Congressional request: Behavioral health services in Medicare

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Congressional request from the Chair of the Committee on Ways and Means, January 2022

- Presented in September 2022 and January 2023
- Informational chapter in the June 2023 report to the Congress:
  - Medicare's coverage of behavioral health services
  - Clinician and outpatient provision of Part B behavioral health services
  - Trends and issues in the provision of inpatient psychiatric care by IPFs
    - MedPAC payment adequacy indicators (access to care, quality of care, access to capital, and payments and costs)
  - Includes Medicare Advantage enrollees' use of behavioral health services to the extent possible.

Note: IPFs (inpatient psychiatric facilities).

Today's presentation

- Overview on clinician and outpatient provision of behavioral health services
- Focus on newly available data
  - IPF use, spending, and supply
  - Analyses of Medicare beneficiaries at or near the 190-day limit in freestanding psychiatric facilities
  - Concerns with the reporting of IPF ancillary services
  - Highlight findings from interviews with IPFs conducted in the fall/winter 2022-2023

Note: IPF (inpatient psychiatric facility).

Interviews with inpatient psychiatric facilities

- Contracted with L&M Policy Research to conduct interviews with 10 IPFs selected for diversity in:
  - Type, ownership, affiliation, teaching status
  - Size, geography
  - All-inclusive designation and reporting of ancillary services
- Interviewees were chief medical and/or financial officers
- Topics included IPF patient mix, services provided, resource use, reimbursement, etc.

Note: IPFs (inpatient psychiatric facilities).

Clinician and outpatient provision of behavioral health services, 2021

- 16 percent of Medicare beneficiaries used Part B behavioral health services; they are more vulnerable and have higher costs
- Growth in substance use driven by opioid use disorders
- Shifts in type of practitioner providing behavioral health (from psychiatrists to nurse practitioners)
- Substantial growth in telehealth, with some behavioral health practitioners only providing telehealth

- Limitation: Reliance on claims/encounters may undercount behavioral health utilization

Note: Results are preliminary and subject to change.

Inpatient psychiatric facilities

- IPFs are freestanding psychiatric hospitals or distinct units in acute care hospitals
- IPF prospective payment system: Per diem base rate ($866 in FY 2023) is adjusted for:
  - Geography: Wage index, cost of living for AL and HI, rural location
  - Patient: Age, principal diagnosis, comorbidities, electroconvulsive therapy, length of stay
  - Facility: Teaching status, presence of an emergency department
- Outlier payment for high costs drawn from 2% of payments (fixed loss threshold of $24,630 in FY 2023)

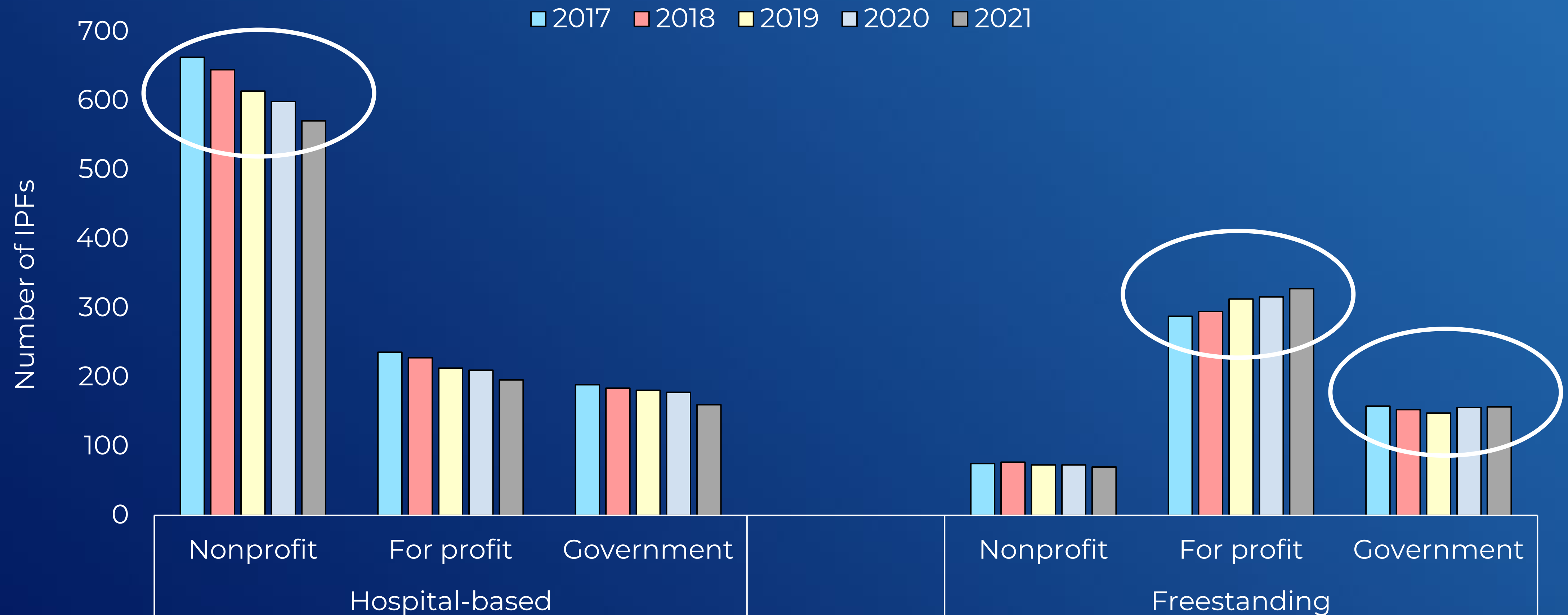
Note: IPFs (inpatient psychiatric facilities), FY (fiscal year), AL (Alaska), HI (Hawaii).

