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MA Reimbursement -- Outpatient Mental/Substance Abuse/ Child- Adolescent Day Treatment, Autism, and Emergency Services (Health Services -- Medical Assistance)

[LFB 2021-23 Budget Summary: Page 263, #13, Page 267, #22 and #23]

CURRENT LAW

The medical assistance (MA) program pays certified health care providers for primary, preventive, acute, and long-term care services they provide to enrollees. These payments are often referred to as "provider reimbursement," although in most cases the MA program pays a pre-established fee, rather than an amount equal to the provider's usual and customary charges or the provider's cost of providing the service. Providers receive reimbursement either on a fee-for-service (FFS) basis, where the MA program makes payments directly to providers, or under a managed care model, where providers are reimbursed by managed care organizations (HMO) that are paid monthly capitation payments.

Federal law gives states flexibility in designing MA reimbursement methods, subject to four basic requirements. First, with the exception of copayment requirements, providers must accept program reimbursement as full payment for services, thereby prohibiting them from billing recipients for additional payment. Second, payment rates must be sufficient to attract enough providers to ensure that the availability of health care services to MA recipients is no less than the availability of these services for the general population. Third, with limited exceptions, MA payment is secondary to any other coverage or third-party payment source available to recipients, including Medicare. Fourth, the state's procedures relating to the utilization of, and the payment for, care and services must be adequate to safeguard against unnecessary utilization and to assure that payments are consistent with efficiency, economy, and quality of care.

DISCUSSION POINTS

Outpatient Mental Health and Substance Abuse Services

1. Assembly Bill 68 and Senate Bill 111 would provide funding to increase provider reimbursement rates for outpatient mental health and substance abuse treatment services and for child-adolescent day treatment. As proposed, rates would be increased by 40% from current levels, but this increase would be phased in, with a 20% increase taking effect on January 1, 2022, and the remaining rate increase taking effect on January 1, 2023. The following table shows the estimated funding required for each component.

Outpatient Mental Health and Substance Abuse Services

	2021-22	2022-23
GPR	$3,535,000	$10,605,000
FED	5,302,500	15,907,400
Total	$8,837,500	$26,512,400

Child-Adolescent Day Treatment Services

	2021-22	2022-23
GPR	$534,200	$1,602,700
FED	801,400	2,404,100
Total	$1,335,600	$4,006,800

2. The administration proposed increases for these services to increase access to behavioral health services under medical assistance, particularly for youth, citing a need for suicide prevention and treatment.

3. Outpatient mental health and substance abuse services encompass approximately 65 billing codes, generally related to psychological testing, diagnosis, psychotherapy, and counseling, for individuals, groups, and families. The most commonly billed codes under MA, accounting for over 50% of total spending, are the 45 minute and 60 minute individual psychotherapy sessions.

4. The reimbursement rates for outpatient mental health and substance abuse services were last changed in January of 2018. In addition to increasing payments for each billing code, the reimbursement schedule for these services was simplified, generally to reduce the number of rate tiers that correspond to different professional degrees. Because of this change to the rate structure, the percentage increase varied by code and by professional level, but on aggregate, the changes resulted in an increase in total payments of approximately 28%.

5. One benchmark sometimes used for Medicaid reimbursement rates are the rates paid for

the same services by Medicare. These comparisons are not always straightforward, since the two programs can have different coverage and reimbursement policies for the same type of services. As a pertinent example, Wisconsin's MA program uses a set of codes specific to substance abuse counseling services, but Medicare generally reimburses for substance abuse treatment using psychotherapy codes.

6. Nevertheless, some comparisons can be made for the most common psychotherapy codes. For psychologists and clinical social workers, reimbursement rates are approximately 84% of the equivalent Medicare rate. At this ratio, psychotherapy rates are higher, in comparison to Medicare, than for many other professional medical services. If the Committee decides to provide the reimbursement rate increases as proposed in AB 68/SB 111 (Alternative A1), the resulting rates would be above Medicare rates for the outpatient mental health services for which there are comparable billing codes.

7. Although psychiatrists do not commonly bill using the psychotherapy codes, the MA rate and the Medicare rate for these providers are approximately equal. Psychiatrists commonly bill for services using medical evaluation and management (office visit) codes, rather than psychotherapy. The evaluation and management codes would not be changed under the administration's proposal. However, the Department implemented a 33% increase to reimbursement rates for psychiatry office visit and inpatient services codes, effective January 1, 2020.

