CMS Issues New HCPCS Codes for Team Based Funding of Coordinated Specialty Care

What is Coordinated Specialty Care (CSC) ?

CSC is a team based treatment for persons experiencing first episodes of psychosis. CSC has been shown in multiple clinical trials to improve patient outcomes and reduce medical expenditures when compared with usual treatment. The National Institute of Mental Health estimates that approximately 100,000 individuals each year develop psychosis. Insurance reimbursement of CSC, both public and private, can ensure that individuals experiencing psychosis have access to this evidence-based treatment. However, the lack of a HCPCS code specific for CSC has long been a barrier to coverage of CSC.

In October 2023 CMS issued two new HCPCS Codes to be used in billing Coordinated Specialty Care (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"

The codes were issued following application by the National Association of State Mental Health Program Directors (NASMHPD) and numerous colleagues representing a broad range of interests in providing this evidence based service.

What is included in the CSC codes?

NASMHPD used the CSC definition promulgated by the National Institute of Mental Health. CSC is a team based service delivered by a multi-disciplinary team including:

- Medication Management
- Psychotherapy
- Family Education and Support
- Supported Education and Employment
- Case Management
- Peer Support[i]

CSC team activities also are characterized as involving

- Intensive outreach and engagement
- Services delivered at time and place convenient for patient
- Frequent team meetings to assure coordination
- Frequent collateral contacts
- Small caseloads
- Unlicensed team members
- Specific training requirements for working with younger population in age-appropriate way.

How much does the CSC intervention typically cost?

The Substance Abuse and Mental Health Services Administration has estimated program costs ranging from approximately $1,200 to $1,700 per person per month and further reports that 15 of 16 domestic and foreign research projects have demonstrated medical cost offsets and net cost benefits for the service. Participation in CSC often results in decreased use of inpatient and emergency services.

Following the CMS issuance of the codes, state mental health authorities are likely to engage their Medicaid partners to explore the development of a team based reimbursement rate to cover CSC services.

What outcomes are associated with CSC ?

Correll et al (2018) completed a meta analysis of psychosis early intervention programs and found that early intervention programs compared with treatment as usual had:

- Lower all cause terminations from treatment
- Reduced risk of at least one psychiatric hospitalization
- Greater reduction in total symptom severity as well as
    - Positive and Negative symptoms
    - Depressive symptoms
- Significantly lower relapse rates
- Improved global level of functioning
- Significantly higher quality of life

A federally sponsored evaluation of 36 CSC programs throughout the country that included 790 clients at 36 clinics found in pre-post comparisons

- Significant reductions in symptoms
- Significant improvement in quality of life, social and role functioning
- Improved involvement in work of school activities (42% Pre, 65% Post)
- Reduction in marijuana use (34.7% Pre, 27.4% Post)
- Reduced psychiatric hospitalization, ER use, legal involvement and suicide attempts

How can CSC Services be financed?

Given this range of activities, the cost of this team based service cannot be recovered using traditional fee for service reimbursement. Currently, earmarked Mental Health Block grant funds are used both for program start-up and to cover the deficit in funding that results from fee for service reimbursement for individual service components. This funding strategy will not provide sufficient resources for access to the population in need. Assuring population access will require funding to cover the full cost of programs as an insurance benefit. Since about 50% of CSC clients are Medicaid enrollees, it is important that mental health authorities work with Medicaid to estimate program costs and develop a reimbursement rate that covers the full cost of the program. Similarly, since about 30% of CSC clients are privately insured, commercial insurance coverage will also be required for full population access. Block grant and other state funds can be used for start-up and uncompensated care.

With regard to Medicaid funding, CMS, NIMH and SAMHSA issued a joint statement in 2015 identifying several strategies that may be employed to fund CSC services and a second communication in 2018 further advising states of the importance of adequate financing for early intervention services and how the use of existing Medicaid authorities may be used to finance these services.

In conclusion. Coordinated Specialty Care holds great promise for effectively serving individuals who are experiencing early onset psychosis. CSC may have lifelong impacts of reducing disability for this vulnerable population. Insurance coverage of CSC will help to ensure these services are available to the population in need. States should take great care to understand potential reimbursement models and amounts that may best align with the intervention (e.g., cost-based reimbursement, bundled payments,

other value-based payment approaches, etc.) Medicaid authorities should collaborate with state mental health authorities to explore the newly available codes, potential reimbursement approaches, and ultimately ensure that Medicaid members experiencing early episode psychosis have access to the CSC intervention.

---

[i] Frequently added following the RAISE trial cited in personal communication from Dr. Susan Azrin at NIMH