HB 22-1268 Action Plan Update

October 1, 2024

Submitted to: The Joint Budget Committee

COLORADO
Department of Health Care Policy & Financing

Contents

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Department of Health Care Policy & Financing

I. Introduction

In compliance with Colorado House Bill 22-1268, the Department of Health Care Policy and Financing (HCPF) submitted to the Joint Budget Committee an Action Plan[1] as a companion to the Behavioral Health Provider Rate Comparison Report[2]. This language also requires HCPF to produce a progress report regarding the implementation of the action plan by August 1 every year through 2025. The submitted action plan was a list of action steps HCPF would take to improve actual or perceived differences in payment rates for behavioral health providers. The action plan had five main action steps including timelines, dependencies, and responsible parties. This update provides new information on the progress or changes made to each of the action steps from the original action plan.

Based on the analysis presented in the Rate Comparison Report, dated August 15, 2022, and to address issues related to variation in rates between Community Mental Health Center (CMHC) providers and the Independent Provider Network (IPN), HCPF presented the following five recommendations:

1. Update rates and service definitions to align with new provider definitions and improve payment models and reporting accuracy. *COMPLETE*
2. Evaluate appropriate payment methodologies as viable alternatives to the Relative Value Unit payment model. *COMPLETE*
3. Continue improvement for safety net cost reports. *ONGOING*
4. Expand value-based payment models to larger groups of providers. *ONGOING*
5. Continue to analyze and periodically post publicly rate review and analysis on behavioral health rates, to show changes over time. *ONGOING*

Progress updates for these five recommendations are presented with implementation or completion dates where appropriate.

[1] https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20BH%20Rates%20Action%20Plan_0.pdf
[2] https://hcpf.colorado.gov/sites/hcpf/files/HB%2022-1268%20Report.pdf

II. Action Steps

1. Update rates and service definitions to align with new provider definitions and improve payment models and reporting accuracy (COMPLETE)

New Safety Net Provider Definitions

The Behavioral Health Administration (BHA) completed rules for behavioral health entities (BHE), which contained the creation of two new safety net provider types, Comprehensive and Essential, as required by a set of bills reforming the behavioral health safety net. These new rules went into effect January 1, 2024. HCPF updated all behavioral health provider policies to incorporate the new safety net provider types and began allowing providers to enroll into Medicaid under the new safety net provider type starting March 1, 2024, to align with BHA provider definitions and scope. The new safety net provider types have been incorporated in the Medicaid behavioral health capitation rates effective July 1, 2024. Existing CMHCs have six months from the start of the new fiscal year (FY) to transition their enrollment from their current provider types to the new safety net provider types, to be fully completed by December 31, 2024.

New and Updated Service Definitions

HCPF has worked in collaboration with BHA and outside stakeholders to build and clarify the definition of Mobile Crisis Response services and Behavioral Health Secure Transport services. This included licensing concerns, billing definitions, and fee for service rate builds. The Mobile Crisis Response services were built into the Medicaid capitation rates for behavioral health and are now included in the Regional Accountable Entity (RAE) contract. The Secure Transport services will be moved under the capitation rates beginning July 1, 2025.

2. Evaluate appropriate payment methodologies as viable alternatives to the Relative Value Unit payment model (COMPLETE)

Evaluate Relative Value Weights

HCPF engaged an outside vendor to help review and evaluate the Relative Value Unit (RVU) weights used in the current, cost-based methodology for behavioral health safety net providers. Through robust stakeholder engagement and industry expertise, the vendor provided a recommendation on how to adjust RVUs to reduce disparities within the valuation of behavioral health codes. The outcome of the stakeholder engagement showed that the largest issue for the RVU methodology was the valuation of procedure codes that don't have a weight tied to national standards. HCPF's vendor provided a methodology to adjust these weights to reduce disparities. The adjusted weights were then incorporated into the updated cost report.

Under the new safety net structure, the RVU methodology will no longer be used to calculate safety net rates. This methodology is being phased out while HCPF is transitioning to the Prospective Payment System (PPS) rates for Comprehensive Safety Net Providers. The PPS rates were implemented July 1, 2024.

