Washington State Health Care Authority

Community Behavioral Health Legislative Funding Increases

Frequently Asked Questions

This communication is intended to provide clarifying information to interested parties regarding legislatively mandated community behavioral health (CBH) increases, to ensure that these important initiatives are communicated clearly to all Managed Care Organizations (MCOs), Behavioral Health Administrative Services Organizations (ASOs), providers and other interested entities.

This FAQ addresses the legislation for MCO Medicaid services:

- 2% CBH rate increase – rate increase implemented April 1, 2021
- 7% CBH rate increase – rate increase effective January 1, 2023
- 32% Opioid Treatment Program (OTP) rate increase – rate increase effective January 1, 2023

The FAQ addresses the legislation for MCO wrap-around and ASO non-Medicaid services:

- 2% CBH rate increase – General Fund-State (GF-S) funding increase implemented July 1, 2021
- 7% CBH rate increase – GF-S funding increase effective January 1, 2023

2% Community BH Rate Increase

The 2021-23 operating budget - included a 2% increase for all CBH services provided through the behavioral health agencies. The rate increase was implemented for all behavioral health inpatient, residential, and outpatient providers.

The 2022 Supplemental budget - included a continuation of the 2% rate increase for all services covered under the behavioral health benefit, originally implemented as above. The rate increase affected behavioral health agency provider types for services covered under the BH benefit package.

The rate increase was incorporated into managed care and ASO funding for CY2022 and CY2023. Therefore, it is HCA's expectation that MCOs and ASOs will continue to pay providers at that level, plus the new rate increases that are being implemented during CY2023.

7% Community BH Rate Increase

The 2022 Supplemental Budget includes a continuation of the 2% increase that was effective April 2021 and July 2021 and adds a 7% increase for community behavioral health providers. The 7% increase is effective January 1, 2023 and applies to all CBH services (including WISe) provided through behavioral health inpatient, residential and outpatient providers, except for OTP services.

What is the intent and purpose of this rate increase? This rate increase is indicative of the commitment of Governor Inslee and the Legislature to continue investing in the CBH delivery system. It recognizes the challenges faced by the provider community given the current workforce shortages and the high demand for CBH services. Together with other initiatives, such as the $100 Million grant distribution to Behavioral Health Agencies, the Legislature intends to continue to support and sustain vital CBH services.

Why are OTP services excluded from this rate increase? See below for more information. In essence, the budget proviso includes specific language prohibiting the application of this rate increase to providers who are eligible for a rate increase in other subsections of the budget bill. Because bundled OTP services – services required under state and federal law for an OTP to provide to all OTP patients -- are eligible for a rate increase through a separate proviso, they are excluded from the 7% rate increase.

Does the 7% rate increase replace the previously implemented 2% rate increase? No. This increase is on top of the previously implemented CBH rate increase of 2%. In other words, the 7% increase must be on top of the provider payment level that was in effect in December 2022 that already incorporates the 2% increase. The specific impact to a provider's reimbursement level will depend on the type of contract arrangement they have with each MCO. Please see notes below explaining how multiple factors impact the actual managed care capitation rates.

Does this rate increase apply to lower level behavioral health services? This rate increase does not apply to lower acuity mental health services delivered under the physical health benefit package (see Mental Health Services Billing Guide Part1).

Was the funding provided by the Legislature incorporated by Milliman into CY2023 BH managed care rates paid to MCOs by HCA? Yes, HCA's actuary Milliman included a rate adjustment to account for the rate increase in the managed care capitation rates for CY2023, paid by HCA to MCOs.

HCA and Milliman have shared materials showing that the BH portion of the statewide MCO capitation rates for CY 2023 is lower than it was in CY 2022. How is this possible if the legislature funded the 7% rate increase? What other factors contributed to the capitation rate changes?

- Funding for the 7% rate increase was added as an adjustment to unit cost.
- Managed care rates are composed of both utilization and unit cost assumptions. Factors outside of the 7% rate increase also impact the overall MCO rates. These include reduced BH utilization in the data used as base experience for CY2023 managed care capitation rates and the higher caseload projected for CY2023 due to the moratorium on client disenrollment in place during the Public Health Emergency (PHE).
- HCA must work with actuaries to develop managed care capitation rates that comply with numerous federal rules, guidance, and industry standards of practice. Rates must be based on data that is consistent with 42 CFR 438.5. In practice, this means that HCA must take a data-

driven approach to rate development and these factors must be considered in the rate setting process. HCA and Milliman will continue to monitor emerging experience and adjust the MCO rates as necessary in the future.

