



WASHINGTON COUNCIL  
FOR BEHAVIORAL HEALTH

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.

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,



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CEO

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