



Medicaid & Non-Medicaid Financing 101

Adult Behavioral Health Task Force

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- General overview: Construction of a State Medicaid Plan
- Washington's current State Plan services:
 - Chemical Dependency
 - Mental Health
- Medicaid and Non-Medicaid Funding
 - Chemical Dependency Services
 - Mental Health Services
- Other cost drivers



How Are Services Built Into a State Medicaid Plan?

Federal law establishes the mandatory and optional benefits and populations for a State to include in its Medicaid Plan:

- **Mandatory Services include:** Inpatient Hospital Services and most of your traditional medical services. (Includes emergency and hospital psych and detox services)
- **Optional Services include:** Prescription drugs, rehabilitative services (which include mental health and chemical dependency.)
- **Medicaid Expansion:** While mental health and chemical dependency services are “optional” for the “classic” Medicaid population, the Affordable Care Act makes these mandatory services for the Medicaid expansion population.
- **A State submits a State Plan** which establishes who gets what kind of services and who is able to provide them within the broad federal guidelines.
- **A State submits a waiver** to deliver and pay for services in new or different ways. (Community Mental Health waiver waives competition, allowing one RSN per region)



What is excluded from Medicaid?

- Federal law and regulation exclude these items from Medicaid federal financial participation:
 - **Room and Board:** Excluded from a facility that has a “primary purpose of which is to provide food, shelter, and care or supervision” such as Evaluation and Treatment (E&T) facilities and residential settings. **Not excluded from community hospitals.**
 - **Care provided in an “Institution for Mental Disease” (IMD):** Medicaid does not cover services for individuals between the ages of 21 and 64 who are receiving care in a facility that has more than 16 beds in which over 50% of the beds are for persons with mental disease. *(Note- A new waiver effective October 1st allows Medicaid to be used for short term psychiatric inpatient stays in IMDs under certain conditions.)*
 - **Services provided to persons ineligible for Medicaid:** Medicaid expansion increased working-age adult eligibility to 138% of FPL and children remain covered up to 300% FPL. There are still many individuals and families who do not meet Medicaid eligibility criteria, whether for income, citizenship or other reasons.
 - **Services not included in a state plan or Medicaid waiver:** At this time, WA does not include optional services for mental health and chemical dependency such as supported employment, supported housing, respite, and club house services.



What funds are used to cover the costs of Medicaid exclusions?

- Appropriated by the Legislature:
 - **General Fund-State**
 - **Federal Block Grant**
 - **Other Federal Grants**
 - **Criminal Justice Treatment Account-State**
- Authorized by the Legislature:
 - **1/10th of one percent local sales tax distributions**
- Local:
 - **Other grants and community resources**



Chemical Dependency Medicaid and Non-Medicaid Rate Examples

Service	Medicaid	Non-Medicaid
Crisis / ITA/ & Drug Court	<ul style="list-style-type: none"> Not covered by Medicaid 	<ul style="list-style-type: none"> Crisis intervention services ITA Investigations & Court Proceedings Capacity contracts (particularly for rural areas)
Detox	<ul style="list-style-type: none"> Hospital and non-hospital detoxification services when not subject to the IMD exclusion 	<ul style="list-style-type: none"> Non-Medicaid clients Services in IMDs for Medicaid clients subject to the IMD exclusion
Residential	<ul style="list-style-type: none"> Residential treatment services provided in settings not subject to the IMD exclusion 	<ul style="list-style-type: none"> Non-Medicaid clients Services in IMDs for Medicaid clients subject to the IMD exclusion Room and Board
Outpatient	<ul style="list-style-type: none"> Outpatient treatment services for Medicaid clients Case management services Opiate Substitution Treatment (OST) and other Medication Assisted Treatment (MAT) Screening, Brief Interventions & Referral to Treatment (SBIRT) 	<ul style="list-style-type: none"> Non-Medicaid clients Components of EBPs not tied to a medical encounter
Outreach & Engagement	<ul style="list-style-type: none"> Outreach, engagement and health home services provided by Healthy Options plans 	<ul style="list-style-type: none"> Outreach and engagement efforts provided by counties and/or local chemical dependency providers
Prevention	<ul style="list-style-type: none"> Not covered by Medicaid 	<ul style="list-style-type: none"> All prevention activities
Recovery Support Services	<ul style="list-style-type: none"> Individualized treatment services to Medicaid clients as part of a recovery support program (e.g. components of supported housing and employment that can be tied to a medically necessary service) 	<ul style="list-style-type: none"> Non-Medicaid clients Services that are not “medically necessary” Collateral contacts with landlords and employers Rent subsidies
Transportation	<ul style="list-style-type: none"> Emergency transportation Non-emergent transportation for medical services when there are no other options 	<ul style="list-style-type: none"> Court related transportation services Transportation for non-medical services

