Illinois Health and Hospital Association

March 4, 2021

Sent via email to greg@gregharris.org

The Honorable Greg Harris
Illinois House of Representatives, District 13
1967 West Montrose Avenue
Chicago, IL 60613

RE: Medicaid Workgroup Request for Information on MCOs

Dear Representative Harris,

On behalf of the Illinois Health and Hospital Association's (IHA) more than 200 member hospitals and nearly 40 health systems, I am writing to provide requested feedback on the most common reasons for denials of behavioral healthcare by Medicaid managed care organizations (MCOs).

As a follow up to the testimony by AMITA Health and Universal Health Services (UHS) at your Oct. 14 meeting on healthcare transformation, the following requested data summarizes key behavioral health services denied reimbursement in hospital inpatient units and the associated reasons for such denials at these two health systems. To address these issues, we have also provided recommendations to both reduce barriers for medically necessary services and to help the Department of Healthcare and Family Services (HFS) assess the payment performance of Medicaid managed care organizations (MCOs) for inpatient psychiatric service reimbursement.

Overview of Denial Data

Feedback shared by AMITA Health and UHS indicate a common theme of healthcare denials based on medical necessity determinations for patients' continued hospital inpatient stay, followed by service authorization issues and coordination of benefits. Our members have shared that the primary reason that the MCOs deny coverage for behavioral healthcare services derives from the MCOs disputing that continued inpatient psychiatric care is medically necessary, contrary to recommendations of hospital clinicians treating the patient. Highlighted below are the top five diagnoses that are routinely denied reimbursement by the MCOs for continued hospital inpatient care, beyond the initial minimal length of stay (an average of two to three days):

1151 East Warrenville Rd.
P.O. Box 3015
Naperville, IL 60566
630.276.5400

700 South 2nd St.
Springfield, IL 62704
217.541.1150

400 North Capitol St. N.W.
Suite 585
Washington, DC 20001
630.276.5645

833 West Jackson Blvd.
Suite 610
Chicago, IL 60607
312.906.6150

www.team-iha.org

	AMITA Health	Hartgrove Hospital, UHS	Riveredge Hospital, UHS
1	Other Symptoms and Signs Involving Appearance and Behavior	Unspecified Mood Affective Disorder	Major Depressive Disorder
2	Suicidal Ideations	Unspecified Psychosis Not Due to a Substance or Known Physiological Condition	Bipolar Disorder
3	Major Depressive Disorder, Single Episode, Severe Without Psychotic Features	Major Depressive Disorder, Single Episode	Disruptive Mood Dysregulation Disorder
4	Opioid Dependence with Withdrawal	Disruptive Mood Dysregulation Disorder	General Anxiety Disorder
5	Schizoaffective Disorder, Unspecified	Major Depressive Disorder Recurrent	Schizoaffective Disorder

AMITA Health's medical detoxification and substance use disorder treatment unit has a high denial rate as a result of MCOs deeming these services as "**not medically necessary".** This starts the endless dispute resolution cycle, between the off-site MCO utilization management (UM) team, and the on-site, hands-on hospital clinical staff.

An additional access barrier routinely encountered by AMITA Health is the current Illinois Medicaid policy that limits traditional Medicaid reimbursement for hospital detoxification services to once every 60 days, despite the fact that state law (305 ILCS 5/5-5f) already requires more general benefit limitations and concurrent review for this critical service. The restrictive policy appears to violate the federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) by imposing a less favorable benefit limitation on a behavioral health service than on a medical or surgical service.

AMITA Health is committed to working with our MCO partners, as demonstrated by the 35 full-time employees dedicated to addressing MCO denials. This necessary effort on behalf of patients who need care has increased the administrative cost of participating in the Medicaid program, instead of reducing the cost of the Medicaid program through greater care coordination. Upon review, AMITA Health notes that 50% to 60% of MCO initial denials are overturned on appeal. Reducing unfounded denials on the front end could greatly reduce administrative costs and allow hospitals to redirect scarce Medicaid resources to direct patient care.

To demonstrate the increased cost burden for MCO denials when compared with other payers, Appendix A provides a monthly accounting, from Oct. 2019 to Sep. 2020, of the cost of denials which the system must write-off at the end of the year. In addition to the cost of denial management, the appeal process is not uniform across MCOs and particularly difficult to navigate when a peer-to-peer review is requested. This combination of factors creates significant administrative burden and payment delays, adding to the unreimbursed administrative cost of care.

Further, AMITA Health Saints Mary and Elizabeth Medical Center found that **approximately $1.66 million or 75% of payment denials for all major payers, over a 12-month period (Oct. 2019 through Sept. 2020), are attributable to Medicaid Fee for Service and Medicaid MCOs.** Of the total denials for all payers, $765,865 were classified as denials due to services not meeting medical necessity criteria. These figures demonstrate the importance of independent, proactive oversight of criteria that MCOs use to determine what treatment is medically necessary, when determining coverage.

The following data from UHS' Hartgrove Hospital lists the top denial reasons for continued stay. A concern frequently raised by IHA members is the regularity of MCO denials of services for individuals with underlying suicidal thoughts, **allegedly not severe enough to warrant hospitalization,** despite medical documentation of appropriate symptoms.

