

**FOOD FOR
THOUGHT**

TAHP
The Texas Association of Health Plans

Medicaid Mental Health Coverage 101

May 20, 2024



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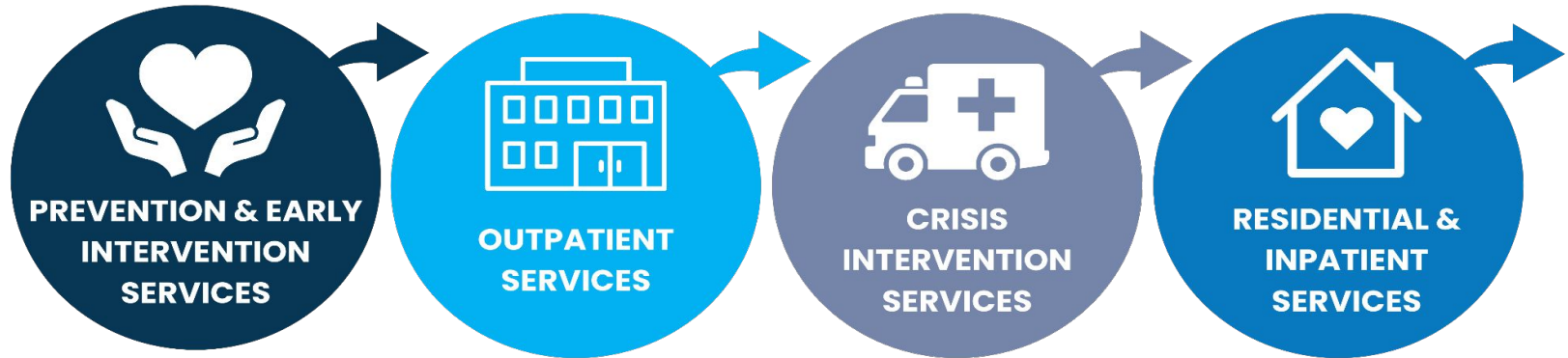
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Mental Health Care Starts with Medicaid

- Texas Medicaid covers **4 million Texans**.
- **50% of Texas children are enrolled in Texas Medicaid** making it best opportunity to improve access to mental health services and coverage for children throughout the state.
- Texas Medicaid **only covers two extremes, basic therapy or full inpatient hospitalization**, yet 40% of Medicaid enrollees live with a mental health condition or substance use disorder.
- For patients to make progress in their treatment and prevent unnecessary hospitalizations, **the whole continuum of care must be made available** to ensure access to the right level of care at the right time. That means having services that range in levels of care to meet the needs of the patient.

Continuum of Mental Health Care



- Media Campaigns
- Community Partnerships
- School counselors

Include a wide range of services:

- Counseling
- Medication management
- Targeted case management & mental health rehab
- Partial hospitalization (PHP)
- Intensive outpatient (IOP)

- Emergency Room
- Mobile Crisis
- Crisis Stabilization
- Crisis Respite
- Extended Observation

Require higher level of care & monitoring:

- Inpatient Psychiatric
- Psychiatric Residential Treatment

- Covered by Medicaid
- Covered with limitation
- Not covered by Medicaid

What Mental Health Services does Medicaid Cover?

- Texas Medicaid **only covers two extremes, routine therapy or full inpatient hospitalization** (with a limitation), but little else in between.
 - Only 15 days of inpatient mental health care are covered for adults, regardless of patient diagnosis or needs.
- Medicaid lacks the the same continuum of mental health care services required in the private insurance market through **mental health parity laws** which require mental health to be covered to the same extent and on the same terms as physical health services.
- While Medicaid health plans are required to provide all necessary services for children under the **The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit**, because many services are not covered benefits, the state lacks adequate providers, services are not consistently available for Texas Medicaid families.