8. Given that mental health and substance abuse services, unlike many MA professional services, were last increased in recent years, the Committee may decide that an additional increase is not warranted at this time (Alternative A3). Alternatively, the Committee could provide a smaller increase. As noted, it is not always possible to use Medicare as a benchmark because of differences in reimbursement policies. Nevertheless, a 15% increase for the outpatient services would generally bring the MA reimbursement rates for outpatient behavioral health services that are below Medicare close to the Medicare reimbursement rate. A 15% rate increase, taking effect January 1, 2022, would increase MA expenditures by an estimated $6,628,100 ($2,651,200 GPR and $3,976,900 FED) in 2021-22 and $13,256,200 ($5,302,500 GPR and $7,953,700 FED) in 2022-23 (Alternative A2).

Child-Adolescent Day Treatment Services

9. Day treatment for mental health conditions is a nonresidential program in a medically supervised setting that provides case management, medical care, psychotherapy or other therapies, skill development, substance abuse counseling, and follow-up services to alleviate problems related to mental illness or emotional disturbances related to a diagnosed mental illness. Mental health day treatment for children is provided if the need for services is identified as the result of a HealthCheck examination (the state's federally-required early and periodic screening, diagnosis, intervention, and treatment program), and if prescribed by a physician. In addition, the child must meet or substantially meet the criteria to be designated as severely emotionally disturbed. Day treatment services are intended for persons who have a demonstrated need for structure and intensity of treatment that is not available in outpatient treatment, but who have the ability to function in a semi-controlled, medically supervised environment.

10. The current reimbursement for child-adolescent day treatment is $32.53 per hour. AB

68/SB 111 would provide funding to increase the rate by 20%, to $39.04, on January 1, 2022, and then by 40% (relative to the current rate), to $45.54 on January 1, 2023.

11. Unlike the reimbursement rate for outpatient behavioral health services, the reimbursement rate for child-adolescent day services has not been increased in recent years. The last change was a 1% increase, taking effect July 1, 2008.

12. Although day treatment is just one example of many MA non-institutional services for which a reimbursement rate increase has not been provided since 2008, the Committee may determine that an increase for this particular service is warranted to support these intensive services for youth who are severely emotionally disturbed (Alternative B1). The Committee could decide, however, to provide a smaller increase. A one-time 20% increase to the rate would increase MA expenditures by an estimated $1,335,600 ($534,200 GPR and $801,400 FED) in 2021-22 and $2,671,200 ($1,068,500 GPR and $1,602,700 FED) in 2022-23 (Alternative B2).

Autism Services

13. Autism treatment services are intended to teach children with autism spectrum disorder the skills that children would usually learn by imitating others around them, such as social interaction and language skills. These services are designed to improve a child's social, behavioral, and communicative skills in order to demonstrate measurable outcomes in these areas and overall developmental benefits in both home and community settings. The intent is for the child to make clinically significant improvements and have fewer needs in the future as a result of the service.

14. Wisconsin's MA program provides autism treatment services as part of the behavioral treatment benefit, which includes both comprehensive and focused treatment for individuals with autism spectrum disorders. Comprehensive treatment is an early intervention treatment approach designed to address multiple aspects of development and behavior. Services are generally provided for at least 20 hours per week, and typically provided for one or more years. Focused treatment is dedicated to addressing specific behaviors or developmental deficits, typically involving fewer weekly hours and shorter duration. Prior authorization is required for all behavioral treatment services. Treatment is often initiated at age three or four, although many older children receive treatment services as well.

15. The primary goal of behavioral treatment is to prepare members and their families for successful long-term participation in normative settings and activities at home, in school, and in the community. Providers that develop plans of care must indicate specific, measurable goals that build toward this outcome. Comprehensive treatment must be administered face-to-face with the child, and may be provided in the child's home or the provider's office.

16. Assembly Bill 68/Senate Bill 111 would increase reimbursement for behavioral health assessments and adaptive treatment services provided to MA recipients with autism or other diagnosis or conditions associated with similar behaviors by 25%, effective January 1, 2022. The bill would provide $7,539,400 ($3,015,800 GPR and $4,523,600 FED) in 2021-22 and $15,078,700 ($6,031,500 GPR and $9,047,200 FED) in 2022-23 to fund reimbursement increases. However, the funding in the bill does not fully account for the utilization increase the administration projected. In order to meet

the administration's intent, the estimated cost of providing a 25% rate increase for these services is $12,565,700 ($5,026,300 GPR and $7,539,400 FED) in 2021-22 and $25,131,200 ($10,052,500 GPR and $15,078,700 FED) in 2022-23.

