COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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MEMORANDUM

TO: The Honorable Don Scott
Speaker, Virginia House of Delegates

The Honorable Scott Surovell
Majority Leader, Senate of Virginia

Members of the Virginia General Assembly

FROM: Cheryl Roberts
Director, Virginia Department of Medical Assistance Services

SUBJECT: Annual Update: Coordinated Specialty Care Workgroup

This report is submitted in compliance with Article 1 of Chapter 10 of Title 32.1 in a section numbered 32.1- 333.05 which creates the Coordinated Specialty Workgroup and states:

D. The work group shall meet to produce an initial five-year plan report to the General Assembly no later than November 1, 2022, and then provide annual updates to the five-year strategic plan beginning November 1, 2023.

Should you have any questions or need additional information, please feel free to contact me at (804) 664-2660

CR/wrf
Enclosure

Pc: The Honorable John Littel., Secretary of Health and Human Resources

Annual Strategic Plan Update: Coordinated Specialty Care (§ 32.1-331.05)

A Report to the Virginia General Assembly — *November 1, 2023*

Report Mandate:

Section 32.1-331.05 of the Code of Virginia states:

A. The Department shall establish a work group in coordination with the Department of Behavioral Health and Developmental Services to evaluate and make recommendations to improve approaches to early psychosis and mood disorder detection approaches, make program funding recommendations, and recommend a core set of standardized clinical and outcome measures. Early psychosis intervention includes services to youth and young adults who are determined to either be at a clinical high risk for psychosis or are experiencing a first episode of psychosis.

B. The work group shall include
(i) a representative from the Bureau of Insurance;
(ii) a representative from the Department of Health Professions;
(iii) a representative from the Department of Behavioral Health and Developmental Services;
(iv) a psychiatrist with working knowledge of first-episode psychosis and coordinated specialty care;
(v) a mental health clinician with working knowledge of first-episode psychosis and coordinated specialty care;
(vi) a support services specialist with experience in supported education and employment;
(vii) a representative of a state, regional, or local mental health advocacy group as recommended by such group;
(viii) an individual who has experienced psychosis or a family member of an individual who has experienced psychosis; and
(ix) up to three representatives of health insurance issuers or managed care organizations operating in the Commonwealth as recommended by such issuers or organizations.

C. The work group shall develop a five-year strategic plan to accomplish the following objectives:
1. Enhance services to existing coordinated specialty care programs;
2. Expand early psychosis intervention in underserved areas of the Commonwealth;
3. Develop a strategy to identify and apply for funds from individual foundations and federal and state sources and disburse those funds; and
4. Develop a strategy to advance the goals and utilization of coordinated specialty care for Medicaid beneficiaries and individuals who are privately insured.

The strategic plan shall identify current coordinated specialty care programs in the Commonwealth and include information on how they are funded, how many individuals use the current programs, and the insurance status of the programs. As used in this section, "coordinated specialty care" means a team-based service provided to a person for treatment of first-episode psychosis that is composed of case management, family support and education, pharmacotherapy and medication management, individual and group psychotherapy, supported education and employment, coordination with primary care, and outreach and recruitment activities.

D. The work group shall meet to produce an initial five-year plan report to the General Assembly no later than November 1, 2022, and then provide annual updates to the five-year strategic plan beginning November 1, 2023.

About DMAS and Medicaid

The mission of the Virginia Medicaid agency is to improve the health and well-being of Virginians through access to high-quality health care coverage.

The Department of Medical Assistance Services (DMAS) administers Virginia's Medicaid and CHIP programs for over 2 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, behavioral health as well as addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to more than 600,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives an approximate dollar-for-dollar federal spending match in the Medicaid program.

Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90% for newly eligible adults, generating cost savings that benefit the overall state budget.

Background

Coordinated Specialty Care (CSC) is a person-centered, team-based comprehensive treatment and support service that is evidence-based and recovery-oriented. First-episode psychosis (FEP) is the early period after first psychotic symptoms due to a serious mental illness (SMI) and people usually experience this in their teens through mid-twenties (median age of psychotic disorder onset = 25 years; 25th/75th percentile = 20/34 years)[1]. Unfortunately, there is significant research[12] indicating that many people experiencing these symptoms do not receive treatment for a year or longer, and that untreated symptoms are a primary driver of negative outcomes like developing substance use disorder (SUD) or experiencing homelessness, unemployment, or incarceration. By intervening early with person-centered care, low-dose antipsychotic treatments, and shared decision making between professionals and the individual and family, CSC can change the trajectory of symptoms and individuals' lives.

