

Coordinated Specialty Care for First Episode Psychosis: Costs and Financing Strategies

Substance Abuse and Mental Health Services Administration
U.S. Department of Health and Human Services

Webinar

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SAMHSA
Substance Abuse and Mental Health
Services Administration

Webinar Overview

- I. Opening Remarks
- II. Report Findings
- III. Panel Discussion
- IV. Open Forum Q&A
- V. Closing Remarks

Access the report now:

<https://store.samhsa.gov/product/coordinated-specialty-care-for-first-episode-psychosis-costs-financing-strategies/pep23-01-00-003>



First-Episode Psychosis (FEP)

Psychosis describes conditions that affect the mind where there has been some loss of contact with reality.

First-episode psychosis is generally regarded as the early period (up to five years) after the onset of psychotic symptoms.

Early treatment and intervention improves quality of life and outcomes for individuals who experience psychosis.



Coordinated Specialty Care (CSC)

CSC is an evidence-based, recovery-oriented, team approach to treating early psychosis that promotes easy access to care and shared decision making among specialists, the person experiencing psychosis, and family members.



Psychotherapy

Medication Management

Family education and support

Service coordination and case management

Supportive employment and education

Peer support

Benefits of CSC



Reduced preventable hospitalizations



Reduced symptoms of psychosis



Improved education and employment rates

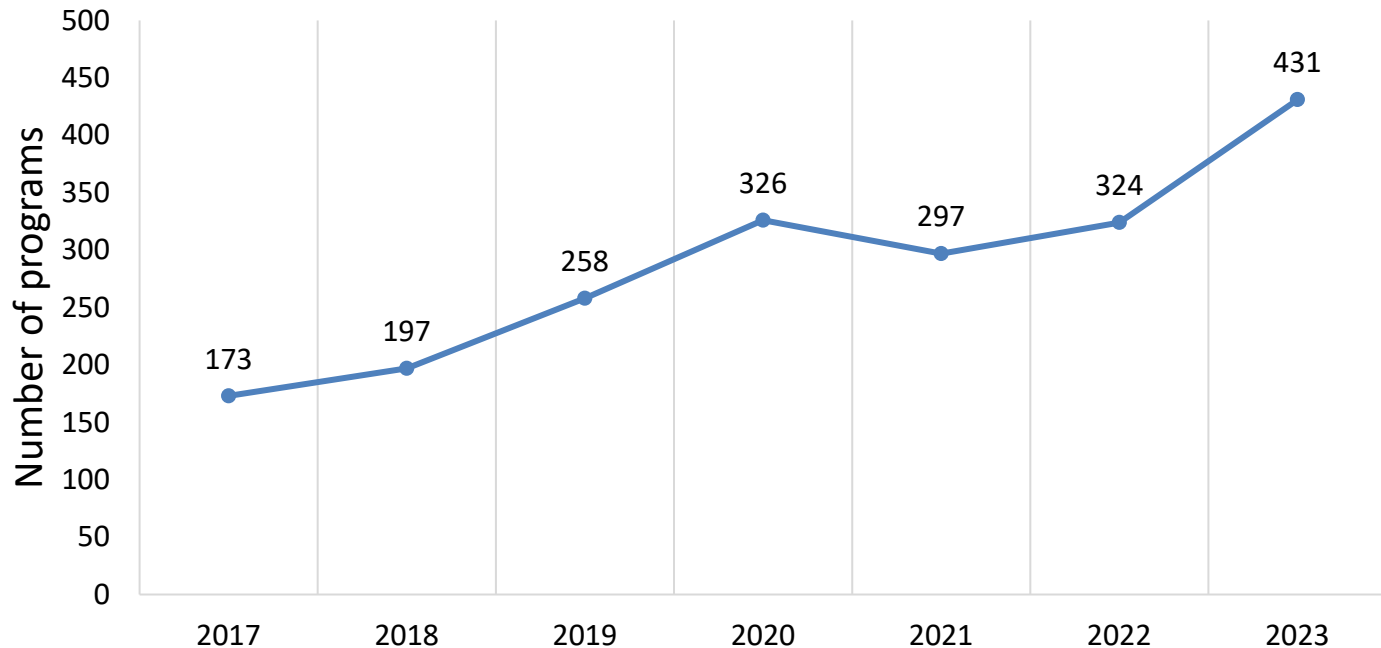


Fewer depressive symptoms



Higher quality of life

Growth of CSC Over Time

