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MA Coverage of Residential Based Substance Abuse Treatment Services (Health Services -- Medical Assistance -- General)

[LFB 2015-17 Budget Summary: Page 208, #9]

CURRENT LAW

The state's medical assistance (MA) program provides coverage of various types of substance use disorder treatment, including outpatient counseling and day treatment, and also covers inpatient detoxification services.

GOVERNOR

Provide $2,566,500 ($1,026,600 GPR and $1,539,900 FED) in 2015-16 and $5,386,300 ($2,154,500 GPR and $3,231,800 FED) in 2016-17 to fund the estimated cost of extending MA program coverage to residential-based substance abuse treatment services. Include substance abuse treatment services provided by a medically monitored treatment service or a transitional residential treatment service in the statutory list of services covered under the MA program, provided that, if federal reimbursement of such coverage requires a state plan amendment or federal waiver, the U.S. Department of Health and Human Services approves the amendment or waiver.

Define a "medically monitored treatment service" as a 24-hour, community-based service providing observation, monitoring, and treatment by a multidisciplinary team under supervision of a physician, with a minimum of 12 hours of counseling provided per week for each patient. Define a "transitional residential treatment service" as a clinically supervised, peer-supported, therapeutic environment with clinical involvement providing substance abuse treatment in the form of counseling for three to 11 hours provided per week for each patient.

DISCUSSION POINTS

1. Substance abuse treatment provided on a residential basis involves direct treatment for substance use disorders, but also allows clients to be placed in a living situation with a structured daily routine that is removed from their normal social environment. The thinking behind this approach is that persons with severe substance use disorders need to break from their normal social environment and living situations, since these may contribute to, or increase the risk of relapse. That is, in addition to direct treatment from a clinician, the residential setting provides "milieu therapy" for persons who need more complete lifestyle changes to recover from addiction.

2. The bill would modify the MA program to authorize reimbursement for the direct treatment services provided within a residential facility. Two types of services, medically-monitored treatment service and transitional residential treatment service, would qualify for reimbursement for residential substance abuse services provided to MA recipients.

3. There are currently 36 facilities licensed by DHS to provide medically-monitored treatment services, including two in Minnesota. DHS estimates that the average stay is 20 days and the average charge is $175 per day, a cost that includes treatment plus room and board. There are 48 facilities licensed by DHS to provide transitional residential service, including two in Minnesota. DHS estimates that the average stay is 49 days and the average charge is $95 per day, a cost that includes treatment plus room and board.

4. Although the proposal would result in reimbursement for the direct treatment services provided in a residential substance abuse service, the room and board costs would not be reimbursed by MA, since federal law prohibits the use of federal Medicaid matching funds for this purpose. Consequently, these costs would have to be funded by counties or by participants. The Department indicates that room and board costs for residential facilities are approximately $54 per day.

5. Substance abuse practitioners rely on standardized assessment tools to help determine the appropriate type of treatment for individuals with substance abuse disorders. In 2000, the Department developed the Wisconsin Uniform Placement Criteria for Adult Substance Use Disorders (WI-UPC) for this purpose, although the American Society of Addiction Medicine's (ASAM) patient placement criteria, a national standard, is now widely used in the state. These placement criteria include a series of assessments of a person's substance use habits and history, withdrawal and relapse potential, social environment, and physical and mental health conditions. Some of the conditions or circumstances for which the WI-UPC indicates the placement in one of the two residential substance use services, are as follows: (a) the individual has physical, mental, or emotional health conditions that, while under the influence of drugs or alcohol, create a danger to self or other and the individual is at high risk of relapse; (b) the individual requires a 24-hour therapeutic milieu in order to maintain stability in regard to physical and mental health conditions; (c) the individual requires frequent cognitive reinforcement of treatment goals and objectives in order to maintain progress and recovery; (d) the individual has not demonstrated the ability to recognize that some life problems are attributable to substance use sufficiently to promote treatment progress and recovery; (e) the individual has evidenced an inability to apply the life skills necessary to maintain the recovery program without frequent interventions; (f) the individual demonstrates an inability to manage life stressors to the extent that he or she is at high risk of relapse without

ongoing interventions in a 24-hour therapeutic milieu; and (g) the individual's living environment purposely or unintentionally sabotages treatment goals and recovery.

6. The Department notes that extending MA coverage of substance abuse treatment to services provided in a residential setting would make MA coverage consistent with commercial health insurance plan coverage. Health plans offered on both the group and individual market are generally required to cover residential substance abuse treatment services if found to be medically appropriate.

7. Currently, most counties contract for residential substance abuse services for their residents who do not have commercial insurance (some do not provide this service). Since MA does not currently provide coverage of residential treatment, these counties must fund both the direct treatment costs and room and board (although participants may be charged to the extent that they are able to pay). The Department believes that many counties have reduced their use of residential substance abuse treatment in recent years due to local funding constraints, either by limiting the number of county residents who are placed in residential treatment or by limiting the length of stay.

8. The proposal to provide MA program coverage of the direct treatment services that are provided in a residential setting would shift the cost of such treatment from the counties to the state and federal government, in those counties that are currently providing the service. This may allow those counties to provide residential substance abuse treatment to more of their residents than would otherwise be the case. The proposal may also allow other counties that do not currently provide residential substance abuse treatment to do so, since the cost would be limited to room and board, rather than the full cost of such treatment.

