Public Mental Health Assistance Budget Work Session

An overview of costs and utilization

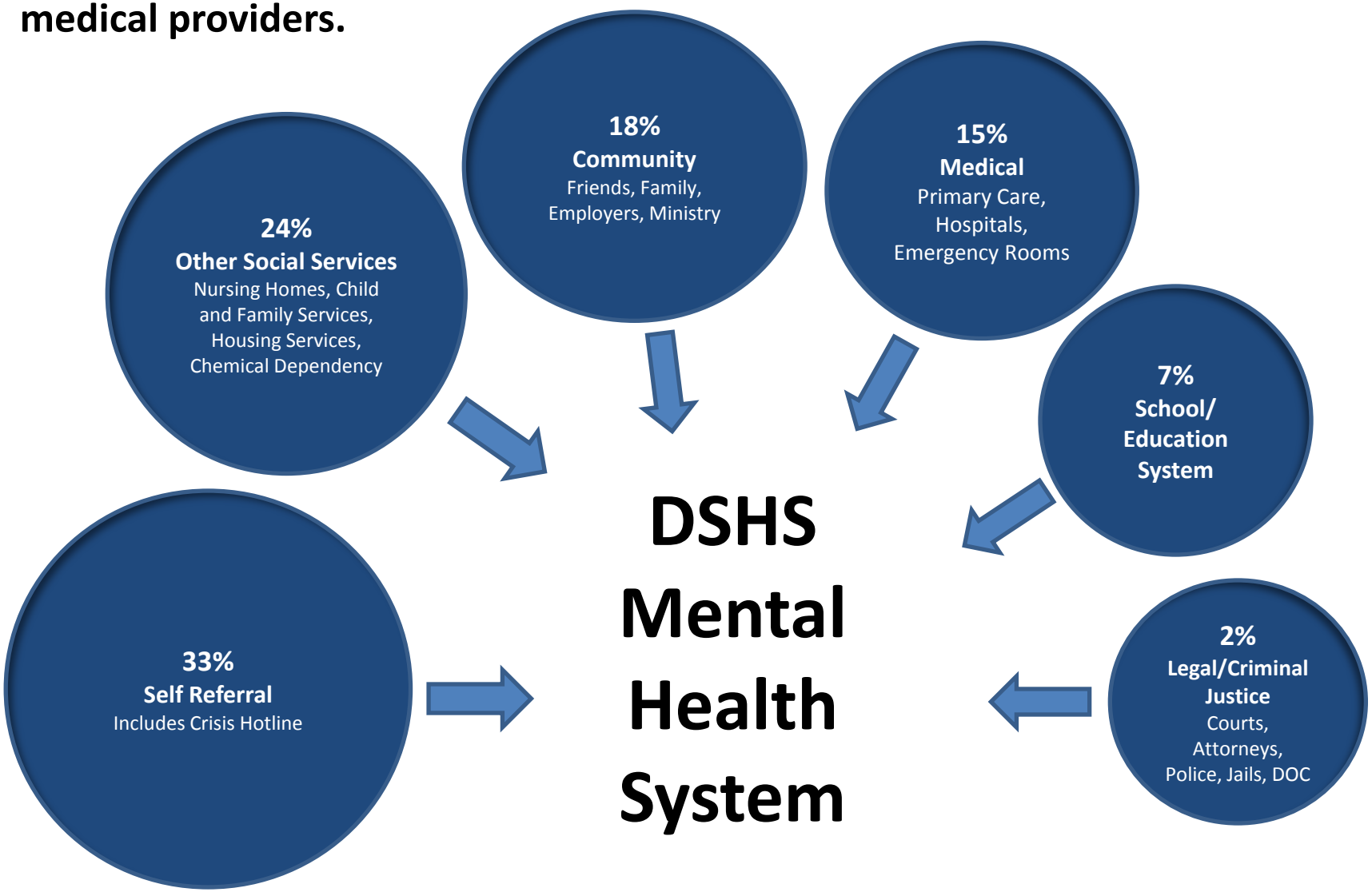
Senate Ways and Means Staff Presentation

January 23, 2014

Administrative responsibility for mental health services is distributed across many different federal, state, local, and private entities.