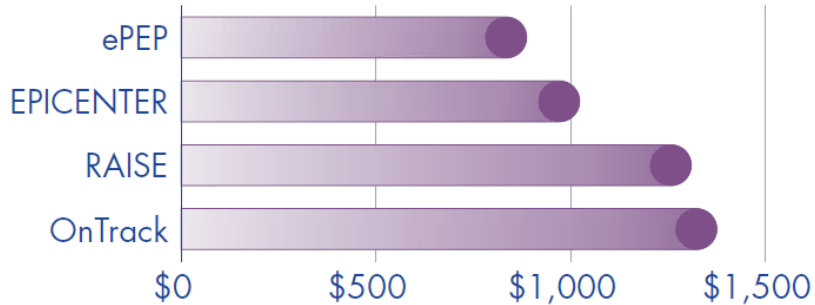


Notes:

The decrease in number of programs from 2020 to 2021 is a result of some states' inability to submit data due to the impact of COVID-19 as well as reduced staffing and focus of care during this time frame.

Costs of CSC Services in the United States

Cost per client per month



Cost per client per month, 2023 Adjusted for inflation



International Early Psychosis Intervention Costs and Outcomes Research



14 of 15 international studies concluded that early psychosis intervention resulted in **reductions in total costs** or were **cost effective** based on decreases in high cost adverse outcomes.



Reduced inpatient **hospitalization costs**, emergency department visits, and potential improvements in **quality of life** were the most frequently cited sources of savings.

Principal CSC Funding Sources



Mental Health Block Grant: Federal funds that can be used to cover and CSC program cost



Medicaid: Can cover most CSC services, depending on state Medicaid plan and statutory parameters



Commercial Insurance: Usually only covers specific CSC services allowed in contract



State and Local Funds: Often used to supplement MHBG funds, but availability greatly varies across states

CSC Financing Strategies



Fee-for-service: Healthcare providers are paid for each service they perform.

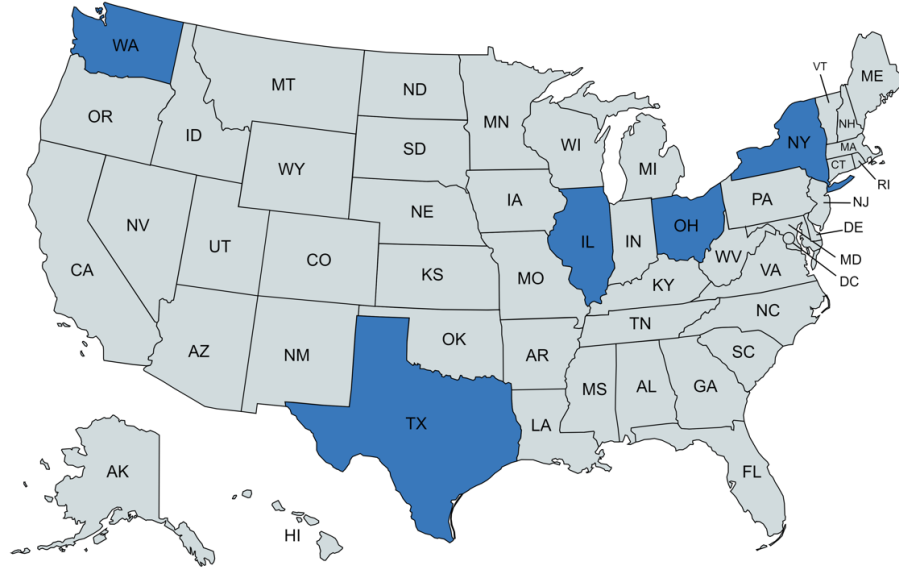


Team-based rate: Payment for a pre-defined set of services for an evidence-based practice, typically provided by a team of healthcare professionals.



Braided funding: Coordinating two or more funding sources to support the total cost of a service.

