Bridging Data and Policy: Evaluating the Impact of Data

Mental Health Parity and Provider Reimbursement

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Mental Health Parity

Requires health insurers and group health plans to provide the same level of benefits for mental and/or substance use treatment and services that they do for medical/surgical care.
Evolution of Mental Health Parity

- Mental Health Parity Act of 1996 (MHPA)
- The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA)
- Affordable Care Act
Quantitative Treatment Limit (QTL) versus Nonquantitative Treatment Limit (NQTL)

Provider Reimbursement: QTL or NQTL?

QTL: Numerical in nature, such as visit limit

NQTL: Non-numerical such as limit on scope or duration of benefits for treatment, such as preauthorization
A plan or issuer may not impose an NQTL on Mental Health/Substance Use Disorder (MH/SUD) benefits unless, under the terms of the plan or coverage as written and in operation, any processes, strategies, evidentiary standards, or other factors used in applying the NQTL to MH/SUD benefits in a classification are comparable to, and are applied no more stringently than, those used in applying the limitation with respect to Medical/Surgical (M/S) benefits in the same classification.
Examples of NQTLs

- Medical Management Standards
- Network Tier Design
- Standards for Provider Admission to Participate in Network
- Fail-First Policies or Step Therapy Protocols
- Exclusions Based on Failure to Complete a Course of Treatment
Why Does Provider Reimbursement Matter?

• Network adequacy/access to providers
• Quality of providers

Comparing Reimbursement: Psychiatrist Versus Surgeon Considerations

Psychiatrist

- Time/Technical skill/physical and mental effort/judgment/stress
- Practice expense
- Professional liability insurance

Surgeon

- Time/Technical skill/physical and mental effort/judgment/stress
- Practice expense
- Professional liability insurance
Medicare Reimbursement Systems

• Developed using a highly detailed, scientific process

• Updated regularly to be resource-based

• Developed consistently across all specialties and services

• Expected to be similar to the prices that would be paid in competitive market in which prices reflect resource requirement

• Developed in a way that is consistent with NQTL requirements
Project Example: Carrier Inpatient Findings

<table>
<thead>
<tr>
<th>Inpatient Episode Type</th>
<th>Commercial</th>
<th>Commercial-to-Medicare Payment Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allowed Medical Expense</td>
<td>Weighted Average</td>
</tr>
<tr>
<td>Acute Physical Health Inpatient</td>
<td>$60,000,000</td>
<td>2.8</td>
</tr>
<tr>
<td>Inpatient Psychiatric</td>
<td>$4,000,000</td>
<td>1.3</td>
</tr>
</tbody>
</table>
## Project Example: Carrier Professional Services Findings

<table>
<thead>
<tr>
<th>Professional Specialty</th>
<th>Commercial</th>
<th>Commercial-to-Medicare Payment Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allowed Medical Expense</td>
<td>Weighted Average</td>
</tr>
<tr>
<td>Allergy &amp; Immunology</td>
<td>$500</td>
<td>1.0</td>
</tr>
<tr>
<td>Colon &amp; Rectal Surgery</td>
<td>$250,000</td>
<td>1.7</td>
</tr>
<tr>
<td>Dermatology</td>
<td>$1,000,000</td>
<td>1.5</td>
</tr>
<tr>
<td>Evaluation and Management</td>
<td>$37,000,000</td>
<td>1.6</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>$1,600,000</td>
<td>1.9</td>
</tr>
<tr>
<td>Neurological Surgery</td>
<td>$450,000</td>
<td>1.6</td>
</tr>
<tr>
<td>Neurology</td>
<td>$98,000</td>
<td>1.9</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>$4,000,000</td>
<td>1.6</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>$4,700,000</td>
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<tr>
<td><strong>MD/DO</strong></td>
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<tr>
<td><strong>MSW</strong></td>
<td>$1,200,000</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$1,800,000</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Psychologist</strong></td>
<td>$1,500,000</td>
<td>1.0</td>
</tr>
<tr>
<td>Surgery</td>
<td>$2,300,000</td>
<td>1.6</td>
</tr>
</tbody>
</table>
Do Disparate Results = Noncompliance with Mental Health Parity?

- Disparate results shift the burden of proof of compliance to Carrier (must show compliance with NQTL test)
- Final Rule states that carriers may consider a wide array of factors in determining provider reimbursement rates for both M/S services and MH/SUD services, such as:
  - Service type
  - Geographic market
  - Demand for services
  - Supply of providers
  - Provider practice size
  - Medicare reimbursement rates
  - Training, experience of providers
- These factors must be applied comparably to and no more stringently than those applied with respect to M/S services
- Documentation needed to demonstrate that a process was carried out that would pass the NQTL test
Project Example: Next Steps

✓ Policy and procedure review
✓ Request documentation of how the factors were applied
  • Analytical framework/formula used for various scenarios (for both M/S and MH/SUD)
    • Fee schedule development
    • Negotiation with providers

Dig deeper….

For example, if the Carrier reports it adjusts rates for market supply issues
  • Compare supply of MH/SUD providers to M/S specialties
  • Compare out-of-network utilization rates for MH/SUD providers to M/S specialties
  • Compare wait times for appointments for MH/SUD providers to M/S specialties
Conclusion

• Provider Reimbursement is an evolving topic
• National Association of Insurance Commissioners has recently provided additional guidance
• Important for mental health parity and has far-reaching implications
• Remember core principle of equal access