



Washington State
Department of Social
& Health Services

Report to the Legislature

**Federal Medicaid Funds for Mental Health and
Substance Abuse Treatment for Children**

E2SSB 5763 (Chapter 504, Laws of 2005 PV)

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INTRODUCTION AND BACKGROUND

The 2005 Legislature passed, and the Governor signed E2SSB 5763 (Chapter 504, Laws of 2005 PV), the Omnibus Mental Health and Substance Abuse Treatment Act. The legislation requires the Department of Social and Health Services to provide a report regarding services to children. Specifically, the statute requires the following:

NEW SECTION. Sec. 102 (1) The department of social and health services shall explore and report to the appropriate committees of the legislature by December 1, 2005, on the feasibility, costs, benefits, and time frame to access federal medicaid funds for mental health and substance abuse treatment under the following provisions:

- (a) The optional clinic provisions;*
- (b) Children's mental health treatment or co-occurring disorders treatment under the early periodic screening, diagnosis and treatment provisions.*

Medicaid regulations allow states to provide services and to access Federal Financial Participation (FFP) under specific provisions. For mental health and substance abuse treatment two options are (1) the rehabilitative services option, and (2) the clinic option. Currently both the mental health program and substance abuse program identify and access their services under the rehabilitative service option. The state also provides services through Medicaid's preventive health screening program for children under the age of 21. This program is called Early and Periodic Screening, Diagnosis and Treatment (EPSDT).

This report presents information on state options for provision of Medicaid funded substance abuse and mental health treatment with special emphasis on the clinic option and on EPSDT.

REHABILITATIVE SERVICE OPTION

The rehabilitative service option is defined in 42CFR 440.130 as follows:

"Rehabilitative services," except as otherwise provided under this subpart, includes any medical or remedial services recommended by a physician or other licensed practitioner of the healing arts, within the scope of his practice under State law, for maximum reduction of physical or mental disability and restoration of a recipient to his best possible function level."

According to the Substance Abuse Mental Health Services Administration (SAMHSA)¹, 49 states used this "rehab option" in their Medicaid programs in 2002-03. States,

¹ Gail Robinson, et al. "State Profiles of Mental Health and Substance Abuse Services in Medicaid." SAMHSA Center for Mental Health Services

including Washington, use the rehab option because it is flexible in terms of types of services, types of providers and service sites.

OPTIONAL CLINIC PROVISIONS

The optional clinic provisions are defined at 42 CFR 440.90 as follows:

“Clinic services means preventive, diagnostic, therapeutic, rehabilitative, or palliative services that are furnished by a facility that is not part of a hospital but is organized and operated to provide medical care to outpatients. The term includes the following services furnished to outpatients:

- (a) Services furnished at the clinic by or under the direction of a physician or dentist.*
- (b) Services furnished outside the clinic, by clinic personnel under the direction of a physician, to an eligible individual who does not reside in a permanent dwelling or does not have a fixed home or mailing address.”*

The optional clinic benefit allows for outpatient services to be provided through a wide variety of health care clinics including community mental health agencies. However, services must be based at the clinic (except for services to homeless people) and supervised by a physician.

- The optional clinical model requires the direct supervision of a physician and a signature of a physician on all treatment plans. While the current mental health system requires psychiatric oversight, it does not require direct supervision by a psychiatrist or signature by a physician on individual treatment plans. This would be an added cost and would create a barrier to the receipt of treatment services.
 - This option does not allow for the use of Licensed Practitioners of the Healing Arts, which includes mental health professionals and chemical dependency professionals who provide these services.
 - There are a limited number of psychiatrists and especially child psychiatrists in the state willing to provide services to Medicaid enrollees.
 - Medical doctors may not have training in behavioral health issues. However, a doctor would be required to sign each treatment plan.
- This model does not include care in the community at a location defined by the client but requires the client to come into the clinic.
- New Medicaid State Plan services and rates would have to be established and amendments to the Medicaid State Plan submitted.
- For mental health some of the approved Medicaid services would not be approved in the clinic option due to requirements regarding the direct involvement of a physician. These include some that are evidenced based or promising practices such as :
 - Peer Support

- Mental health services in a residential setting
- Therapeutic psychoeducation

Dropping these kind of services would be in opposition to legislative and stakeholder direction to move towards a recovery oriented mental health system.

In addition to higher costs related to physician services, the clinic option creates access issues due to the requirement that services must be provided in a clinic setting.

Services under the rehabilitation option can include the services in the optional clinic benefit but do not have to be delivered in a clinic, nor do they have to be provided with on-site supervision of a physician. This flexibility allows for the development and implementation of evidence based and promising practices.

Conclusion: Offering mental health services under the optional clinic provisions would be costly because of requirements around direct involvement of a physician. In addition the model is not feasible due to a shortage of psychiatrists willing to take Medicaid reimbursement. Finally, the requirement to provide services in a clinic setting creates access problems for clients and does not fit with recovery oriented mental health services.

Early Periodic Screening, Diagnosis and Treatment Provisions

The state accesses Medicaid funds for mental health and substance abuse treatment under the EPSDT provisions. Mental health and substance abuse treatment are covered services under the state's EPSDT plan. Also, the mental health system and the substance abuse system serve children, youth and their families who meet medical necessity regardless of the existence of an EPSDT referral. The state does not require the client to access mental health and substance abuse treatment only with a referral from a physician.

The current Washington State Medicaid Plan includes the following:

"Early and Periodic Screening, Diagnosis and Treatment (EPSDT) is Medicaid's preventative health screening program for children. The Federal regulations require that any medically necessary treatment of problems identified during a child's EPSDT screen be provided through Medicaid. The goal of EPSDT is to provide a comprehensive and periodic assessment of a child's overall health, developmental and nutritional status. The objective is to treat conditions and illnesses disclosed during the assessment process.

Required components of the EPSDT plan include: a) criteria for screening and assessment b) criteria for determining appropriate level of medically necessary services; c) qualifications of providers; d) cost control

mechanisms; and e) mechanisms to ensure federal matching funds are obtained.

During a routine EPSDT screening for physical disorders, the health care professional will identify children who demonstrate behavior that might indicate an underlying mental health issue. Those children will be referred for a mental health assessment. In order for providers to identify possible mental health problems, health care providers currently performing EPSDT screening will be apprised of appropriate mental health screening materials and chemical abuse indicators".

Conclusion: The state currently accesses Medicaid funds for substance abuse and mental health treatment for children under EPSDT and should continue current practice.

Summary: In choosing to provide mental health and substance abuse services under the rehabilitation option rather than the optional clinic provisions, the state allows for flexibility in the array of qualified providers, services and service sites. This flexibility fits well with national and state trends in mental health treatment. Under the rehabilitation option, the state is able to provide traditional clinical treatment as well as treatment that supports successful community living.