Team-based approaches can be difficult to fund and require a cross-agency strategy. In Virginia, CSC services provided at Community Service Boards (CSBs) are funded through a combination of state general fund (GF) and federal mental health block grant (MHBG) funds. The federal MHBG funds require a 10 percent set aside for services for individuals experiencing FEP. In FY2021, a total of $5,712,718 was dedicated to the provision of CSC in Virginia. In 2019, DBHDS issued a report on the first three years of available data for CSC programs in the Commonwealth (2015-2018). Preliminary data indicated a successful reduction in time to treatment by admitting individuals into CSC services soon after an individual's FEP.

There are eleven programs operating with DBHDS support including Alexandria CSB, Fairfax-Falls Church CSB, Henrico Area Mental Health and Developmental Services, Highlands CSB, Loudoun County CSB, Prince William County CSB, Rappahannock-Rapidan CSB, and Western Tidewater CSB, with the final three programs being new: Blue Ridge Behavioral Health, Mount Rogers, and Arlington CSBs. Currently, there is no license or certification for CSC in Virginia. A recent national report[3] has provided additional considerations and roadmaps for the implementation of CSC within Medicaid, including costs as well as additional potential structures and approaches to rate setting. Key findings of this updated report include:

- ***Updated cost estimates:*** Current 2023 estimate for CSC costs in the United States is $1,054 to $1,653 per participant per month. These estimates come from 2019 data across states (range was $887 in Texas to $1,375 in New York) adjusted for inflation for 2023.
- ***Updated summary of cost effectiveness research:*** 14 of 15 international studies concluded that early psychosis interventions are cost effective.
- ***Updated overview of funding strategies in the United States:*** Five states were profiled. As in initial reports, the four main sources of funding are the Mental Health Block Grant (MHBG), Medicaid, commercial insurance, and state and local funding from both the public and some private sector sources.
- ***Updated insights into Medicaid and commercial insurance approaches:*** In the five state profiles, new Medicaid approaches were provided, including through In Lieu of Service (ILOS) Provisions (Texas), team-based rate in Medicaid (Washington), fee-for-service approaches (New York and Ohio), and as a required case rate in commercial insurance (Illinois).
- ***Lessons learned from other team-based practices:*** The report provides insights into funding approaches to other team-based, evidence-based practices including Assertive Community Treatment (ACT), Multisystemic Therapy (MST), and Collaborative Care Model (CoCM). Virginia has recently implemented multiple team-based, evidence-based services within Medicaid.

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[1] Solmi, M., Radua, J., Olivola, M. *et al.* Age at onset of mental disorders worldwide: large-scale meta-analysis of 192 epidemiological studies. *Mol Psychiatry* **27**, 281–295 (2022). https://doi.org/10.1038/s41380-021-01161-7

[2] National Institute on Mental Health. Recovery after an Initial Schizophrenia Episode (RAISE). National Institute of Mental Health; 2022. NIMH » Recovery After an Initial Schizophrenia Episode (RAISE) (nih.gov)

[3] Heinssen R, Goldstein A, Azrin, S. Evidencebased treatments for first episode psychosis: components of coordinated specialty care. National Institute on Mental Health; 2014.evidence-based-treatments-for-first-episode-psychosis.pdf (nih.gov)

[4] Substance Abuse and Mental Health Services Administration: Coordinated Specialty Care for First Episode Psychosis: Costs and Financing Strategies. HHS Publication No. PEP23-01-00-003 Rockville, MD: Substance Abuse and Mental Health Services Administration, 2023. Coordinated Specialty Care for First Episode Psychosis: Costs and Financing Strategies (samhsa.gov)

Update on State Fiscal Year 2023 Strategic Plan Goals

There were eight goals set for State Fiscal Year 2023 in the five-year strategic plan[4]. An update on each is provided below.