3. Continue improvement for safety net cost reports (ONGOING)

Create Updated Reporting Requirements for Safety Net Providers

HCPF completed the first round of updated reporting requirements from CMHCs in 2022, including adding statutory service categories and limits on allowable costs. HCPF and BHA are working to add further structure to the definition of safety net providers, incorporating the new definitions for Comprehensive Behavioral Health Safety Net Providers and an updated regulatory structure. The BHA rulemaking process was completed January 1, 2024. This had the effect of solidifying the categories of service that would affect the utilization of the cost report in the build of the PPS rates.

Stakeholder Engagement for Cost Reports

HCPF and its vendor, in cooperation with BHA, held in-depth cost report stakeholder engagement with a robust set of outside stakeholders including representatives of CMHCs, RAEs, advocates, state and local government, and provider groups. This stakeholder group represented the newly reformed Accounting and Auditing (A&A) guidelines committee as required by HB 22-1278. The result was an updated cost report and accompanying updated A&A guidelines. The updated cost report and A&A guidelines were made publicly available July 15, 2024. The stakeholder feedback included discussions around transparency, executive pay, and categorization of costs within the report. There was additional discussion of the transition to a cost report more closely aligned with the PPS methodology. This transition will require more time due to the delayed nature of the cost reporting structure and will be implemented for the FY 2024-25 cost report.

4. Expand value-based payment models to larger groups of providers (ONGOING)

Explore Alternative Payment Methodologies (APMs)

HCPF and its contractors have continued the work on alternative and value-based payment models for the behavioral health program. This includes a Prospective Payment System (PPS) model for Comprehensive providers. Final PPS rates were available to the public May 24, 2024. This also includes a new payment methodology for Essential providers, providing payments to these providers with less administrative burden than would be required if using cost reporting. The Essential providers will be paid based on a rigorously researched and designed fee schedule. The fee schedule was published May 24, 2024. Both payment models have been included in the capitation rates effective July 1, 2024. The models qualify as directed payments as discussed in the "Apply for Directed Payment Authority" section below.

Support Safety Net Providers Under New Payment Models

HCPF and BHA have been continuing the work to support new safety net providers. With the updated cost reporting and new federal authorities, HCPF provided

prospective safety net providers with technical assistance to complete cost reports. Additionally, HCPF and BHA have been working with the provider community to get technical training and information on licensing through robust stakeholder relations. HCPF has been holding monthly safety net provider forums to answer questions as well as several public training sessions on the safety net system provided by HCPF staff and its contractors.

Apply for Directed Payment Authority

HCPF has been exploring the use of directed payments in the behavioral health capitated rates and programs. Directed payments allow the state to set more rigorous direction around managed care payment models, within certain federally authorized policies. Depending on the type of directed payment utilized, HCPF may be required to receive a directed payment approval from the Centers for Medicare & Medicaid Services (CMS) to apply such payments. For the FY 2023-24 rates effective July 1, 2023, HCPF implemented directed payments for certain services for youth and family programs, as outlined in the Directed Payment Report. Under CMS guidance, HCPF did not need additional approval for such directed payments by publishing a fee schedule for selected services to serve as a lower limit for payment. This ensures RAEs do not pay less than the fee-for-service fee schedule rate for the identified services. Under the new safety net provider structure, HCPF has sought directed payment authority to implement the PPS structure for Comprehensive providers. In addition, HCPF will be using directed payment authority to enforce the essential fee schedule.

5. Continue to analyze and periodically post publicly rate review and analysis on behavioral health rates, to show changes over time (ONGOING)

HCPF continues to monitor changes in reimbursement rates, especially regarding the IPN. Table 1 (below) shows a comparison of average reimbursement rates for the limited set of behavioral health services reviewed in the Behavioral Health Provider Rate Comparison Report. HCPF is not currently able to provide any updates with regard to rates for substance use disorder (SUD) services.

Compare Independent Provider Network Rates to Commercial Insurers

HCPF utilized a publicly available tool[3] provided by the Center for Improving Value in Health Care (CIVHC) to compare average[4] and median[5] rates for the outpatient psychotherapy codes. The commercial average rate is specific to behavioral health providers, using the criteria in the tool, and represents the unweighted average of reimbursement for commercial providers for calendar year (CY) 2022. The median rate for commercial carriers has also been included to show the middle rate paid by commercial providers. The Medicaid average is the average paid to providers in the IPN by the RAEs, using the same data specifications as that represented in HCPF's Behavioral Health Provider Rate Reimbursement Report, utilizing FY 2021-22 Medicaid data.