IPF PPS use and spending

	2019	2020	2021
IPFs	1,540	1,530	1,480
Medicare FFS users	230,700	189,400	157,500
Medicare FFS stays	345,900	282,900	230,500
Medicare FFS spending (billions)	$3.9	$3.4	$3.0

Note: IPF (inpatient psychiatric facility), FFS (fee-for-service), PPS (prospective payment system). Results are preliminary and subject to change.
Source: MedPAC analysis of FFS claims data from CMS.

Overall decline in IPFs, but growth in freestanding for-profit IPFs



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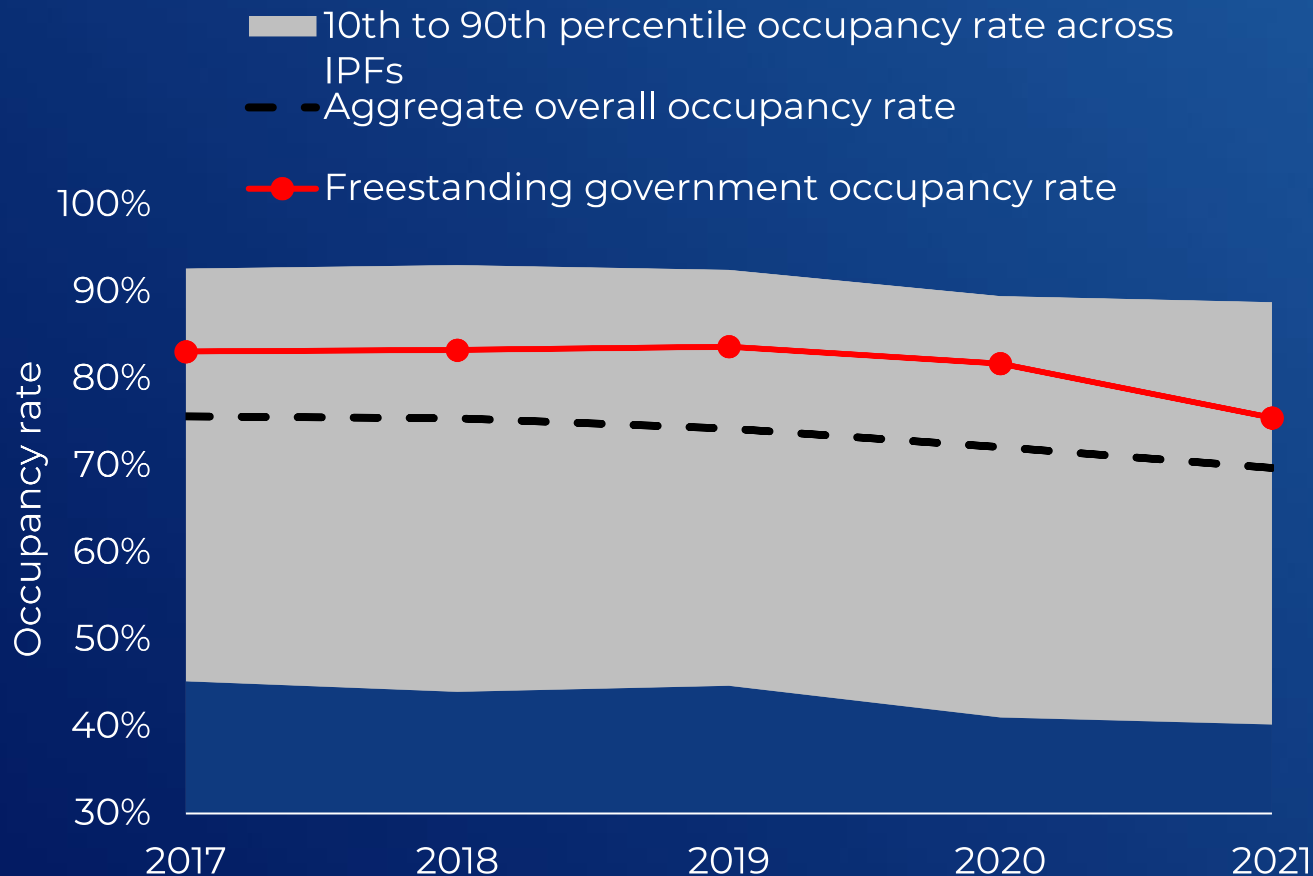
Note: IPFs (inpatient psychiatric facilities). Results are preliminary and subject to change.
Source: MedPAC analysis of Medicare cost reports from CMS.

