations in this report.

Related to 2014 Report

As directed, the Workgroup reviewed the report submitted to the Legislature by IDPH in December 2014, pursuant to the directive in 2014 House File 2463. ***The 2014 report made seven recommendations to address the inadequacy and inequity of reimbursement rates paid to substance use disorder providers*** compared to reimbursement paid to similar behavioral health service providers for similar services. ***None of the recommendations were implemented*** due to the 2015 transition from the Iowa Plan for Behavioral Health Medicaid managed care plan (with Magellan) to the current Iowa Health Link Medicaid managed care plan.

The 2014 report described a "safety net health services system" in Iowa, comprised of three provider types:

- **Community Health Centers/Federally Qualified Health Centers (CHC/FQHCs)**, providing primary medical care.
- **Community Mental Health Centers (CMHCs)**, providing specialty outpatient mental health services.
- **IDPH-funded substance use disorder treatment programs**, providing specialty outpatient and residential substance use disorder treatment services.

Note: This safety net health services system generally operates differently than and separately from hospitals and hospital-affiliated services, including in provision of substance use disorder services. Reimbursement rates for substance use disorder treatment services provided by hospitals are part of the hospital or health system's larger rate negotiations.

Of the three safety net provider types, ***only substance use disorder treatment providers do not receive reimbursement from Medicaid related to their costs.***

The inadequate Medicaid managed care substance use disorder reimbursement rates in place in December 2014 became the floor rates for the Iowa Health Link MCOs, effective April 2015.

Related to Recommendations

1. ESTABLISH EQUITY in Medicaid reimbursement for similar mental health and substance use disorder services and providers.

The Workgroup determined that the substance use disorder treatment programs in the IDPH **Integrated Provider Network are similar to Community Mental Health Centers and should be established as a comparable Medicaid provider type.**

IDPH selected Integrated Provider Network contractors in 2018 through a competitive request for proposals process to conduct the activities and provide the services listed below, in local service areas and statewide:

- Educate the public
- Assess local needs
- Understand state and national policy
- Inform and collaborate with each other and stakeholders
- Reduce stigma
- Prevent substance use and gambling problems
- Intervene with at-risk persons and populations
- Provide effective substance use disorder and problem gambling treatment, including related medical and mental health services
- Support early remission and long term recovery

CMHC Core Services and Integrated Provider Network Covered Services are similar, as shown in the table below.

Similar Services / Similar Providers - Rates	
Community Mental Health Centers	**IDPH Integrated Provider Network**
Core Services	**Covered Services**
Education services	Prevention Services
	Early Intervention
Outpatient services	Outpatient Treatment
24-Hour emergency services	Response to Your Life Iowa helpline
Day Treatment, Partial Hospitalization, Psychosocial Rehabilitation Services	Intensive Outpatient Treatment, Partial Hospitalization
Admission screening for voluntary admission to state mental health institute	
Consultation services	Collaboration and Community Outreach
Other – Coordination and integration of services in the catchment area	Collaboration and Community Outreach in the service area and statewide, Care Coordination, medical and mental health services
	Residential Treatment (Adult, Juvenile)
	Women and Children Treatment
	Methadone Treatment

2. ADJUST and ASSURE ADEQUATE REIMBURSEMENT for substance use disorder treatment services.

Medicaid reimbursement rates for the same service provided by the same professional are different based on the provider type (service setting). Many services are paid at a significantly lower rate if the provider type is a substance use disorder provider. Examples from the CMHC Enhanced Fee Schedule are listed in the table below.

Similar Services / Similar Providers - Services				
Mental Health and Substance Use Disorder Services		**Medicaid Rates**		**CMHC Rate vs Substance Abuse Provider Rate**
		CMHC Provider Type	**Substance Abuse Provider Type**	
Service	**Professional**	**Enhanced Rate**	**SA Rate**	**Difference**
Evaluation (with medical)	Physician	$288.99	$128.30	**$160.69**
Evaluation (no medical)	Physician	$279.20	$128.30	**$150.90**
Evaluation (no medical)	Master's Level	$149.87	$102.64	**$46.93**
Psychotherapy (45 min)	Master's Level	$109.74	$69.82	**$39.92**
Group Psychotherapy	Master's Level	$66.74	$42.75	**$23.99**

Those substance use disorder providers that are not CMHCs and are not hospital-affiliated, state that **Medicaid reimbursement rates for substance use disorder services are below the actual costs of providing those services.**

The CMHC Enhanced Fee Schedule was based on a seven year cost study, initiated around 2005. ***Substance use disorder providers that are not CMHCs and are not hospital-affiliated, state they cannot continue to operate on the current Medicaid reimbursement rates and cannot survive a retrospective cost study.*** Further, a retrospective cost study would not be accurate because it would be based on artificially low costs, such as historical staff salaries and benefits that are below market levels. The Workgroup recommends substance use disorder reimbursement rates be adjusted as soon as possible, using a projected cost report approach.