- It is important to emphasize that changes to the managed care capitation rates or premium amounts do not directly translate into changes to the reimbursement rates paid by MCOs to providers. Additionally, a reduction in MCO capitation rates does not necessarily mean a reduction in the total revenue to the CBH system. Higher caseloads due to PHE mean that MCOs are paid a capitation rate with more people, which translates to increased funding for BH services overall. Providers who contract with MCOs on a percent of premium basis may see differing results based on regional and contracting variations, potentially resulting in a reduced monthly rate, even with the 7% increase added to the rates, due to the factors described above.
- Furthermore, managed care capitation rates change year to year at the regional level. While the statewide rate may show a decrease due to the factors described above, some regional rates may have increased compared to the previous year, depending on the mixes of service providers, members and utilization patterns.

What if we receive payment via a mechanism that makes the 7% difficult to determine? The increase must be applied at a consistent level that is a 7% increase over the amount paid for services on December 31, 2022. Providers should work with their MCO partners to understand the specific changes to their contracts and where the 7% increase is reflected. If a provider contracts on a percent of premium basis, the 7% provider rate increase will be comingled with other changes to the MCO capitation rates. Please see the notes above that further describe this issue.

Was the funding provided by the Legislature incorporated into CY2023 contracts for wraparound services paid to MCOs by HCA? Yes, HCA included a funding adjustment to account for the increase for CY2023, paid by HCA to MCOs.

Was the funding provided by the Legislature incorporated into CY2023 contracts for BH-ASO services paid to ASOs by HCA? Yes, HCA included a funding adjustment to account for the increase for CY2023, paid by HCA to ASOs for all flex funding. Proviso specific funding was not increased per proviso but additional funding was provided to increase payments for proviso specific services, as appropriate. It is expected that services necessary for the individual are provided within available resources.

32% OTP rate increase:

The 2022 Supplemental budget bill includes funding to apply a rate increase to the rate for Opioid Treatment Program services, provided to managed care enrollees. This rate increase is effective January 1, 2023 and applies to procedure code H0020 delivered by providers offering OTP services covered under the CBH benefit. HCA has updated the MCO contracts for CY2023 directing the plans to increase rates for eligible services by 32%. H0020 is not eligible for the 7% CBH rate increase. Services contracted through ASOs are not eligible for this rate increase.

Are other services delivered by Opioid Treatment Program providers eligible for this rate increase?

- No, only the bundled services billed through procedure code H0020 are eligible for the 32% rate increase.
- Other CBH services that are billed outside of H0020 are eligible for the 7% rate increase.

Are other providers who may be billing code H0020 eligible for the 32% rate increase? Yes, providers who are eligible to bill for H0020 via certified opioid treatment programs are eligible to receive this increase.

General Questions:

When will behavioral health providers see these rate increases? Providers will see the reimbursement rate increase reflected in their MCO contracted rates as soon as updated contract amendments or notices between providers and MCOs and ASOs are in place. The exact timing and method for distributing these payments may vary by MCO, ASO and provider, based on contract and system differences. HCA encourages providers to work with contractors directly to clarify the timing of the rate increases.

How long is this rate increase effective? The legislative budget provided funding on an on-going basis, it is possible that the Legislature could make different decisions in the future.

How will HCA confirm that providers received the rate increase? As directed in Engrossed House Bill 2584 HCA must verify that targeted CBH provider rate increases have been passed through to providers. HCA and Milliman, HCA's actuary, will continue to monitor the encounter data and supplemental data received directly from MCOs (for non-encounter based services) to ensure that providers received the equivalent rate increase for eligible services. Additionally, providers may reach out to the managed care mailbox for any concerns – HCA has a timely and accurate payment accountability process. HCA will audit ASO's accounting and provider contracting of GF-S funds including provider rate increase during the annual site visit review.

Please see below for a list of MCO contacts who can answer questions about their specific plan for operationalizing the rate increase:

- **Amerigroup**:
  Caitlin Safford, Caitlin.Safford@amerigroup.com;
  Preston Cody, Preston.Cody@amerigroup.com
- **Community Health Plan of Washington (CHPW)**:
  Courtney Ward, Courtney.ward@chpw.org
- **Coordinated Care of Washington (CCW)**:
  Kate Mundell, Mary.Mundell@coordinatedcarehealth.com;
  Jess Molberg, Jessica.L.Molberg@coordinatedcarehealth.com
- **Molina Healthcare of Washington**:
  Jennifer Morgan, Jennifer.Morgan@molinahealthcare.com
- **United Health Care**:
  Jennifer Emery-Morelli, jennifer_emery-morelli@uhc.com
- **King County Integrated Care Network (KCICN) providers may contact:**
  Isabel Jones, IJones@kingcounty.gov