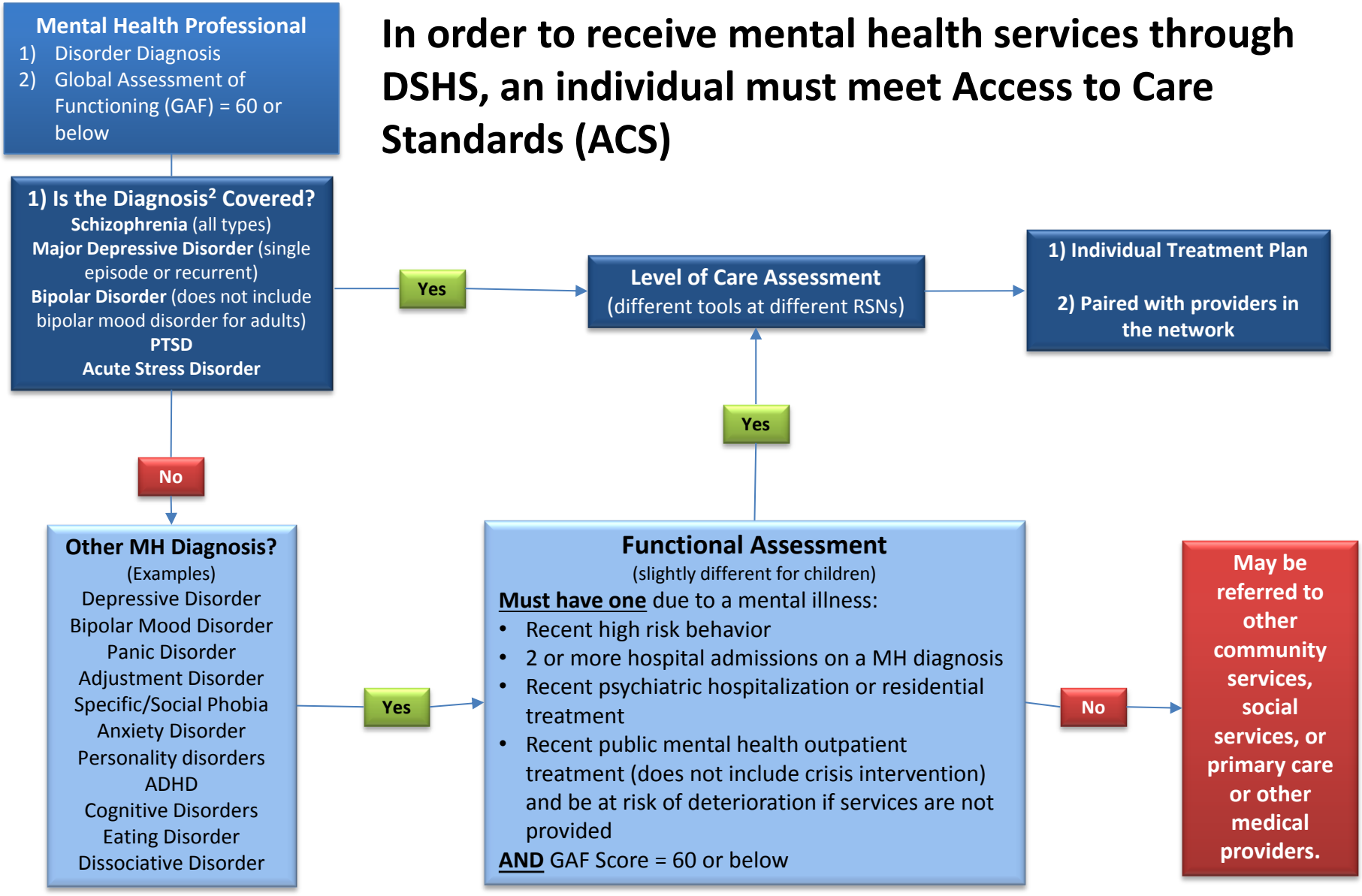
Administrative Agency/ Entity	Responsibility
US Dept of Health and Human Services Center for Medicare and Medicaid Services (CMS)	Lead federal agency administering Medicaid
Health Care Authority (HCA)	Lead state Medicaid agency for Washington. Provides health coverage for 1.2 million low-income Washington residents and covers both physical and mental health benefits.
Department of Social and Health Services (DSHS)	Lead state agency for social services in Washington. Integrates and coordinates activities and provisions of care for vulnerable adults and children, to include all Medicaid eligible individuals. Provisions include financial assistance, out-of-home and in-home supports, rehabilitation, and social and health care coordination.
Other state agencies	Mental health services are also purchased by Uniform Medical Plan, Labor and Industries and Department of Corrections.
Regional Support Networks (RSN)	Managed care contract with DSHS to develop and oversee the network of mental health services and activities in a defined region. At risk to provide services to all Medicaid eligible clients who present themselves for services. Administers crisis services for any individual who needs them regardless of Medicaid eligibility.
Mental Health Providers	Contract with Regional Support Networks and in some cases directly with the state to provide therapies, family services, peer supports, and mental health treatment to Medicaid and non Medicaid individuals.
Managed Care Plans	Approximately 80-90 percent of low-income medical services are purchased through managed care. Non-RSN mental health benefits are part of the benefit package for Medicaid clients.
Medical Providers	Contract with the state or managed care plan to provide physical and mental health services directly to patients

In HCA, an individual with a covered benefit receives services. Individuals are referred[1] to the DSHS mental health system in many ways, including from medical providers.



[1] Example of first time referrals roughly estimated on data from 4 RSNs: King, Spokane, Peninsula and North Sound

In order to receive mental health services through DSHS, an individual must meet Access to Care Standards (ACS)



[2]For Children, Bipolar Mood Disorder and all levels of Depressive Disorder are a covered diagnosis.

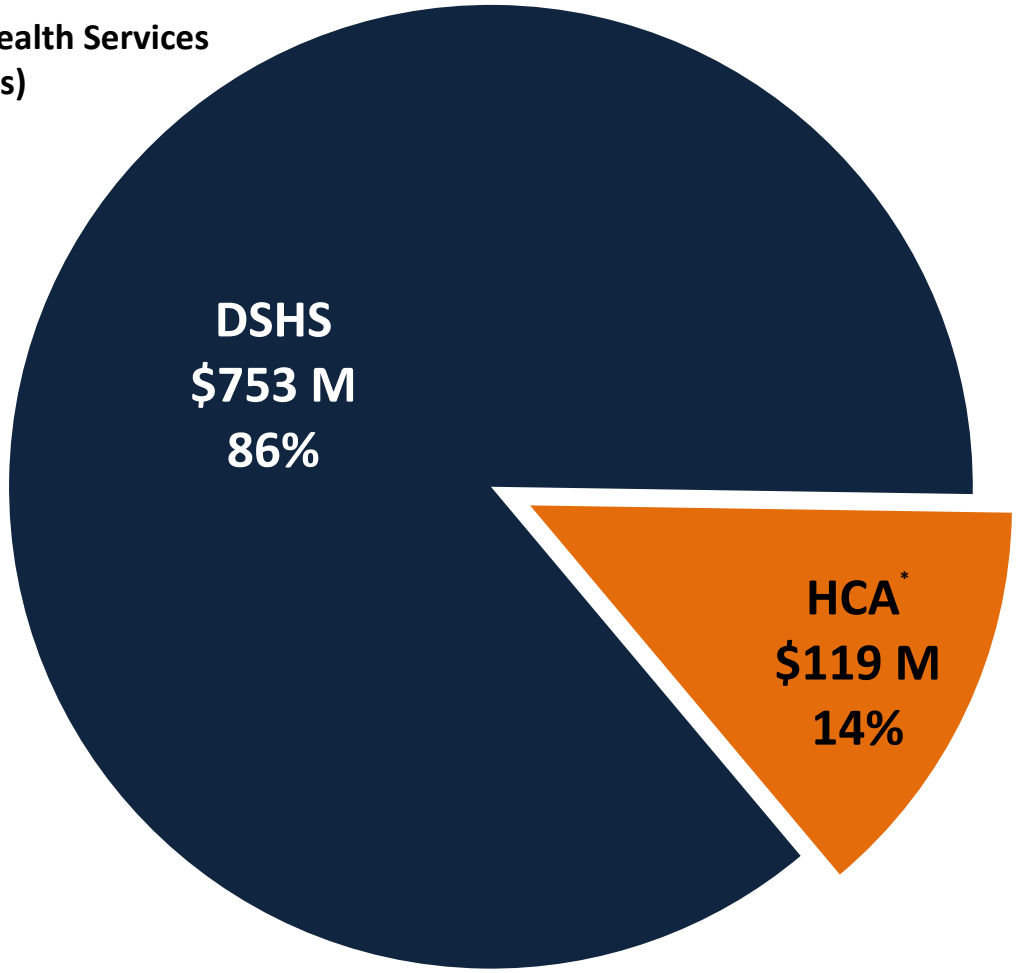
Clients served by the DSHS mental health system have social support needs in addition to mental illness (91,500 adults; 48,000 children)

