

ARKANSAS GENERAL ASSEMBLY



Senator Jim Hendren
Senate Chair

Representative Charlie Collins
House Chair

ARKANSAS HEALTH REFORM LEGISLATIVE TASK FORCE

September 12, 2016

Senator Cecile Bledsoe, Chair
Senate Public Health, Welfare & Labor Committee
Arkansas State Legislature
State Capitol
500 Woodlane Street
Little Rock, Arkansas 72201

Dear Senator Bledsoe,

As Co-Chairs of the Health Care Reform Legislative Task Force, we are writing to express our strong support for the Senate Public Health, Welfare, and Labor Committee's vote in support of the changes recommended to the RSPMI service listed on the agenda as: "Rules Regarding RSPMI 1-16 and State Plan Amendment No. 2016-006, which are Revisions to Group Psychotherapy Code 90853." This change is in line with both the findings of the Task Force and the recommendation of the Office of Medicaid Inspector General (OMIG).

Specifically, OMIG recommends that the rule governing the Group Psychotherapy benefit (Code 90853) from the current payment rate per unit be reduced from \$13.80 to \$10.00, the number of units of service per session be reduced from 6 to 4 units to permit a total maximum payment rate of \$40.00 per day, and to establish an annual cap on total annual units billed per beneficiary at 100.

These recommendations all fall in line with practices in neighboring states, and are based on the recommendations of OMIG's Federal Center for Medicaid Services (CMS) auditor, AdvancedMed. The Federal auditor found that compared to the neighboring states of Alabama, Georgia, Louisiana, Mississippi, and Tennessee, our state was an outlier on the cost of the rate, number of units per session and the maximum amount of units billed per beneficiary. This has amounted to an overutilization of services, the payment per day in Arkansas for Group Psychotherapy to be unusually high, and a high risk of fraud.

That Health Care Reform Task Force met several times over the past few months in an effort to adopt reforms targeted to promoting savings and payment integrity, enhancing quality, and ensuring the long term stability of the Arkansas Medicaid program. We have heard testimony from OMIG regarding these recommendations. Prior to OMIG's presentation, we also heard from our own hired consultants, The Stephen Group, that there was overutilization and high costs associated with the Group Psychotherapy code after a claims analysis of the RSPMI benefit in school settings reported in 2015.

These recommendations are consistent with the goals and objectives of the Task Force, both to improve the integrity of the Medicaid program, ensuring that funds from hard-working taxpayers are not abused, and to enhance the efficiency of Medicaid, optimizing expenditures so that the Legislature can utilize those resources elsewhere to ensure a strong safety net for those in need. This rule change is entirely in line with these goals.

It is important to highlight as well that a CMS contracted program integrity organization was involved with the preparation of the data supporting this change, and, thus, our state is at risk of CMS audit and potential payback, which could be very substantial. In addition, this change could result in annual savings of over \$20

million dollars that will be vital to the sustainability of the Medicaid program going forward, and is the type of short term reforms that the Task Force has spent months requesting of our state agencies. It is also in line with supporting the Governor's savings target for the Medicaid program over the next five years. This change will not stop adults and children from getting this service if it is medically necessary. It will support appropriate use of the service and allows providers and beneficiaries to request an extension of benefits when the annual cap is met, similar to all other Medicaid services. We believe the changes are needed to assure access and appropriate use of the service in line with best practice in other states, pay a fair rate in line with our neighboring states, and reduce the incentive of overutilization and risk of undetected fraud.

As you know, the Arkansas State Legislature passed Arkansas Code Annotated Section 20-77-2506 to create the Office of the Medicaid Inspector General (OMIG) for the purpose of recommending and implementing policies related to the prevention and detection of fraud and abuse in our state Medicaid program and this recommendation is a prime example of OMIG carrying out its duties.

We were also concerned about the testimony we heard concerning the potential impact of this recommended change on providers serving our state's highest risk Behavioral Health population, the "911"/Forensics population. As a result, we instructed The Stephen Group to research the matter, discuss with OMIG and DHS, and report back to the Task Force. The Stephen Group visited the Birch Tree Communities program in Benton, spoke with administrators, staff, and residents as well as touring day programs, residences, and the Crisis Management program. In addition, OMIG spoke several times with administrators at Arkansas State Hospital.

On July 27, a meeting requested by Representative Hammer was held at DHS among OMIG, DHS, TSG, and Birch Tree, a "911" community provider, that resulted in a general agreement that the OMIG recommended changes to the Group Psychotherapy benefit would go forward on the planned date of October 1, 2016, and that the "911" providers would be able to continue to provide and bill for the service and request an extension of benefits for this service when the annual cap of 100 units of service was reached.

At the August Task Force meeting, this information was provided by all participants with the provider saying, although concerned, they could accept this change while anticipating the approval of the planned Therapeutic Community per diem benefit on July 1, 2017. We consider this a reasonable solution to a complex set of circumstances that assures continuing treatment of the "911" population in the community.

Finally, as Co-Chairs of the Legislature's Health Reform Task Force, we are concerned that Arkansas needs to move forward on the reform of the Behavioral Health Care system, as well as other Medicaid program reforms we have approved, through the adoption of this proposed Rule. We have discussed this need for several years and it is time to take action. This is an important first step that makes the statement we are serious about the reform of our Medicaid program.

