Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2013 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **13-3648/1**	Introduction Number **SB-410**

Description
Mental health benefits and reimbursement for mental health services under the Medical Assistance program

Fiscal Effect

State:

☐ No State Fiscal Effect
☒ Indeterminate

- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☒ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☒ No
- ☐ Decrease Costs

Local:

☐ No Local Government Costs
☒ Indeterminate

1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DHS 11/27/2013

LRB Number **13-3648/1**	Introduction Number **SB-410**	Estimate Type **Original**
Description Mental health benefits and reimbursement for mental health services under the Medical Assistance program		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Health Services (DHS) administers the Medical Assistance (MA) program which includes coverage for mental health services. This bill modifies MA mental health services as follows: 1) changes the rules that regulate the provision of in-home mental health therapy for children and their families; 2) modifies outpatient mental health service prior authorization forms; 3) creates a definition for mental health services provided via telehealth; and 4) changes the allowable location of physicians that provide telehealth mental health services to Wisconsin MA recipients.

The bill requires DHS to allow severely emotionally disturbed (SED) children to access in-home mental health therapy without first showing a failure to succeed in outpatient mental health therapy. Current practice does not require providers to prove that outpatient therapy failed before allowing in-home therapy. To receive in-home therapy, a child (under age 21) must be screened to prove the medical necessity of the service and obtain prior authorization. Providers are asked to describe previous mental health treatment and outcomes and, if no other treatment has been provided, why the provider believes in-home treatment services are preferable to outpatient services. The current denial rate for in-home mental health services for SED children is estimated to be between one and four percent of all prior authorizations.

In-home therapy for SED children includes reimbursement for provider travel time to and from the appointment (generally authorized for up to one hour each way), whereas outpatient mental health services do not. In-home therapy travel time costs account for an estimated 40% of in-home therapy costs. DHS is in the process of expanding outpatient mental health benefits to services provided in the home, so there are unanswered questions about the potential overlap of in-home therapy services for SED children and standard outpatient mental health services for children. In calendar year 2012, 1,280 children participated in in-home therapy for mental health or substance abuse with an average cost of $5,100 per member per year. In calendar year 2012, 22,280 children under age 21 received outpatient mental health or substance abuse therapy with an average cost of $320 per member per year. To the extent that SED children access in-home therapy and providers bill for travel, costs to the MA program will increase under this bill.

The bill requires DHS to allow qualifying families to receive in-home mental health therapy services even if one of the children is enrolled in a mental health day treatment program. The day treatment benefit provides up to five hours of in-home treatment a day. Under current practice, if authorization has already been given for day treatment and additional authorization is requested for in-home therapy, the prior authorization request must include evidence that the services are not duplicative (i.e. the goals and outcomes of the services are not substantially the same) and that all providers are regularly communicating to coordinate care and treatment. This bill's provisions, including limiting required information on prior authorization forms, would prevent the Department from considering the amount of day treatment services in approving prior authorizations for in-home therapy. As a result, recipients of day treatment could begin receiving in-home therapy even if the medical case for additional therapy is weak. In calendar year 2012, there were 1,320 children under age 21 receiving day treatment for substance abuse or mental health with an average cost of $5,180 per member per year. If families of these children are allowed to receive in-home therapy in addition to day treatment, costs to the MA program will increase under this bill. If 10% of the 1,320 members receiving day treatment request in-home therapy in addition to day treatment, costs could increase by an estimated $673,200 AF per year.

The bill limits the information DHS may require on the prior authorization form (PA) used to obtain outpatient mental health services. The current PA form is based on clinical criteria and best practices which may change over time. The current form also aligns with outpatient mental health clinic certification. The Department does not typically codify in state statue the number or type of fields for a departmental form. Some of the most significant changes to the PA form would be the removal of information about the patient's current psychoactive medication, assessment information, and information about a client's progress and rational for continued treatment. This bill will likely decrease or eliminate the number of PA denials and could also increase the overall number of outpatient mental health services provided to MA members statewide. Under this bill, the Department would lack the necessary information and authority to prevent the provision of inappropriate or unnecessary services to MA recipients receiving outpatient mental health services. In calendar year 2012, 61,820 MA recipients utilized outpatient mental health and substance abuse services with an average cost of $340 per member per year. It is likely that utilization and costs related to outpatient mental health services would increase under this bill, although DHS cannot predict the overall increase in costs to the MA program at this time.

This bill creates new statutory language to define telehealth and telecommunication technology for mental health services. The bill defines telehealth as "the use of electronic information and telecommunication technology to provide long-distance healthcare and education." Telecommunication technology is defined as telephone, videoconferencing, internet sites, streaming media, and wired and wireless communication. There is currently no definition of telehealth or delineation of how telehealth services may be provided in state administrative code or state statue. Wisconsin MA currently covers telehealth mental health services that involve a combination of interactive video, audio, and externally acquired images through a networking environment between a member and a MA-enrolled provider at a remote location. The services must be delivered in real-time or near real-time and be functionally equivalent to a face-to-face contact. Telephone conversations and internet-based communications between providers or between providers and members are not eligible for MA reimbursement. All currently MA reimbursable telehealth services meet standards set by the 1996 Health Insurance Portability and Accountability Act (HIPAA). Provider reimbursement rates for telehealth mental health services is the same as face-to-face mental health services. The bill significantly increases the scope of telehealth services eligible for MA reimbursement and would likely result in an overall increase in telehealth mental health service utilization and costs to the MA program. There are questions of HIPAA compliance with email usage or other less interactive and potentially less secure types of mental health services. This change could also jeopardize federal MA matching funds if the statutorily eligible telehealth mental health services do not align with federal guidelines for allowable MA telehealth services. This section of the bill is expected to increase costs but it is not feasible to estimate the additional costs at this time.

This bill allows Wisconsin-licensed physicians who are located out-of-state to provide telehealth mental health services to MA recipients. Under current policy, out-of-state providers are required to obtain a prior authorization before delivering telehealth mental health services to WI MA recipients unless the provider is from a bordering state. This change could significantly increase the number of eligible telehealth mental health providers. The Department is concerned that there will be insufficient oversight of out-of-state providers. Additional logistical complications could arise if an MA recipient requires an in-person mental health consultation with his or her provider in-state and the provider is located in another part of the country. This section of the bill is expected to increase utilization of and reimbursements to out-of-state telehealth mental providers, thereby increasing overall costs to MA. It is not feasible to estimate the additional costs at this time.

Long-Range Fiscal Implications