- 11.5% of clients receive crisis services
- 8% of clients are persistent, high-utilizers
  - RSNs indicate approximately 15% of clients entering the system are previous clients who have decompensated
- 8% of clients enter the system involuntarily (Involuntary Treatment Act 71.05, RCW)
- Approximately 40% of clients have had criminal justice involvement
- 20% or more of clients are involved with other social services (chemical dependency, children's services, juvenile rehabilitation, developmental disabilities, long term care) [2]
- A significant portion of clients are struggling with housing needs
  - Almost 30% of individuals discharged from a state psychiatric hospital experience homelessness or unstable living arrangements (couch surfing) within 12 months of discharge.[3]

[2] Estimate base on RSN reports of "referrals" through Mental Health Centers/outpatient mental health services
[3] October 2013 Report: "The Housing Status of Individuals Leaving Institutions and Out of Home care," DSHS – Research and Data Analysis Division

Between the Medicaid agencies, DSHS funds 86% of mental health services compared to 14% in HCA

FY 2013
Spending on Mental Health Services
(total funds)



* To estimate mental health spending in HCA, DSHS Research and Data Analysis pulled cost and utilization data based on whether a person is coded as having a certain diagnosis code, procedure code, or both. If a person met this criteria, they are included in the above estimates.

Within HCA, 7 percent of eligible clients used mental health services in FY 2013 and this utilization accounted for 3% of total spending

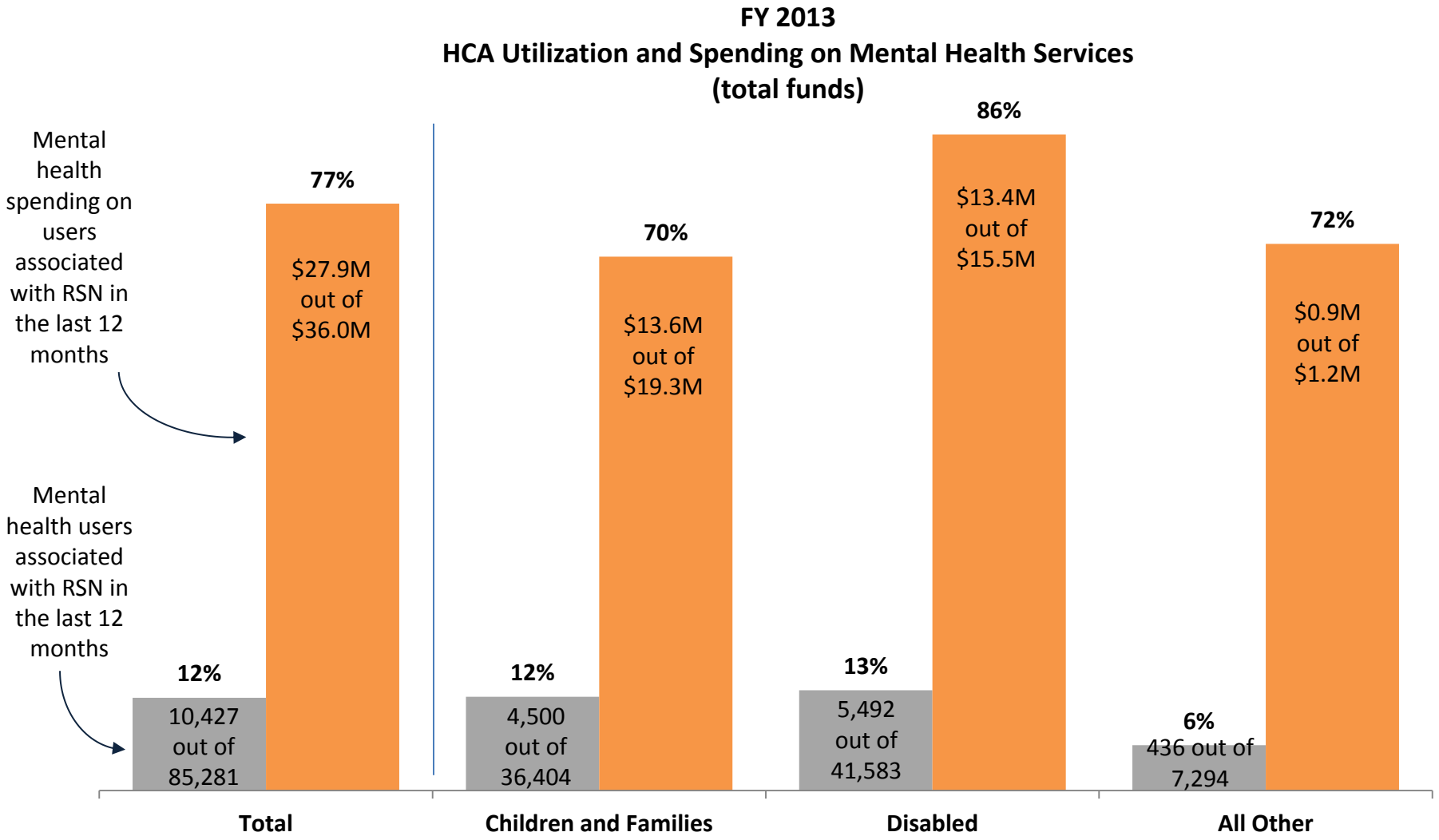
FY 2013
Spending on Mental Health Services

Eligibility Category	Total Dollars in Millions			Persons		
	A Total Spending on All Health Services	B* Total Spending on Mental Health Services	C Mental Health Spending as a Percent of Total	D Total Monthly Eligible Persons	E Average Monthly Users of Mental Health Services	F Mental Health Services User Rate
Children and Families	$1,994	$53	2.7%	836,351	36,404	4.4%
Disabled	$1,754	$71	4.0%	175,983	41,583	23.6%
All Other	$736	$4	0.6%	200,391	7,294	3.6%
Total	**$4,484**	**$128**	**2.9%**	**1,212,726**	**85,281**	**7.0%**

Source: Health Care Authority and DSHS Research and Data Analysis

* $9 million of mental health spending is accounted for in the DSHS budget but is kept here to show spending/utilization by eligibility category.
* Costs do not include any prescription drug costs that were purchased by a managed care organization