17. The following table provides information on MA payments and units of services in 2019-20 for the five procedures that would be provided rate increases under the bill. The average payment amount in the last column reflects 15 minutes of service, the unit of service providers bill Medicaid. Consequently, the average hourly rate equals four times the amount shown.

Autism Treatment Services
State Fiscal Year 2019-20 Reimbursement

Service	Provider	Total Payments	# of Claims	Avg. Payment Per Unit of Service
Assessments				
Behavior Identification Modification	Physician or Other Qualified Health Care Professional	$1,299,753	65,218	$19.93
Supporting Assessment	Technician under the Direction of Physician or Qualified Health Care Professional	419,861	99,032	4.24
Behavioral Treatment				
Adoptive Behavioral Treatment	Technician under the Direction of Physician or Health Care Professional	32,245,332	3,321,218	9.71
Adaptive Behavioral Treatment, with Protocol Modification	Physician or Other Health Care Professional	14,269,212	825,718	17.28
Family Adaptive Behavior Treatment Guidance	Physician or Other Health Care Professional	2,012,734	93,198	21.60
Total		$50,246,891	4,404,384	

18. Wisconsin's MA program reimburses comprehensive behavioral treatment services under the federal early and periodic screening, diagnostic, and treatment (EPSDT) benefit, which requires that state MA programs provide comprehensive services to correct and ameliorate health conditions of MA eligible children. As an EPSDT benefit, MA-supported behavioral treatment services are only provided to children and youths under 21 years of age.

19. In September, 2020, the Wisconsin Legislative Council hosted the Symposia Series on Early Access to Autism Treatment, which included a review of current state MA policies and a discussion of options for enhancing access to early diagnosis of autism and promoting treatment. Participants reviewed the results of an August, 2020, survey conducted by the Wisconsin Autism Providers Association, which showed that:

- 24 of the 43 evaluation providers indicated that they had over 1,100 children who were currently waiting for evaluations, and that several providers had waits in excess of nine months.

- Over 3,000 children were enrolled in treatment, but 56% of treatment providers reported

that at least 15% of planned treatment hours were undelivered due to insufficient staff capacity.

- Fewer than half of current children receiving services had MA as a primary provider, and 23% of providers only accepted commercial insurance clients.

- Approximately 1,300 children were on waitlists for treatment services, and 43% of providers reported a waitlist of six months or longer for MA clients,

20. The providers identified that MA-eligible children had difficulty accessing services due to staff shortages at all levels, and high staff turnover rates, resulting in significant costs to providers to recruit and train new staff. Increasing MA reimbursement rates for behavioral treatment services was proposed as one way of increasing access for these services.

21. Reimbursement rates for direct treatment were last increased in 2018, when DHS increased these rates by 33%.

22. The administration's estimate of the cost of increasing behavioral treatment services by 25%, as proposed in AB 68/SB 111, assumes that utilization of these services would increase by 20%. However, it is difficult to predict the extent to which increasing MA reimbursement for these services will increase utilization of behavioral health treatment services.

23. Several rate options are presented for the Committee's consideration, including: (a) the rate increases provided AB 68/SB 111, as corrected to reflect the utilization increase assumed by the administration (Alternative C1); (b) a 15% rate increase, effective January 1, 2022 (Alternative C2); and (c) a 10% rate increase, effective January 1, 2022 (Alternative C3).

Emergency Physician Reimbursement

24. When MA members receive care in a hospital, MA provides reimbursement both to the hospital, for the cost of maintaining and operating the facility, and to the medical professionals that deliver specific services to the patient during their hospital stay. In the case of an emergency room visit, professional reimbursement primarily includes critical care and evaluation of the patient.

25. Under current rates, MA reimburses emergency room patient evaluation at rates ranging between $20 and $38, depending on the complexity of the case, and reimburses critical care at $89 per hour. In aggregate, these rates are approximately 37% of the rates paid by Medicare, although this percentage varies for specific services.

26. The most recent significant change in MA reimbursement rates for emergency room physician services was a 1% increase that took effect in July 1, 2008, as part of a general rate increase provided for many types of services in the 2007-09 biennial budget. A 6% rate increase for some other patient evaluation and management services that took effect January 1, 2020, did not include emergency room visits.

27. Under federal law, emergency rooms must provide care to stabilize any patient, without regard to ability to pay or type of insurance coverage. This is in contrast to most other healthcare providers, who typically consider MA reimbursement levels before deciding whether to enroll as an

MA provider and how many MA patients to accept.