Providers of Mental Health Care

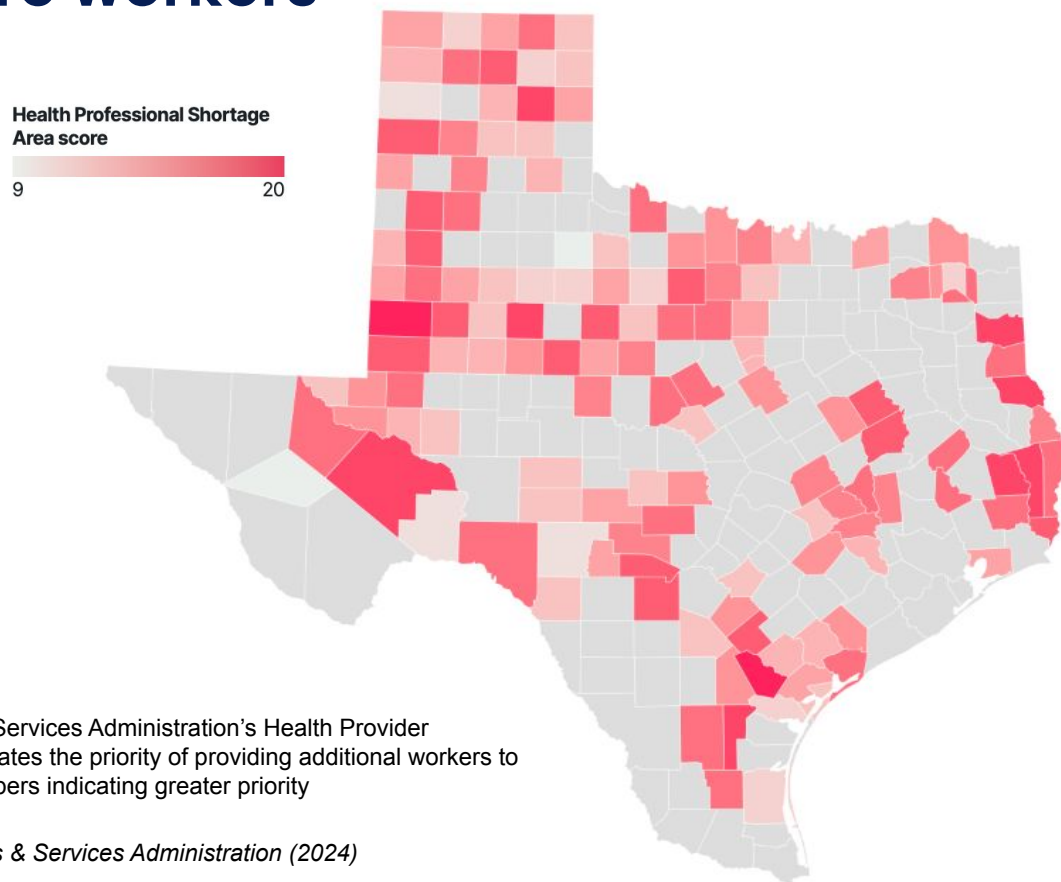
Least Acute/Outpatient Settings:

- Schools
- Primary Care Clinicians:
 - family doctors, pediatricians
- Specialists:
 - Psychiatrists, psychologists, licensed professional counselors, licensed marriage & family therapists, social workers
- Local Mental Health Authorities (LMHA)
 - Provide outpatient services and crisis stabilization type services

More Acute/Inpatient Settings:

- Community Hospitals
 - County/district hospitals/private hospitals
 - Private psychiatric hospitals (also known as Institution of mental disease (IMD))
- State Hospitals
- Jails
- Emergency rooms

Many rural Texas counties lack needed mental health care workers



The Health Resources & Services Administration's Health Provider Shortage Area score indicates the priority of providing additional workers to the area, with higher numbers indicating greater priority

Source: Health Resources & Services Administration (2024)

Outpatient services not covered by Medicaid

Intensive Outpatient Therapy (IOP) & Partial Hospitalization Programs (PHP)

- For individuals who do not need full inpatient services or length of stay that is typical of residential treatment.
- Allow individuals to stay in their homes and community while they receive treatment.
- Patients either “step up” from regular therapy or “step down” after hospitalization, akin to receiving rehab or physical therapy following hospitalizations for surgery.
- PHP & IOP are more cost-effective than inpatient hospitalizations and can either help patients transition out of a residential hospital stay or prevent a hospital stay altogether.