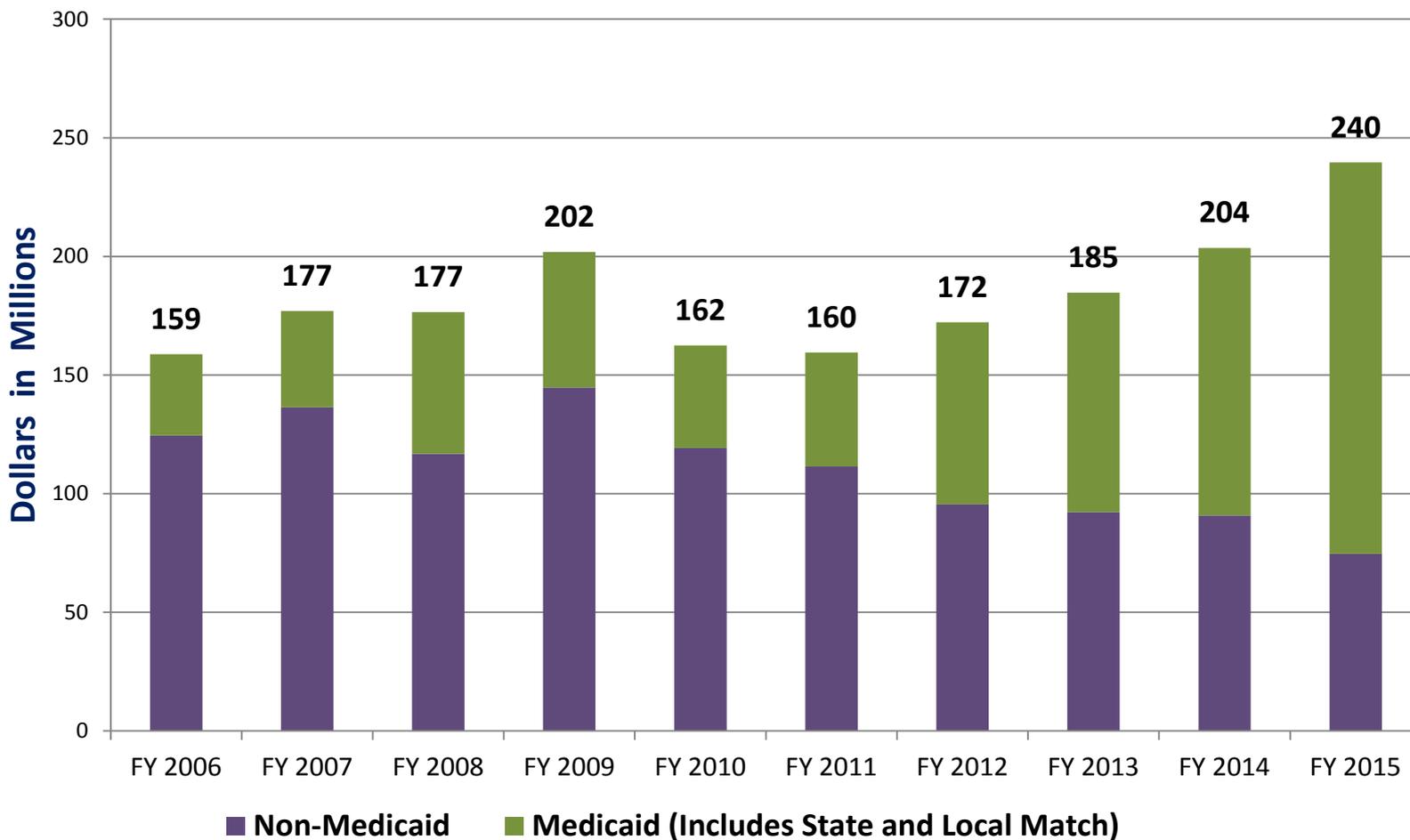


Mental Health Medicaid and Non-Medicaid Rate Examples

Service	Medicaid	Non-Medicaid
Crisis / ITA	<ul style="list-style-type: none"> Crisis services for Medicaid clients provided in a variety of settings (e.g. Emergency Rooms, Crisis Triage or Crisis Stabilization) 	<ul style="list-style-type: none"> Non-Medicaid clients ITA Investigations & Court Proceedings Room and board in crisis triage or stabilization beds Capacity contracts (particularly for rural areas)
Inpatient & E&T	<ul style="list-style-type: none"> Treatment services provided in psychiatric inpatient hospitals and E&Ts not subject to the IMD exclusion 	<ul style="list-style-type: none"> Non-Medicaid clients Services subject to the IMD exclusion
Residential	<ul style="list-style-type: none"> Treatment services provided in psychiatric residential settings not subject to the IMD exclusion 	<ul style="list-style-type: none"> Non-Medicaid clients Treatment services subject to the IMD exclusion Room and board
Outpatient	<ul style="list-style-type: none"> Outpatient treatment services for Medicaid clients Case management services for individuals transitioning from non-IMD inpatient and E&T settings 	<ul style="list-style-type: none"> Non-Medicaid clients Case management services for individuals transitioning from inpatient settings subject to the IMD exclusion Components of EBPs not tied to a medical encounter