3. ASSURE ACCESS to substance use disorder treatment.

a. … **review and revise [MCO] pre-authorization requirements for medication-assisted treatment for opioid use disorders** to support immediate initiation of needed treatment services …

Workgroup members expressed very strong concern about current Medicaid MCO pre-authorization requirements for medication-assisted treatment for opioid use disorders. The same concerns were voiced in public comments. All concerns addressed the same issue:

- A person with an opioid use disorder is evaluated in the emergency department or at a treatment program and agrees to start medication-assisted treatment, but must wait for Medicaid MCO authorization.
- The doctor or other professional contacts the person's MCO and follows that MCO's authorization processes.
- The MCO's response can take hours or days, by which time the prospective patient, likely in opioid withdrawal, is gone from the treatment setting and does not return, increasing the risk of overdose and death.
    - ***All commenters stated this delay would not be allowed for other acute life-threatening health conditions.***

Based on input from the Iowa Medical Society, the Workgroup participated in a conference call with Medicaid staff from Virginia about that state's Addiction and Recovery Treatment Services program. "ARTS" grew out of a Governor's initiative to combat the statewide opioid use epidemic, which included a higher rate of problems experienced by Medicaid beneficiaries. Actions taken by the Virginia General Assembly and other policy-makers to-date have included:

- Determination of substance use impact on Medicaid costs, such as emergency department visits and hospitalizations, and removal of children.
- Removal of managed care prior authorization for certain medication-assisted treatment.
- Requiring and monitoring MCO and provider use of the ASAM Criteria (the same criteria required in Iowa for substance use disorder clinical decision-making.)
- Increasing provider reimbursement rates to correspond with services and expectations, which has led to expanded provider capacity and accountability.
- Expansion of telehealth options.

b. **Direct IDPH to establish a Substance Use Disorder Provider Panel, in collaboration with DHS,** to review access to substance use disorder services and to identify and resolve barriers to access.

The Workgroup outlined a list of additional issues that are barriers or opportunities related to access to substance use disorder services, and suggested these issues be addressed in a structured and on-going way, such as a collaborative Provider Panel. Those issues include:

- **Complex Patients**
  Substance use disorder providers work with patients with complex needs. The expected standard of practice, and a requirement of IDPH Integrated Provider Network providers, is that providers have the capacity to meet the complex needs of their substance use disorder patients through rapid access to needed services and supports of varying intensity and integrating medical and mental health services into their operations.

- **Workforce**
  Substance use disorder providers employ a range of health professionals. All providers struggle finding qualified staff.

  For those providers that are not CMHCs or hospital-affiliated, historical and current reimbursement provisions put substance-related disorder providers at a competitive disadvantage in hiring and retaining staff. These providers consistently hire entry level professionals, train them for a year, and then lose them to CMHCs, cost-based rural hospitals, and encounter-based FQHCs.

- **MCO Practices**
  In addition to pre-authorization requirements for medication-assisted opioid treatment, Workgroup members discussed general MCO practices that are barriers to care. These include certain pre-authorization requirements, variations in pre-authorization practices among staff at the same MCO and across MCOs, and inconsistent and incorrect application of the ASAM Criteria.

  Workgroup members reiterated that complying with MCO requirements and how each MCO actually operationalizes its requirements is a very significant cost of doing business for providers.

- **1115(i) Waiver Opportunities**
  The Workgroup expressed interest in learning what opportunities might be available to Iowa through an 1115(i) waiver that can't be done under the current 1915(b)(3) waiver.

Workgroup Members

Name	Organization
Kermit Dahlen	Jackson Recovery Centers, Sioux City
Neil Fagan	UnityPoint Health, Des Moines
Chris Hoffman	Pathways Behavioral Services, Inc., Waterloo
Jay Hansen	Prairie Ridge Integrated Behavioral Healthcare, Mason City
LeAnn Moskowitz,	Iowa Department of Human Services
Marcia Oltrogge	Northeast Iowa Behavioral Healthcare, Decorah
Kathy Stone	Iowa Department of Public Health
Deanna Triplett	Iowa Department of Public Health
Lowell Yoder	University of Iowa Hospitals and Clinics, Iowa City

Related Resource

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