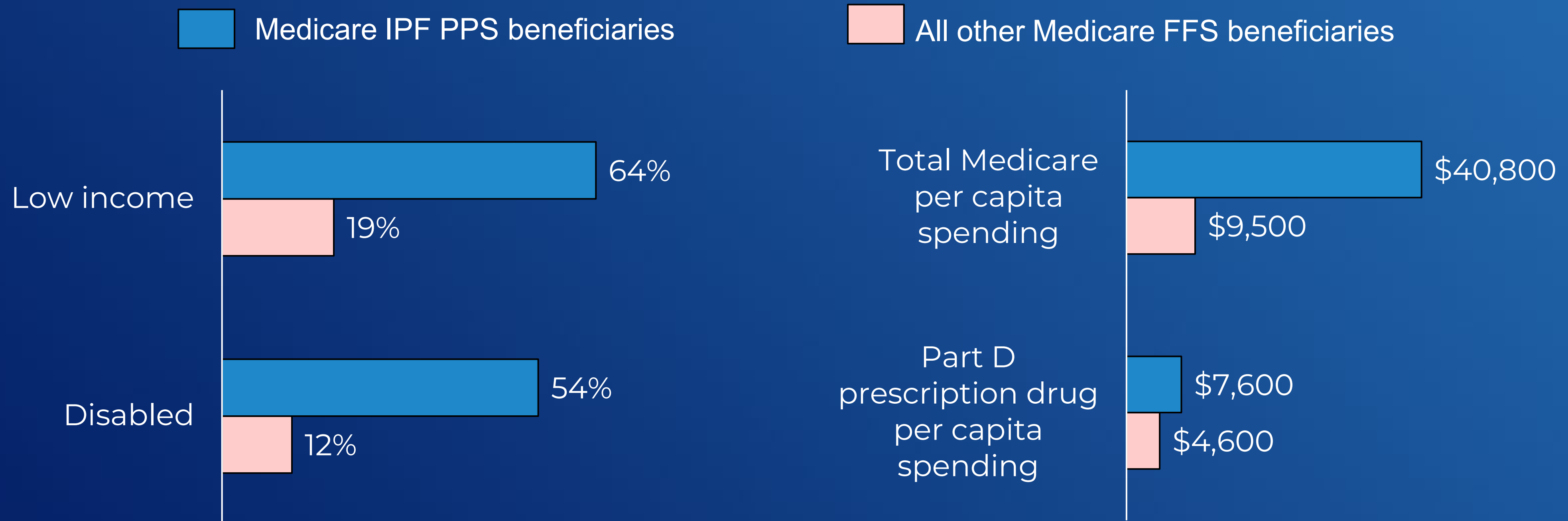
Wide range in occupancy rates, with freestanding government IPFs having highest rates



