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
October 30th, 2023
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

- ePEP
- EPICENTER
- RAISE
- OnTrack

Cost per client per month, 2023 Adjusted for inflation

- ePEP
- EPICENTER
- RAISE
- OnTrack

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