Functional family therapy (FFT) & multisystemic therapy (MST)

- FFT & MST are short-term, effective services that can be provided in the community for at-risk youth and juveniles with mild to severe behavior problems.

Crisis services not covered by Medicaid

Crisis services prevent unnecessary admissions to hospitals

- **Crisis Stabilization**

- Face-to-face assistance/counselling to people who are at risk of harm to self or others at their home, school or other location.

- **Crisis Respite**

- Provides short-term relief for family or other caretakers who are struggling to provide care for a loved one with severe mental illness with the goal of preventing the need for inpatient care.
- Community-based residential crisis treatment for individuals who have low risk of harm to themselves or others, and may have some functional impairment.
- Services happen over a brief period of time, from a few hours to a few days.

- **Extended Observation**

- Can help prevent hospitalization, generally includes care for 48 hours or less.

Inpatient services – covered with limitations

- **Inpatient Hospital Care** – If a physician determines that a patient is in need of inpatient mental health care, meaning overnight, continuous mental health treatment, they are admitted to one of the following locations for inpatient care:
 - **Freestanding Psychiatric Hospital**– an inpatient hospital that only treats mental health (also called an Institution of Mental Disease or IMD).
 - **Acute Care Hospital with Inpatient Behavioral Health Services** – these can be public hospitals, children's hospitals, or private hospitals that offer mental health inpatient care in addition to physical care services.
 - **State Hospital** – state hospitals are funded by the legislature and treat patients with mental health conditions. The majority of patients in state hospitals are forensic patients, who are deemed incompetent to stand trial or not guilty by reason of insanity.
- **Residential Treatment Centers** provide 24-hour supervision and monitoring within a non-hospital setting, aimed at providing an intensive therapeutic environment for clients with mental health and/or substance use issues.
 - Medicaid only covers RTCs for youth in foster care



IMD Exclusion

- **IMD exclusion – federal policy prohibits Medicaid spending on more than 15 days of inpatient hospitalization** for Medicaid-eligible adults at inpatient psychiatric facilities or residential treatment centers that qualify as “institutions for mental disease” (IMD).
 - **For physical care, there is a 30-day limitation** in Medicaid for treatment.
- The IMD exclusion increases ER visits and associated costs, creates confusion for facilities that need to determine whether an individual has already received the maximum limit of inpatient care elsewhere, and inhibits continuity of care. It is also not in line with mental health parity, as the limitation is not the same for mental and physical care.

1115 Waivers for IMD Exclusion

- A 2018 federal policy allows states to pursue waivers to remove the IMD exclusion and associated barriers to necessary inpatient mental health treatment.
- 37 states have approved IMD exclusion waivers for substance use services and 12 for mental health treatment.

Waiver Provision	# of States with Approved Waiver	# of States with Pending Waiver
IMD Payment Exclusion for Substance Use Disorder Treatment	Approved: 37 States (AK, CA, CO, CT, DC, DE, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MT, NC, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, RI, UT, VA, VT, WA, WI, WV)	Pending: 5 States (AL, AZ, AR, MA, WA)
IMD Payment Exclusion for Mental Health Treatment	Approved: 12 States (AL, DC, ID, IN, MD, MO, NH, NM, OK, UT, VT, WA)	Pending: 11 States (AR, CA, CO, KY, MA, MT, NJ, NY, OR, WA, WV)

Medicaid Covered Services in Other States

- **Inpatient Care**

- Inpatient psychiatric hospital, with limitations – 39 states (including Texas)
- Psychiatric residential treatment – 22 states

