Establish Medicaid Coverage for Ambulance Transports to Alternative Appropriate Care Locations Legislative Report

SL 2018-5, Sec. 11H.4

Report to

Joint Legislative Oversight Committee on Health and Human Services

by

North Carolina
Department of Health and Human Services
Division of Health Benefits
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

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I. Background

Session Law 2018-5, Sec. 11H.4 (see ***Appendix A***) instructed the NC Department of Health and Human Services (DHHS) to submit to the Centers for Medicare and Medicaid Services (CMS) for the necessary authority to establish Medicaid reimbursement for ambulance transports of Medicaid beneficiaries in behavioral health crisis to behavioral health clinics or other alternative appropriate locations effective July 1, 2019. Section 11H.4(b) directs the Department to report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division no later than December 1, 2018.

II. Implementation Overview

A. Necessary Authority and Proposed Reimbursement Methodology

Based on conversations with CMS, changes to the State Plan (SPA) would not be necessary to affect this change. The State will have to promulgate policy that clearly defines when transport should be made to behavioral health clinics or other alternative appropriate locations. The Fiscal SPA pages would need to be changed if the State chose to change the rate for the service; but, the State does not feel that the rate needs to be changed now.

B. Expected Costs

Based on current ambulance transportations rates and mileage, the projected additional cost for the first full year of transport would be $426,710 in SFY2020.

C. Expected Outcomes and Savings

Based on 12% of individuals utilizing an alternative service instead of Emergency Department or Inpatient services, the projected cost savings for the first full year in SFY2020 would be $1,708,762. The net savings for SFY2020 would be $1,233,894.

D. Coverage Plans

Transportation by ambulance to alternative locations would be covered by both the Standard Plans and Tailored Plans. Inpatient and Crisis Services will be covered services in both plans.

III. Next Steps

The Division of Health Benefits (DHB) will engage stakeholders as required by policy promulgation. The following is a listing of proposed stakeholders:

- Behavioral Health Providers; Facility- Based Crisis Centers, Behavioral Health Urgent Cares (BHUCs);
- LME-MCOs;
- Ambulance transport providers (county and private);
- North Carolina Office of Emergency Management Services (NCOEMS);

- Division of Mental Health/Developmental Disabilities/Substance Abuse Services (DMH/DD/SAS);
- Division of Health Service Regulation (DHSR);
- Other interested parties

The Division will update Clinical Coverage Policy 15, Ambulance Services, to include reimbursement ambulance transport to appropriate alternative locations. This will include Emergency Medical Services (EMS) providers to utilize the North Carolina College of Emergency Physicians (NCCEP) protocol on when to transport to alternative locations and that EMS providers will have at least one partnership with a receiving facility that is able to provide care appropriate for those individuals who are appropriately serviced by a behavioral health facility.

DHB will work with DHHS and stakeholders to develop measures on patient experiences and outcomes on which EMS providers will report.

Appendix A: Session Law 2018-81, Section 1

ESTABLISH MEDICAID COVERAGE FOR AMBULANCE TRANSPORTS TO ALTERNATIVE APPROPRIATE CARE LOCATIONS

SECTION 11H.4.(a) No later than November 1, 2018, the Department of Health and Human Services shall submit to the Centers for Medicare and Medicaid Services (CMS) any State Plan amendments or any waivers necessary to establish Medicaid reimbursement for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations. Coverage under this section shall begin July 1, 2019, or upon CMS approval of any submitted State Plan amendments or waiver, whichever date is later.

Coverage under this section shall meet the following requirements:

(1) Medicaid reimbursement is contingent upon an Emergency Medical Services (EMS) System's ability to demonstrate its EMS providers have received appropriate education in caring for individuals in behavioral health crisis and that the EMS System has at least one partnership with a receiving facility that is able to provide care appropriate for those individuals.

(2) An EMS System shall be required to include in its EMS System Plan a report on patient experiences and outcomes in accordance with rules adopted by the Department of Health and Human Services, Division of Health Regulation, Office of Emergency Medical Services.

Medicaid reimbursement for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations shall not be implemented until CMS approval of any submitted State Plan amendments or waivers has been received.

SECTION 11H.4.(b) No later than December 1, 2018, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the following:

(1) As required by subsection (a) of this section, a copy of the State Plan amendment or waiver to establish Medicaid reimbursement for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations to begin July 1, 2019, including the proposed reimbursement methodology to be utilized.

(2) Expected costs to the State associated with the establishment of Medicaid reimbursement for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations.

(3) Expected outcomes and savings associated with the establishment of Medicaid reimbursement for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations. Expected outcomes shall include an analysis of a reduction of transfers from hospital settings, an improvement in referral to and coordination of follow-up care, and general health status outcomes that result when a recipient is transported to an alternative appropriate care setting. Expected savings shall include an analysis of the cost difference of treatment in the alternative appropriate care location instead of a hospital emergency room setting.

