October 6, 2022

The Honorable Jay Inslee
Sue Birch, Health Care Authority Director
Charissa Fotinos, MD, State Medicaid Director

REGARDING: 7% Medicaid Rate Increase for Community Behavioral Health Providers

Dear State Officials,

I write today as the CEO of the Washington Council for Behavioral Health, representing licensed behavioral health agencies (BHAs) across the state, our state’s behavioral health safety net. We are deeply concerned by the 2023 community behavioral health rate information shared during the 9/23/22 Milliman presentation, *CY 2023 Managed Care Rate Development*, which showed there will be a significant rate cut in 2023 to the managed care organizations (MCOs) that could then be passed onto community behavioral health providers.

Low Medicaid rates = low salaries = workforce reductions. This was our rallying cry throughout last fall and during the 2022 legislative session. Access to care has been severely limited; programs and facilities were closed, and front door admissions restricted.

The legislature responded with strong support; and legislative intent in 2022 was clear and compelling, making two major investments in workforce stabilization:

- $100 million in provider relief funds to jumpstart workforce stabilization investments beginning fall of 2022 (ESSB Sec. 215 (104)); and
- $49.989 million provided solely to implement a 7% increase to Medicaid reimbursement for community behavioral health providers effective January 1, 2023 (ESSB 5693 Sec. 215 (58)).

HCA subsequently announced that BHAs would be receiving a 7% rate increase, and repeatedly assured providers that the rate increase would flow smoothly through the established directed payment mechanism, as required by the legislature.

- Many providers have already taken the leap of faith to implement salary increases early, hoping to stem the tide of staff turnover, and counting on the promise of a January 2023 rate increase.

However, instead of going up by 7%, Medicaid behavioral health pmpm rates to Managed Care Organizations under Integrated Managed Care are being reduced by nearly 7% (see slide 25; Milliman presentation)

- If passed along to providers, this would be a devastating blow to the community behavioral health system, dramatically reducing capacity and further limiting access to care. Some programs and agencies may not survive.
- At the same time, we know there is huge unmet need for behavioral health treatment, and many other state priorities (e.g., Trueblood, 988 Crisis Line implementation, Apple Health and Homes) are dependent upon an accessible, responsive community behavioral health system.

Advocacy & action for mental health & addiction recovery
Washington cannot afford to lose anymore system capacity and infrastructure of the behavioral health safety-net.

- We recognize that Medicaid managed care rates must meet actuarial soundness, and that these calculations are closely tied to historical utilization, which has suffered substantially due to lingering effects of the COVID pandemic and the workforce shortage crisis leading to limited capacity. **As we begin to rebuild capacity and try to meet community demand, we need to work with HCA and Milliman to move beyond historical utilization being the dominant driver of future rates and system resources. This is the system death spiral in action.**

I appreciated my discussion today with Dr. Charissa Fotinos, in which she provided some assurances regarding HCA’s intentions to minimize any impact on community behavioral health providers. However, the entire system needs to receive clear information and reassurance as soon as possible that:

1. Overall, the community behavioral health system will continue to receive the same level of base funding and not be cut; and
2. The 7% rate increase will be distributed to all eligible community behavioral health providers through a transparent, directed payment method that is clearly communicated and easily tracked.

**Bottom line, the system cannot absorb a funding cut** instead of the intended and promised 7% rate increase as appropriated by the legislature. In the short term, we need immediate and clear communications about how the 7% rate increase will be rolled out so that providers can proceed with critical workforce interventions – including staff salary increases which are already underway – to rebuild system capacity and expand access.

Thank you for your attention. We look forward to hearing from you.

Sincerely,

Ann Christian
CEO
achristian@thewashingtoncouncil.org
206.628.4608 ex 14

Cc: Amber Leaders, Sr. Policy Advisor, Governor’s Policy Office
    Bryan Way, Budget Assistant, OFM
    Keri Waterland, Director, Division of Behavioral Health & Recovery
    Jason McGill, Assist. Director, Medicaid Programs Division
    Rep. Timm Ormsby
    Rep. Steve Bergquist
    Rep. Mia Gregerson
    Rep. Nicole Macri
    Rep. Drew Stokesbary
Rep. Eileen Cody
Rep. Jessica Bateman
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Andy Toulon
Sen. Christine Rolfes
Sen. David Frockt
Sen. Lynda Wilson
Sen. Keith Wagoner
Sen. June Robinson
Corban Nemath
Matt Bridges
Rashi Gupta
Mary Clogston
Samantha Gatto
Vicki Guse, Adams County Integrated Health Care Services
Laurie Tebo, Behavioral Health Resources
Richard Stride, Cascade Community Healthcare
Pam Brown Catholic Charities Eastern Washington
Mary Stone-Smith, Catholic Community Services Western Washington
Mike Wiser, CHAS Health
Andrew Tucker, Children's Home Society of Washington
Victor Jackson, Columbia River Mental Health Services
Drew McDaniel, Columbia Wellness
Tom Sebastian, Compass Health
Jodi Daly, Comprehensive Healthcare
Kim Zacher, Comprehensive Life Resources
Michelle McDaniel, Crisis Connections
Jim Novelli, Discovery Behavioral Healthcare
Daniel Malone, Downtown Emergency Service Center
Jeff Thomas, Frontier Behavioral Health
Dell Anderson, Grant Behavioral Health & Wellness
Terri Card, Greater Lakes Mental Healthcare
Stacey Devenney, Harborview Mental Health Center
Monica Bernhard, Kitsap Mental Health Services
Jenny Billings, Lake Whatcom Residential & Treatment Services
Heike Lake, Lutheran Community Services Northwest
Tim Holmes, MultiCare Behavioral Health & Navos
David Nielsen, NEW Alliance Counseling
Asif Khan, Northwest Integrated Health
David McClay, Okanogan Behavioral Healthcare
Michael Berney, Palouse River Counseling
Rebecca Hammill, Passages Family Support
Nicole Vangrimbergen, Pend Oreille County Counseling Services
Wendy Sisk, Peninsula Behavioral Health
Tamara Cissell, Skamania County Community Health
Patrick Evans, Sound
Anthony Angerillo, Sunrise Community Mental Health
Holly Borso, Telecare
Darcell Slovek-Walker, Transitional Resources
Shekh Ali, Valley Cities Behavioral Health Care
Levi Van Dyke, Volunteers of America Western Washington
Tanya MacNeil, West End Outreach Services
Salina Mecham, Willapa Counseling Center
Ben Beck-Coon, Yakima Valley Farmworkers Clinic, Behavioral Health Services