Mobile Medication Unit Rate Development Interim Report

Washington State Health Care Authority
Report to the Legislature

Exploration of mobile medication unit rate options

Engrossed Substitute Senate Bill 5950; Section 215(82); Chapter 376; Laws of 2024

December 01, 2024

Executive Summary

The Washington State Legislature directed the Health Care Authority (HCA) to "work with the actuaries responsible for setting Medicaid managed care rates to explore options for creating a specific rate for mobile medication units (MMUs) that reflects the unique costs of these programs."

HCA has been working diligently with Milliman (our actuarial partner), and Opioid Treatment Program (OTP) providers to analyze the different aspects, especially costs, of delivering MMU services and identify potential rate options that best fit the nature of providing these services. This work remains ongoing, with anticipation of a final report in mid-2025. Attached to this summary is an interim report from Milliman with background on the analyses, ongoing conversations, and the types of reimbursement models that will be explored and modelled over the coming months.

There is a rising demand for services offered by MMUs and that is evident with the rising number of MMUs that are being established. As of last October, Washington State had 11 active DEA and board of pharmacy approved OTP MMUs, with an additional five to six MMUs in the process to being established. This interim report summarizes the work that has been done thus far to arrive at the goal of developing MMU rate(s) by June 30, 2025.

Concurrently with the above directive, ESSB 5950; Section 215(146) directs HCA "to continue work on the behavioral health comparison rates project for all major Medicaid managed care behavioral health services not addressed in phase 1 or phase 2". As part of phase 3 of the behavioral health comparison rates project, HCA found it appropriate to include the Brick-and-Mortar OTP, since not addressed in prior phases, and to have this work stream run simultaneously with the MMUs Legislative directive. The main objective of phase 3 behavioral health (BH) comparison rates is to prepare to implement a minimum fee schedule (MFS) for behavioral health services. A minimum fee schedule requires MCOs to pay no less than the published rate, but it does not remove provider and MCO flexibility in negotiating a rate above that threshold should that be warranted.

In addition to the above two work streams, HCA also engaged in an OTP Payment Reform Project with multiple stakeholders (OTP Providers, MCOs, Technical Assistance, OTP patients, etc.) and has put forth an issue paper to analyze and explore various payment methodologies to incentivize quality and promote comprehensive care.

With what has been learned from in-depth discussions through these three co-occurring projects, HCA and Milliman are strongly considering the popular approach of developing separate partially bundled rates for the two different settings, MMU and Brick-and-Mortar OTP.

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Milliman Report

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Exploration of mobile medication unit rate options as established within ESSB 5950

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EXECUTIVE SUMMARY

In March of 2024, the Washington State Legislature passed Engrossed Substitute Senate Bill (ESSB) 5950 directing the Washington State Health Care Authority (HCA) to collaborate with Milliman to explore options for creating a specific rate for mobile medication unit ("MMU") provision of opioid treatment program ("OTP") services as well as to identify associated costs. This interim report serves as a summarization of work completed to date to explore MMU rate options.

Prior to this legislation, HCA engaged with OTP providers and other interested parties in 2023 to better understand challenges related to providing medication administration and dispensing and to develop potential payment options. **One key recommendation that emerged from this 2023 interested party engagement, was to standardize the OTP payment methodology, and transition away from the historical and current bundled OTP rate approach and to move towards a partially bundled rate approach, with a clarified code set, inclusive of OTP medication administration and dispensing services. This approach would also allow for separate billing being required for other Medicaid eligible services delivered in an OTP setting, such as but not limited to ASAM assessments, presumptive and confirmatory UA testing, individual and group therapy counseling services, and services with a medical prescriber**

Section 215 (proviso 146) of ESSB 5950 separately directs HCA to develop comparison rates for all major Medicaid behavioral health services without comparison rates established in prior phases of this work. Traditional brick-and-mortar OTP services are included in the SFY 2025 comparison rate development plan. **Given the intersection of these provisos, HCA and Milliman have engaged interested parties to develop partially bundled rates for both brick-and-mortar and MMU OTP settings.**

Milliman will utilize an Independent Rate Model ("IRM") framework to develop partially bundled rate options for OTP medication administration and dispensing, which is crucial to ensuring that rate options reflect the reasonable and necessary costs of medication administration and dispensing. Interested party engagements are primarily purposed with informing key assumptions within the IRM framework from an OTP-specific perspective.