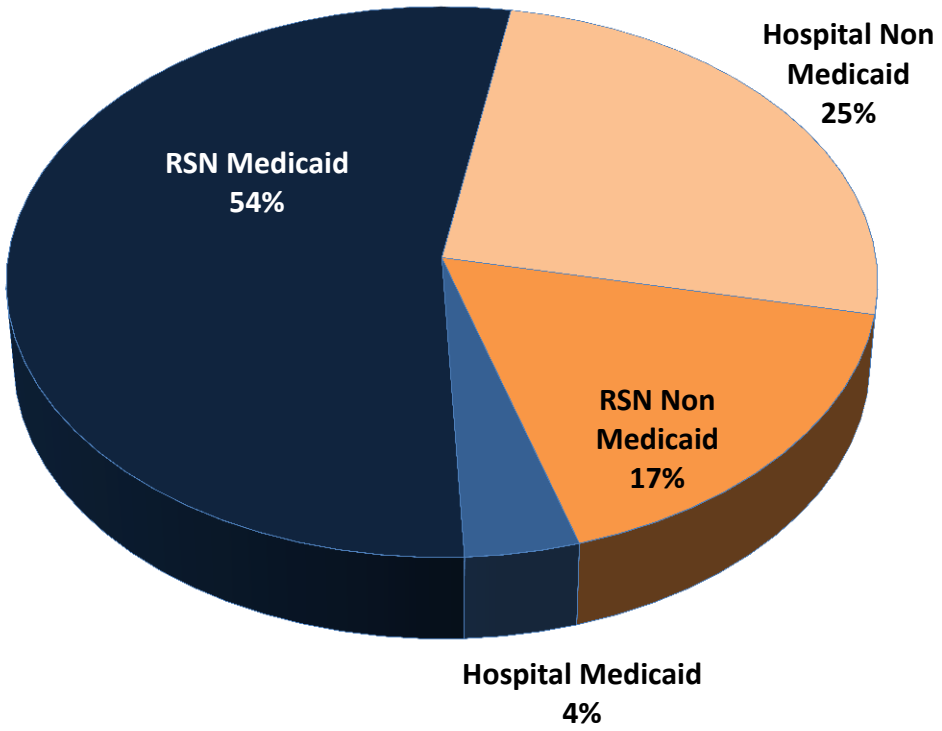
Those HCA patient users who are associated with an RSN in the last 12 months account for a majority of HCA's mental health spending



Source: DSHS Research and Data Analysis

*Does not include pharmaceutical use or spending as dollar/use information related to RSN association for drugs is unavailable
* $6M million of mental health spending is accounted for in the DSHS budget but is kept to show spending/utilization by eligibility category
* A "user" is any client who is eligible for the service and who uses that service at least once during the month is considered one user

DSHS spent $753 million in FY2013 on mental health services for approximately 141,000 Medicaid eligible and 39,000 non-Medicaid adults and children

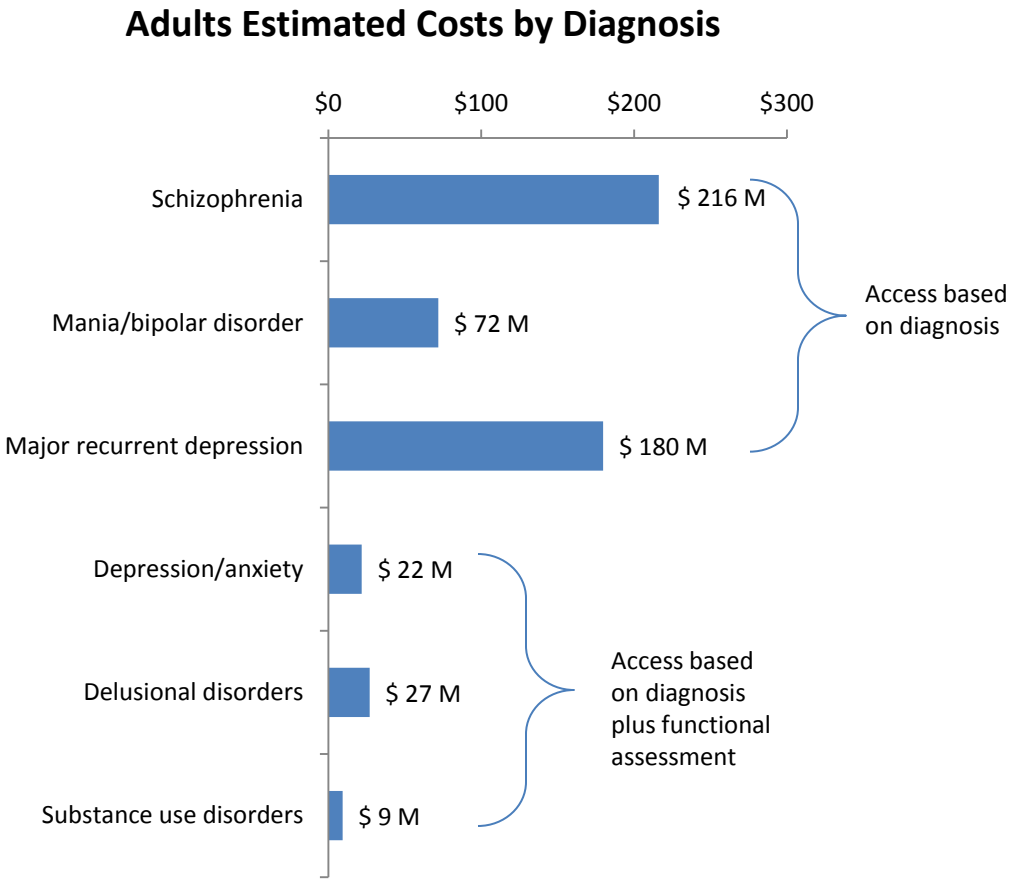


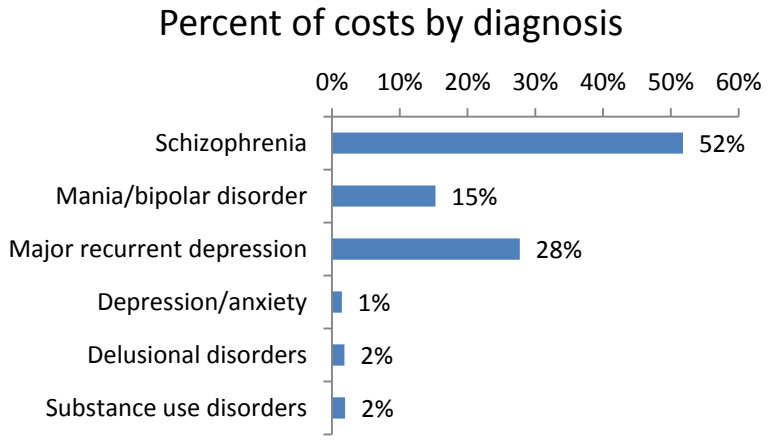
Expenditures by Fund	Dollars	Percent
Hospital Non Medicaid	$ 192	22%
RSN Non Medicaid	$ 128	18%
Hospital Medicaid	$ 30	4%
RSN Medicaid	$ 403	56%
	$ 753	100%