9. While MA does not currently provide coverage of the direct treatment services provided in a residential setting, the program does provide other types of substance abuse treatment and substance use-related medical services, including inpatient detoxification, outpatient counseling, and day treatment. Day treatment is a medically-monitored, structured treatment service, consisting of regularly scheduled treatment rehabilitation services, with a minimum of 12 hours per week and at least three hours per day for four days a week. Under the WI-UPC, a person placed in day treatment exhibits some of the same behaviors or conditions as for the residential-based treatment services, but, unlike persons placed in those services, has shown an ability to maintain psychiatric and emotional stability for at least 24 hours.

10. The Department notes that the direct treatment services provided in a residential setting are typically similar to day treatment services in type and extent. Since day treatment services are covered by MA, but residential services are not, the Department believes that some MA-eligible persons whose circumstances would dictate a placement in residential treatment under the WI-UPC are instead provided day treatment. To the extent that residential-based treatment may lead to better outcomes than day treatment for these individuals, the exclusion of residential treatment from the MA program reduces the program's effectiveness.

11. The administration's estimate of the impact of extending MA coverage to treatment services provided in residential settings uses projections for both caseload and per capita cost. To

estimate caseload, the administration used the average number of county-authorized admissions to the two types of residential facilities over a five-year period. It was assumed that approximately two-thirds of that number would be MA eligible and that the decision to extend MA coverage to direct treatment would increase admissions by 5% annually. The per capita costs were derived from the average costs paid by Minnesota's Medicaid program for residential-based substance abuse services (Minnesota, like Wisconsin's other neighboring states, provides coverage of this service). Minnesota's program provides coverage for varying intensity levels, so the administration used a blended average per capita cost roughly corresponding to the two types of residential substance abuse service. Using these assumptions and assuming coverage would begin in January of 2016 (although the bill does not specify an effective date for this provision), the administration projects that MA would cover residential services for 773 persons in 2015-16 (463 in a transitional and 310 in a medically-monitored service) and 1,623 persons in 2016-17 (973 in transitional and 650 in medically-monitored). The per capita costs are estimated at $2,109 for transitional service and $4,863 for medically-monitored service. The resulting estimated increase in benefit costs is $2,566,500 ($1,026,600 GPR and $1,539,900 FED) in 2015-16 and $5,386,300 ($2,154,500 GPR and $3,231,800 FED) in 2016-17.

12. As with other budget estimates, the administration's projection of the additional costs of extending MA coverage to residential-based substance abuse services relies on various assumptions for variables that cannot be known with much precision in advance. It is possible that the proposal would result in increased admissions if the counties respond to the coverage extension by shifting funds currently being used for treatment to paying room and board for more participants. It is also possible, however, that some MA participants who are currently receiving day treatment would instead receive residential treatment, at a similar cost to the program, resulting in an offsetting decrease in day treatment costs. Although there are uncertainties in the administration's estimate, the magnitude of the funding change appears to be reasonable and is small in comparison to the overall budget for MA benefits.

13. The Committee could decide to approve the proposal to extend MA coverage to residential substance abuse treatment on the grounds that the current best practices used in the treatment of substance use disorders, as reflected in the WI-UPC or in the ASAM criteria, suggest that residential treatment represents the most effective and appropriate treatment placement for certain persons [Alternative 1].

14. Alternatively, in light of GPR budget constraints, the Committee could delay the effective date for this provision so that MA reimbursement for residential-based substance abuse treatment services would be provided for dates of service no sooner than July 1, 2016, or the date the U.S. Department of Health and approves any state plan amendment or federal waiver authorizing these services, whichever is later [Alternative 2]. This option would reduce funding in the bill by $2,566,500 (-$1,026,600 GPR and -$1,539,900 FED) in 2015-16, but fully fund the estimated annualized costs of the benefit in 2016-17.

15. Finally, it the Committee is concerned with expanding the scope of services provided under the state's MA program, or the potential transfer of treatment costs from counties to the state, it could delete the provision [Alternative 3].

ALTERNATIVES

1. Approve the Governor's recommendation to extend MA program coverage to substance abuse treatment services provided by a medically-monitored treatment service or a transitional residential treatment service and provide $2,566,500 ($1,026,600 GPR and $1,539,900 FED) in 2015-16 and $5,386,300 ($2,154,500 GPR and $3,231,800 FED) in 2016-17 to fund the estimated cost of providing the coverage.

2. Modify the bill by specifying that MA reimbursement for residential-based substance abuse treatment services would be provided for dates of service no sooner than July 1, 2016, or the date the U.S. Department of Health and approves any state plan amendment or federal waiver authorizing these services, whichever is later. Reduce funding in the bill by $2,566,500 (-$1,026,600 GPR and -$1,539,900 FED) in 2015-16.

ALT 2	Change to Bill
GPR	- $1,026,600
FED	- 1,539,900
Total	- $2,566,500

3. Delete provision.

ALT 3	Change to Bill
GPR	- $3,181,100
FED	- 4,771,700
Total	- $7,952,800

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