Sincerely,

Jim Hendren

Jim Hendren, Senate Chair
Health Reform Legislative Task Force

Charlie Collins

Charlie Collins, House Chair
Health Reform Legislative Task Force

JH:CC:JS:jw

cc: Senator Stephanie Flowers, Vice Chair
Marty Garrity, Director, Bureau of Legislative Research
Ann Cornwell, Secretary of the Senate, Arkansas Senate

ARKANSAS GENERAL ASSEMBLY



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Senate Chair

Representative Charlie Collins
House Chair

ARKANSAS HEALTH REFORM LEGISLATIVE TASK FORCE

September 12, 2016

Representative Deborah Ferguson, Acting Chair
House Public Health, Welfare & Labor Committee
Arkansas State Legislature
State Capitol
500 Woodlane Street
Little Rock, Arkansas 72201

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Jim Hendren, Senate Chair
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Charlie Collins

Charlie Collins, House Chair
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JH:CC:JS:jw

cc: Representative Fredrick Love, Acting Vice Chair
Marty Garrity, Director, Bureau of Legislative Research
Kay Donham, Administrator, House of Representatives



Zone Program Integrity Contractor

Zone 5

March 2016

Program Vulnerability: Arkansas Medicaid Reimbursements for Group Psychotherapy

Prepared for:
Office of the Medicaid Inspector General
323 Center Street, Suite 1200
Little Rock, AR 72201

Submitted by:
AdvanceMed Corporation
520 Royal Parkway, Suite 100
Nashville, TN 37214

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I. Issue

In early 2015, a proactive study conducted by AdvanceMed identified significant non-crossover payments for group psychotherapy paid by Arkansas Medicaid on behalf of dual eligible recipients. Further analysis compared this billing pattern across several other Medicaid programs in the region. Table 1 below summarizes AdvanceMed's findings.

Table 1 - Summary of Medicaid Group Psychotherapy Payments by State 2013 - 2015

State	Procedure Code	Dual Eligible Recipients	% of Total Recipients	Dual Eligible Claims	% of Total Claims	Paid for Dual Eligible Recipients	Total Paid	% of Total Paid for Dual Eligible Recipients
AR	90853	2,920	7.1%	365,349	17.7%	\$23,982,449	\$147,961,241	16.2%
AL	90853	1,644	13.0%	29,537	21.0%	\$1,080,362	\$8,287,294	13.0%
GA	90853	362	4.3%	2,455	3.1%	\$88,393	\$3,395,819	2.6%
MS	90853	677	5.0%	5,858	2.6%	\$155,505	\$7,784,924	2.0%
LA	90853	130	2.4%	596	1.9%	\$7,653	\$504,348	1.5%
TN	90853	124	1.2%	923	1.2%	\$18,502	\$1,781,068	1.0%
WV	90853	11	0.4%	44	0.2%	\$616	\$452,913	0.1%

Note: Most current data available varies by state, ranging from June 2015 for Tennessee to December 2015 for Arkansas

It should be noted that while Arkansas Medicaid paid a remarkably higher amount for dual eligible recipients than other states, Alabama Medicaid had a similar *rate* of payment as noted by the percentage of total paid for group psychotherapy in Table 1. In general, Arkansas reimbursed Medicaid providers significantly more for group psychotherapy than other Medicaid programs in the region. The paid amounts in Table 1 contain state Managed Care Organization (MCO) data, where available, to capture as many dollars spent on group psychotherapy as possible.

The next section outlines policy analysis conducted by AdvanceMed Subject Matter Experts for the states in the table above.

II. Comparison of Group Psychotherapy Policy Across Other Programs

Table 2 - Group Psychotherapy Reimbursement Policy Comparison by Program

State (Medicaid)	Procedure Code	Payment per Unit	Units (Minutes)	Number of Participants	Daily Unit Limit	Yearly Unit Limit
AL	90853	\$23.00	90	2-10	1	12
AR	90853	\$13.80	15	2-12 (18 or Older) 2-10 (Under 18)	6	None
GA	90853	\$28.92	60	10 (maximum)	4 (< age 21)	24 (< age 21)
					1 (>= age 21)	12 (>= age 21)
LA	90853	\$22.05	60	No policy	1	24
MS	90853	\$22.44	"Per service"	2-12 (18 or older) 2-10 (Under 18)	2	40
TN	90853	N/A	N/A	N/A	N/A	N/A
WV	Prior to 7/1/15	90853	\$18.65	75-80	12 (maximum)	N/A
	After 7/1/15	90853	\$18.65-\$19.58	60-80	None	Varies by MCO from no limit to 2
Medicare - Novitas	90853	\$25.01	45-60	10 (maximum)	N/A	N/A

It must be noted that policy information is not readily available for some states that utilize MCOs to administer group psychotherapy services. For example, Tennessee operates an entirely managed care Medicaid program, and West Virginia moved behavioral health services to managed care in 2015 and thus entered a new policy environment. As a result, service limitations or cap amounts, if any, are uncertain for some states; due to the lack of available policy information, these states have been excluded from the comparison below.

A comparison of Medicaid group psychotherapy policy was performed for the Medicaid programs within the states of Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

Prior Authorization

Prior Authorization (PA) requirements varied among all the states. Alabama has no PA requirement for group psychotherapy services. Louisiana only requires a PA if the provider is non-participating. Mississippi institutes a PA requirement for recipients who are only eligible under the Early Periodic Screening Diagnosis and Treatment (EPSDT) program. Georgia requires a PA after the annual limit is met. Finally, Arkansas requires a PA for every group psychotherapy service.

Alabama and Louisiana, having no PA requirements, were second-highest and second-lowest, respectively, in group psychotherapy utilization and paid amounts under HCPCS code 90853. Even though Arkansas requires every service to be authorized, it had the overall highest rate of utilization and paid amounts.