- Range in occupancy rates but, in aggregate, IPFs indicate some capacity
- Higher occupancy rates for IPFs that serve the most seriously mentally ill patients
- Cost reports may not adequately capture staffed beds – IPF interviewees indicated that staffing shortages reduced available beds

Note: IPFs (inpatient psychiatric facilities). Occupancy rates are calculated as the total used bed days divided by total bed days available. Results are preliminary and subject to change.
Source: MedPAC analysis of Medicare cost reports from CMS.

FFS beneficiaries using IPFs are vulnerable and costly, 2021

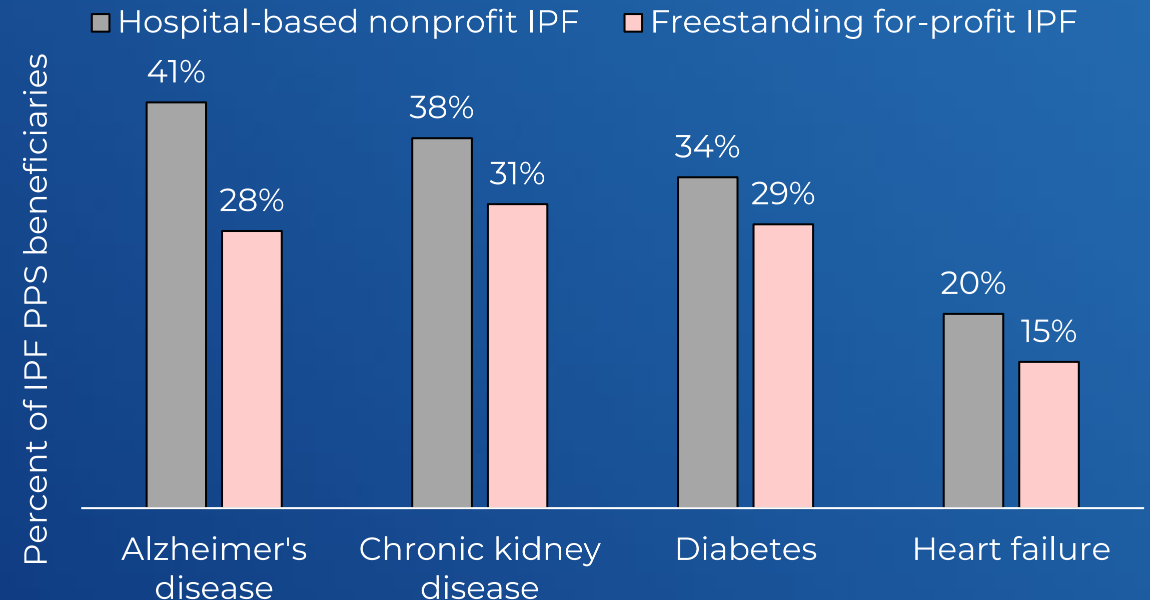


- FFS beneficiaries with IPF stays also had higher risk scores and greater prevalence of chronic conditions, were younger, and were more likely to be Black compared with other FFS beneficiaries

Note: IPFs (inpatient psychiatric facilities), PPS (prospective payment system), FFS (fee-for-service), Part D Medicare spending included only those FFS beneficiaries enrolled in Part D. Results are preliminary and subject to change.
Source: MedPAC analysis of FFS claims data from CMS.