Interested party engagement to date has captured feedback on the resources required to deliver OTP services in a brick-and-mortar setting. Remaining activities for partially bundled rate development include the following:

1. Identifying the key differences in resource requirements for delivering OTP medication and administration through MMU settings as compared to brick-and-mortar settings.
2. Gathering feedback on options for partially bundled rates as well as the number of rate variations needed (e.g., whether it is necessary to have rates for different medications and dosing forms).
3. Compiling responses from the Behavioral Health Provider Staffing and Expense Survey to identify OTP staffing and expense costs as well as specific challenges of providing OTP services in a MMU setting.
4. Sharing partially bundled preliminary draft rates with the workgroup under the proposed option and consider their feedback. Milliman will then share draft rates with all interested parties prior to finalizing the rates.

The final report for this work will be delivered by June 30, 2025, and will provide comprehensive details on MMU rate options developed as well as their methodologies.

I.BACKGROUND

WORK ESTABLISHED IN ESSB 5950, SECTION 215 (PROVISO 82)

In March of 2024, the Washington State Legislature passed Engrossed Substitute Senate Bill (ESSB) 5950 which was subsequently signed by the governor. Section 215 (proviso 82) of ESSB 5950 directed Washington State Health Care Authority (HCA) “to work with the actuaries responsible for setting Medicaid managed care rates to explore options for creating a specific rate for mobile medication units (MMUs) that reflects the unique costs of these programs.” Furthermore, ESSB 5950 required a report which summarizes the analysis and identifies the options and related costs.

This interim report serves as a summarization of MMU rate option exploration to date. The final report for this work will be delivered by June 30, 2025, and will provide comprehensive details on MMU rates developed as well as their methodologies.

CONCURRENT HCA INITIATIVES

1. Opioid Treatment Program (“OTP”) Payment Reform Project

Legislation passed in 2022 required HCA to direct Medicaid managed care organization (MCO) consideration of value-based payment arrangements for OTP services. HCA engaged with focus groups to better understand the current reimbursement structure for OTPs. Three payment options were developed to account for the legislation, including a weekly bundled rate approach that compensates OTPs for the costs of medication administration and dispensing (this rate would vary based on medication used) while requiring separate billing for other Medicaid services such as assessments, testing, and counseling. This partially bundled rate approach has been recommended by HCA engagement leaders as a potential payment approach for OTPs across Washington, and HCA is working internally with leadership to make a final decision.

To align with this concurrent project, it is assumed that the partially bundled weekly rate structure will be approved and that the MMU rating structure must align with this OTP payment structure.

2. Phase III Comparison Rate Project

Section 215 (proviso 146) of ESSB 5950 directs HCA to develop comparison rates for all major Medicaid behavioral health services not addressed in prior phases of this work. OTP services are included in the SFY 2025 comparison rate development plan.

Rather than develop an OTP rating structure for MMUs only, HCA and Milliman have engaged interested parties to develop partially bundled weekly rates for both traditional brick-and-mortar and MMU OTP settings.