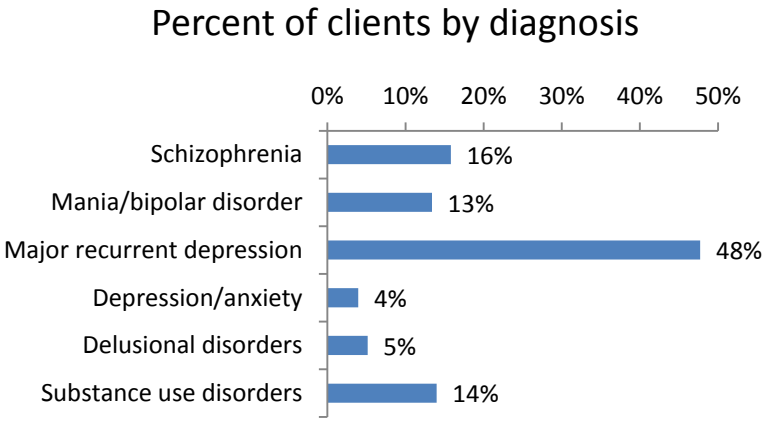
Of the Non Medicaid Funds, $215 million is General Fund-State.

RSN Expenditures taken from FY13 Medicaid and Non Medicaid Revenue and Expenditure Reports.

For adult clients served by DSHS, 16% of the population served utilize 52% of the budget. This is largely due to inpatient utilization and intense outpatient supports.



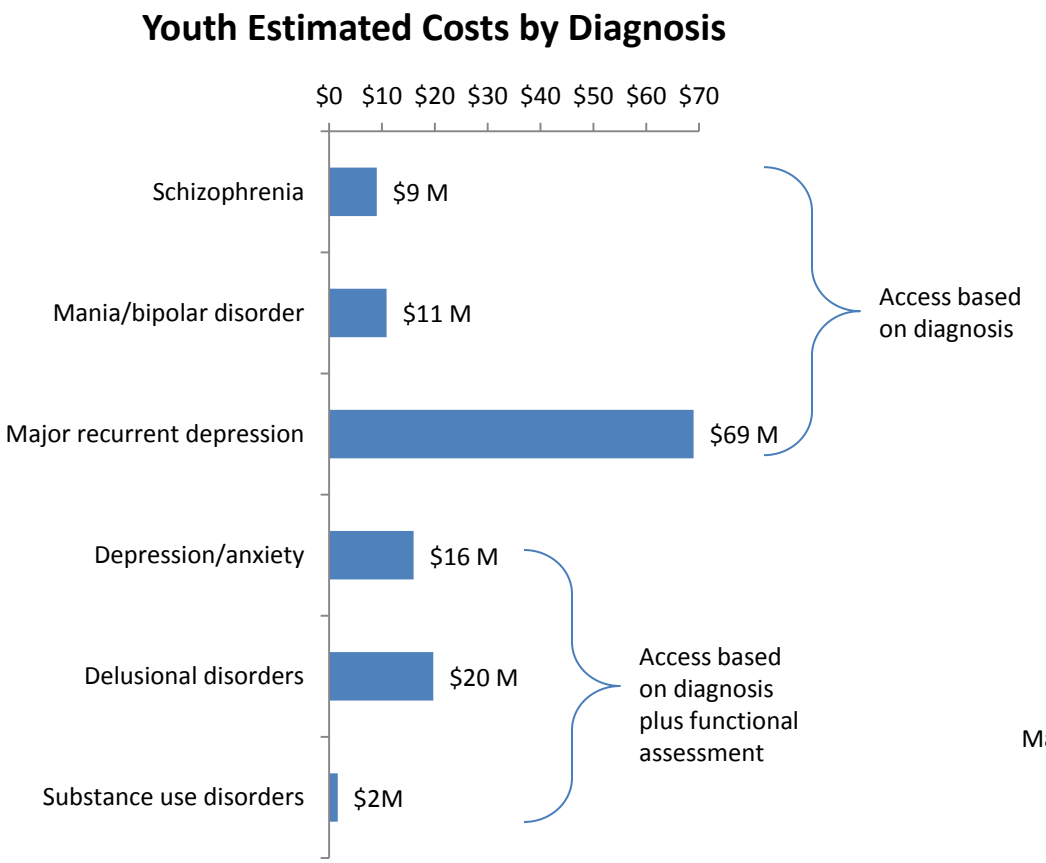


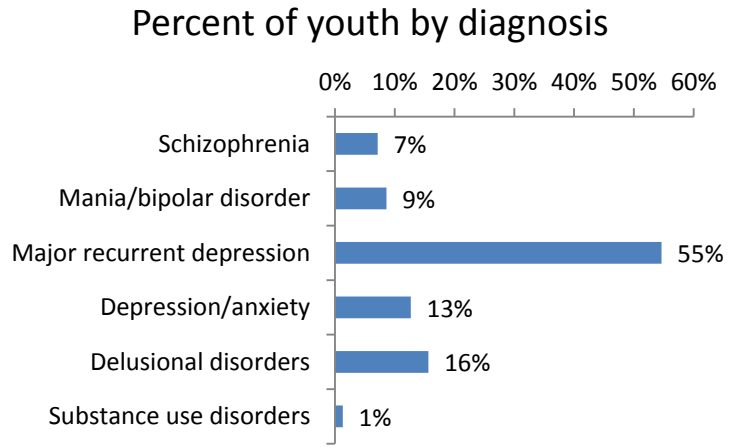


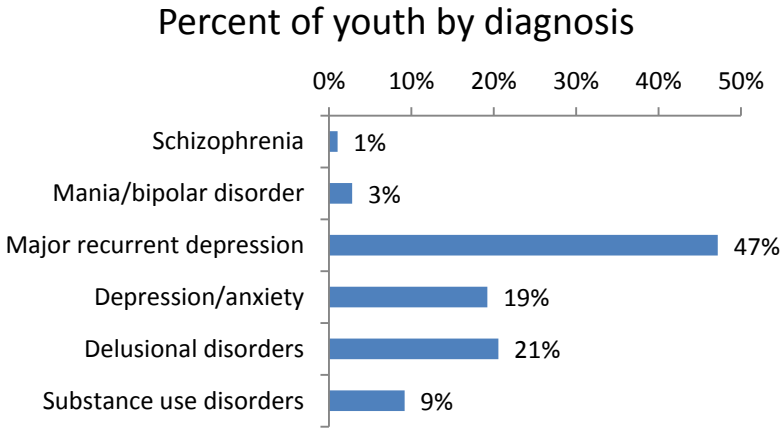
Source: DSHS Research and Data Analysis

For adults, Bipolar Mood Disorder is not a covered diagnosis and requires functional criteria for access. On this slide, Bipolar Mood Disorder is included in the Depression/anxiety grouping.