Chart 1 – Arkansas Medicaid Payments for Group Psychotherapy by Prior Authorization Status

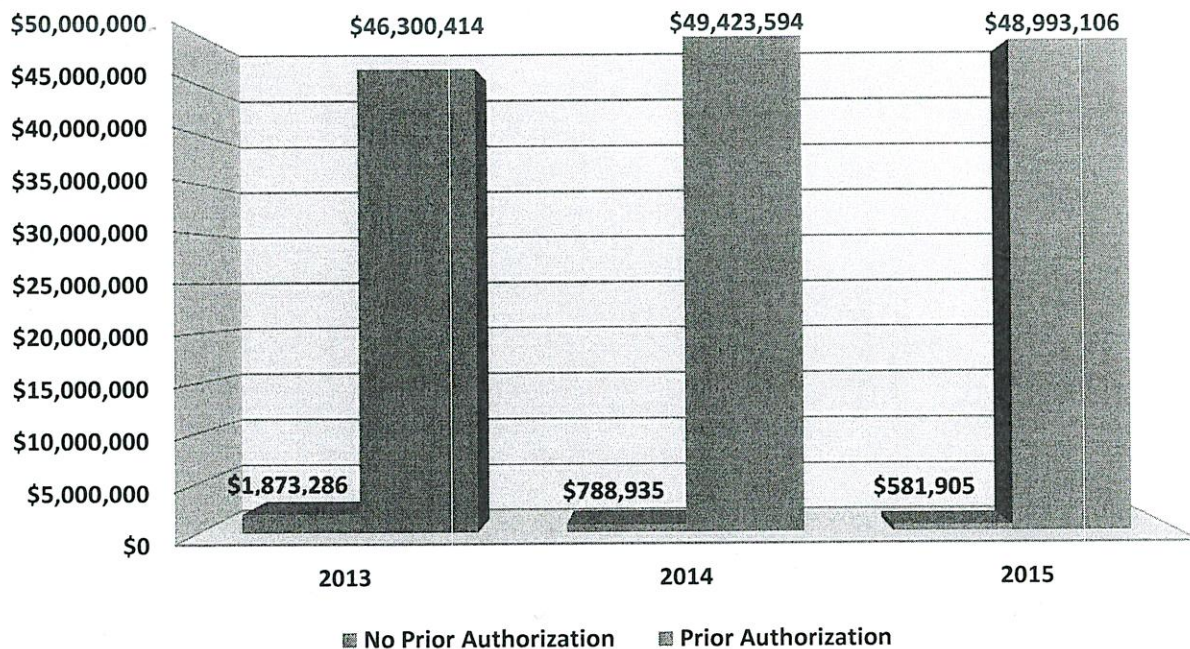


Chart 1 above compares paid amounts for claims with prior authorization and without. Claims falling into the “no prior authorization” category were claims where no prior authorization number was listed on the claim. A missing prior authorization number could potentially be attributed to entry error.

Daily Service Limits

In addition to prior authorization requirements, Arkansas has imposed daily service limits of 6 units per day; one unit of service is defined as 15 minutes.

Most other programs in this comparison also have daily service limits; one episode per day (Alabama), one unit per day which equals 60 minutes (Louisiana and Georgia for 21 or older), two services per day (Mississippi), and four units per day for those under 21 (Georgia).

Notable Policy Discrepancies

After reviewing the initial data analysis results and policies related to group psychotherapy services for Arkansas, Alabama, Georgia, Louisiana, and Mississippi, the most striking discrepancies are the *payment rate* per unit of service and *service cap* (annual service limit).

As can be seen in Table 3 below, Arkansas’ payment rate for 15 minutes of group psychotherapy service is higher than all other states’ rates for the same amount of time. In fact, the Arkansas rate for 15 minutes is more comparable to other states’ rates for one hour of service.

Table 3 - Group Psychotherapy Allowed Amounts by State

State	Per Hour	Per Day	Per Year
AL	\$23.00	\$23.00	\$276.00
AR	\$55.20	\$82.80	\$30,022.00
GA (Age 21 or Under)	\$28.92	\$115.68	\$694.08
GA (Age 21 or Older)		\$28.92	\$347.04
LA	\$22.05	\$22.05	\$529.20
MS	\$22.44	\$44.88	\$897.60

Arkansas was also highest in allowed amounts per day with the exception of Georgia recipients under the age of 21. However, Georgia imposes an annual limit of 24 units. The most evident discrepancy is Arkansas' lack of an annual limit. If not for the daily service limit, the allowed amount would be completely unlimited.

The per-year limit in the above table is not simply theoretical. Table 4 below summarizes the top ten Arkansas Medicaid recipients by paid amount for group psychotherapy services since 2013.

Table 4 - Top 10 Arkansas Recipients by Payment Total - 2013 - 2015

Recipient	Claim Count	Count of Dates of Service	Total Paid
Recipient 1	1,016	1,005	\$92,239
Recipient 2	1,020	978	\$89,879
Recipient 3	922	907	\$81,158
Recipient 4	876	865	\$71,622
Recipient 5	820	815	\$71,608
Recipient 6	814	774	\$71,525
Recipient 7	816	805	\$70,297
Recipient 8	819	810	\$70,201
Recipient 9	774	752	\$70,118
Recipient 10	816	811	\$69,731

Arkansas Medicaid paid just over \$90,000 for group psychotherapy services for one recipient over a three year time period.

In contrast, Medicare pays a fraction of this amount for group psychotherapy. Table 5 below contains daily and annual statistics for Medicare payments related to group psychotherapy by the Medicare Administrative Contractor (MAC) Novitas in Medicare Part A/B Jurisdiction H, which includes the states of Arkansas, Louisiana and Mississippi. The table illustrates that, for the year 2015, the average number of units billed per recipient was 1.01 per day and 23.9 per year. No beneficiary received more than \$3,000 in group psychotherapy services in 2015; the maximum paid for any one beneficiary in 2014 was just over \$3,300.

