# Balanced Budget Act of 1997 Mandated Study of the EPSDT Benefit Under Medicaid

## Conducted by

## The Office of Strategic Planning

## Health Care Financing Administration

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DRAFT

# BBA Required Contents of the Study of EPSDT Benefit

- "... shall include examination of the actuarial value of the provision of [EPSDT] services ...";

- "... shall include ... an examination of the portions of such actuarial value that are attributable to [medical necessity]; and

- "... shall include ... an examination of the portions of such actuarial value that are attributable to [partial providers of EPSDT services].

# Report to Congress on the EPSDT Benefit

In consultation with:

- Governors
- Directors of State Medicaid Programs
- American Academy of Actuaries
- Representatives of appropriate provider and beneficiary organizations

~~Consultations have been made with:~~

- the Maternal and Child Health Technical Advisory Group and the American Academy of Actuaries

# The Scope of EPSDT Services

- Comprehensive health screening (e.g., physical exam, health and developmental history, lab tests, blood lead level testing, health education)
- Immunizations;
- Vision screening and treatment;
- Dental screening and treatment;
- Hearing screening and treatment;
- **Any other necessary diagnostic or treament service to correct or ameliorate illnesses and conditions detected, whether or not covered under the State Plan (OBRA-89).**

# Limitations of HCFA Data

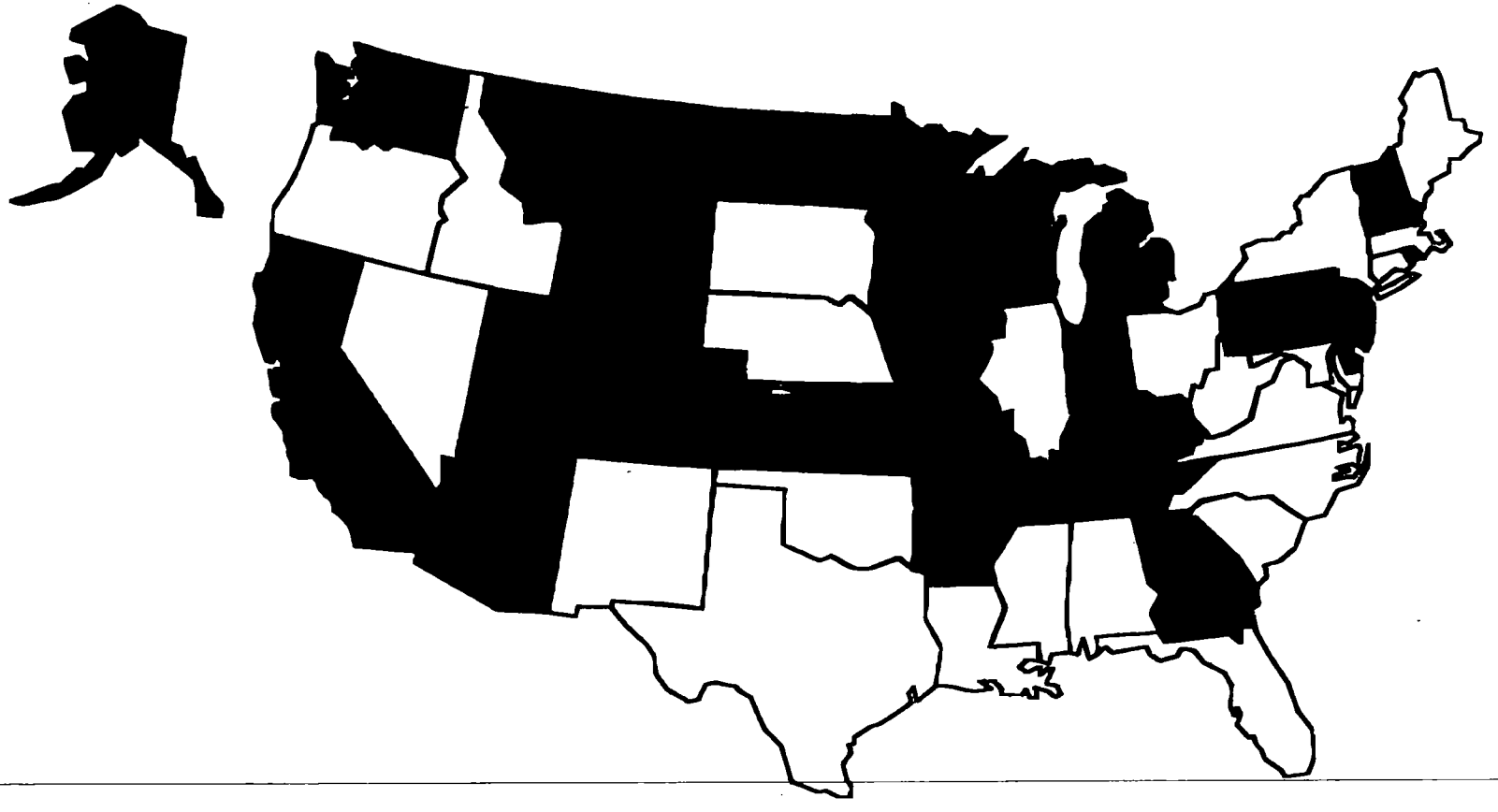
- HCFA-2082 data
  - no person-level data
  - Type of Service (TOS) categories, only
- HCFA-416 data
  - participation data, only
  - no data on payment