Outreach & Engagement	<ul style="list-style-type: none"> Outreach, engagement and health home services provided by Healthy Options plans 	<ul style="list-style-type: none"> Outreach and engagement efforts provided by Regional Support Networks and/or local mental health providers
Peer Support	<ul style="list-style-type: none"> Peer support services provided by certified peer support specialists 	<ul style="list-style-type: none"> Non-Medicaid clients Support services provided by non-certified peer and family members
Recovery Support Services	<ul style="list-style-type: none"> Individualized treatment services to Medicaid clients as part of a recovery support program (e.g. portions of supported housing and employment) 	<ul style="list-style-type: none"> Non-Medicaid clients Services that are not “medically necessary” Collateral contacts with landlords and employers Rent subsidies
Transportation	<ul style="list-style-type: none"> Emergency transportation Non-emergent transportation for medical services when there are no other options 	<ul style="list-style-type: none"> Court related transportation services Transportation for non-medical services



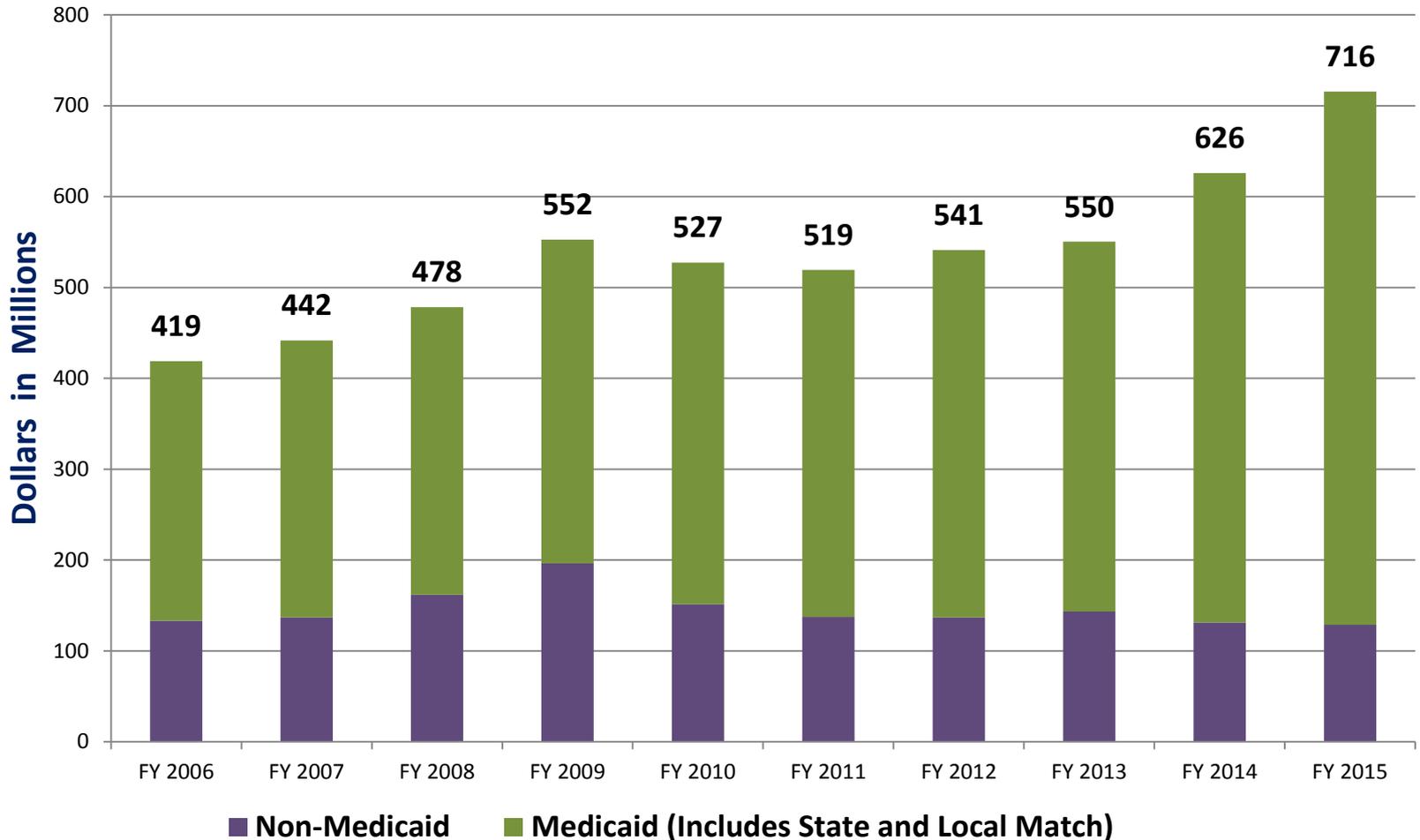
For Fiscal Year 2015, Approximately 69% of Chemical Dependency Budgeted Funds are Restricted to Medicaid