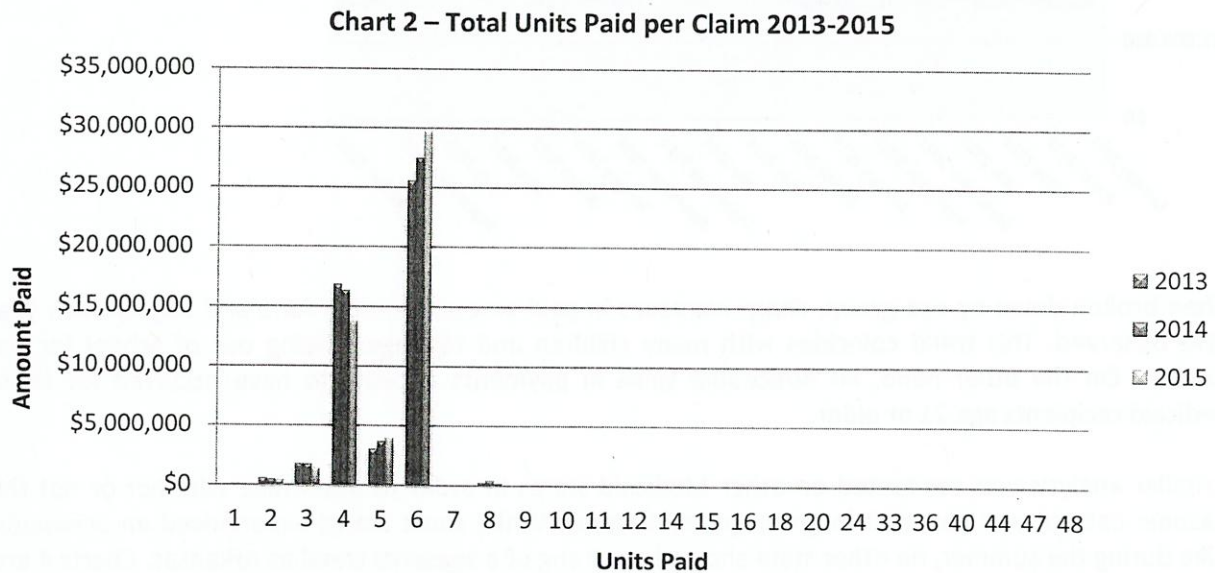
Table 5 – Medicare Average/Maximum Units and Payments Per Day and Per Year: 2013 - 2015

Year	Daily			Yearly		
	Average Units Billed Per Day Per Medicare Beneficiary	Average Total Paid Per Day Per Medicare Beneficiary	Maximum Total Paid Per Day Per Medicare Beneficiary	Average Units Billed Per Year Per Medicare Beneficiary	Average Total Paid Per Year Per Medicare Beneficiary	Maximum Total Paid Per Year Per Medicare Beneficiary
2013	1.02	\$11.81	\$29.68	28.1	\$324.45	\$2,842.40
2014	1.01	\$15.29	\$34.83	27.2	\$411.79	\$3,329.39
2015	1.01	\$14.83	\$29.28	23.9	\$352.05	\$2,936.57

III. Data Analysis of Arkansas Medicaid Payments for Group Psychotherapy

a. Units Breakdown

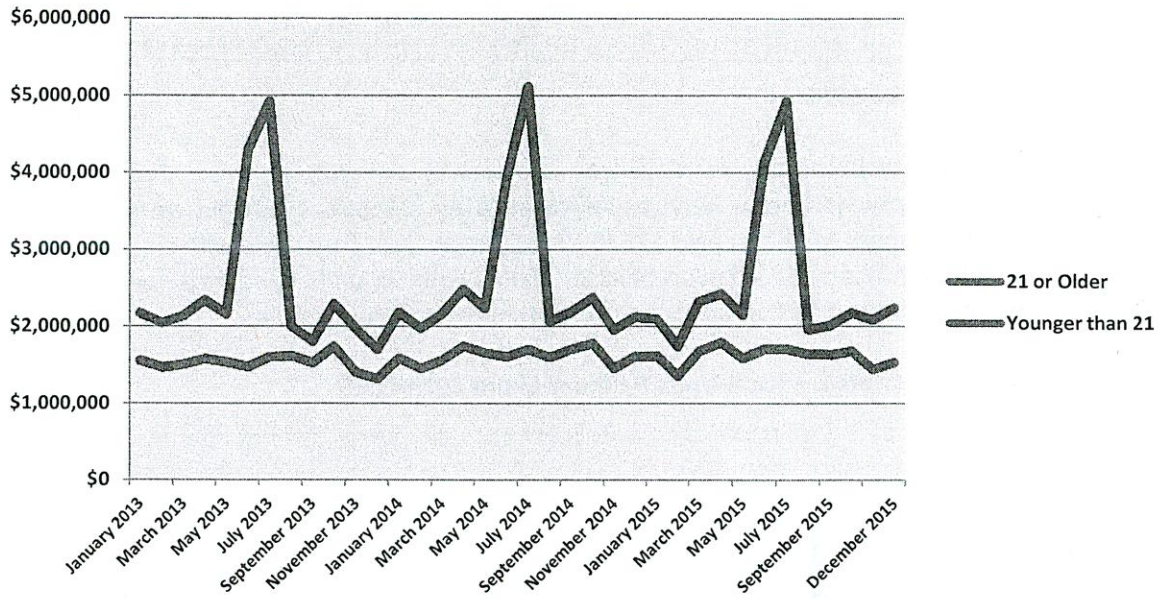
The daily limit for group psychotherapy for Arkansas is currently six units per day. Chart 2 below illustrates that most group psychotherapy services reimbursed by Arkansas Medicaid were for claims with six units of service. Arkansas Medicaid paid \$26-\$30 million per year for claims with six units during 2013-2015, which resulted in nearly \$83 million paid for claims with six units of service over the three year period and represented about 56% of all group psychotherapy reimbursements.



b. Monthly Trends in Paid Amounts

Chart 3 below shows monthly trends in Arkansas Medicaid payments from 2013-2015 divided into individuals younger than age 21 (children) and age 21 or older (adults).