- **Intensive Outpatient**

- Partial hospitalization (PHP) – 35 states
- Intensive outpatient therapy (IOP) – 34 states

- **Crisis Services**

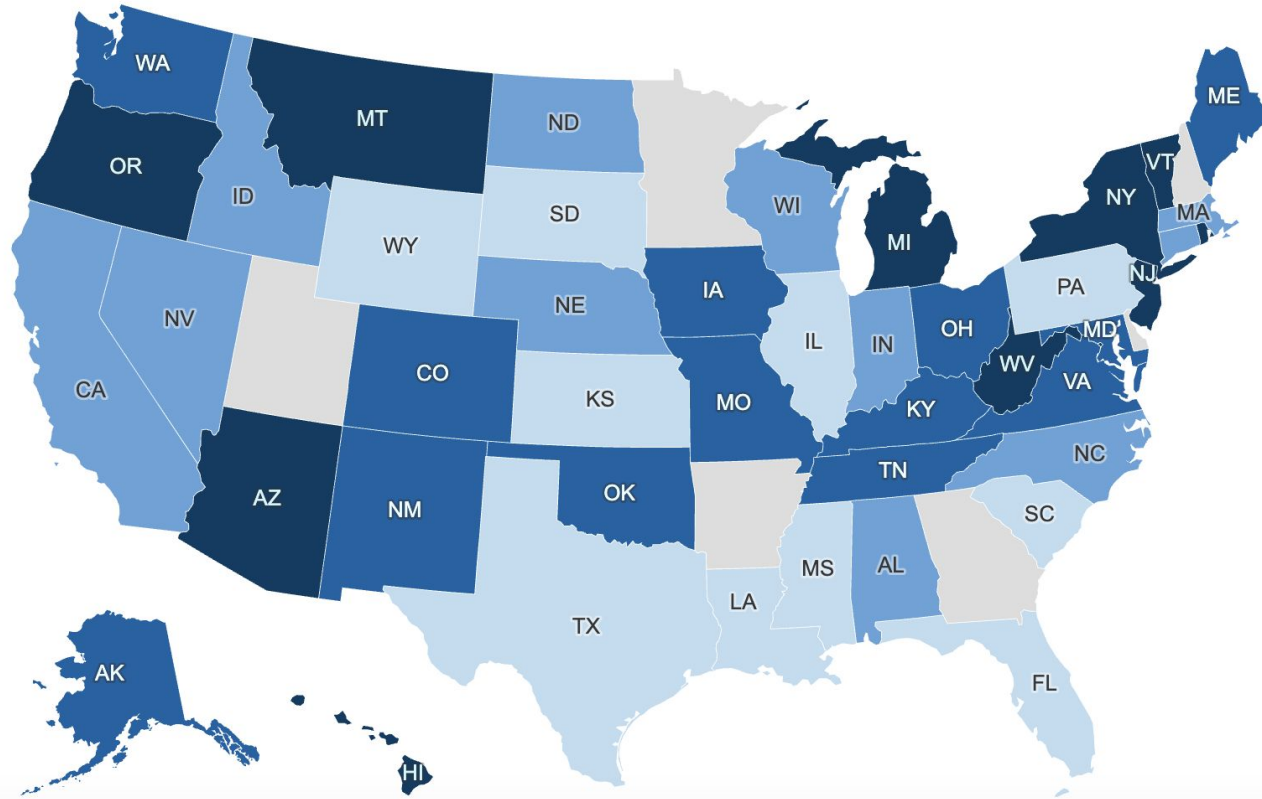
- Crisis stabilization – 28 states
- Crisis respite – 10 states

State Coverage of Behavioral Health (BH) Services in FFS Medicaid, as of July 1, 2022

Of the 55 services queried, the median covered over all states was 44 services

Of 55 BH services queried, # of states that cover:

■ < 41 (10 states) ■ 41–43 (11 states) ■ 44–47 (13 states) ■ ≥ 48 (11 states, including DC)