- Notes- 1. Includes all DSHS funds budgeted for chemical dependency
2. FY 2006 – 2014 reflects expenditures while FY 2015 reflects budgeted funds
3. Does not include HCA funding/expenditures



For Fiscal Year 2015, Approximately 82% of Community Mental Health Budgeted Funds are Restricted to Medicaid



- Notes- 1. Includes community funds only, excludes state hospitals and headquarters
2. FY 2006 – 2014 reflects expenditures while FY 2015 reflects budgeted funds
3. Does not include HCA funding/expenditures



Options for Increasing Access to Services not Currently Covered by Medicaid?

- Medicaid expansion and re-purposing of “non-Medicaid” funding
- State plan amendments to add services
- Other potential opportunities allowed through federal managed care regulations
- Alternative types of federal waivers
 - 1115 waivers
 - 1915 (b) waivers (e.g. supported employment, clubhouse and respite were provided as optional services under the waiver until July 2012)
 - 1915(i) waivers
 - 1915 (c) waivers
- Conversion of IMD services to smaller facilities- it is unclear at this point whether the state would be able to get a similar waiver for CD IMDs
- Increase the amount of local sales/use tax that can be collected for chemical dependency or mental health treatment



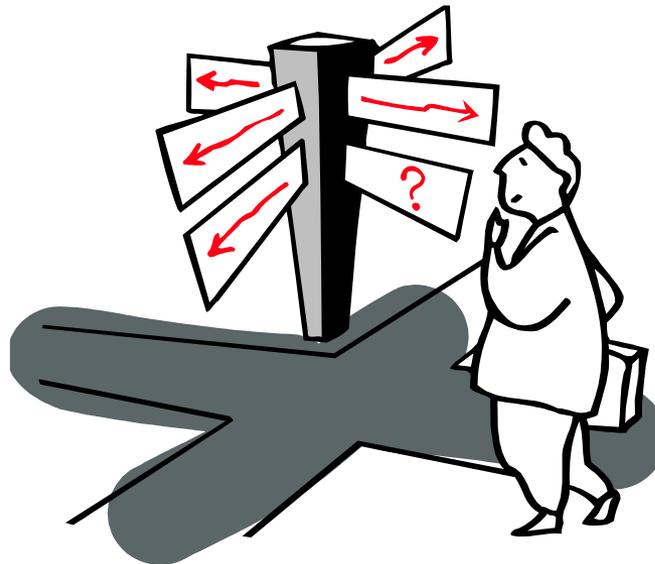
Considerations for Expanding the Use of Medicaid?