Youth clients served by DSHS typically have less severe diagnosis but suffer from functional impairment. Costs are primarily driven by outpatient services.



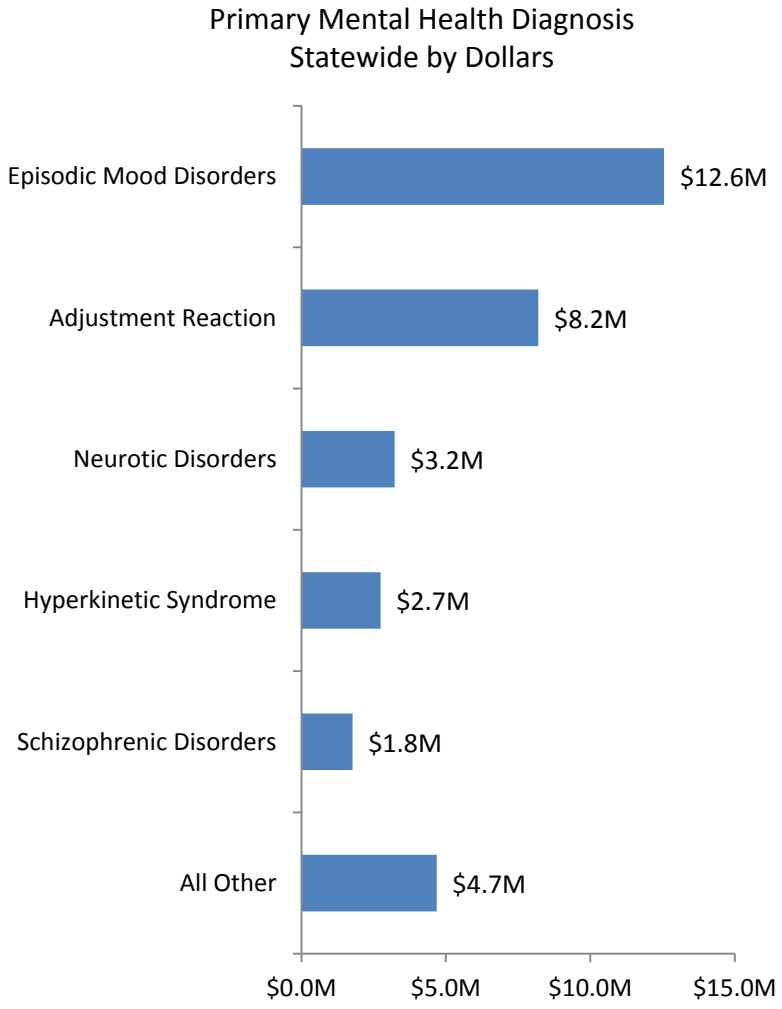


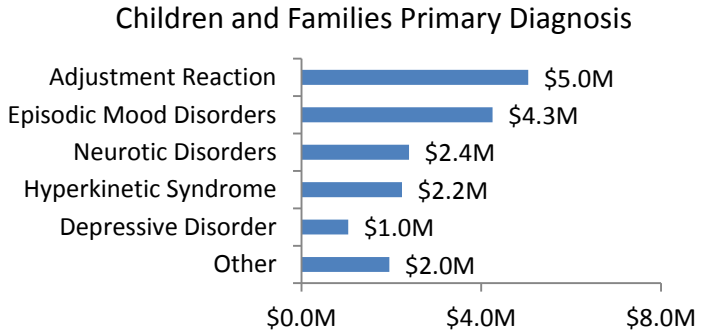


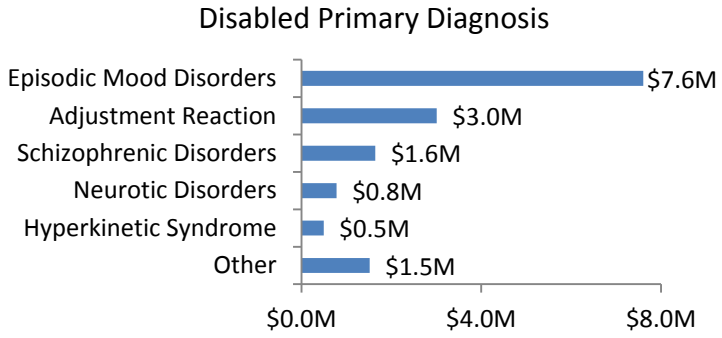
Source: DSHS Research and Data Analysis

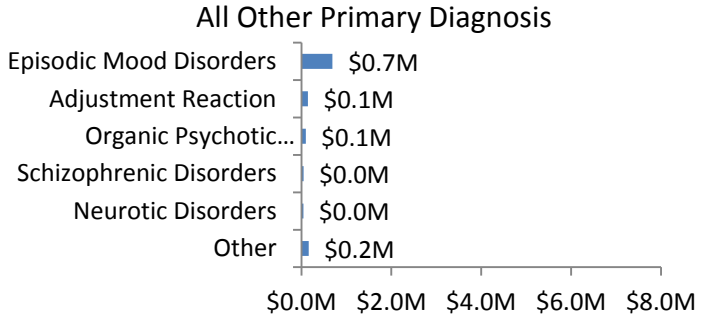
For Youth, Bipolar Mood Disorder is a covered diagnosis and is included in the Mania/bipolar disorder grouping.