Chart 3 – Arkansas Group Psychotherapy Monthly Payment Totals 2013 -2015



When broken down by age group, sharp increases in paid amounts during June and July of each year were observed. This trend coincides with many children and teenagers being out of school for the summer. On the other hand, no noticeable spike in payments appears to have occurred for those Medicaid recipients age 21 or older.

A similar analysis was conducted on other Medicaid states in order to determine whether or not this seasonal pattern was common in group psychotherapy. While some states experienced an occasional spike during the summer, no other state showed as strong of a seasonal trend as Arkansas. Charts 4 and 5 below show the monthly trend in group psychotherapy payments for the other Medicaid states in the region.

Chart 4 – Group Psychotherapy Comparison by State - Children

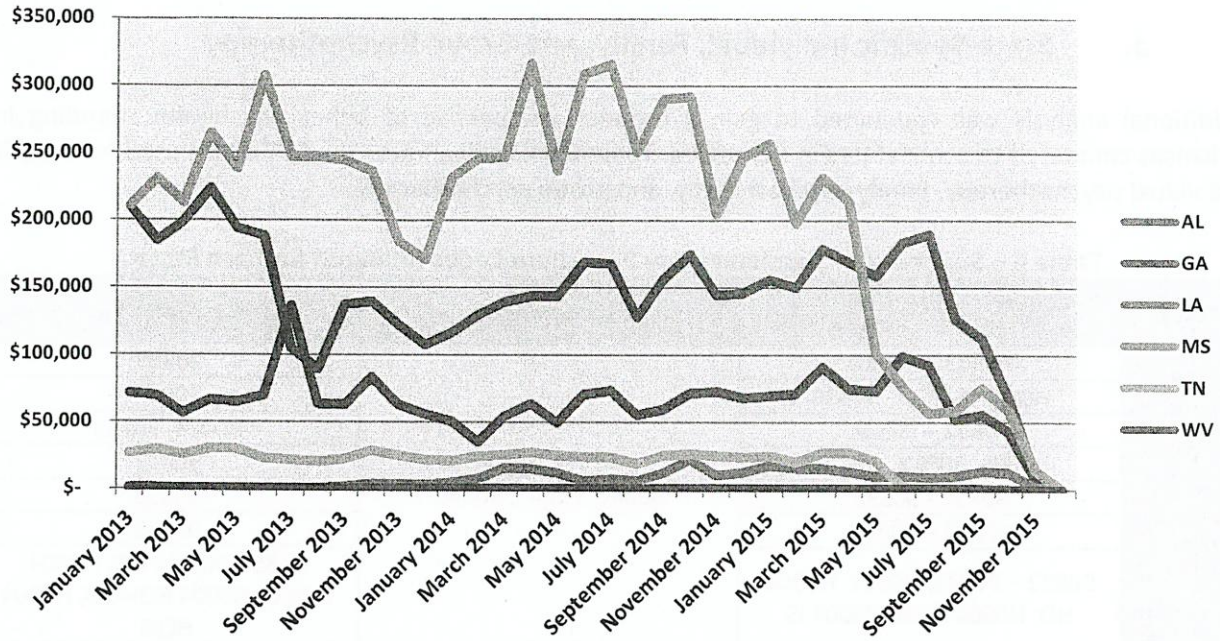
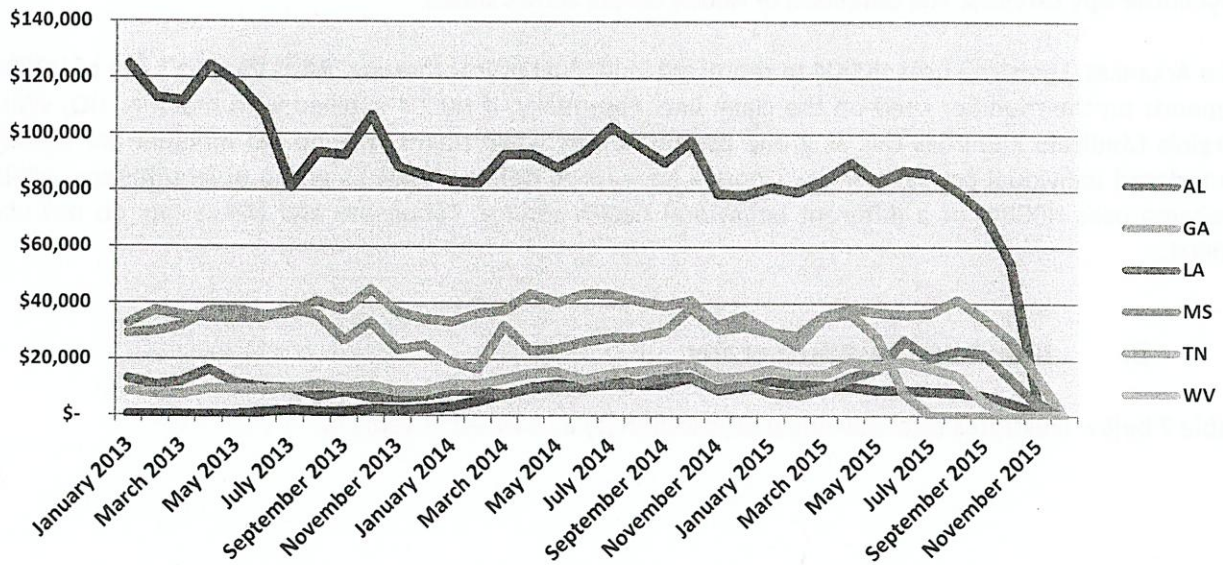