# Study Research Design

- HCFA State Medicaid Resource File (SMRF) data for 1995
- 25 out of 28 States in 1995 SMRF
  - excluding AL, ME, FL because of unavailability of State-specific procedure codes, used for identifying EPSDT-related services
- Included 1993 data for TN
- Study Population = 26 STATES

# HCFA's Study of the EPSDT Benefit Included 26 States

## 1995 State Medicaid Resource File (SMRF) Data



**Notes:**
Data for TN is for 1993 Only
State Specific Procedure Codes for FL, AL, ME were unavailable

# Limitations of the Study

- Accuracy of the data is largely determined by the quality of the State Medicaid Agency's reporting mechanism.
- Level of detail in coding for EPSDT services varied widely across 26 States. Not all States use EPSDT codes.
- States do not bill all encounters with Medicaid-eligible children as EPSDT services.
- Changes in Medicaid eligibility across States from 1989-1995.
- No data from managed care plans

# Study Characteristics

11.4 million Medicaid-eligible children in 26 SMRF States. 11.8 million Medicaid-eligible children in Non-SMRF States.

In 1995, total Medicaid expenditures in 26 States totaled $9.75 billion, of which 13.6% were for EPSDT services (or, $1.327 million).

States varied from 7% to 26% in the percent of Medicaid dollars that was spent on EPSDT.

# Representativeness of the Study Sample

- HCFA's study includes 11 million Medicaid-eligible children, accounting for 49% of all Medicaid-eligible children nationwide (23.4 million), but only 40% of total Medicaid expenditures.
- California represents 34% of the total Medicaid population in the 26 SMRF States.
- California has low per-capita Medicaid expenditures for children ($587 per child in 1995), which is about half the national average. California's use patterns heavily weight the overall averages in the study sample.

# 1995 Medicaid Payments for Children Under 21

- National average Medicaid expenditures per Medicaid-eligible child was $1,248 in the 26 SMRF States.

- National average EPSDT expenditures per Medicaid-eligible child was $170 in the 26 SMRF States.

# Use and Expenditures for EPSDT Services Varies by Age Groups

Age categories used in this study:

| Ages | Percent |
|---|---|
| – under 1 year of age | 7% |
| – 1-5 years of age | 35% |
| – 6-14 years of age | 39% |
| – 15-18 years of age* | 13% |
| – 19-20 years of age* | 6% |

* = These age groups are consistent with the HCFA-416 Form, except the HCFA-416 categorizes 15 -20 year olds together. However, preliminary analyses revealed different utilization patterns among these two different age grcups.

# Study Categories of EPSDT Services

- Comprehensive preventive care
- Immunizations
- Vision screening and treatment
- Dental screening and treatment
- Hearing screening and treatment
- Other EPSDT services -- specified by State-specific procedure codes and family planning services

# Examples of "Other" EPSDT Services

- family planning services
- nursing services and home health services
- mental health services
- physical therapy
- occupational therapy
- speech therapy
- transportation services

# Research Methodology

- Study definition of EPSDT services included:
  - HCFA Common Procedure CodingSystem (HCPCs) and diagnosis codes
  - State-specific procedure codes to identify EPSDT-related services
  - HCFA-2082 data on EPSDT (TOS-17), Dental Services (TOS-09) and Family Planning Services (TOS14)

# Research Methodology (cont.)

- Utilization and payment analyses conducted for each State by age group and type of EPSDT service.

- Analyses for all 26 SMRF States. National weighted estimates of use and payments for EPSDT services.

# Research Design Issues

- The original research design categorized vision, hearing, and dental screening and treatment services, separately.

- However, preliminary analyses revealed that screening and treatment services were not clearly distinguishable, as listed by State-specific procedure codes.

# Weighting Estimations

- Utilization and payment rates for Medicaid-eligible children were "weighted" to reflect a full-year's entitlement.

- Calculating months of non-managed care enrollment was based on subtracting the number of months for managed care enrollment from the number of months eligible for Medicaid.

