

# Medicaid Funding for Evidence-Based Practices in Mental Health

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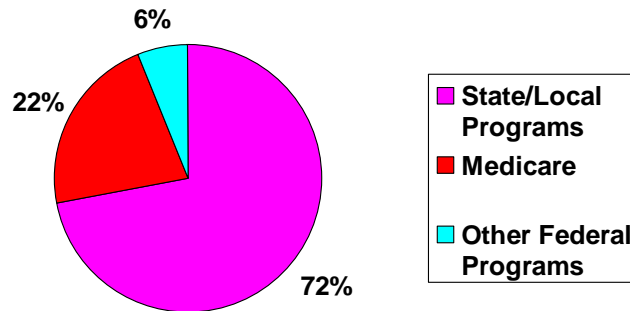
# Goals of this Presentation

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- To outline current trends in evidence-based mental health practices and implications for State Medicaid Agencies
- To examine how Medicaid might support services within EBPs in conformance with Medicaid rules
- To highlight some states' experiences in funding EBPs using Medicaid
- To discuss available resources - Medicaid

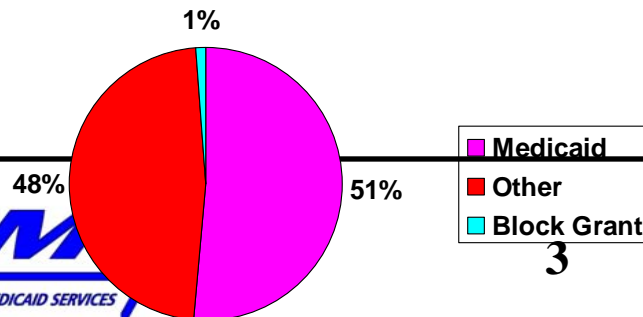
# Medicaid is a significant payer in the mental health system

Funding Sources Spent on U.S. Public Mental Health Services, 1997



- Nearly three-quarters of all public funds spent on mental health services are for programs administered at the state and local levels
- Medicaid is the largest payer (over 50%) for state and local mental health services

Source of Funds for State and Locally Administered MH Programs, 1997



Source: Buck, J. (2001). Spending for state mental health care. *Psychiatric Services*. 52(10): 1294.

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- 1 in 10 Medicaid dollars goes to mental health and substance abuse (MH/SA)
  - Although MH/SA service users constitute 11% of all Medicaid enrollees, they account for one-third of high-cost enrollees

Source: Buck, J., Teich, J., and Miller, K. (2003). Use of mental health and substance abuse services among high-cost Medicaid enrollees. *Administration and Policy in Mental Health*. 31(1): 3-14.

# Moving research to practice

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- There is a growing body of evidence that certain service strategies are clearly effective in mental health treatment
- Evidence-based practices (EBPs) are those that:
  - are grounded in consistent scientific evidence
  - have demonstrated effectiveness at both the individual and community level
  - are specific enough to allow measurable quality objectives and outcomes

Source: Drake, R.E., et al. (2001) Implementing evidence-based practices in routine mental health settings. *Psychiatric Services*. 52(2), 179-182.

# EBP Philosophy and Goals

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- Recovery focus
- Client followed across settings
- Multi-disciplinary
- Client and family-driven
- Coordinated service approach
- Outcomes oriented

# Federal Policies and Initiatives Supporting Use of Medicaid Funding for Transforming Mental Health

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- President's New Freedom Initiative – Presidential Commission on Mental Health
- Executive Order 13217

# Real Choice Systems Change Grants

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- The FY2004 Solicitation included a category titled ‘Mental Health System Transformation Grants.
- Purpose-Provide funding to improve ability of States to offer evidence-based and recovery-oriented services to consumers with mental illness with support of the Medicaid system. (DE, MA, ME, MI, MN, NC, NH, OH, OK, OR, PA and VA)

# Medicaid State Plan and Waiver Program Basics

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- Some 30 statutory categories of services listed in Section 1905(a) of the Social Security Act for which matching funds are available
- Some are mandatory meaning States must provide them if they choose to participate in Medicaid
- Some are optional – States may choose to provide them

# Using EBP Practices “Square Peg in a Round Hole”

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Medicaid pays for services – not necessarily practices

Mandatory Services – Examples:

- Physicians’ Services
  - 1905(a)(5)(A) and 42 CFR 440.50
- Inpatient Hospital Services
  - 1905(a)(1) and 42 CFR 440.10
- Outpatient Hospital Services
  - 1905(a)(2)(A) and 42 CFR 440.20
- Federally Qualified Health Center (FQHC) Services
  - 1905(a)(2)(C) and 1905(1)(2)(B) and CFR 491.1-491.11