Chart 5 – Group Psychotherapy Comparison by State - Adults



IV. Additional Behavioral Health Comparisons

a. State-Specific Individual, Family, and Group Psychotherapy

Additional analysis was conducted to gain a broader perspective of behavioral health spending in Arkansas compared to other states in the region. Table 6 below illustrates the CPT codes used to identify individual psychotherapy, family psychotherapy, and group psychotherapy.

Table 6 – Summary of Supplementary Procedure Codes Analyzed for Each State

State	Individual Psychotherapy Codes	Family Psychotherapy Codes	Group Psychotherapy Codes
AL	90832 – 90838	90846, 90847, 90849	90853
AR	H0004, 90832 - 90838		90853
GA	90832 – 90838		H0004, 90853
LA	H0004, 90832 - 90838		90853
MS	90832 - 90838		90853
TN	90832 – 90838		90853
WV	90832 – 90838, H0004, H0004 HO, H0004 HOIS, H0004 IS		90853, H0004 HQ, H0004 HOHQ, H0004 HOHQIS, H0004 HQIS

In addition to CPT codes between 90832 and 90838, Arkansas uses H0004 to report individual psychotherapy services. The definition of H0004 differs across states.

Like Arkansas, Louisiana uses H0004 to represent individual psychotherapy. West Virginia’s use of H0004 depends on the modifier used on the claim line. Essentially, if H0004 is billed with modifier HQ, West Virginia Medicaid identifies this as group psychotherapy while claims with no HQ modifier are usually considered individual psychotherapy. Georgia appears to define H0004 as group psychotherapy, while Alabama uses H0004 for a different behavioral health service. Tennessee and Mississippi do not use H0004.

b. Individual Psychotherapy

Table 7 below illustrates total individual psychotherapy as defined in Table 6.

Table 7 - State Totals for Individual Psychotherapy by Year

State	Year	Count Recipients	Count Claims	Paid for Individual Psychotherapy	Total Paid for Individual Psychotherapy
AL	2013	43,342	241,968	\$16,978,128	\$51,808,452
	2014	47,518	258,578	\$18,601,644	
	2015 (Nov)	45,804	224,711	\$16,228,681	
AR	2013	65,523	730,609	\$70,973,543	\$195,092,354
	2014	72,450	803,120	\$79,172,051	
	2015 (July)	59,020	453,974	\$44,949,760	
GA	2013	100,847	676,421	\$78,076,536	\$247,516,598
	2014	108,516	786,840	\$89,858,455	
	2015 (Nov)	101,656	726,759	\$79,581,606	
LA	2013	3,962	12,675	\$459,081	\$24,912,339
	2014	40,473	202,452	\$11,358,652	
	2015 (Nov)	40,925	211,989	\$13,094,606	
MS	2013	34,564	360,098	\$22,544,464	\$66,810,648
	2014	34,891	256,881	\$23,005,682	
	2015 (Nov)	40,658	222,662	\$21,260,501	
TN	2013	66,749	376,281	\$20,879,550	\$56,619,446
	2014	68,126	423,870	\$24,866,840	
	2015 (June)	45,328	176,685	\$10,873,056	
WV	2013	29,744	186,864	\$15,636,807	\$47,664,032
	2014	34,972	216,511	\$19,163,126	
	2015 (Oct)	28,697	145,816	\$12,864,099	

Note: The months in parentheses represent the latest available data.

Arkansas Medicaid again stands out within the region based on total spending on individual psychotherapy. The state that spent the largest amount on individual psychotherapy was Georgia with almost \$250 million during 2013-2015. Using the most readily available data, the state with the most paid for this service after Arkansas was Mississippi. Arkansas spent in the neighborhood of three times as much as Mississippi on these individual psychotherapy services.

It is important to note that Arkansas data was only available through July of 2015. It is possible that incorporating total paid amounts for 2015 for individual psychotherapy could result in a much higher total paid amount for the year.

c. Family Psychotherapy

Family psychotherapy services were included as an additional comparison. Table 8 below outlines payments by year and state.

Table 8 - State Totals for Family Psychotherapy by Year

State	Year	Count Recipients	Count Claims	Paid for Family Psychotherapy	Total Paid for Family Psychotherapy
AL	2013	20,302	76,128	\$5,852,958	\$15,604,503
	2014	18,642	69,704	\$5,473,463	
	2015 (Nov)	15,724	56,798	\$4,278,083	
AR	2013	40,212	188,512	\$19,239,522	\$50,055,768
	2014	42,051	196,569	\$20,085,656	
	2015 (July)	32,374	105,557	\$10,730,590	
GA	2013	30,000	129,617	\$14,664,089	\$39,901,777
	2014	31,874	140,229	\$13,084,384	
	2015 (Nov)	29,131	134,198	\$12,153,304	
LA	2013	454	679	\$43,316	\$3,144,648
	2014	8,339	26,744	\$1,465,993	
	2015 (Nov)	8,352	28,282	\$1,635,338	
MS	2013	19,680	78,072	\$6,012,678	\$19,928,207
	2014	20,907	83,258	\$7,230,716	
	2015 (Nov)	20,697	67,764	\$6,684,813	
TN	2013	19,706	83,052	\$4,976,147	\$11,399,885
	2014	18,706	79,341	\$4,676,778	
	2015 (June)	10,247	29,331	\$1,746,960	
WV	2013	1,768	5,577	\$292,427	\$675,251
	2014	1,305	4,070	\$259,385	
	2015 (Oct)	787	2,098	\$123,404	

Note: The months in parentheses represent the latest available data.

