



## Expand Access to Outpatient Mental Health Services (Partial Hospitalization and Intensive Outpatient Programs)

### The Problem

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Medicaid does not currently pay for partial hospitalization and intensive outpatient services – these services are not funded nor included in the Medicaid state plan. For both adults and children, partial hospitalization programs (PHPs) and intensive outpatient programs (IOPs) bridge the gap between acute inpatient and outpatient treatment by providing intensive mental health services, and sometimes co-occurring chemical dependency services, without an overnight stay in the hospital. These services expand the available mental health continuum of care to patients and allow hospitals to utilize the beds and clinical resources more efficiently.

For hospitals, PHPs and IOPs are key tools to avoid some inpatient hospitalizations and help discharge certain patients from inpatient psychiatric units in a more timely manner. PHPs and IOPs focus on giving patients effective coping skills to improve self-management of care and enabling them to continue treatment in a community setting, surrounded by family and other supports.

Individuals with Medicare or commercial health insurance coverage can access PHPs and IOPs. While Medicaid enrollees in 29 states can also access these services, Washington Medicaid enrollees cannot.

### Proposed Solution

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Low-income Washingtonians on Medicaid with mental health needs should be able to access a wide array of treatment options. WSHA recommends that the legislature provide new, dedicated funding at a sustainable rate to support adding PHPs and IOPs to the Medicaid state plan.

#### ***Admissions Criteria***

PHPs and IOPs are designed for adults and children with mental illnesses who would benefit from short-term, intensive treatment programs, structured around the individual's psychiatric needs. Clinical experts provide evidence-based treatments for a multitude of mental health illnesses including anxiety, depression, suicidality, trauma, and obsessive-compulsive disorder. These services are appropriate for individuals who:

- Experience acute psychiatric symptoms that require intensive treatment, but not necessarily hospitalization;
- Experience significant difficulty functioning on a day-to-day basis, such as inability to go to work, attend school, or take care of themselves day-to-day; and
- Are receptive to group-oriented treatment.

#### ***Program Services***

PHPs and IOPs focus on teaching and building effective coping skills to improve self-management of care, enabling participants to continue treatment in a family and community setting.

- *PHPs are usually full-day programs* (anywhere from 3 to 8 hours a day, up to 5 days a week).
- *IOPs are usually part-day programs* (up to 3 hours a day, 2 to 3 days a week).

PHPs and IOPs are distinct from and more intensive than “day support services” that are offered by community mental health clinics. PHPs and IOPs focus more directly on reducing mental health symptoms so that a patient may be more effectively treated in a day support program.

Program participants generally meet several times a week and work with a multidisciplinary team of professionals such as psychiatrists, psychiatric nurse practitioners, master’s level licensed therapists and mental health technicians. Each follow treatment regimens tailored to the patient’s specific needs. Participants also engage in motivational group and individual therapy sessions, develop cognitive and dialectical behavior therapy skills, and receive medication management consultations. PHPs and IOPs are similar programs, the key difference being the duration of the program.

**Broad Support**

Governor Inslee’s 2019-21 proposed budget recognized the importance of PHPs and IOPs by providing funding for this program. His budget appropriates \$13.9 million general fund-state (\$37.4 million total) to ensure that Medicaid enrollees can access these important services. The *Children’s Mental Health Workgroup* and the *Health Coalition for Children and Youth* have also adopted expanding PHPs and IOPs to children who are enrolled in Medicaid as one of their 2019 legislative priorities.

**Budget Ask**

**\$13.9 million general fund-state** (\$37.4 million total) to add PHPs and IOPs as a Medicaid mental health benefit, starting on January 1, 2020.

Estimated Total Cost for 12 Months for PHPs and IOPs (Federal and State)	Estimated Total Cost for 18 Months for PHPs and IOPs (Federal and State)	Estimated Total Cost for 18 Months for PHPs and IOPs (State Only – Using Federal Match Rate of 63%)	Estimated Go Forward Cost for PHPs and IOPs (State Only Cost: Maintenance Level)
A	B = A x 1.5	C = B x 0.37	D = (A x 2) x 0.37
<b>\$24,955,000</b>	<b>\$37,432,000</b>	<b>\$13,850,000</b>	<b>\$18,467,000</b>

- The above figures are cost estimates that include seven hospitals (across the state) interested in expanding PHPs and IOPs to Medicaid enrollees. There may be other hospitals that may be interested in providing these mental health services at some point after June 30, 2021.
- The cost includes an estimated per diem rate. Participating hospitals will require a review of their cost reports after operations commence to determine if rebasing is necessary so rates accurately reflect costs of operations.
  - Request that the Health Care Authority (HCA) set an interim rate for PHP and IOP services based on the greater of hospital costs or the statewide average, depending on the type of hospital.
- Assume a federal match rate of 63%, based on federal match of FFS psych related DRGs for SFY18. Federal match rate calculation provided by the HCA.
- Hospitals’ PHP and IOP per diem rates include costs such as staffing, facilities and incidentals.

**Key Messages**

- For adults and children, PHPs and IOPs are critical services in the continuum of mental health care.
  - It is “step up” care for adults and children who have mental health illnesses that are too severe for community providers but not severe enough to meet admissions criteria for inpatient psychiatric care.
  - It is also “step down” care for patients who are discharged from inpatient psychiatric care but still need intensive mental health services.

- For low-income Washingtonians on Medicaid, accessing PHPs and IOPs is about health equity. Washingtonians who have Medicare or commercial coverage can access these programs. Individuals who have Medicaid coverage should be able to access the same mental health care.
  - Currently, there are seven Washington hospitals (located across the state) interested in offering PHPs and IOPs to Medicaid enrollees.
  - We estimate they can provide almost 21,000 PHP patient days of care and almost 20,000 IOP patient days of care (\*patient days may change depending on funding).
- For hospitals, broader patient access to PHPs and IOPs will likely:
  - Reduce hospitalizations by helping stabilize patients outside of inpatient care settings;
  - Ease discharge issues if patients can continue their mental health care by transitioning to an intensive outpatient care program once they no longer meet inpatient admissions criteria;
  - Help reduce psychiatric readmissions because patients can access medication management and therapies;
  - Provide options for individuals who come to the emergency room in psychiatric distress but do not meet inpatient admissions criteria; and
  - Allow hospitals to utilize their inpatient psychiatric beds and resources in the most efficient manner.

## Contact Information

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