28. AB 68/SB 111 would provide $5,218,500 ($1,983,000 GPR and $3,235,500 FED) in 2021-22 and 2022-23 in one-time funding to temporarily increase reimbursement rates for hospital emergency room physician services in calendar year 2022. In an April 23, 2021, letter to the Co-Chairs of the Committee, the administration indicated their intent to make the increase permanent instead, requesting an additional $5,218,500 ($1,983,000 GPR and $3,235,500 FED) in 2022-23. Alternative D1 reflects this revised proposal. These funding amounts reflect the cost to increase reimbursement for these services to 50% of the rates paid by Medicare, and would provide a 36% increase over current reimbursement.

29. Alternatively, the Committee could determine that current reimbursement rates are sufficient (Alternative D3) or provide a different level of reimbursement increase. Alternative D2 would provide a permanent 15% increase to current rates.

ALTERNATIVES

A. Outpatient Mental Health and Substance Abuse Services

1. Provide $8,837,500 ($3,535,000 GPR and $5,302,500 FED) in 2021-22 and $26,512,400 ($10,605,000 GPR and $15,907,400 FED) in 2022-23 for a 40% increase to reimbursement rates for outpatient mental health and substance abuse services, starting with a 20% increase on January 1, 2022, and the remaining increase starting on January 1, 2023.

ALT A1	Change to Base
GPR	$14,140,000
FED	21,209,900
Total	$35,349,900

2. Provide $6,628,100 ($2,651,200 GPR and $3,976,900 FED) in 2021-22 and $13,256,200 ($5,302,500 GPR and $7,953,700 FED) in 2022-23 for a 15% increase to the reimbursement rates for outpatient mental health and substance abuse services starting on January 1, 2022.

ALT A2	Change to Base
GPR	$7,953,700
FED	11,930,600
Total	$19,884,300

3. Take no action.

B. Child-Adolescent Day Services

1. Provide $1,335,600 ($534,200 GPR and $801,400 FED) in 2021-22 and $4,006,800 ($1,602,700 GPR and $2,404,100 FED) in 2022-23 for a 40% increase to the reimbursement rate for child-adolescent day services, starting with a 20% increase on January 1, 2022, and the remaining increase starting on January 1, 2023.

ALT B1	Change to Base
GPR	$2,136,900
FED	3,205,500
Total	$5,342,400

2. Provide $1,335,600 ($534,200 GPR and $801,400 FED) in 2021-22 and $2,671,200 ($1,068,500 GPR and $1,602,700 FED) in 2022-23 for a one-time 20% increase to the reimbursement rate for child-adolescent day services.

ALT B2	Change to Base
GPR	$1,602,700
FED	2,404,100
Total	$4,006,800

3. Take no action.

C. Autism Services

1. Provide $12,565,700 ($5,026,300 GPR and $7,539,400 FED) in 2021-22 and $25,131,200 ($10,052,500 GPR and $15,078,700 FED) in 2022-23 to increase rates for behavioral treatment services by 25%, effective January 1, 2022.

ALT C1	Change to Base
GPR	$15,078,800
FED	22,618,100
Total	$37,696,900

2. Provide $7,539,500 ($3,015,800 GPR and $4,523,700 FED) in 2021-22 and $15,078,800 ($6,031,500 GPR and $9,047,300 FED) in 2022-23 to increase rates for behavioral treatment services by 15%, effective January 1, 2022.

ALT C2	Change to Base
GPR	$9,047,300
FED	13,570,800
Total	$22,618,100

3. Provide $5,026,300 ($2,010,500 GPR and $3,015,800 FED) in 2021-22 and $10,052,500 ($4,021,000 GPR and $6,031,500 FED) in 2022-23 to increase rates for behavioral treatment services by 10%, effective January 1, 2022.

ALT C3	Change to Base
GPR	$6,031,500
FED	9,047,300
Total	$15,078,800

4. Take no action.

D. Emergency Physician Reimbursement

1. Provide $5,218,500 ($1,983,000 GPR and $3,235,500 FED) in 2021-22 and $10,437,000 ($3,966,000 GPR and $6,471,000 FED) in 2022-23 to increase reimbursement for emergency physician services on a permanent basis, effective January 1, 2022.

ALT D1	Change to Base
GPR	$5,949,000
FED	9,706,500
Total	$15,655,500

2. Provide $2,205,000 ($837,900 GPR and $1,367,100 FED) in 2021-22 and $4,410,000 ($1,675,800 GPR and $2,734,200 FED) in 2022-23 to increase reimbursement for emergency physician services on a permanent basis, effective January 1, 2022.

ALT D2	Change to Base
GPR	$2,513,700
FED	4,101,300
Total	$6,615,000

3. Take no action.

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