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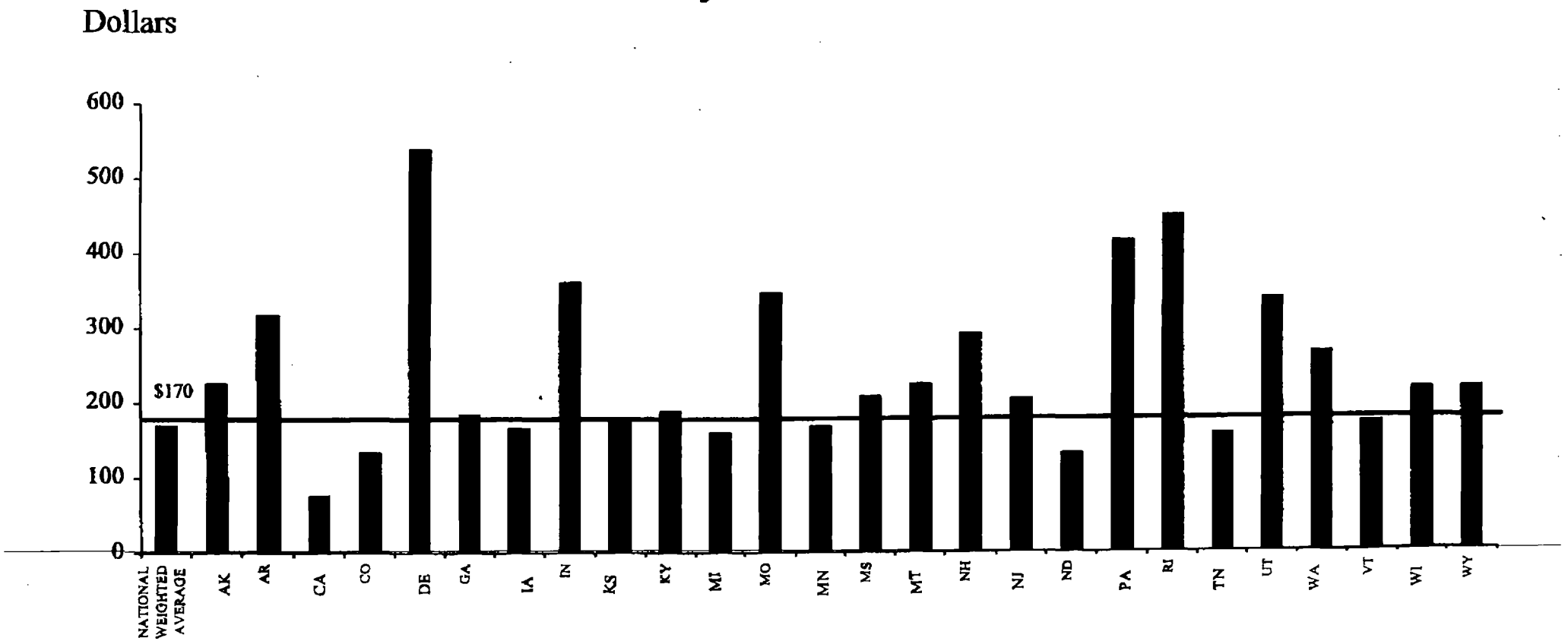
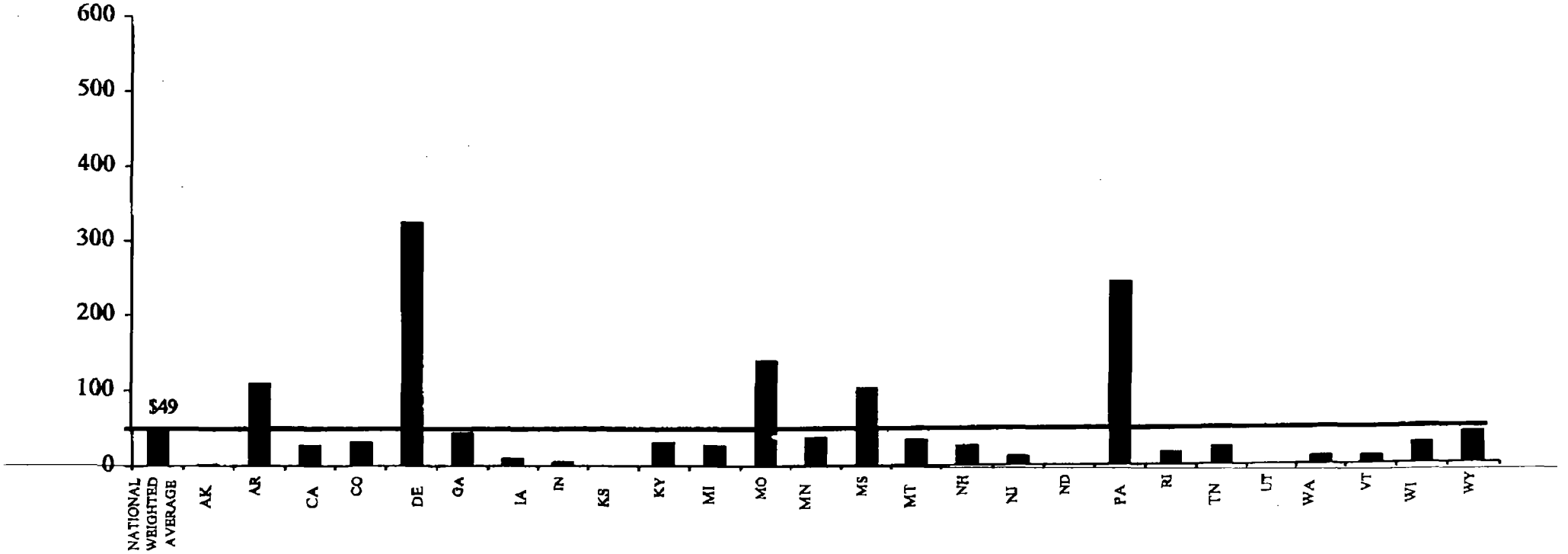
- Person-year equivalents were calculated as the total months of non-managed care enrollment divided by 12 months.