(4) Whether this coverage shall be included in the capitated Prepaid Health Plan contracts required by S.L. 2015-245, the capitated contracts with LME/MCOs, as defined in G.S. 122C-3, or both.

Appendix B: Cost Projections for Adding Ambulance Transport to Alternative Locations

	Historical Data								
	SFY2016	**SFY2017**	**SFY2018**		**SFY2019**	**SFY2020**	**SFY2021**	**SFY2022**	**SFY2023**
Distinct # of Transports	31,266	39,410	37,770		38,865	39,992	41,152	42,346	43,574
Mileage	62,222	94,439	88,761		93,134	95,835	98,614	101,474	104,417
Mileage Per Transport	1.99	2.40	2.35		2.40	2.40	2.40	2.40	2.40
Growth Factor for # of Transports	3%			Fiscal Impact:# of Alternative Transports (.12% of Total Transports)	4,664	4,799	4,938	5,081	5,229
Ground Mileage, Per Statute Mile (Procedure Code A0425):									
Mileage Per Transport					2.40	2.40	2.40	2.40	2.40
Total Mileage Projected					11,176	11,500	11,834	12,177	12,530
Cost Per Mile					3.03	4.03	5.03	5.03	5.03
Fiscal Impact - Subtotal					**33,863**	**46,346**	**59,523**	**61,250**	**63,026**
Basic Life Support, Emergency Transport (A0429):									
# of Transports (75% of Total)					3,498	3,599	3,704	3,811	3,922
Cost Per Transport					70.75	71.75	72.75	72.75	72.75
Fiscal Impact - Subtotal					**247,475**	**258,251**	**$269,444**	**277,258**	**285,298**
Advanced Life Support, Emergency Transport (A0427):									
# of Transports (25% of Total)					1,166	1,200	1,235	1,270	1,307
Cost Per Transport					124.68	125.68	126.68	126.68	126.68
Fiscal Impact - Subtotal					**145,372**	**150,787**	**156,395**	**160,930**	**165,597**
Fiscal Impact - Total					$ 426,710	$ 455,384	$ 485,362	$ 499,438	$ 513,922

Assumptions:

1. Growth factor for the number of transports is 2.9%. We used this number as we factored in enrollment growth over the next few fiscal years.
2. The number of Alternative Transports includes both transports to Alternative Locations and Psychiatric Hospitals.
3. The Wake County EMS data was used as an index to drive the projections for potential fiscal impact.
4. All Alternative Transports are via ground level transport therefore the costs are calculated on a per mile basis (procedure code A0425).
5. It was assumed that 75% of the Alternative transports would be considered Basic Life Support while 25% of the transports would be considered Advanced Life Support.

Appendix C: Fiscal Impact of Increase Use of Alternative Locations vs. ED/Hospitalization

Fiscal Impact:	SFY2019	SFY2020	SFY2021
Alternate Locations vs ED+Hospitalization for 12%: If those who were treated in ED or hospitalized were treated in alternate locations			
Expenditure	$92,104	$94,775	$97,523
Claims for Alternate Locations	401.51	413.16	425.14
Recipients	292.5	301.0	309.7
Avg. Cost per Claim	$ 229	$229	$229
Avg. # of Claims per Recipient	1.37	1.37	1.37
ED+Hospitalization for 12%: The cost for 12% of those who were treated in ED or hospitalized			
Expenditure	$1,752,708	$1,803,537	$1,855,839
Claims	401.51	413.16	425.14
Recipients	292.5	301.0	309.7
Avg. Cost per Claim	$4,365	$4,365	$ 4,365
Avg. # of Claims per Recipient	1.37	1.37	1.37
Fiscal Impact for 12% ED and Hospital	$(1,660,604)	$(1,708,762)	$(1,758,316)

	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023
Total Expenditure	$ (1,660,604)	$ (1,708,762)	$ (1,758,316)	$ (1,809,307)	$ (1,861,777)
Federal Revenue	$ (1,117,130.03)	$ (1,149,526.80)	$ (1,182,863.08)	$(1,217,166.11)	$ (1,252,463.93)
State Appropriation	$(543,474.27)	$ (559,235.03)	$(575,452.84)	$(592,140.98)	$ (609,313.07)

Assumptions:

1. These calculations are only for 12% of beneficiaries who have had a claim for Behavioral Health in ED, hospital, or alternate locations. According to pilot results, 12% of individuals in the pilot counties are transported to alternate locations.

2. Growth factor for the number of claims and recipients is 2.9%. We used 2.9% as we factored in enrollment growth over the next several fiscal years.