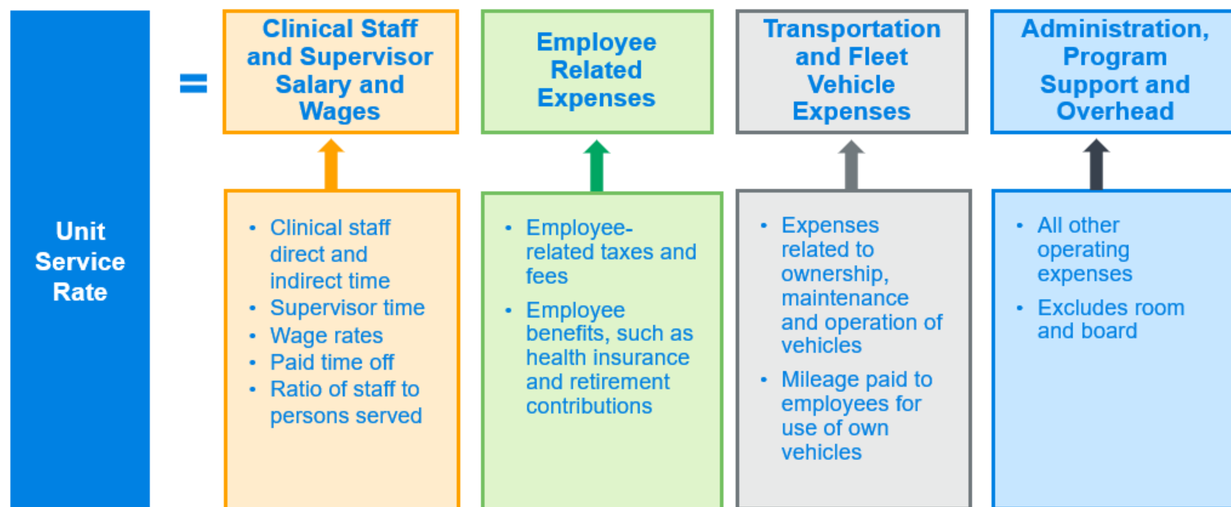
II. RATE DEVELOPMENT APPROACH AND EFFORTS TO DATE

RATE DEVELOPMENT APPROACH

The partially bundled OTP rating structure will be developed using an independent rate model (“IRM”) approach consistent with behavioral health (“BH”) comparison rates developed in Washington to date. This approach provides transparent rates that are consistent with efficiency, economy, quality of care, and access to care. Another benefit of this approach is that rates are developed independently from actual costs incurred. Rather than relying on actual costs incurred from a prior time period to determine what the rates should be, the IRM approach builds rates from the “ground up” and considers what the costs may be to provide the service based on a set of assumptions.

FIGURE provides the key high-level components included in the IRM approach which will be accounted for when developing partially bundled rate options for OTP medication administration and dispensing.

FIGURE 1: HIGH-LEVEL INDEPENDENT RATE MODEL COMPONENTS



More information on this approach can be found in the Phase Two Behavioral Health Comparison Rate Development Report[1].

RATE DEVELOPMENT EFFORTS TO DATE

HCA has engaged OTP providers to better understand the costs of providing OTP medication administration and dispensing as well as challenges providers are currently facing. The two primary interested party engagement efforts held to date are the following:

1. **OTP Provider Workgroup.** HCA has and will continue to convene OTP providers on a monthly basis during this project. Meetings to date have discussed the desired outcomes of the project as well as current provider costs and staffing models associated with OTP service delivery. Additionally, meetings have allowed opportunities to provide feedback on the future state of OTP payment rates. Appendix A provides a listing of organizations included in the OTP provider workgroup.
2. **Behavioral Health Provider Staffing and Expense Survey.** The Survey was released on November 4th, 2024 and was developed as part of the Phase III Comparison Rate Project and will gather information on provider costs associated with delivering specific Medicaid-funded BH services. Survey responses will inform both brick-and-mortar and MMU partially bundled rates.

The remainder of this section will share key findings from these interested party engagements which will inform the development of partially bundled rates.

OTP PROVIDER WORKGROUP MEETING FINDINGS

Key findings from OTP workgroup meetings to date are as follows:

- Definitions for OTP administration and dispensing are crucial to better understand what costs may be included within the partially bundled rate. *HCA has collaborated with the provider workgroup to develop the following definitions. Additional feedback and refinement of these definitions may occur through remaining workgroup meetings:*
  - Administration:
    - Consumption of the controlled substance by the patient or research subject orally or via direct application to the body (as with injections)

[1] https://www.hca.wa.gov/assets/program/BH-Comparison-Rate-Development-Phase-Two-202309.pdf

        - The application can be performed by a **practitioner** or their **authorized agent** in the presence of the practitioner.
        - The patient or research subject can also apply or ingest the substance themselves, but this must be done at the direction and in the presence of the practitioner.
        - Observation time following application, ingestion, or injections of the controlled substance.
    - **Dispensing:**
        - Delivering a controlled substance to the end user.
        - Handling the controlled substance.
        - Packaging, labeling, or compounding the substance to prepare it for delivery.
- Providers shared that certain medication dosage forms are significantly more expensive to administer compared to others. In particular, injectable dosage forms lead to significant costs that are inadequately compensated for under the current OTP payment structure
- Providers expressed interest in covering case management and care coordination expenses resulting from medication administration and dispensing within a partially bundled rate
- Take-home medications reduce OTP providers' burden of medication *administration*, but do not decrease the time needed to *dispense* medication. OTP providers also expressed that call-backs and other diversion control efforts are crucial when allowing members to take home medication.
- Many providers shared that additional support (capacity payments, technical assistance) would be beneficial during the payment methodology transition