SFY 2023 Goal	Status Update
Explore existing payment mechanisms of CSC components through Medicaid and provide training to CSBs on how this would be done.	Additional research was conducted regarding current billing practices for CSC. Teams primarily bill Medicaid for case management, outpatient services, and mental health skill building. No training gaps or alternate billing approaches within current regulation and rate structure were identified.
Establish a plan for engaging training and support from ONTrackNY and/or NAVIGATE.	Each of the three new teams were required per initial agreement to secure their own training through these entities.
Establish recommendations for detection of early psychosis.	Virginia has established one early intervention program which is supported by a SAMHSA grant. All other Virginia programs provide services following first episode.
Establish required commitment and necessary sustainment resources plan for enhanced data collection and outcomes analysis base on agreed upon core set of measures (WebCAB through EPINET).	Virginia has onboarded 10 of the existing 11 teams (including two of the three new teams) to complete a Virginia battery of WebCAB through EPINET. A report that can be shared publicly is under development.
Expand to new CSC teams.	DBHDS has funded three new teams using Consolidated Appropriations Act (CAA) funding. These teams have each begun providing services, although there is a concern for their sustainability as they do not receive the ongoing state general fund appropriation of the original eight teams.
Submit budget package decision to conduct a rate study on CSC *Remaining plan based on assumption that this occurs, as it is the necessary step to movement forward for Medicaid*	To date, DMAS has not received funding through the Appropriations Act for a rate study on CSC.
Conduct assessment of underserved areas for strategic team development.	No progress (no dedicated staff time/effort)

Strategic Plan Updates for SFY 2024

A stakeholder meeting was held 8/9/2023 to review progress on plan and discuss next steps. In that meeting, it was determined that the initial workgroup should continue to meet at least twice per year throughout the five-year period of the strategic plan.

[4] Full report can be accessed here: Initial Strategic Plan Report: Coordinated Specialty Care Workgroup – April 11, 2023 (virginia.gov)

The initial strategic plan had an additional seven goals for SFY 2024, building on the SFY 2023 goals. SFY 2024 goals are updated as follows:

Updated Goal for SFY 2024	Lead Agency	Description
Review workgroup membership, stakeholder meeting attendance, and seek commitment from representative group to serve as workgroup moving forward through period of strategic plan.	DMAS	New goal. For year two of the five-year plan, the group determined it was important to clarify roles moving forward. Attendance, membership, and roles will be reviewed and clarified before reconvening the group in February 2024. Activities to support this goal are beginning at the time of this report (Fall 2023).
Recommend DMAS submit a request to conduct a rate study on CSC.	DMAS	Carry forward from SFY 2023
DBHDS to identify funding (MHBG or other source) to ensure the three additional teams have ongoing funding once their start-up funds are no longer available.	DBHDS	New goal. Since the rate study is delayed from initial proposed timeline at least one year, the timing of the start-up funds was reviewed leading to this goal.
Explore supplemental funding approaches in addition to rate study, including Early Periodic Screening, Diagnostic and Treatment (EPSDT) benefit for individuals under 21 years of age, ILOS provision in managed care, and feasibility of Certified Community Behavioral Health Clinic (CCBHC) model as an approach for sites implementing CCBHC who also offer CSC.	DMAS	New goal. This builds on the review of current billing practices (SFY 2023 goal). Although no new approaches to billing the service in general within existing regulation were identified, these avenues for additional research that might support the service for some providers and/or some clients were identified.
Reach 100% participation in WebCAB for EPINET and publish public-facing report on Virginia CSC.	DBHDS	Clarification of goal. This builds on SFY 2023 implementation and sets two specific targets.
If rate study moves forward, include the following considerations as part of the program and rate development process: early detection and expansion to underserved areas/analysis of underserved areas.	Shared	This combines two SFY 2023 unmet goals and clarifies that they would be part of the rate study process.
If rate study moves forward, workgroup should re-write the strategic plan for years 3-5 based on the expected timeline.	Shared	New goal for SFY 2024.

Summary and Next Steps

Although the initial strategic plan has been delayed due to a lack of funding to proceed with a rate study, it is still feasible to make significant progress on the implementation of CSC in Medicaid, as well as goals slated for later in the strategic plan such as pursuing private insurance coverage. It is important to note that without dedicated resources (e.g., full-time staff) within agencies in state government, some goals will be difficult to achieve. For example, the initial strategic plan included significant training and planning initiatives regarding technical assistance at a state level (for example, through a state contract). Yet, projects like that are difficult to achieve without staff dedicated to such services or projects. At this time, larger training goals have been removed from SFY 2024 strategic plan goals, with a focus on achieving the rate study and sustainability for the three recently-added teams. If there is interest in broader expansion, including workforce development, training, and fidelity monitoring, staff devoted to the expansion of this program should be considered.