
Appropriations Committee

HB 2584

Brief Description: Establishing rates for behavioral health services.

Sponsors: Representatives Caldier, Frame, Leavitt and Davis.

Brief Summary of Bill

- Requires the Health Care Authority (HCA) to work with actuaries in implementing funded behavioral health (BH) rate increases to assure appropriate adjustments are made to services paid through a case rate.
- Requires the HCA to establish a process for verifying that funding appropriated for targeted BH provider rate increases is used for the objectives stated in the appropriation.
- Requires the HCA to provide annual reports to the Legislature regarding the implementation processes and results of targeted BH provider rate increases.

Hearing Date: 1/23/20

Staff: Andy Toulon (786-7178).

Background:

Medicaid is a federal-state partnership with programs established in the federal Social Security Act, and implemented at the state level with federal matching funds. Apple Health is Washington's Medicaid program serving qualifying low-income clients and administered by the Health Care Authority (HCA). Apple Health provides eligible adults, children, pregnant women, and certain blind or disabled individuals with a complete benefits package including medical and Behavioral Health (BH) services. Apple Health services are implemented primarily through contracts between the HCA and Managed Care Organizations (MCOs) and in some cases through direct Fee For Service (FFS) agreements between the HCA and medical and BH providers. Funding for some crisis services and other BH services to individuals who are not eligible for Medicaid is implemented through contracts with Behavioral Health Administrative Services Organizations (BHASOs).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Managed Care is a health care delivery system intended to manage cost, utilization, and quality of care. Medicaid managed care provides for the delivery of Medicaid physical and BH benefits including preventive, primary, specialty, and ancillary services through contracted arrangements between state Medicaid agencies and MCOs that accept a set per member per month (PMPM) capitation payment for these services. For some specialty services, the HCA pays MCOs a monthly case rate based on the number of people receiving the specialty service in addition to a PMPM capitation payment.

The MCOs are contractually responsible for provision of all medically necessary services to the populations covered under their contracts, and they do this through subcontracts with a network of medical and BH providers. There are currently five MCOs participating in Apple Health. In most cases, MCOs establish their own provider reimbursement methods and payment rates. The HCA establishes provider payment rates primarily in cases where the HCA is paying for services directly to providers rather than through MCO contracts. The ability of the HCA to direct how much MCOs pay providers for a service is limited under federal Medicaid managed care regulations.

Wraparound with Intensive Services (WISe) is a program model designed to provide intensive mental health services to assist youth and families. The HCA pays MCOs for WISe services through a case rate which MCOs receive in addition to their monthly PMPM capitation payments.

Summary of Bill:

The HCA must work with actuaries in implementing funded BH rate increases to assure appropriate adjustments are made to the WISe case rate, as well as any other BH services in which a case rate is used. The HCA must establish a process for verifying that funding appropriated for targeted BH provider rate increases is used for the objectives stated in the appropriation. The process must:

- establish transparency and accountability mechanisms to demonstrate that appropriated funds for targeted BH provider rate increases are passed through to BH providers in the manner intended;
- include a method for determining if the funds have increased access to the BH services offered by the providers who are the subject of the targeted provider rate increases; and
- include the participation of representatives from the MCOs, BHASOs, and providers that are the subject of the targeted BH provider rate increases.

By November 1 of each year, the HCA must report to the legislature regarding the established process for each appropriation for a targeted BH provider rate increase. The report must identify whether the funds were passed through in accordance with the appropriation language and provide information about increased access to BH services associated with the appropriation. The reporting requirement for each appropriation for a targeted BH provider rate increase must continue for two years following the specific appropriation.

Appropriation: None.

Fiscal Note: Requested on January 14, 2020.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.