Importantly, the commercial reimbursements shown in Table 1 reflect the aggregate of the commercial carrier's reimbursement plus the member co-pay. Since the Medicaid behavioral health benefit has no co-pay, the Medicaid payment below reflects the payment to the providers. Further, the Medicaid rates represent a state fiscal year from July 1, 2021, to June 30, 2022, while the commercial rates are for a calendar year from January 1, 2022, to December 31, 2022. This difference does not account for any updated contracted rates that were paid between July 1, 2022, and December 31, 2022, in Medicaid.

[3] https://civhc.org/provider-tool/, pulled 7/15/2024
[4] Average is defined as the sum of the values divided by the number of values. This includes all values in the data set.
[5] Median is defined as the middle value of all values lined from lowest to highest. The median has the effect of removing values at the extreme ends of the scale.

Table 1: Average CY 2022 Commercial and FY 2021-22 Medicaid IPN Cost, by Procedure Code

Procedure Code	Description	Commercial Average	Medicaid IPN Average	Medicaid Percentage of Commercial
90791	Psychiatric Diagnostic Evaluation	$131.00	$100.36	76.6%
90832	Psychotherapy – 30 minutes	$62.00	$51.14	82.5%
90834	Psychotherapy – 45 minutes	$84.00	$67.18	80.0%
90837	Psychotherapy – 60 minutes	$113.00	$94.39	83.5%
90839	Psychotherapy - Crisis	$115.00	$95.41	83.0%
90846	Family Psychotherapy without patient	$88.00	$72.18	82.0%
90847	Family Psychotherapy with patient	$92.00	$73.29	79.7%
90849	Multiple Family Group Psychotherapy	$62.00	$32.00	51.6%
90853	Group Psychotherapy	$40.00	$35.02	87.6%

Table 1 above documents the average rates of pay for the nine behavioral health procedure codes used in the Behavioral Health Provider Rate Reimbursement Report for both commercial and Medicaid IPN providers. Column labeled “Medicaid Percentage of Commercial” shows IPN rates represented as the percentage of commercial rates paid.

Table 2: Median CY 2022 Commercial and FY 2021-22 Medicaid PN Cost, by Procedure Code

Procedure Code	Description	Commercial Median	Medicaid IPN Median	Medicaid Percentage of Commercial
90791	Psychiatric Diagnostic Evaluation	$114.00	$94.38	82.8%
90832	Psychotherapy – 30 minutes	$55.00	$46.95	85.4%
90834	Psychotherapy – 45 minutes	$73.00	$62.20	85.2%
90837	Psychotherapy – 60 minutes	$107.00	$92.00	86.0%
90839	Psychotherapy - Crisis	$109.00	$93.00	85.3%
90846	Family Psychotherapy without patient	$85.00	$61.20	72.0%
90847	Family Psychotherapy with patient	$92.00	$61.55	66.9%
90849	Multiple Family Group Psychotherapy	$63.00	$30.00	47.6%
90853	Group Psychotherapy	$40.00	$23.87	59.7%

Table 2 above documents the median rates of pay for the nine behavioral health procedure codes used in the Behavioral Health Provider Rate Reimbursement Report for both commercial and Medicaid IPN providers. Column labeled “Medicaid Percentage of Commercial” shows IPN rates represented as the percentage of commercial rates paid.

HCPF will continue to work with the Division of Insurance (DOI) on further analysis of behavioral health reimbursement rates within the Medicaid and commercial market.

Compare SUD Rates to Commercial Insurers

Rate information is not currently available. HCPF will continue working with DOI to complete analyses on rates for SUD services.

Post Action Plan and Cost Reports

HCPF received and posted the audited cost reports for current safety net providers on March 15, 2024. The updated cost report structure and auditing and accounting guidelines are publicly posted and available now. The updated cost reports are due to HCPF on November 15, 2024, and will be audited and posted by March 15, 2025. The information from the cost reports will be incorporated into the reimbursement rates effective July 1, 2025.