IPF PPS beneficiaries differ by IPF type

- Hospital-based IPF patients tend to be older, have higher risk scores, and have dementia and other chronic conditions compared to those at freestanding IPFs



- Interviewees reported that freestanding IPFs tend to have more restrictive admission criteria related to patients' medical stability/complexity compared to hospital-based IPFs

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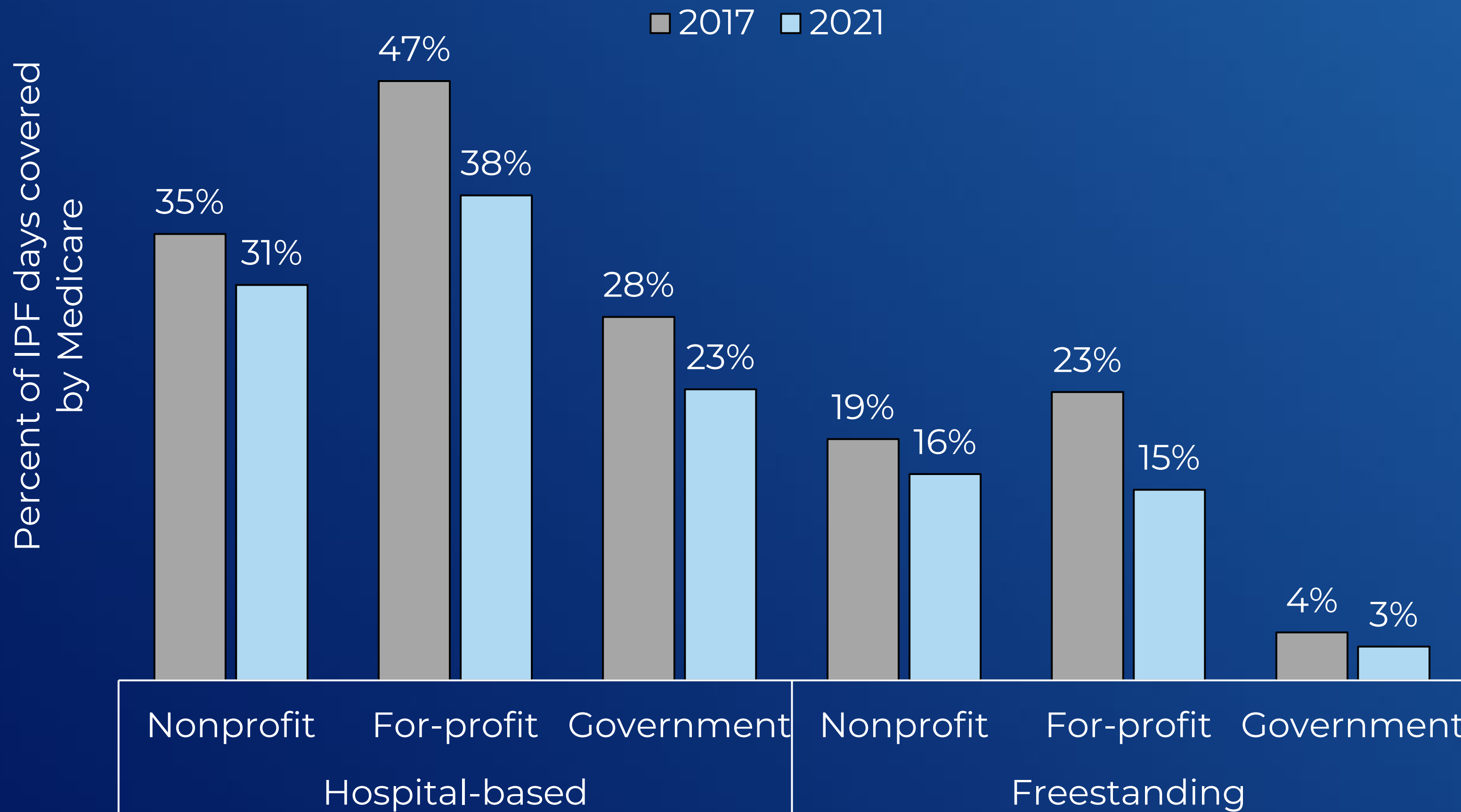
Note: IPF (inpatient psychiatric facility), PPS (prospective payment system). Figure includes chronic condition rates of beneficiaries with a an IPF stay in 2019. Results are preliminary and subject to change.
Source: MedPAC analysis of chronic condition data from the Chronic Care Warehouse (CCW).

Medicare share of IPF days declining



IPF interviewees:

- Medicare beneficiaries were a small share of their patients
- Most had dedicated geriatric units (subset of total beds)
- Some did not admit patients over a certain age (as low as 55)
- Some noted that MA utilization reviews could be challenging

Note: IPF (inpatient psychiatric facility), MA (Medicare Advantage). Results are preliminary and subject to change.
Source: MedPAC analysis of Medicare cost reports from CMS.

