HB 422: Children's Mental Health Outcomes
Mid-Study Review

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for the Children, Families, Health, and Human Services Interim Committee
Jan. 7, 2016

Background

The House Bill 422 Study Plan calls for a review of information received to date as the mid-point of the interim approaches in January and March. This briefing paper outlines key elements of HB 422, summarizes presentations made to date, and poses some questions for consideration as the study moves into its next phase.

HB 422 Requirements

HB 422 requires the committee to make recommendations on three items:

- evidence-based outcomes for children's mental health services;
- options for performance-based reimbursement; and
- pilot project legislation for consideration by the 2017 Legislature.

The pilot project must be designed to improve and track evidence-based outcomes and to develop performance-based options for provider payment. It also must be limited to:

- children who are receiving services through Medicaid or the Children's Health Insurance Program (CHIP) or who are in foster care; and
- providers who are licensed as a mental health center, a psychiatric residential treatment facility, or a child-placing agency. The only mental health service provided by a child-placing agency is therapeutic foster care.

The pilot project also may:

- be limited to a specific number of children and/or a specific geographic area; and
- link provider reimbursement to any one or more of the following items:
  - ✓ achieving quality benchmarks;
  - ✓ integrating and coordinating care;
  - ✓ using individualized treatment and care plans;
  - ✓ focusing on community-based services;
  - ✓ ensuring recovery and permanency placements for children; or
  - ✓ controlling costs.

Scope of the Children's Mental Health System
Speakers at the September and November 2015 meetings noted that Montana has a robust set of publicly funded mental health services available to children. In state fiscal year 2014, more than 19,500 children received services through this system. Most qualified for Medicaid because their family income was at or below 143 percent of the federal poverty level. About 2,800 children received services through CHIP, which covers children with family incomes of 144 percent to 261 percent of poverty.

All told, the state spent more than $127 million in FY 2014 on services that ranged from outpatient therapy and school-based treatment to intensive services in hospitals or psychiatric residential treatment facilities (PRTFs). Medicaid costs made up about $123.7 million of the total costs.

Services by Use and Type
Medicaid data provided by the Department of Public Health and Human Services for FY 2014 shows:

- residential treatment had by far the highest average annual cost per child, at about $30,000 for therapeutic group home services and $33,000 for PRTF services;
- outpatient therapy visits to individual mental health practitioners had an annual average cost of about $700 per child; and
- spending for inpatient hospital stays, home support services, therapeutic foster care, and school-based treatment fell into the middle of the cost range, with an average annual cost of $6,600 to $7,500 per child.

The largest number of children received outpatient therapeutic services from licensed mental health professionals — about 16,600 children. Expenditures for these services totaled $11.8 million.

School-based treatment served the second-highest number of children, at nearly 5,000. Expenditures totaled $32.8 million.

Only about 1,200 children received treatment in a PRTF or therapeutic group home. However, costs for those two categories of care totaled about $37.7 million. Home support services and therapeutic foster care made up the next-highest category of expenditures, at slightly more than $14 million.

Question for Committee Consideration: Does the data about service usage and costs give the committee any ideas on services to target for a pilot project?

Looking at Mental Health Outcomes from Varying Vantage Points
Both the scheduled speakers and the interested parties who offered public comment have outlined the many ways in which the success of children's mental health services can be viewed. The table on the following page summarizes some of the examples they provided.

Perspective	Key Points
Public Health	Effective mental health treatment could reduce drug and alcohol abuse, improve high school graduation rates, and reduce suicide rates.
Consumer Satisfaction	If the family believes that mental health treatment has improved the child's condition and behavior, the treatment is a success.
Readmission	Readmission to treatment is not always bad. It may be the best outcome if it prevents a worse outcome, such as a suicide attempt or assault.
Eye of the Beholder	A successful outcome for a child with multiple problems may be defined differently by the different agencies serving the child.

The varied options show the importance of clearly defining a desired outcome to be measured for the pilot project.

Question for Committee Consideration: Is the committee ready to identify an outcome to target for a pilot project?

Evidence-Based Practices vs. Evidence-Based Outcomes
HB 422 requires the committee to recommend a system of "evidence-based outcomes" for children's mental health services. Because that term is not commonly used in the mental health arena, committee members spent time in November learning about evidence-based practices. These practices have been tested and shown by studies to be effective in improving certain outcomes for specific diagnoses or behaviors.

Speakers in November emphasized that in order to achieve the expected outcomes, evidence-based practices must be carried out with "fidelity," or by staying true to the treatment model. At the same time, the speakers outlined common barriers to maintaining fidelity. Doing so requires not only initial training of staff, but ongoing monitoring to make sure that staff members don't alter the model as they put it into practice. The provider also must invest in training for new staff members when turnover occurs. Many of the activities require additional administrative time and costs.

Some speakers said that large provider organizations can shoulder the costs of using evidence-based practices, but smaller providers may not be able to do so.

The comments prompted committee members to consider whether they must include evidence-based practices in their recommendations or could instead recommend specific outcomes for which evidence can be collected to show that the desired result has occurred.

Question for Committee Consideration: Is the committee ready to decide whether it wants to require use of evidence-based practices as part of the pilot project?

Paying for Performance
HB 422 requires the committee to consider ways to link payment for providers to the outcomes that children experience. In January 2016, the committee was slated to hear from out-of-state speakers about:

- the wide range of ways in which such performance-based contracting can be carried out, from instituting certain requirements that providers must follow to offering bonus payments or reducing payments for failure to meet the standards; and

- the outcomes that performance-based contracting can promote, from use of uniform, periodic assessment to reduction in lengths of stay for various services and improvements in permanent placements.

Question for Committee Consideration: Is the committee ready to determine the type of performance-based reimbursement it wants to include in a pilot project?

Measuring for Outcomes
Speakers and stakeholders have often stressed that any outcome targeted by the committee will need to be measured. They've also noted that to measure outcomes, data must be available, collected, and analyzed. If the data is not already available in some format, then it must be reported to and evaluated by the state or another entity.

The committee has heard throughout the interim about the different types of measurement that are possible. They include using Medicaid billing data, using questionnaires about children's symptoms and behaviors, measuring for fidelity to evidence-based practices, and reviewing treatment outcomes.

The committee will need to decide on measurement tools and approaches after deciding on the outcome to be measured.

Questions to Consider in Moving Forward
In summary, to narrow the study focus, the committee may want to ask:

1. What services and populations of children should be included in the pilot project?

2. What outcome(s) should be targeted for improvement and measurement?

3. Should the pilot project require use of evidence-based practices?

4. What performance-based payment approach should be used?

5. What other information does the committee need to answer these or other questions?

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