## Optional Services – Examples:

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- Rehabilitation Services – 1905(a)(13) and CFR 440.130(d)
- Medical Care or Remedial Care Furnished by Licensed Practitioners Under State Law – 1905(a)(6) and 42 CFR 440.60
- Prescribed Drugs – 1905(a)(12) and 42 CFR 440.120
- Clinic Services – 1905(a)(9) and 42 CFR 440.90
- Targeted Case Management Services – 1915(a)(19), 1915(g)

# Fundamental Elements in Proposal Review

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Compliance with Laws and Regulations. Services must be provided in accordance with all applicable laws and regulations governing the benefit category used for coverage of mandatory and optional services listed above.

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Medical Services. Because Medicaid's primary purpose is to fund *medically necessary services*, State Plan services in support of EBPs must be medical services, not merely principles, contained in the components of each evidence-based practice.

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Provided to Medicaid-Eligibles. Medicaid only reimburses services provided to Medicaid-eligible individuals. Therefore, EBP treatment services must be provided directly to, or for the direct exclusive benefit of, the Medicaid beneficiary

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Free Choice of Qualified Providers. States are required to assure that a recipient may obtain services from any willing, qualified provider. Medicaid providers must meet all applicable Federal provider requirements and be practicing within their scope of practice under State law in order to bill for Medicaid services.

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Amount, Duration and Scope. Services must be adequate in amount, duration and scope to reasonably achieve their purpose.

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Comparability of Services. State Plans must provide that the services are available to any categorically needy recipient under the Plan, and are not less in amount, duration and scope than those services available to a medically needy recipient.

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Third Party Liability (TPL). TPL refers to the legal obligation of third parties, e.g. certain individuals, entities, or programs, to pay all or part of the expenditures for medical assistance furnished under the State Plan. The Medicaid program by law is intended to be the payer of last resort. Individuals eligible for Medicaid assign their rights to third party payment to the State Medicaid agency.

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Reimbursement Methodology. State Plans must include a comprehensive description of the reimbursement methodology used for payment of each service within the Plan. As required by Federal statute, States must have methods and procedures to assure that payments are consistent with economy, efficiency, and quality of care.

# Medicaid Support of EBPs in 1915(b) Waivers

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The EBPs services supported through the Medicaid State Plan also could be supported through a managed care delivery system. In addition, Section 1915(b)(3) of the Act allows States to request a waiver permitting the use of cost savings to provide additional health-related services to beneficiaries.

# Medicaid Support of EBPs in 1915(c) Waivers

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Due to the flexibility under this authority, many EBP services could be provided through a 1915(c) waiver if the State can demonstrate the services will prevent a recipient from being institutionalized and is cost effective. States may be permitted to provide home and community-based waiver services to persons who would otherwise receive Medicaid-funded care in a nursing facility.

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As of June 2005 there are currently five HCBS waivers targeted to children with a mental illness (Vermont, New York, Kansas, Wisconsin and Indiana), and one waiver (Colorado) targeted specifically to adults age 18 and over with a mental illness.

# Lewin Study Describes EBP Fundability under Medicaid

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- States are building off their existing systems – modifying how services are delivered as opposed to adding new services
- Eligibility criteria and targeted populations have remained unchanged

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- Less attention to altering financial strategies – States using same service definitions for Medicaid billing
  - Most EBPs are currently supported through non-managed care delivery systems

# Successful State Uses of Medicaid to Transform Mental Health Treatment

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- Enhancing quality through a combination of EBPs and a focus on outcomes (NY)
- Incorporating EBPs into broader disease management initiatives (TX)
- Pursuing EBPs through research demonstrations (VT)

# Questions for States

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- What coverage and funding rules apply?
- How can States use Medicaid to support components of EBPs?
- Which EBP components may or may not be covered under Medicaid?

# Review - General Coverage Rules

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- **Medical Services** \* Services must be listed in Section 1905(a) of the Social Security Act to be covered by Medicaid and must be medically necessary.
  - Services must be medically necessary. State Medicaid officials have latitude in deciding medical necessity
- **Provided to Medicaid-Eligibles**
  - Services are provided directly to or directed exclusively for the treatment of Medicaid-eligible individuals
- **Qualified Providers**
- **Amount, Duration, and Scope**

## Funding Authorities (continued)

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- State Plan Options (Rehabilitation, Clinic Services, Prescribed Drugs, Case Management)
  - For State Plan Option services, the focus is on the State's definition of the service, the provider qualifications, and the reimbursement methodology
- Managed Care 1915(b)
  - State plan services through a managed care delivery system
  - 1915(b)(3) savings
- 1915(c) Waiver and 1115 Research Demonstrations

# Medicaid and Assertive Community Treatment

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Q: Are any aspects of transportation coverable under Medicaid?