Declining IPF use by Medicare FFS beneficiaries but longer lengths of stay

	Average annual change	
	2017-2019	2019-2021
IPF stays per 1,000 FFS beneficiaries	-5.7%	-15.4%
Medicare spending (in billions)	-4.4%	-12.2%
Average length of stay (in days)	1.4%	4.6%
Medicare payment per stay	2.2%	7.5%

- IPF interviewees consistently noted that the lack of appropriate discharge options led to prolonged lengths of stay

Note: IPF (inpatient psychiatric facility), FFS (fee-for-service. Results are preliminary and subject to change.
Source: MedPAC analysis of FFS claims data from CMS.

Treatment in freestanding IPFs subject to a lifetime limit of 190 days

- Enacted in 1965 when IPF care was mostly provided by government freestanding facilities
- Limit does not apply to hospital-based IPFs (60% of IPF stays)
- For a cohort of beneficiaries enrolled in Medicare in 2021, we examined use of IPFs from their initial date of Medicare enrollment through January 2023 and found:
  - 847,200 beneficiaries had used at least one day at a freestanding IPF
  - 38,900 beneficiaries had exhausted all 190 days
  - 10,400 beneficiaries were within 15 days of reaching the limit

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Note: IPFs (inpatient psychiatric facilities), FFS (fee-for-service). Results are preliminary and subject to change.
Source: MedPAC analysis of CMS enrollment data.

Beneficiaries at or near the 190-day limit are higher risk

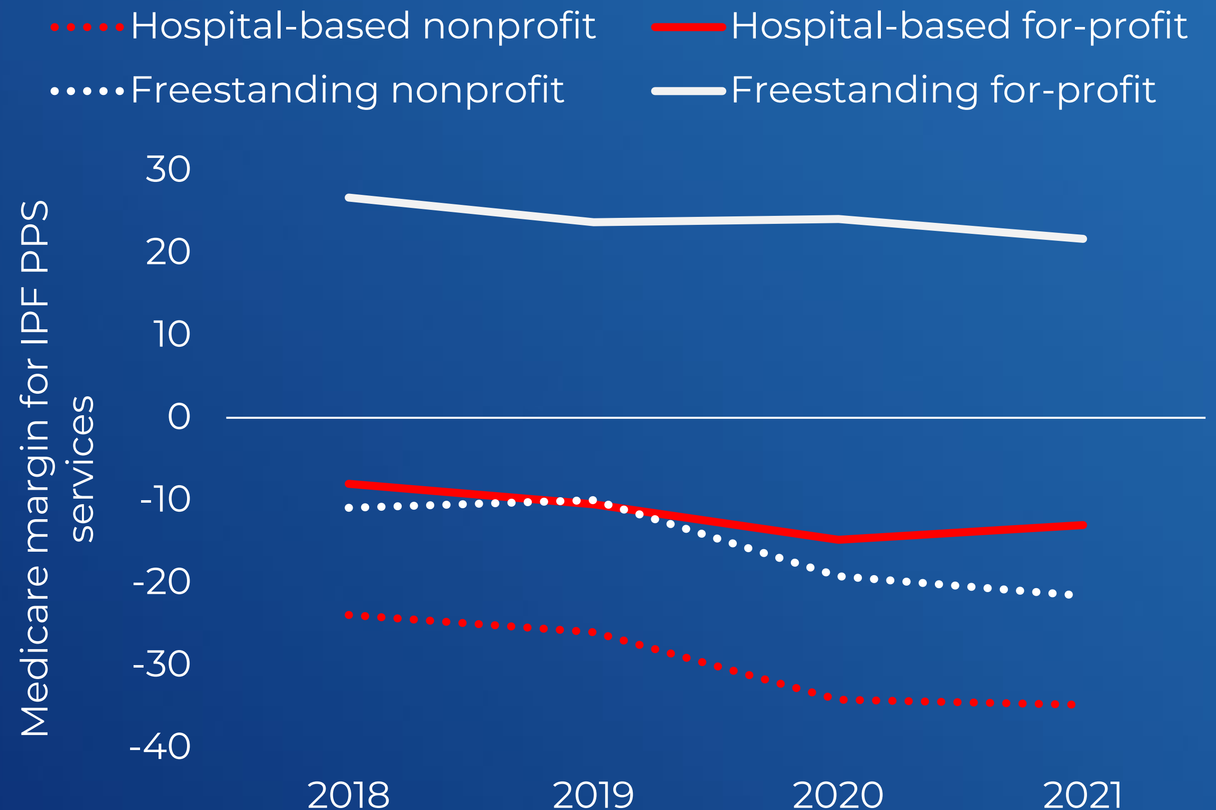
Characteristic in 2021	**Reached or near limit (FFS)**	All other FFS beneficiaries with IPF stay
Disabled	**75%**	52%
Low-income	**85%**	62%
Percent over age 65	**23%**	45%
Male	**60%**	50%
Black	**24%**	15%
HCC risk score	**1.48**	1.39
Medicare Part A and B per capita spending*	**$22,700**	$40,200
Medicare Part D per capita spending	**$12,200**	$7,500

