



# Adding Behavioral Health Services to the State Plan

## Actuarial Estimates of Fiscal Impact

Engrossed Substitute Senate Bill 6032; Section 213 (5)(vv);  
Chapter 299; Laws of 2018

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Washington State  
Health Care Authority

Christy Vaughn  
Financial Services  
P.O. Box 45502  
Olympia, WA 98504  
Phone: (360) 725-0468  
Fax: (360) 586-9551  
<http://hca.wa.gov>



# Legislative Reference

The Health Care Authority (HCA) is submitting this report in response to Engrossed Substitute Senate Bill 6032 (2018):

“(vv) \$150,000 of the general fund—state appropriation for fiscal year 2019 is provided solely for the authority to contract with actuaries to develop estimates for the cost of implementing new behavioral health service types in the Medicaid state plan. The authority must coordinate with behavioral health organizations to identify: (i) Eligible behavioral health service types that are currently provided to Medicaid enrollees without federal funding and are dependent on state, local, or other funds; and (ii) eligible behavioral health service types that are not currently available to Medicaid enrollees due to the lack of federal funding. The authority must contract with the actuaries responsible for certifying state behavioral health capitation rates to develop estimates for the cost of implementing each of these services. The estimates must identify the cost of implementing each service statewide, the estimated state and federal Medicaid cost, and any estimated offset in state non-Medicaid spending. The authority must submit a report to the office of financial management and the appropriate committees of the legislature identifying the services and costs estimates by November 1, 2018.”

## Adding Behavioral Health Services to the State Plan

HCA’s Division of Behavioral Health and Recovery (DBHR) coordinated with the Behavioral Health Organizations (BHOs) to develop a list of behavioral health services that could potentially be eligible to be added to the Medicaid State Plan Amendment (SPA).

### Behavioral Health Services Considered

The BHOs proposed that the following behavioral health service types be considered for addition to the allowable services in the Medicaid SPA:

#### Services to Be Analyzed for Addition to the Medicaid SPA

- Clubhouse Services
  - Emphasizes community, participation, work, and wellness. Offers people living with mental illness opportunities for friendship, employment, housing, education, and access to medical and psychiatric services — all in a caring and safe environment that facilitates recovery and full participation in society.
  - Not included in the current state plan. This service was previously Medicaid-eligible in Washington under B3 waiver authority. However, that waiver expired and was not renewed because the projects allowable under the B3 waiver were not being implemented statewide.



- Substance Use Disorder (SUD) Peer Services and Recovery coaches
  - Peer services provide a wide range of activities to assist an individual in exercising control over their own life and recovery process. Activities include developing self-advocacy skills, maintaining community living skills, and promoting socialization. Also, peer counselors share their life experiences, which builds alliances with the person in recovery that enhances the individual's ability to function. While mental health peer services are included in the current state plan, SUD peer services are not.
  - The Legislature, through the operating budget, directed DBHR to pursue peer support. The HCA's September 2018 budget submittal included a decision package detailing multiple strategies being developed to add this service.
- Partial Hospitalization Programs (PHPs)
  - PHPs serve people with chronic mental illness which leads to repeated hospitalization when their symptoms interfere with daily responsibilities and lead to impaired functioning in the community. Services resemble a highly-structured, short-term hospital inpatient program except that participants return home each evening; there is no 24-hour care. However, PHPs provide more intense treatment than outpatient day treatment or psychosocial rehabilitation. Coordinated, interdisciplinary services are offered for more than 20 hours per week. Participation is relatively brief (measured in days — not weeks or months) and is intended to improve the individual's functioning to prevent relapse and hospitalization. PHPs may be appropriate as a time-limited response to stabilize acute or gradually deteriorating symptoms, or to transition from inpatient care.
  - In some other states' Medicaid programs, PHPs are exclusively hospital based. However Medicare regulations appear to allow them to be offered by either hospitals or community mental health centers.

### Additional Services Identified by BHOs

- Eating Disorder Services (outpatient and residential)
  - Treatment can include family-based approaches, cognitive behavioral therapy, nutritional evaluation, and counseling to address both the eating disorder and underlying conditions such as substance use, depression, and anxiety.
  - Eating disorder diagnoses are already covered under BHO and Managed Care Organization behavioral health benefits. Therefore, this service would not be new to the state plan.
  - Although this service is already in the state plan, it is not offered statewide. Currently, BHOs must negotiate rates with the two current state-certified providers on a case-by-case basis to provide the service.
  - If HCA contracted for the service and standardized the rates for the three most common modalities (residential, intensive outpatient, and outpatient), the services could be offered statewide.



- Substance Use Disorder Outpatient Day Treatment (in lieu of residential treatment)
  - Substance Use Disorder Outpatient Day Treatment is the SUD equivalent to mental health day support for people who need more intensive services than routine outpatient treatment can provide. These services help individuals learn life, adaptive coping, and socialization skills and to retain or improve their current functioning.
- Co-Occurring Disorder (COD) Services
  - COD services became available through the Service Encounter Reporting Instructions (SERI) coding practices as of April 2018. SERI is a statewide reporting guide for behavioral health services.
- Substance Use Disorder Urinalysis
  - SUD urinalysis is available when medically necessary.
  - Drug screenings/urinalysis for Opiate Substitution Treatment clients and pregnant women are included in current BHO rates. The state plan explicitly mentions that this service should be done as screening for medical test fitness or for monitoring these populations during substance use treatment.
- Drop-In Services
  - Provides social support, organized and informal recreational activities, and education about accessing community resources. Drop-in services are less intensive and focused than day support or peer support.
  - Not included in the current state plan. However, fully-integrated managed care and the 1115 demonstration waiver have provided coverage for these services.
  - These services are already available to Medicaid clients through SUD center prescribers (the SUD center contracts with HCA).
  - HCA may need to provide technical assistance to help BHOs properly process encounters.

## Actuarial Estimates of Fiscal Impact

HCA has contracted with Mercer, the actuarial firm responsible for certifying state behavioral health capitation rates, to estimate implementation costs to add the additional services. The initial analysis will focus on Clubhouse services, SUD peer services and recovery coaches, and PHPs. As of the date of this report, the actuarial analysis is not available. HCA estimates the analysis will be completed December 31, 2018.

HCA will continue to gather information about eating disorder services, SUD outpatient day treatment, COD services, SUD urinalysis, and drop-in services. We will direct Mercer to perform detailed analysis for those services found to be feasible to add to the Medicaid SPA.