Again, it is very noticeable that Arkansas spent the largest amount in the region on family psychotherapy using the most currently available data for all states. Arkansas could be even further ahead of other states with a full year of data for 2015.

d. Additional Group Psychotherapy

Table 9 below shows yearly totals for group psychotherapy for the two states which utilize additional codes to define group psychotherapy as outlined in Table 6. While this does increase total spending on group psychotherapy for these states during 2013-2015, Arkansas' total of nearly \$148 million from Table 1 is nevertheless more than four times more than Georgia's total of over \$33 million on group psychotherapy from Table 9 below.

Table 9 - State Totals for Group Psychotherapy With Additional CPT Code by Year

State	Year	Count Recipients	Count Claims	Paid for Group Psychotherapy	Total Paid for Group Psychotherapy
GA	2013	17,881	118,307	\$11,804,924	\$33,109,368
	2014	17,782	127,977	\$13,500,275	
	2015 (Nov)	12,089	85,644	\$7,084,169	
WV	2013	5,383	70,998	\$2,823,380	\$10,466,410
	2014	7,706	101,785	\$4,495,521	
	2015 (Oct)	6,840	70,113	\$3,147,509	

Note: The months in parentheses represent the latest available data.

e. Totals

Table 10 below shows the total amount spent by each state during 2013-2015 for individual, family, and group psychotherapy as described previously.

Table 10 - Summary of Group, Individual, and Family Psychotherapy Billing by State from 2013 - 2015

State	Total Recipient Count	Total Claim Count	Total Paid Amount	Average Paid per Recipient
AR	113,394	4,479,020	\$393,109,363	\$3,467
GA	210,451	2,729,625	\$320,527,743	\$1,523
MS	73,811	1,116,311	\$94,523,779	\$1,281
AL	92,872	1,001,283	\$75,700,250	\$815
TN	127,524	1,227,669	\$69,800,399	\$547
WV	66,661	796,326	\$58,806,110	\$882
LA	70,648	512,878	\$28,561,335	\$404

Arkansas spent the most on these services with about \$70 million more than the next highest paying state, Georgia. Arkansas stands out in particular for average paid per recipient with over double the amount for Georgia. It is important to note that the totals for Arkansas would likely be more if the entire year of data for 2015 had been included for individual and family psychotherapy.

V. Recommendations

At the request of the Arkansas Office of Medicaid Inspector General (OMIG), AdvanceMed calculated four adjustments to the current payment system for group psychotherapy which could result in significant savings to the Arkansas Medicaid program. The recommendations are as follows:

- a. Reduce per-unit payments from \$13.80 to \$10.00.
- b. Reduce daily maximum units per recipient to four (4) 15 minute sessions.
- c. Restrict yearly maximum units per recipient to 150 per year.
- d. Reduce number of units authorized during the summer months.

VI. Cost Saving Projections

AdvanceMed produced simulated data to estimate savings which could have been realized if recommendations from the previous sections had been in place during the time period of 2013-2015. An additional simulation was conducted to estimate potential savings if recommendations 1-3 had been implemented together.

a. Reduction in Unit Payments

Table 11 – Reduction in Unit Payments from \$13.80 to \$10.00

Year	Total Paid at Current Policy	Total Amount Paid at \$10.00 per Unit	Potential Savings
2013	\$48,173,701	\$35,004,431	\$13,169,270
2014	\$50,212,529	\$36,482,612	\$13,729,917
2015	\$49,575,011	\$35,999,989	\$13,575,022
Totals	\$147,961,241	\$107,487,032	\$40,474,209

Table 11 illustrates the payments Arkansas Medicaid would have made for group psychotherapy if the total paid per unit had been \$10.00 rather than the current rate of \$13.80. A change in the payment rate per unit could have resulted in an average savings of \$13.4 million per year. Please note a payment rate of \$10.00 per unit would still result in an *hourly* payment rate of \$40; recalling the payment rate per hour from Table 3, a \$40 hourly rate would still place the state of Arkansas' Medicaid program at the highest hourly rate by far among the other states compared (Georgia, Alabama, Louisiana, and Mississippi).

b. Reduction in Daily Limits

Table 12 – Reduction in Daily Unit Limit from 6 to 4

Year	Total Paid at Current Policy	Total Paid at Daily Maximum of 4 Units	Potential Savings
2013	\$48,173,701	\$38,235,852	\$9,937,848
2014	\$50,212,529	\$39,617,686	\$10,594,844
2015	\$49,575,011	\$38,568,927	\$11,006,084
Totals	\$147,961,241	\$116,422,465	\$31,538,776

Table 12 demonstrates what would have happened if the daily limit per Medicaid recipient had been four units per day instead of six units regardless of provider. The average potential savings over the last three years could have been about \$10.5 million per year.

c. Implementation of Yearly Restrictions

As discussed previously, one major concern for the Arkansas Medicaid program was that current policy places no limits on the number of units that can be billed in a given year. Arkansas Medicaid data indicates that per-recipient expenditures were very high. One recipient was approaching a total of \$100,000 for group psychotherapy during 2013-2015. The table below illustrates total group psychotherapy payments if a yearly limit of 150 units per recipient in a single year had been in place. This is equivalent to 25 sessions billed at the current maximum of six units per day.