- Lower Medicare A & B spending may be due to reaching Part A coverage limits
- IPF interviewees:
  - Felt 190 days are insufficient, especially for those with chronic severe mental illness
  - Addressed the limit by helping patients obtain Medicaid and providing uncompensated care

Note: FFS (fee-for-service), IPF (inpatient psychiatric facility). The 190-day coverage limit applies to days in freestanding IPFs only. 34,100 beneficiaries enrolled in FFS Medicare in 2021 had reached the limit or were within 15 days of reaching the limit as of January 2023. Results are preliminary and subject to change. *Includes Medicare payment of covered services only.
Source: MedPAC analysis of enrollment, FFS claims, Part D prescription drug event, and HCC risk score data from CMS.

Wide variation in aggregate Medicare margins for IPF PPS services, 2021

- Declining Medicare margins over time
- Aggregate Medicare IPF margin was -9.4% in 2021
- High Medicare margins among freestanding for-profit IPFs (21.7%)
- Substantial variation in costs (low costs among freestanding for-profit IPFs)

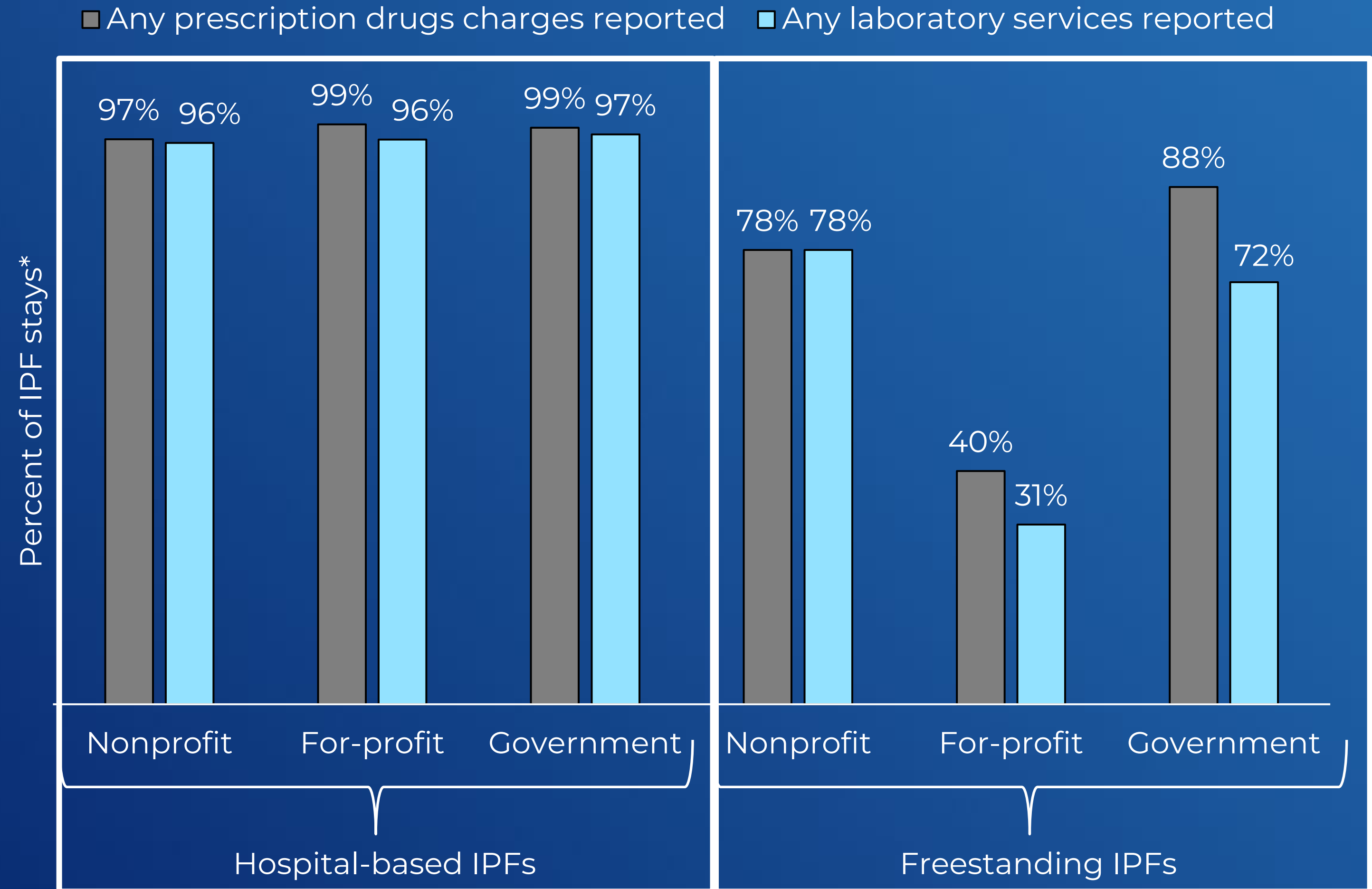


Note: IPF (inpatient psychiatric facility), PPS (prospective payment system). Represents aggregate Medicare margins for services paid under the IPF PPS. Figure excludes government IPFs. Results are preliminary and subject to change.
Source: MedPAC analysis of Medicare cost reports from CMS.

Understanding IPF costs is challenging due to inconsistent reporting of ancillary services

- Routine costs: staffing and room & board
- Ancillary costs: drugs, laboratory services, etc.

- Interviewees confirmed ancillary services are provided and internally tracked, but questioned the utility of reporting them



Note: IPF (inpatient psychiatric facility). Results are preliminary and subject to change.
Source: MedPAC analysis of FFS claims and cost report data from CMS.

*Includes only stays with non-all-inclusive rate IPFs – these include 180,400 stays at 1,184 IPFs in 2021.

