Medicaid Expansion on the Horizon

Psychology looks to new opportunities while facing challenges.

Medicaid is already the single biggest payer for mental health services in the United States. And the Patient Protection and Affordable Care Act (ACA) provides for 16 million more Americans to become eligible for the program.

“But just because mental health services will expand doesn’t necessarily mean that psychologists’ services will be covered,” warns Carrie Valiant, JD, a partner at the Epstein Becker Green law firm in Washington, D.C.

While the prospective Medicaid expansion offers many opportunities for psychologists, there are also impediments — including many states’ reluctance to cover telehealth, health and behavior codes or some psychotherapy services — that could keep psychologists from taking full advantage of those prospects. Fortunately, some states, such as Maryland, are already working to remove these barriers. (See the chart on page 9 for a comparison of covered psychological services in four states’ Medicaid programs.)

Taking advantage of opportunities

If all goes according to plan, ACA will increase the number of Americans covered by Medicaid from 36 million to 52 million in 2014 by expanding eligibility to individuals with incomes up to 133 percent of the federal poverty level. And because people with severe mental health disorders are more likely to have low incomes, Valiant points out, Medicaid will be the primary source of coverage for those who gain access to psychological services through healthcare reform. About one in six low-income adults who currently lacks health insurance has a severe mental illness, she adds.

“And you can’t only look at those 16 million people who will be added to Medicaid,” says Valiant, pointing to the additional 24 million Americans expected to participate in new state-based health insurance exchanges. “Depending on what the economy looks like, many of those individuals may [move] in and out of Medicaid.”
The sheer numbers alone represent a huge opportunity, says Valiant. Because mental health and substance use disorder services are included in the list of essential health benefits mandated by the law, she says, “The expectation is that there will be lots of mental health services that are required to be furnished in the new paradigm.”

Health-care reform has the potential to bring other areas of opportunity as well. One area is initiatives related to “dual-eligibles,” individuals who are entitled to both Medicaid and Medicare and account for a disproportionate amount of spending. “Right now 80 percent of that population is in fee-for-service rather than managed care,” says Valiant. “They’re in systems that don’t coordinate their care, and presumably that’s why they account for so much of the spending and why they are such a focus.” Fifteen states have received grants to create patient-centered demonstration projects, including behavioral health services, for this population.

Other demonstration projects — including those aimed at improving coordination between physicians and mental health providers — are also worth watching. One such effort is the state option to provide “health homes” for enrollees with chronic health conditions. While some health homes will be based in medical primary care, others will be housed with mental health service providers.

Whatever states do, says Valiant, there aren’t enough mental health professionals or sites to handle the anticipated increase in demand. To tackle that problem, health-care reform also includes initiatives to shore up the mental health infrastructure. These include education and training grants for interdisciplinary training of psychology graduate students, funding to establish national centers of excellence for depression and new investments in community health centers.

“We are expecting all these new programs to create new opportunities for psychologists,” says Valiant. “The challenge will be to show that psychologists can actually deliver value in this system.” Psychologists, she says, must demonstrate that their services can help save money and improve the quality of services.

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**Overcoming barriers**

Psychologists must also come together to eliminate barriers to their full participation in Medicaid. Seventeen states currently do not allow reimbursement for psychologists’ services. Another impediment to Medicaid participation is the failure of state plans to cover health and behavior codes, which focus on the behavioral aspects of medical conditions.

Although such integration is key to helping patients manage chronic conditions and thus lowering health-care costs, says Valiant, most states don’t cover them. Similarly, even though telehealth could help fill the gap between an already strained mental health infrastructure and an expanded Medicaid population, states aren’t required to cover such services.

Another barrier is the fact that states don’t uniformly reimburse psychologists for psychotherapy services. Some offer reimbursement only for children’s services, for example, or only for services provided in clinics rather than private practice settings. Plus, not all states allow psychologists to order their own services.

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Low rates keep many psychologists from participating in the program at all. “Not all of the rates are as low as you might expect, but they do vary considerably among states,” says Valiant.

Overcoming such barriers will require psychologists and their state associations to get involved in shaping the evolving system, Valiant emphasizes. “Now is the time to start talking to your states about how you can be part of the new dynamic here,” she says. “If your state hasn’t recognized the full array of possibilities and the services you’re providing, now may be a great time to start having that dialogue and becoming more of a participant in what’s going on.”
One state’s experience

Maryland is one state that is already working hard to eliminate these and other barriers. The state is streamlining regulations, for example, and re-examining its Medicaid mental health carve-out.

“We want to be number one in the country for health-care reform,” says Brian Hepburn, MD, executive director of the Maryland Mental Hygiene Administration. “We are totally committed to health-care reform.”

That pledge makes Maryland a potential model for other states interested in helping psychologists make the most of opportunities within Medicaid, says Paul Berman, PhD, professional affairs officer of the Maryland Psychological Association.

Maryland’s Medicaid program may be unique in its willingness to reimburse psychologists for working with both children and adults in clinics and on an outpatient basis, covering health and behavior codes and even some telehealth services, Berman says. “What I’m talking about in Maryland is a little different from what people will be experiencing in other states, but it does provide a template.”

