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ISSUE PAPER — BEHAVIORAL HEALTH SERVICES

State of Connecticut Hospital Payment Modernization

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Overview

As part of the hospital payment modernization (HPM) project, the State of Connecticut (CT) Department of Social Services (DSS) is moving outpatient hospital providers to a reimbursement system similar to the Centers for Medicare & Medicaid Services (CMS) Outpatient Prospective Payment System, which includes an ambulatory payment classification (APC) methodology for paying outpatient hospital claims.

A guiding principle for the HPM project is to follow Medicare policy when appropriate. This must be balanced with addressing the needs and services unique to the CT Medicaid program. CT Medicaid reimbursement and coverage policies were compared to the Medicare APC policies to ensure all CT-specific policies are appropriately addressed, and any required policy changes are identified and implemented. This analysis proved challenging for behavioral health (BH) services, particularly, due to differences in the partial hospitalization program (PHP) and the acceptable BH service providers, as well as the uniqueness of CT's Medicaid BH services.

Discussion

For purposes of the HPM project, it has been helpful to classify BH services into two groups: "routine and electroshock BH services" and "intermediate BH services." Approximately 25% of hospital outpatient BH payments are for routine and electroshock BH services, while the remaining 75% are for intermediate BH services, as defined below:

Routine & Electroshock BH Services

RCC	Description
900	General BH
901	Electroshock Therapy
914	Individual Therapy
915	Group Therapy
916	Family Therapy
918	Psychiatric Testing
919	Other BH
953	Tobacco Cessation — Group Counseling

Intermediate BH Services

RCC	Description
905, 906	Intensive Outpatient Program (IOP)
907	Extended Day Treatment
912,913	PHP

Intermediate BH Services

It was determined early in the design process that the CT Medicaid policy for PHP was substantially different and preferable to the Medicare PHP policy. The APC grouper logic would require PHP to be billed according to Medicare guidelines and does not support the CT Medicaid policy for PHP. Further, IOP and Extended Day Treatment services are not covered services by Medicare and, therefore, not included in the APC grouper logic. As such, these intermediate BH services were carved out of future consideration for APC and will continue to be paid as they are currently.

Routine and Electroshock BH Services

For routine and electroshock BH services, DSS evaluated the APC methodology approach and decided that it was not optimal due to several factors. Key factors impacting this decision included the differences between Medicare and CT Medicaid policies regarding which provider types are allowed to bill for professional services, and the inability of the APC grouper to appropriately address some of the BH services unique to CT Medicaid. Using APCs for this group of BH services would also have created inconsistent reimbursement within the BH arena.

In an effort to modernize the reimbursement approach for routine BH services and help ensure payments reflect the level of service, DSS decided to leverage the existing BH clinic methodology. In addition to the benefit of reflecting the level of service, utilizing the BH clinic methodology addresses many of the challenges of billing some of the unique BH services being added to CT's BH coverage. This solution enables an efficient and equitable approach that positions DSS to more easily incorporate outpatient hospitals into future BH initiatives. The following are some of the benefits DSS has identified with the new approach to payment for BH services:

- Leverages an existing methodology.
- Allows more specificity in valuing services by using procedure codes.
- Requires minimal billing changes for the BH services
- The scope of outpatient hospital BH services is not limited to the available revenue center codes (RCCs).
- Provides a platform to easily and equitably add new BH services in the outpatient hospital setting; for example, autism and group smoking cessation.
- Represents an all-inclusive rate and is consistent with BH services provided in other similar settings.
- Enhanced Care Clinic differentials are already addressed in the Clinic-BH fee schedule.
- Limited changes to authorization processes.
- Future BH rate changes can be independent of other outpatient hospital changes.

Conclusion

DSS has determined that all BH services will be APC policy exclusions and carved out of the APC payment methodology. While this approach does not follow Medicare reimbursement for BH services, it does allow DSS to modernize payment for BH services by paying based on the complexity of services. It also adds consistency to the CT BH program by reimbursing hospital outpatient services similar to those same services being delivered in outpatient clinic settings. This approach provides the increased flexibility of adding new services based on procedure code rather than RCCs.

The two major goals of modernizing payments and aligning payments to the complexity of service provided will still be achieved, while creating a foundation that positions DSS to be more responsive to future needs and changes to outpatient BH services.