About 60% of all HCA mental health spending went toward patients with episodic mood disorder (e.g. bi-polar) or adjustment reaction (e.g. stress-related/ event specific)





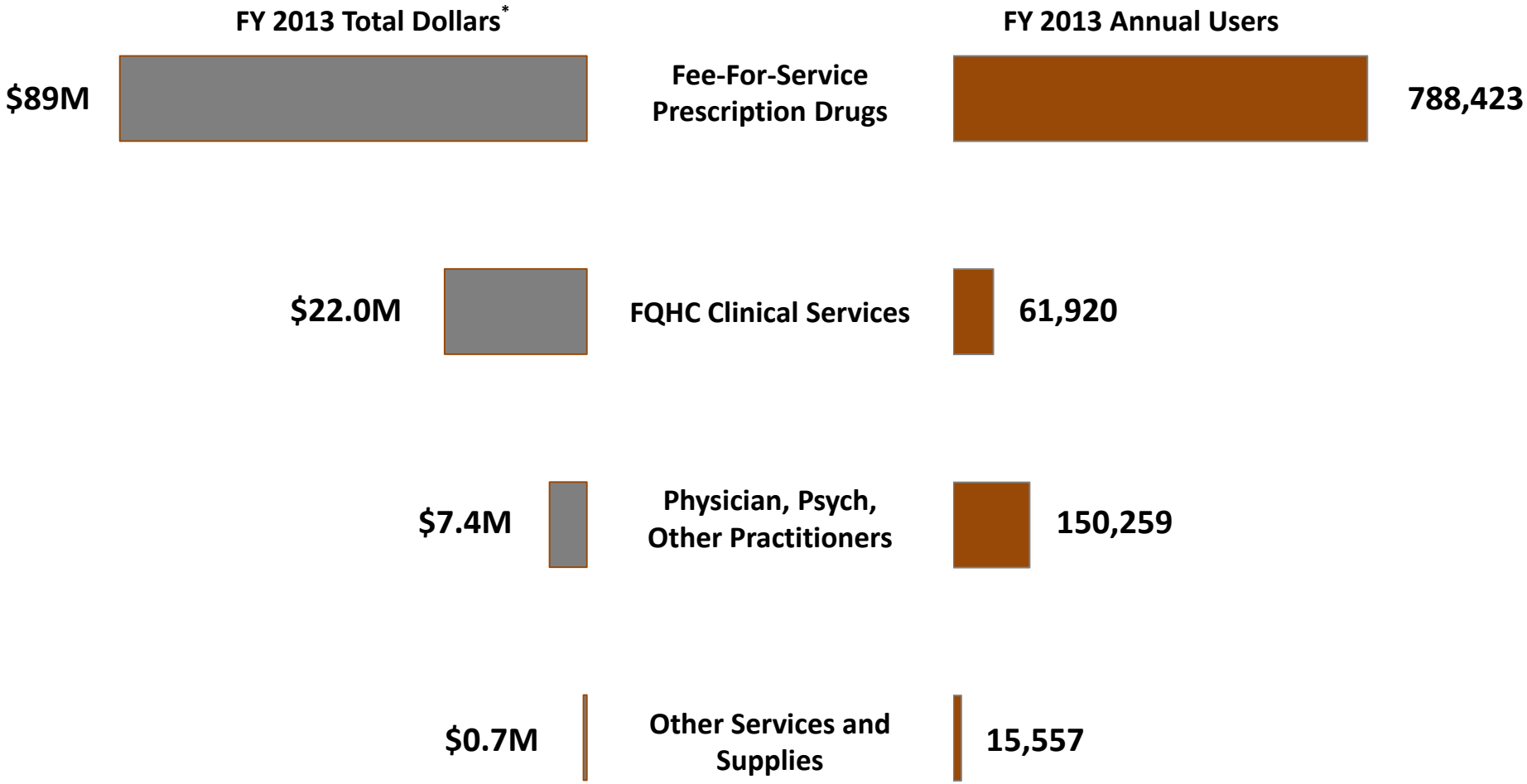




Source: DSHS Research and Data Analysis

*Does not include pharmaceutical use or spending
* Does not include managed care spending, which is approximately $2.8M
* $6M million of mental health spending is accounted for in the DSHS budget but is kept to show spending/utilization by eligibility category

In terms of services, the majority of spending on mental health services in the Health Care Authority is for prescription drugs