EXHIBIT A

Budget Proviso Language:

(56) $8,197,000 of the general fund—state appropriation for fiscal year 2022, $8,819,000 of the general fund—state appropriation for fiscal year 2023, and $38,025,000 of the general fund—federal appropriation are provided solely to continue in the 2021-2023 fiscal biennium the two percent increase to medicaid reimbursement for community behavioral health providers contracted through managed care organizations that was provided in April 2021. The authority must employ mechanisms such as directed payment or other options allowable under federal medicaid law to assure the funding is used by the managed care organizations for a two percent provider rate increase as intended and verify this pursuant to the process established in chapter 285, Laws of 2020 (EHB 2584). The rate increase shall be implemented to all behavioral health inpatient, residential, and outpatient providers receiving payment for services under this section contracted through the medicaid managed care organizations.

(58) $17,128,000 of the general fund—state appropriation for fiscal year 2023 and $32,861,000 of the general fund—federal appropriation are provided solely to implement a 7 percent increase to medicaid reimbursement for community behavioral health providers contracted through managed care organizations to be effective January 1, 2023. The authority must employ mechanisms such as directed payment or other options allowable under federal medicaid law to assure the funding is used by the managed care organizations for a 7 percent provider rate increase as intended and verify this pursuant to the process established in chapter 285, Laws of 2020 (EHB 2584). The rate increase shall be implemented to all behavioral health inpatient, residential, and outpatient providers contracted through the medicaid managed care organizations. Providers receiving rate increases under other subsections of this section must be excluded from the rate increase directed in this subsection.

(91) $2,382,000 of the general fund—state appropriation for fiscal year 2023 and $6,438,000 of the general fund—federal appropriation are provided solely for a transition to bundled payment arrangement methodology for opioid treatment providers. Within these amounts, providers will receive a rate increase through the new methodology and the authority must direct medicaid managed care organizations, to the extent allowed under federal medicaid law, to adopt a value based bundled payment methodology in contracts with opioid treatment providers. This increase is effective January 1, 2023.

(7) $95,822,000 of the general fund—state appropriation for fiscal year 2022 and (($95,066,000)) $116,633,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for persons and services not covered by the medicaid program. To the extent possible, levels of behavioral health entity spending must be maintained in the following priority order: Crisis and commitment services; community inpatient services; and residential care services, including personal care and emergency housing assistance. These amounts must be distributed to behavioral health entities as follows (a) $72,275,000 of the general fund—state appropriation for fiscal year 2022 and (($72,275,000)) $88,275,000 of the general fund— state appropriation for fiscal year 2023 are provided solely for the authority to contract with behavioral health administrative service organizations for behavioral health treatment services not covered under the medicaid program. Within these amounts, behavioral health administrative service organizations must provide a two percent rate increase to providers receiving state funds for nonmedicaid services under this section effective July 1, 2021, and a seven percent rate

increase effective January 1, 2023. (b) (($22,791,000)) $23,547,000 of the general fund—state appropriation for fiscal year 2022 and (($22,791,000)) $28,358,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for the authority to contract with medicaid managed care organizations for wraparound services to medicaid enrolled individuals that are not covered under the medicaid program and for the state share of costs for exceptional medicaid behavioral health personal care services. Within the amounts provided in this subsection: (i) Medicaid managed care organizations must provide a two percent rate increase to providers receiving state funding for nonmedicaid services under this section effective July 1, 2021, and a seven percent rate increase effective January 1, 2023.

EXHIBIT B

Calendar Year 2023 MCO Contract Language:

5.21.5 The Contractor shall increase provider reimbursement rates previously increased by 2 percent effective April 1, 2021, by an additional 7 percent effective January 1, 2023, for providers that deliver contracted Behavioral Health services as described in subsections 17.1.2, 17.1.4.3, 17.1.4.4, 17.1.4.5, 17.1.4.6, 17.1.14, 17.1.15, 17.1.16, 17.1.41, and 17.1.42 of this Contract. This change does not apply to services delivered under subsection 17.1.15.20.

5.21. 11 Effective January 1, 2023, and when it is consistent with appropriated funding, the Contractor shall increase provider reimbursement rates paid to Opioid Treatment Providers by 32 percent as calculated by HCA's designated actuary. This rate increase applies to services delivered under subsection 17.1.15.20.