A: Transportation is not a rehabilitation service: its costs cannot be included in a service billed as rehabilitation. However, states may opt to use the distinct transportation benefit in the Medicaid program, 42 CFR 440.170(a)

# Medicaid and Integrated Dual Disorders Treatment

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Q: Under what circumstances can work with the family be reimbursed for under Medicaid?

A: Medicaid can pay for services included in the state plan furnished to Medicaid-eligible individuals. Services to non-Medicaid eligible family members must be for the direct benefit of the Medicaid recipient.

# Medicaid and Supported Employment

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Q: How can vocational programming for SE be funded?

- Vocational training is statutorily excluded as a Medicaid benefit and may not replace other federal funds directed to this purpose.
- However, the surrounding supports described in SE could well be covered (e.g., psycho-social clubhouse services, ongoing supportive counseling).
- An individual receiving SE may also qualify for Medicaid-covered services such as rehabilitation, when requirements are met and in state plan.

# Medicaid and Family Psychoeducation

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Q: Can Medicaid pay for services to “collateral contacts”?

A: Medicaid can pay for services included in the state plan furnished to Medicaid-eligible individuals. Covered services to non-Medicaid eligible family members and other collaterals must be limited to activities that are for the direct benefit of the Medicaid recipient. An intervention that is considered treatment for a non-Medicaid eligible individual is not coverable under Medicaid. However, training and counseling for family members can be included where they directly support the Medicaid participant.

# Medicaid and Medication Management

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Q: Would Medicaid cover telepsychiatry consultations if a third party is present with the consumer who provides the face-to-face encounter and bills for the service?

A: If the “third person” is licensed to provide the service and is qualified and enrolled under Medicaid and the professional at the remote location was present as a consulting provider, the service may be reimbursable.

# Lessons Learned

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- Collaboration between the Mental Health Authority and Medicaid Agency is essential
  - Decide optimal use of Medicaid state plan options and waivers to finance EBP models
  - Understand how the state can appropriately do cost allocation among funding sources to achieve medical and non-medical components of EBPs
  - Mutually discuss coding and rate structures that allow EBPs to be tracked and outcomes measured

# Lessons Learned (continued)

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- Ongoing provider training and technical assistance re: coding, billing and other operational issues to comply with Medicaid rules
- Acceptance of new ways of thinking about mental illness and the recovery orientation

## Additional Resources

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- **Dartmouth Implementation Resource Kits**

<http://www.mentalhealthpractices.org/>

**Medication Management**

[http://media.shs.net/ken/pdf/toolkits/medication/02.Med\\_Users.pdf](http://media.shs.net/ken/pdf/toolkits/medication/02.Med_Users.pdf)

**Illness Management and Recovery**

[http://media.shs.net/ken/pdf/toolkits/illness/02.IMR\\_Users.pdf](http://media.shs.net/ken/pdf/toolkits/illness/02.IMR_Users.pdf)

- **SAMHSA model programs**

[http://modelprograms.samhsa.gov/printerfriendly/282916\\_72612633.pdf](http://modelprograms.samhsa.gov/printerfriendly/282916_72612633.pdf)

## **Additional Resources (continued)**

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- **New York Materials**

**New York State Evidence Based Practices - General Information**

<http://www.omh.state.ny.us/omhweb/ebp/>

**Implementation Strategies**

<http://www.omh.state.ny.us/omhweb/ebp/implementing.htm>

**Letters to Outpatient Providers**

<http://www.omh.state.ny.us/omhweb/ebp/letters/index.htm>

**Draft Fidelity Scales**

<http://www.omh.state.ny.us/omhweb/EBP/fidelitiescales.htm>

# Conclusions

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- Medicaid is a significant player in transformation
- Medicaid can help fund evidence-based practices
- There are some thing Medicaid can and cannot do
- There are success stories of how States have used Medicaid to fund EBPs

## Conclusions (continued)

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- It is possible to use Medicaid to fund EBPs, but States must adhere to Congress' limitations on use of Medicaid funds.

CMS wants to improve the quality, effectiveness and efficiency of Medicaid programs by promoting the use of EBPs in the delivery of Medicaid mental health and substance abuse services.