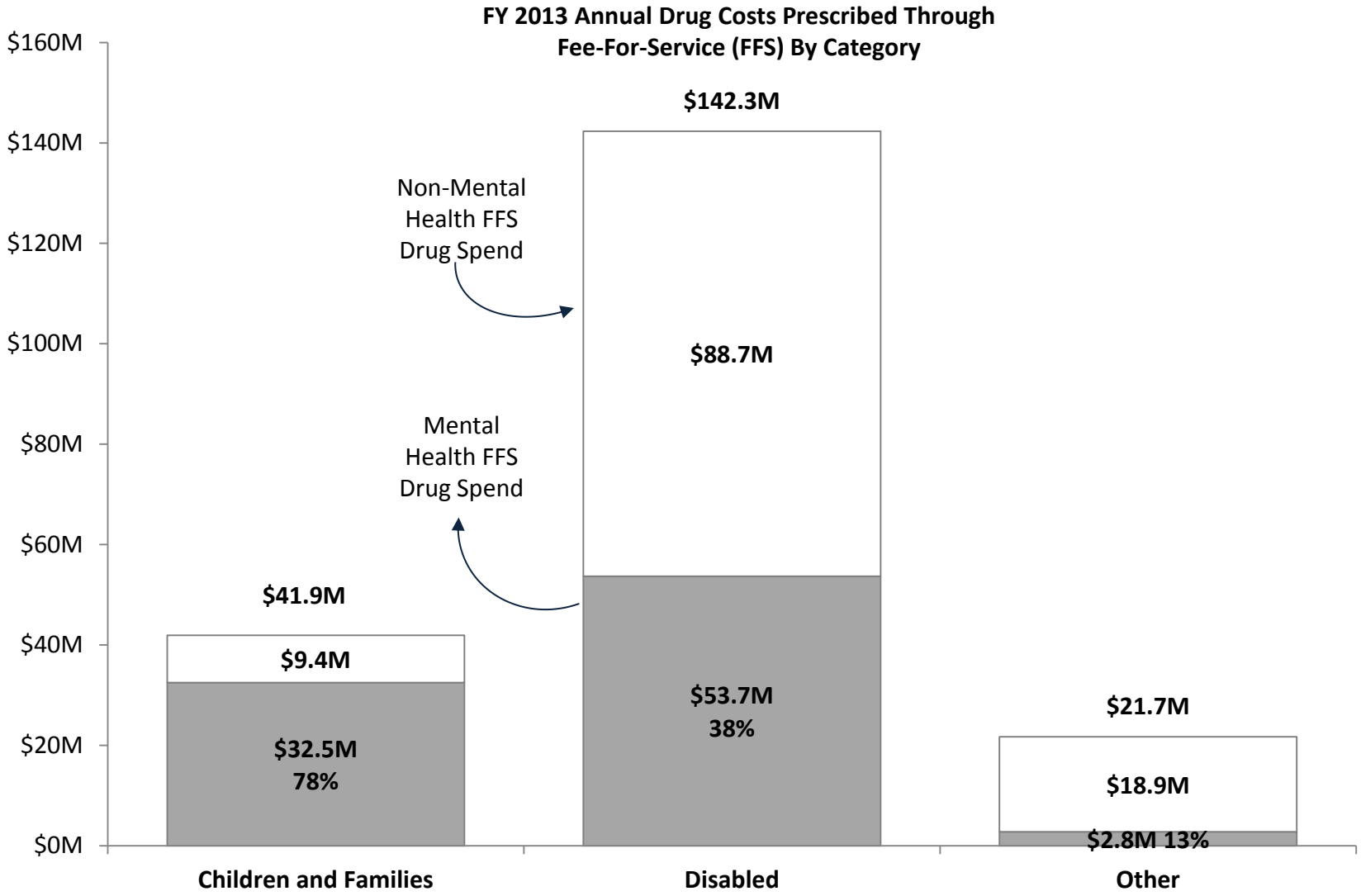


Source: DSHS Research and Data Analysis

* Prescription drug costs and utilization are only those costs and utilization attributed to drugs prescribed on a fee-for-service basis regardless of whether the client is managed care

* A "user" is any client who is eligible for the service and who uses that service at least once during the month is considered one user

Mental health drugs can be a major cost driver for Medicaid prescription drug costs



Source: DSHS Research and Data Analysis

* Prescription drugs are only those prescribed through on a fee-for-service basis regardless of whether that person is covered by a managed care plan

In sum, mental health users in HCA are more expensive than non-mental health users across all services

FY 2012 Non-Duel Eligible Client Average Per Member Per Month Costs by Mental Health (MH) User Status*

Category	Non-Dual Eligible		Ratio
	MH User	Non-MH User	MH | Non-MH
Children and Families	$1,453	$249	5.8 to 1
Disabled	$4,141	$2,051	2.0 to 1
Aged	$3,986	$809	4.9 to 1
Pregnant	$2,416	$130	18.6 to 1
Alien Emergency Medical	$7,319	$2,290	3.2 to 1
All Other	$10,587	$1,905	5.6 to 1

* DSHS RDA. A 'Mental Health User' is anyone who received mental health services in FY2012 or at any time 6 months prior to the start of FY2012. The mental health criteria is the same as used in previous slides.

Within DSHS, 60% of services are covered by Medicaid. Services not Covered by Medicaid are ITA investigations, room and board for E&Ts, and court services.

(Dollars in Millions)

Service Costs (FY12)	Medicaid	Non Medicaid	Total
Inpatient (State Psychiatric Hospitals)	$29.5	$ 192.2	$ 221.7
Inpatient (E&T & Community Hospital)	65.3	34.6	99.9
Crisis Hotline	2.2	0.7	2.9
Crisis Service	40.1	17.9	58
Outpatient Services: Individual Treatment, Therapies, Med Management, Peer Support	236.6	23.7	260.3
Residential/Personal Care	19.4	14.3	33.7
High intensity Community Treatment (PACT/Wraparound)	8.3	4.0	12.3
Enhanced funds for those who are difficult to place	1.0	5.0	6.0
ITA/Court	-	14.4	14.4
Offender services (DOC and Jail)	-	5.1	5.1
Information and Education Services	7.0	2.4	9.4
Total	**$ 409.3**	**$ 314.3**	**$ 723.6**

NOTE: Community costs do not include RSN admin, Utilization Management, Quality Assurance, and Client facilitation services such as transportation, translation, and interpreters. These add $24 m Medicaid, and $6m in Non Medicaid costs.

Services provided vary by the severity of mental illness, individual RSN level of care assessment tools, and available resources in the catchment area.

Source: RSN Revenue and Expenditure Reports

The future of mental health financing

1. Is the state currently serving the appropriate people and serving them adequately?
2. With or without integration, what is the policy problem that the legislature is trying to fix?
3. What improved outcomes is the state trying to achieve with integration?
4. What specific efficiencies is the state trying to achieve with integration?
5. What do the behavioral health and physical health systems look like right now and how do they need to change? The budget data does not capture demand or need, but rather the users who used the system.
6. How do state purchasing and service organizations need to change to achieve the outcomes set forth by the legislature?

Questions?

Appendix: 1/10th of one percent local sales tax distributions for mental health and chemical dependency services

County	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 - YTD*
Clallam County	945,140	991,811	948,809	955,927	357,015
Clark County	4,489,008	4,685,849	4,893,173	5,224,108	1,880,924
Cowlitz County				118,486	538,378
Ferry County			60,103	99,702	34,647
Grays Harbor County	249,004	886,167	925,057	838,769	309,399
Island County	778,529	748,244	726,898	749,379	275,755
Jefferson County	364,061	360,713	359,668	385,303	143,840
King County	40,080,072	41,103,305	42,342,952	45,456,210	16,166,855
Kitsap County**					
Lewis County			554,166	1,058,027	380,332
Mason County			39,093	515,857	189,655
Okanogan County	511,573	508,897	535,529	542,234	233,309
Tacoma				3,564,319	1,488,418
San Juan County	359,782	363,296	376,927	382,964	175,324
Skagit County	2,076,517	2,088,313	2,226,712	2,385,365	858,231
Skamania County			9,193	111,496	38,731
Snohomish County	9,987,411	10,215,273	10,306,530	11,125,397	3,993,972
Spokane County	7,184,384	7,257,660	7,381,170	7,680,762	2,751,579
Thurston County	3,853,157	3,985,164	3,917,396	4,015,259	1,420,511
Wahkiakum County	26,727	25,602	39,980	35,650	11,383
Walla Walla Coun			235,211	826,448	286,675
Whatcom County	3,024,591	3,099,512	3,275,897	3,446,954	1,245,534
County Total	**73,781,603**	**76,319,806**	**79,154,465**	**85,954,297**	**31,292,051**
City Total				**3,564,319**	**1,488,418**
Total	**73,781,603**	**76,319,806**	**79,154,465**	**89,518,615**	**32,780,468**

NOTES:
*FY2014 includes distributions for July-October 2013.
**Kitsap County will begin assessing the tax in January 2014.

FY2014 Projected Revenue = $99.3 million