Top Denial Reasons (for Continued Stay as a Hospital Inpatient)

1	Suicidal/Homicidal Ideation Not Within 24 Hours
2	Auditory Hallucinations Not Command in Nature or Signs and Symptoms of Psychosis That Do Not Place the Patient at Risk for Acute Harm (Chronic Symptoms)
3	Passive Suicidal Ideation Within 24 hours (Due to the Fact it is Passive in Nature and Does Not Place the Patient as Serious Risk)
4	Severe Aggression on the Unit but Only 1 Stat Medication in 24 Hours
5	History of Recidivism and Non Compliance with Treatment

Recommendations & Next Steps

- In a 2019 *comment letter (attached)*, IHA encouraged HFS to analyze the application of criteria for medical necessity commonly used by MCOs to deny services, characterizing the services as "not meeting medical management standards." The letter cited requirements that HFS conduct parity market examinations and audits under Public Act 100-1024, which we continue to urge HFS to carry out.
- IHA also encouraged HFS to mandate that MCOs proactively analyze these non-quantitative treatment limitations, as required in PA 100-1024. In response, HFS and the Dept. of Insurance have formed the Parity Compliance Reporting Workgroup, which is preparing to provide recommendations for regulatory oversight of these treatment limitations by MCOs and commercial payers to the Illinois General Assembly. More can be done to help ensure the oversight of medical management standard consistency between physical and behavioral healthcare services, but the Workgroup recommendations are a valuable first step.
- We also recommend proactive oversight of criteria that MCOs use to determine what treatment is "medically necessary" as an equally important evaluation, which should align with *generally accepted standards of care* developed by nonprofit clinical societies.
- We recommend the current state reimbursement limit of a single hospital detoxification service every 60 days be eliminated, as a concrete step to remove access barriers to such critical services. We believe that the current state law requiring concurrent review for this critical service, plus post discharge follow-up behavioral healthcare coordination

by the MCOs, should provide sufficient oversight control. According to the National Institute on Drug Abuse, relapse rates can be 40% to 60% in addiction treatment, similar to rates of relapse of other chronic diseases like hypertension and type I diabetes, which are not subject to Medicaid service usage limitations. Unlike other chronic diseases, which largely have no limits on needed care, the current service limitation on detoxification services creates a barrier to needed care and perpetuates the stigma felt by those struggling with a substance use disorder. In turn, this policy conveys the message that substance use disorder as a chronic disease is somehow less worthy of medical care. When a patient relapses and seeks care for a chronic condition, it seems counterproductive to ask them to wait until an arbitrary 60 day window re-opens. Proper, proactive and post-discharge coordination of care is more appropriate and conducive to recovery than the denial of care.

Finally, during the COVID-19 pandemic hospitals have also reported seeing a higher acuity and more agitated behavioral health patient population, while simultaneously focusing on new safety measures and protocols to protect all patients and staff. Now more than ever, any actions that can be taken to reduce the administrative and financial burden of denials of behavioral healthcare benefits by MCOs are truly appreciated. The recommendations presented would reduce barriers to medically necessary services, help solve longstanding issues, and may serve to improve and strengthen the relationships between hospitals and MCOs.

Thank you for your commitment to healthcare transformation and your interest in the denial rates for Medicaid behavioral health services, and the impact they have on creating access barriers to care.

If you have any questions or comments, please contact me at awilhelmi@team-iha.org or 630-276-5444, or Lia Daniels at ldaniels@team-iha.org or 630-276-5461.

Sincerely,

A.J. Wilhelmi
President & CEO

cc: Kelly Cunningham, HFS
Robert Mendonsa, HFS
Lia Daniels, IHA

Illinois Health and Hospital Association

Appendix A.

Write-Off's Financial Class	Column Labels Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Grand Total
Medicaid Managed Care	$24,373	$17,823	$384,699	$291,127	$234,906	$189,292	$115,251	$235,792	$213,802	$234,258	$210,145	$288,386	$2,439,853
Medicaid Fee-for-Service	$53,359	$23,256	$42,206	$70,587	$40,868	$60,202	$53,112	$111,778	$73,778	$94,983	$24,305	$265,205	$913,639
Medicare Managed Care	$60,358	$134,907	$62,455	$76,038	$99,874	$100,332	$115,140	$93,707	$57,635	$73,060	$44,337	$92,176	$1,010,019
Medicare	$17,987	$14,001	$3,086	$850	$12,614	$21,371	$14,867	$7,034	$19,418	$13,305	$13,517	$67,667	$205,717
Commercial	$60,855	$36,719	$22,621	$35,344	$47,648	$33,238	$62,459	$33,607	$57,698	$57,698	$32,029	$27,010	$506,928
HMO/ PPO	$51,500	$36,400	$35,305	$53,775	$28,495	$48,180	$54,428	$11,742	$23,018	$14,837	$20,833	$62,175	$440,686
Military												$1,584	$1,584
Other			$1,059										$1,059
Self-Pay			$81	$142									$223
Grand Total	**$268,431**	**$263,106**	**$551,513**	**$527,863**	**$464,406**	**$452,615**	**$415,257**	**$493,659**	**$445,349**	**$488,141**	**$345,164**	**$804,203**	**$5,519,709**

1151 East Warrenville Rd.
P.O. Box 3015
Naperville, IL 60566
630.276.5400

700 South 2nd St.
Springfield, IL 62704
217.541.1150

499 South Capitol St. S.W.
Suite 410
Washington, DC 20003
630.276.5645

833 West Jackson Blvd.
Suite 610
Chicago, IL 60607
312.906.6150

www.team-iha.org