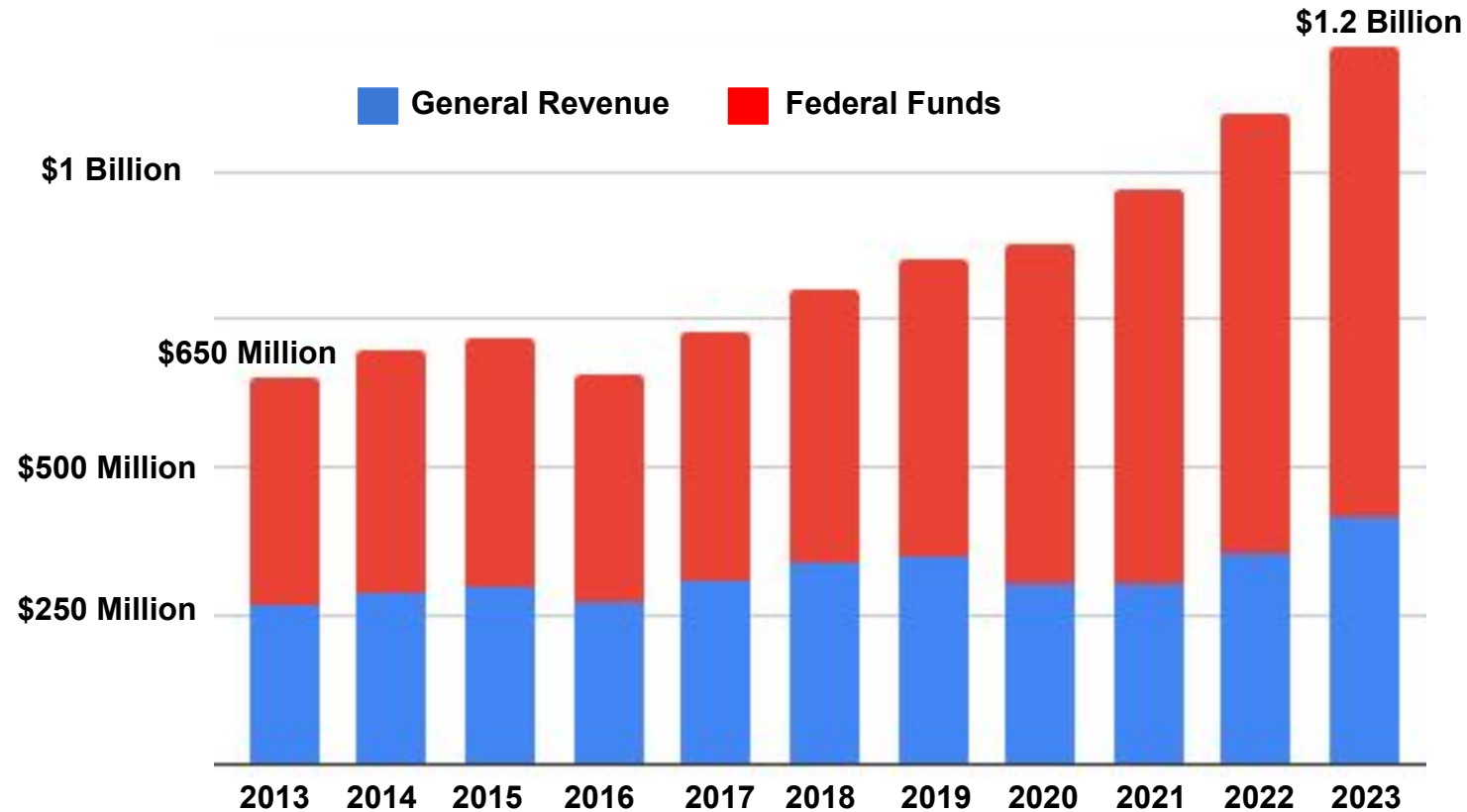
Legislative Highlights: In Lieu of Services