- Eligibility Considerations
 - Need to determine whether new Medicaid services offered under a state plan amendment or waiver will be made available to all Medicaid enrollees or a subset of enrollees
- Cost Considerations
 - New costs associated with new services
 - Potential offsets and whether they can be quantified or re-directed in order to reduce the need for new funds
 - Strategies that shift current non-Medicaid expenditures to Medicaid free up resources for other purposes
- Programmatic Considerations
 - Medicaid services may not always be a “best practice” or most cost efficient way of delivering care
 - Medicaid funding requirements and reimbursement methods may be more challenging for smaller providers, in rural communities, and for certain types of services
- Regulatory Considerations
 - Licensing requirements may create barriers to using Medicaid with specialty providers (supported employment or housing providers)
- Contract Considerations
 - Adding services to the state plan or through a waiver does not mean they will necessarily become equally available throughout the state – provider contracts may incentivize different service delivery
 - Peer Support Example- RSN utilization rates of this state plan modality ranged between 0 through 185 hours per 1,000 Medicaid member months during the base period used for last RSN rate adjustment



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Questions?





Appendix: Medicaid Benefits

States establish and administer their own Medicaid programs and determine the type, amount, duration, and scope of services within broad federal guidelines. States are required to cover certain “mandatory benefits,” and can choose to provide other “optional benefits” through the Medicaid Program.

Mandatory Services	Optional Services
<ul style="list-style-type: none"> • Inpatient hospital services • Outpatient hospital services • EPSDT: Early and Periodic Screening, Diagnostic, and Treatment Services • Nursing Facility Services • Home health services • Physician services • Rural health clinic services • Federally qualified health center services • Laboratory and X-ray services • Family planning services • Nurse Midwife services • Certified Pediatric and Family Nurse Practitioner services • Freestanding Birth Center services (when licensed or otherwise recognized by the state) • Transportation to medical care • Tobacco cessation counseling for pregnant women 	<ul style="list-style-type: none"> • Prescription Drugs • Clinic services • Physical therapy • Occupational therapy • Speech, hearing and language disorder services • Respiratory care services • Other diagnostic, screening, preventive and rehabilitative services • Podiatry services • Optometry services • Dental Services • Dentures • Prosthetics • Eyeglasses • Chiropractic services • Other practitioner services • Private duty nursing services • Personal Care • Hospice • Case management • Services for Individuals Age 65 or Older in an Institution for Mental Disease (IMD) • Services in an intermediate care facility for the mentally retarded • State Plan Home and Community Based Services- 1915(i) • Self-Directed Personal Assistance Services- 1915(j) • Community First Choice Option- 1915(k) • TB Related Services • Inpatient psychiatric services for individuals under age 21 • Other services approved by the Secretary*

Note: Information gathered directly from Medicaid.gov: A federal government managed website by the Centers for Medicare & Medicaid Services



Appendix: Local sales tax distributions for mental health and chemical dependency services

County	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Clallam County	945,140	991,811	948,809	955,927	1,003,035
Clark County	4,489,008	4,685,849	4,893,173	5,224,108	5,695,816
Columbia County					20,118
Cowlitz County				118,486	1,630,081
Ferry County			60,103	99,702	96,534
Grays Harbor County	249,004	886,167	925,057	838,769	892,658
Island County	778,529	748,244	726,898	749,379	804,881
Jefferson County	364,061	360,713	359,668	385,303	395,195
King County	40,080,072	41,103,305	42,342,952	45,456,210	48,807,381
Kitsap County					1,078,871
Lewis County			554,166	1,058,027	1,117,391
Mason County			39,093	515,857	546,814
Okanogan County	511,573	508,897	535,529	542,234	607,400
Tacoma				3,564,319	4,453,414
San Juan County	359,782	363,296	376,927	382,964	417,677
Skagit County	2,076,517	2,088,313	2,226,712	2,385,365	2,455,714
Skamania County			9,193	111,496	105,956
Snohomish County	9,987,411	10,215,273	10,306,530	11,125,397	12,000,202
Spokane County	7,184,384	7,257,660	7,381,170	7,680,762	8,130,034
Thurston County	3,853,157	3,985,164	3,917,396	4,015,259	4,145,489
Wahkiakum County	26,727	25,602	39,980	35,650	37,299
Walla Walla County			235,211	826,448	836,668
Whatcom County	3,024,591	3,099,512	3,275,897	3,446,954	3,599,313
County Total	73,781,603	76,319,806	79,154,465	85,954,297	94,424,527
City Total	-	-	-	3,564,319	4,453,414
Total	\$ 73,781,603	\$ 76,319,806	\$ 79,154,465	\$ 89,518,615	\$ 98,877,941

NOTES:

1. Source- Washington State Department of Revenue
2. Kitsap County enacted the tax in March 2014 so FY 2014 collections reflect 4 months of collections
3. Columbia county enacted the tax in June 2014 so FY 2014 collections reflect 1 month of collections