Additional information is needed to improve payment accuracy

- Patient severity is not well-measured
  - Majority of IPF PPS beneficiaries in the same diagnostic group
  - Daily resource use driven by factors not available on administrative data:
    - Deficits in activities of daily living
    - Indicators of “serious danger to self or others”
    - Involuntary admission or legal hold of law enforcement
- Lack of information on the provision of services during an IPF stay, particularly ancillary services

Note: IPFs (inpatient psychiatric facilities), PPS (prospective payment system). Results are preliminary and subject to change.

Quality of care is difficult to assess with existing quality measures

- IPFQR program focuses predominantly on process measures
- Providers report results in aggregate
- One outcome measure: *30-day all-cause unplanned readmission following psychiatric hospitalization*
  - Mean of 20 percent

Note: IPFQR (inpatient psychiatric facility quality reporting). Results are preliminary and subject to change.

Additional IPF data collection planned

- Consolidated Appropriations Act (CAA), 2023, requires new data collection:
  - Resource use, behavioral monitoring, and interventions starting 2023
  - Patient assessment information starting 2028
    - Functional and cognitive status
    - Comorbidities and impairments
- CMS quality measures
  - Patient-level results required starting 2023
  - Developing additional quality measures tied to clinical outcomes, and potentially patient experience surveys

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Note: IPF (inpatient psychiatric facility).

Discussion and next steps

- Questions
- Chapter in June 2023 report to the Congress
- Continue to assess and monitor key areas such as:
  - 190-day limit on freestanding IPF care
  - Potential refinements to the IPF payment system
  - Provision of tele-behavioral health

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Note: IPF (inpatient psychiatric facility).