BEHAVIORAL HEALTH PROVIDER STAFFING AND EXPENSE SURVEY ("SURVEY")

The Survey[2] has been developed as part of the Phase III Comparison Rate Project and is intended to gather information on provider costs associated with delivering specific Medicaid-funded BH services. The Survey was released on November 4, 2024, and responses are due on January 10, 2025.

Survey responses will inform both brick-and-mortar and MMU-specific bundled rates by providing the following information:

1. **Wage and Expense Information.** BH providers responding to the Survey will provide organizational wage and expense information. This information will be used to better understand the staffing and administrative costs components of the Independent Rate Model (IRM) framework.
2. **OTP-Specific Operations Information.**
    - **H0020 Billing Information.** OTP providers are requested to provide the full extent of services billed under H0020 (the current procedure code used to bill OTP medication administration and dispensing encounters), the most common provider grouping for staff providing each service, and the direct and indirect time associated with providing one unit of a specific service
    - **Brick-and-mortar site versus MMU site differences**. OTPs operating MMUs were requested to provide information explaining any differences in service provision between MMUs versus brick-and-mortar sites
    - **Additional Staffing Types**. OTPs were requested to share any staff directly involved in medication administration and dispensing that are not applicable to clinical provider types developed in prior phases of the BH comparison rate project.

[2] https://www.hca.wa.gov/billers-providers-partners/program-information-providers/resources-behavioral-health-providers#Behavioralhealthcomparisonratesproject

III. REMAINING RATE DEVELOPMENT EFFORTS

HCA will continue to engage the OTP provider workgroup throughout SFY 2025. Key topics that will be discussed further to inform partially bundled rate development include the following:

- Identification of an appropriate partially bundled payment approach
- Suitable approaches to promoting take-home medications when medically appropriate
- Differences in OTP service provision between brick-and-mortar and MMU settings

Beginning in the January provider workgroup session, Survey responses will be available to inform partially bundled rate development. It is anticipated that preliminary draft rates will be presented in March and that subsequent workgroups will be focused on ensuring the rate options are appropriate.

The final report for this work will be delivered by June 30, 2025, and will provide comprehensive details on MMU rate options developed as well as their methodology.

LIMITATIONS AND QUALIFICATIONS

The information contained in this report has been prepared for the State of Washington, Health Care Authority (HCA) and is subject to the terms of contract K4889 between Milliman and HCA.

This work is not complete. A final report is anticipated to be provided on June 30, 2025 that reflects additional interested party engagement. The contents in this report may be refined based on additional feedback, and as such, conclusions should not be taken from this report.

The information contained in this letter, including the appendices, has been prepared for HCA. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

The contents of this report are not intended to represent a legal or professional opinion or interpretation on any matters. Milliman makes no representations or warranties regarding the contents of this report to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for HCA by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The responsible actuaries for this report, Jeremy Cunningham, Annie Hallum, and Jacob Epperly, are members of the American Academy of Actuaries and meet the qualification standards for performing the analysis for this presentation.

APPENDIX A: OTP WORKGROUP PARTICIPANTS

Washington State Health Care Authority (HCA) Appendix A - OTP Workgroup Participants
Baymark Health Services
Cedar Wellness Center
Columbia River Mental Health Services
Comprehensive Healthcare
Comprehensive Treatment Centers (CTC) Programs
Department of Veterans Affairs
Didgwalic Wellness Center
Evergreen Treatment Services
Hope & Healing Clinic
Jamestown Family Health Clinic
Lummi Nation
Northwest Integrated Health
Oregon Recovery & Treatment Centers
Quinault Wellness Center
Spokane Regional Health District
Stillaguamish Tribe
Tacoma-Pierce County Health Department
The Tulalip Tribes
Therapeutic Health Services
We Care Daily Clinics