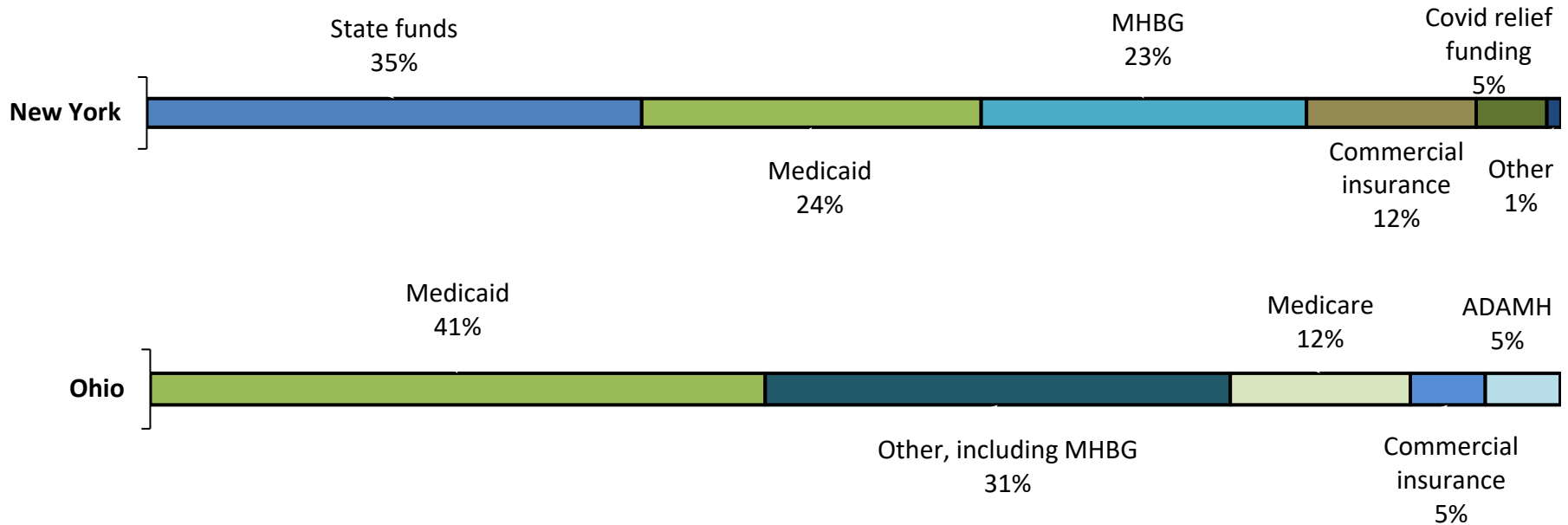
State Case Studies



Illinois, New York, Ohio, Texas, and Washington were selected as case study states

State Case Study Findings

All case study states combine MHBG finds with reimbursements from public and private insurers and other sources to cover the costs of their CSC programs.



State Case Study Findings (cont.)



New York and **Ohio** use fee-for-service billing to obtain reimbursement for CSC services from both Medicaid and commercial insurance.



Illinois has passed legislation mandating that commercial insurers cover CSC at a bundled payment rate.



Washington has mandated a Medicaid team-based rate for CSC.



Texas can provide CSC for Medicaid clients as a cost-effective and medically appropriate alternative to other treatment under the CMS *in lieu of services* provision.

Team-Based Service Financing Approaches

In lieu of services (ILOS): States that have Medicaid managed care may authorize medically appropriate and cost-effective substitutes to state plan covered services, such as Assertive Community Treatment (ACT) and CSC.

Medicaid State Plan Rehabilitative Option: Some states cover ACT team services using the Rehabilitative Option under Medicaid state plan amendments.

Certified Community Behavioral Health Clinic (CCBHC) authority: Kansas funds ACT using the CCBHC financing mechanism under the Rehabilitative Option.

Centers of Excellence (CoE): States can use Medicaid administrative match to fund CoE to provide training and fidelity monitoring for evidence-based practices.

Team-Based Service Financing Approaches (cont.)

Early Periodic Screening Diagnostic (EPSDT) mechanism: Several states include multisystemic therapy (MST) in their state plans as a reimbursable service under the EPSDT rehabilitative option.

Team-based billing codes: There are CMS Healthcare Common Procedure Coding System (HCPCS) codes for team-based billing of ACT and MST, and Current Procedural Terminology (CPT) codes have been developed for the collaborative care model.

In October 2023, CMS issued two new HCPCS Codes to be used in billing a team-based rate for CSC:

- H2040, “Coordinated specialty care, team-based, for first episode psychosis, per month”
- H2041, “Coordinated specialty care, team-based, for first episode psychosis, per encounter”

Report Conclusions

- The availability of CSC has seen significant growth linked to the MHBG mandate, but current services do not meet the need.
- Early Psychosis Intervention is cost-effective across diverse national contexts.
- States use different strategies to fund CSC by braiding funds from the MHBG, Medicaid and commercial insurance reimbursement, and state and local funds.
- Financing strategies for other team-based services highlight options for pushing CSC financing forward.
- CMS recent issuance of billing code for CSC services may help stimulate and reinforce team-based and insurance reimbursement.



Open Forum Q&A

Thank You

SAMHSA's mission is to lead public health and service delivery efforts that promote mental health, prevent substance misuse, and provide treatments and supports to foster recovery while ensuring equitable access and better outcomes.

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