Table 13 – Implementation of a Maximum of 150 Units per Year

Year	Total Paid at Current Policy	Total Paid with Yearly Limit of 150 Units	Potential Savings
2013	\$48,173,701	\$25,742,482	\$22,431,219
2014	\$50,212,529	\$26,389,867	\$23,822,662
2015	\$49,575,011	\$25,665,040	\$23,909,971
Totals	\$147,961,241	\$77,797,389	\$70,163,851

Table 13 provides estimates which indicate that an average of approximately \$23.3 million could have potentially been saved under this scenario.

d. Reduce Number of Units During Summer Months

Analysis in earlier sections showed a significant increase in payments for group psychotherapy during June and July each year for Arkansas Medicaid recipients under the age of 21. One possible explanation of the trend in the data is that children were not in school during June and July and additional group psychotherapy services were performed. Table 14 below shows potential savings if group psychotherapy payments during June and July had been made at the average amount paid per month for the rest of the year.

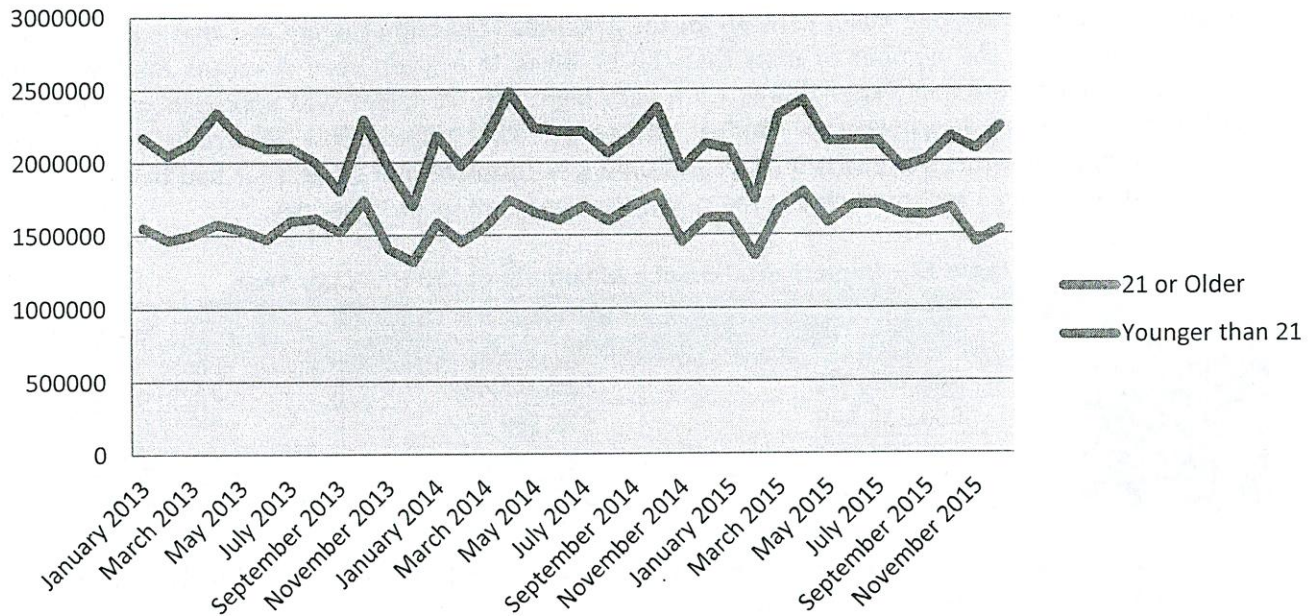
Table 14 – Savings if June/July Units Were Reduced to Match Monthly Average for the Rest of the Year

Month	Actual Amount Paid	Yearly Average Paid per Month	Potential Savings
June 2013	\$4,298,654	\$2,098,997	\$2,199,657
July 2013	\$4,923,247	\$2,098,997	\$2,824,251
June 2014	\$3,923,637	\$2,211,777	\$1,711,860
July 2014	\$5,115,100	\$2,211,777	\$2,903,323
June 2015	\$4,128,663	\$2,143,562	\$1,985,101
July 2015	\$4,923,633	\$2,143,562	\$2,780,070
Total	\$27,312,933	\$12,908,672	\$14,404,262

If group psychotherapy payments in June and July were paid the amount described above, a total of about \$14.4 million could have been saved over the last three years.

Chart 6 illustrates group psychotherapy billing visually under this scenario.

Chart 6 – Arkansas Group Psychotherapy without Increased Summer Billing



e. Implementation of Multiple Recommendations

This section presents estimates of cost savings if recommendations *a*, *b*, and *c* above were implemented simultaneously. Under the scenario of a reduction of payments per unit to \$10.00, reduction of daily maximum units to four units per day, and an annual cap of 100 units (equivalent to 25 hour-long sessions at the new daily limit of four units), the savings illustrated in Table 15 below could be realized.

Table 15 – Implementation of All Three Recommendations

Year	Total Paid at Current Policy	Estimated Payments with Multiple Policy Changes	Potential Savings
2013	\$48,173,701	\$13,422,766	\$34,750,935
2014	\$50,212,529	\$13,830,275	\$36,382,255
2015	\$49,575,011	\$13,470,718	\$36,104,293
Totals	\$147,961,241	\$40,723,759	\$107,237,482

If all three recommendations had been implemented, a total of over \$107 million might have been saved by the Arkansas Medicaid program, averaging \$35.7 million per year.