- While the Texas Legislature attempted to cover many of these services in 2019 as **optional benefits that were “in lieu of” hospital benefits, none have been fully implemented.**
 - Senate Bill 1177 (86R, 2019) required HHSC to amend managed care organization (MCO) contracts to allow MCOs to offer medically appropriate, cost-effective services approved by the State Medicaid Managed Care Advisory Committee (SMMCAC) in lieu of mental health or substance use disorder (SUD) services specified in the Texas Medicaid State Plan.
- As a result of in lieu of services not being fully implemented, some **MCOs are voluntarily covering services such as PHP and IOP with no Medicaid reimbursement** on a case by case basis.
- Even if it was fully implemented, in lieu of hospital services **would not cover the continuum of care and is administratively burdensome.**

Legislative Highlights, cont.

- **Mental health parity law**, HB 10 by Rep. Price and Sen. Zaffirini, passed in 2017. Despite both state and federal regulations, imbalances in coverage for mental health still exist, such as the IMD exclusion and lack of coverage for PHP/IOP.
- In 2019, the budget included a requirement for Texas Medicaid to cover **Applied Behavior Analysis (ABA)** an evidence-based behavioral therapy for those with autism spectrum disorder.
- House Bill 2337 (88R) by Rep. Tom Oliverson and Sen. Perry, passed the House and **would have required coverage of PHP & IOP**
- Last session, a budget rider was adopted in the House that would have required the state to pursue a **state waiver to the IMD exclusion**. However, it was not adopted in conference.
- HB 2638 & HB 2404 (88R) by Rep. Ann Johnson and Sen. Blanco, passed the House and **would have covered Multisystemic Therapy (MST) and Functional Family Therapy (FFT)**.

10 Year Medicaid Behavioral Health Funding



Behavioral Health Funding Highlights

- Mental health funding increased by about **\$1.1 billion from the 2018–19 biennium to the 2022–23 biennium.**
- Since 2017, the Texas Legislature has invested more than **\$2.5 billion to replace and renovate state hospitals across the state**, including new hospitals in Houston, Dallas, Lubbock and Amarillo. These projects are part of an overarching plan to modernize and provide wider access to inpatient psychiatric care in Texas.
- **The 87th Legislature invested:**
 - **\$8.44 billion** in behavioral health funding across 25 state agencies
 - **\$42 million** to fund the state's ongoing shift to Community-Based Care for children in the foster care system
 - **\$408 million** toward State Hospital System Redesign
 - **\$1 million** to establish the Texas Law Enforcement Peer Network, addressing mental health conditions and suicide rates among officers

The 88th Legislature Made a Record Investment in Behavioral Health

- The 88th Texas Legislature spent **\$11.68 billion for behavioral health**, an increase of more than 30% from the previous session.
- HB 1 included **\$9.37 billion for behavioral health funding** across 28 state agencies and the supplemental budget included an additional **\$2.31 billion to expand mental health capacity**.
- **HB 1 also included:**
 - **\$158.6 million** to increase salaries for state hospital employees.
 - **\$24.5 million** for additional mental health services to the Uvalde region.
 - **\$195 million** for locally driven grant programs
 - **\$7.4 million** for telepsychiatry consultations for rural hospitals

Recommendations

- #1 Create coverage for “step-down” services** like intensive outpatient and partial hospitalization programs (IOP and PHP) which are routinely covered by private insurers, but not in Medicaid.
- #2 Focus on at-risk youth with coverage for short-term, effective community services** like functional family therapy (FFT) and multisystemic therapy (MST).
- #3 Add comprehensive crisis services as Medicaid benefits** including crisis stabilization and crisis respite to step in when families need in-home and out-of-home crisis support.
- #4 Provide psychiatric residential treatment for youth** by aligning licensure with federal PRTF Medicaid requirements so these services can be added as a Medicaid benefit.
- #5 Expand coverage for psychiatric hospital stays** or residential treatment settings for longer than 15 days for adults through an 1115 waiver to the IMD exclusion.

Questions?

