



Select Committee on Efficiency in Government

62nd Montana Legislature

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TO: House Appropriations Committee
Senate Finance and Claims Committee

FROM: Jon Sonju, Presiding Officer

RE: Appropriation for Utilization Review of Children's Mental Health Services

DATE: May 3, 2012

During the 2011-2012 interim, the Select Committee on Efficiency in Government heard from interested parties about the process used by the state to review treatment plans for certain children's mental health services before the services are provided.

This so-called "utilization review" is formalized in a contract between the Department of Public Health and Human Services (DPHHS) and Magellan Medicaid Administration, Inc. Under this contract, Magellan reviews the following services before they are provided to children 17 years of age or younger:

- admission to a psychiatric residential treatment facility (PRTF);
- psychiatric inpatient hospitalization;
- services involving partial hospitalization;
- therapeutic group care;
- therapeutic family care and therapeutic foster care;
- therapeutic home visits;
- outpatient therapy sessions if a patient has received 24 sessions and a provider is recommending additional sessions; and
- certain community-based psychiatric rehabilitation services if they are being provided in conjunction with some other services.

The federal government requires prior review of children's mental health treatment that involves inpatient psychiatric services in a psychiatric facility or program. Thus the federal government requires this review only for treatment at a psychiatric residential treatment facility or a hospital.

Clearly, Montana has chosen to require review of a number of additional services.

The utilization review contract that was set to expire on June 30, 2012, had been in place for seven years. In the final year of the contract, DPHHS was to pay Magellan \$1.7 million for utilization review and related services.

Committee members heard from DPHHS, Magellan, and interested parties about the reasons for utilization review and the provisions of the current contract. As a result, we agreed to recommend that the 2013 Legislature reduce the appropriation for utilization review services and pay for only the utilization review required by the federal government.

We believe the reduction will benefit children with mental health problems, Medicaid providers, and the state. Children would benefit because necessary services are less likely to be delayed by utilization review or a provider's appeal of a denial of services. Providers would benefit because they would receive prompt payment for the services they believe will improve a child's mental health and lead to treatment in a less restrictive setting.

Finally, the state would benefit because reducing the number of services reviewed by an outside company would reduce the costs of utilization review. Paying only for the utilization review required by the federal government would save the state more than \$1 million.

Thus the Select Committee on Efficiency in Government respectfully requests that future utilization review contracts cover only the federally required services. Along with the other members of the Select Committee, I sincerely hope that the House Appropriations and Senate Finance and Claims Committees of the 63rd Legislature will give this request serious consideration.

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