The state’s Medicaid program will soon offer even more opportunities for psychologists. With a population of six million, Maryland already has about one million residents covered by its medical assistance program. Health-care reform will bring another 1.4 million people into the medical assistance program and the state’s new insurance exchange.

The exchange will cover individuals with incomes up to 400 percent of the poverty level. For a family of three, that means income up to $76,000, while Maryland’s median income is about $70,000. “It’s the middle-class and working-class folks who really benefit,” says Berman, adding that this expansion represents a huge opportunity for the state’s psychologists.

Yet the “vast majority” of psychologists in private practice in the state aren’t currently participating in the Medicaid program, he says. That’s not just because of the low reimbursement rate, Berman says, explaining that the program’s rate is actually on par with that of commercial carriers. Instead, he says, they’re reluctant to participate because of the no-show rate typically associated with Medicaid patients. As higher-income individuals become eligible for Medicaid, Berman predicts, the percentage of no-shows will begin to resemble that of general outpatient practice.

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And the newly covered won’t just be higher-income, says Hepburn. They’re also likely to have less severe problems. “We anticipate more mild and moderate mental illness and various levels of substance abuse,” he says.

Psychologists don’t just need to participate in their states’ Medicaid programs, says Hepburn. They also must get involved in shaping the country’s reformed health-care system.

“With health-care reform, there’s so much that needs to be accomplished,” he says. “Going forward, I encourage psychologists to be involved with health-care policy and get involved with decision-makers.”

NOTE: This article is based on a workshop presented during the March 2012 State Leadership Conference in Washington, D.C. sponsored by the American Psychological Association (APA) and the APA Practice Organization. The Supreme Court will render a decision in June 2012 related to Medicaid expansion and other aspects of the Patient Protection and Affordable Care Act.
## Four-State Comparison of Psychologists' Services Covered in Medicaid Programs

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<tr>
<th>Services That Psychologists May Provide</th>
<th>Maryland HealthChoice: Individual and group psychotherapy, and psychological testing are covered. Only licensed psychologists and licensed psychological associates may perform psychological testing.</th>
<th>MassHealth: A state-licensed psychologist must also be a Medicare provider to be eligible to participate in the state Medicaid program. Psychologists may only be reimbursed for services other than testing — for example, psychotherapy — if the services are provided in an outpatient mental health clinic.</th>
<th>New York Partnership Plan: Reimbursable services by licensed psychologists include psychological testing, evaluation and therapeutic procedures that are appropriate for a given personality or behavioral disorder. Certain clinical psychologists may also bill for neuropsychological services subject to specified criteria.</th>
<th>Community Care of North Carolina/Carolina ACCESS: Individual and group psychotherapy, and psychological testing in providers’ offices are covered. Licensed psychologists are also reimbursed for outpatient behavioral health services.</th>
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<tr>
<td>Reimbursement Rates for Psychologists’ Covered Services</td>
<td>Range from $23.93 to $117.05 for psychological services other than health &amp; behavior. Rates for covered H &amp; B codes range from $20.84 to $102.00. (2010) Reimbursement for 90806 (individual psychotherapy, office-based, 45 to 50 minutes): $70.23</td>
<td>Range from $81.11 to $121.36 (2012)</td>
<td>Non-facility reimbursement rates for licensed clinical psychologists range from $18.67 to $83.32. Facility reimbursement rates range from $14.54 to $81.00. Neuropsychological services are reimbursed at $150 per service. (2010) Reimbursement for 90806: $54.00</td>
<td>Non-facility reimbursement rates for licensed psychologists range from $7.25 to $133.12. Facility reimbursement rates range from $7.25 to $116.72. (2011) Reimbursement for 90806: $76.88</td>
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<tr>
<td>Coverage for Health and Behavior (H &amp; B) Services</td>
<td>Yes for H &amp; B codes 96150, 96151 and 96152</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Coverage for Telehealth Services Provided by Psychologists?</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Licensed psychologists enrolled in the Medicaid program may bill for “telepsychiatry” professional services.</td>
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<td>Key Limitations on Service Delivery</td>
<td>A limit of eight hours per year for psychological testing applies to Medicaid recipients.</td>
<td>A psychologist may be compensated for psychological testing only if a designated agency or individual responsible for providing services to the member requests it.</td>
<td>Patients need a referral — from their physician or nurse practitioner, or other designated sources — to see a licensed psychologist in private practice.</td>
<td>A limit of 16 unmanaged outpatient visits a year applies to Medicaid recipients under the age of 21 and 8 unmanaged outpatient visits for adults.</td>
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**NOTE:** This chart provides basic information about Medicaid fee-for-service and Medicaid managed care organizations in only four sample states. Details may be different where services to Medicaid recipients are provided through a behavioral health carve-out company. This information is subject to change and should not be used to help make decisions about Medicaid participation. Readers are encouraged to verify the information in this chart with their state psychological association, Medicaid office or applicable insurance company.