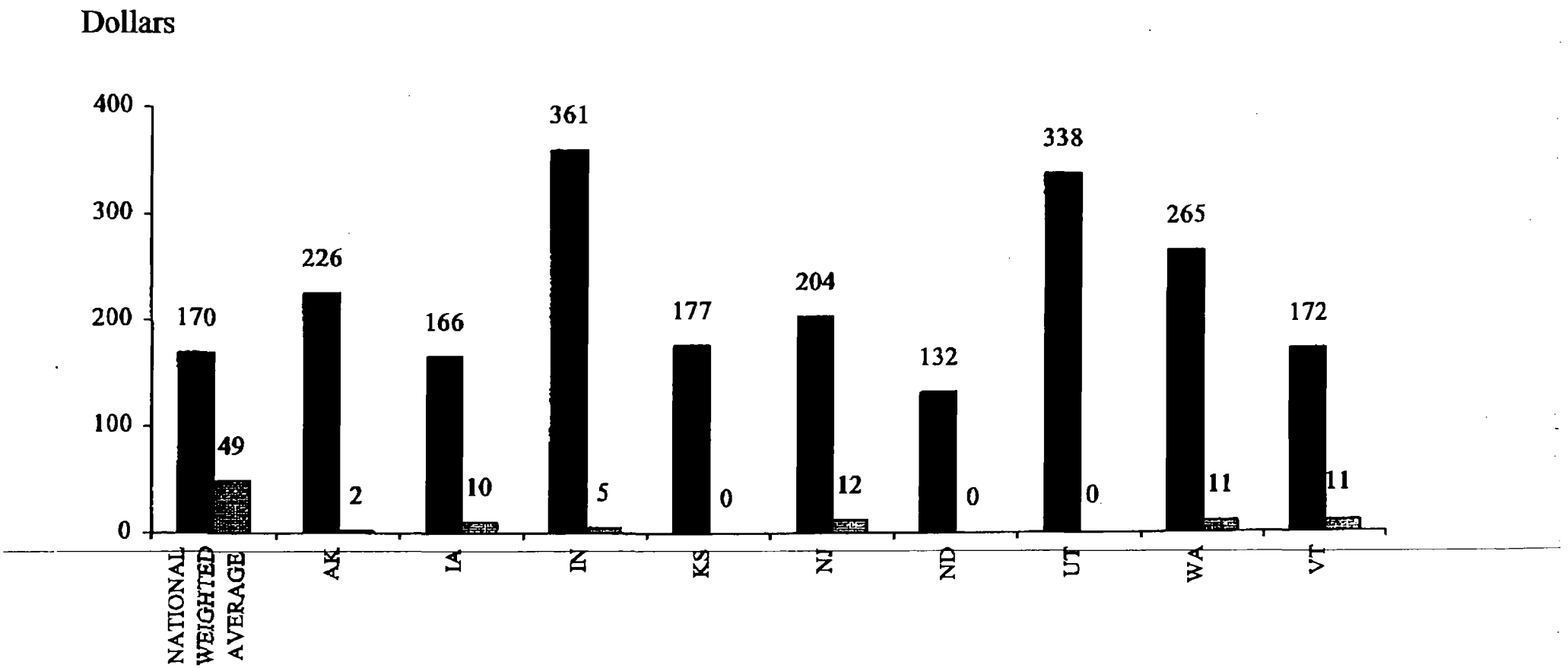
# Average Payments for EPSDT Services Per Medicaid-Eligible Child Under 21 Years of Age HCFA's Study Definition of EPSDT



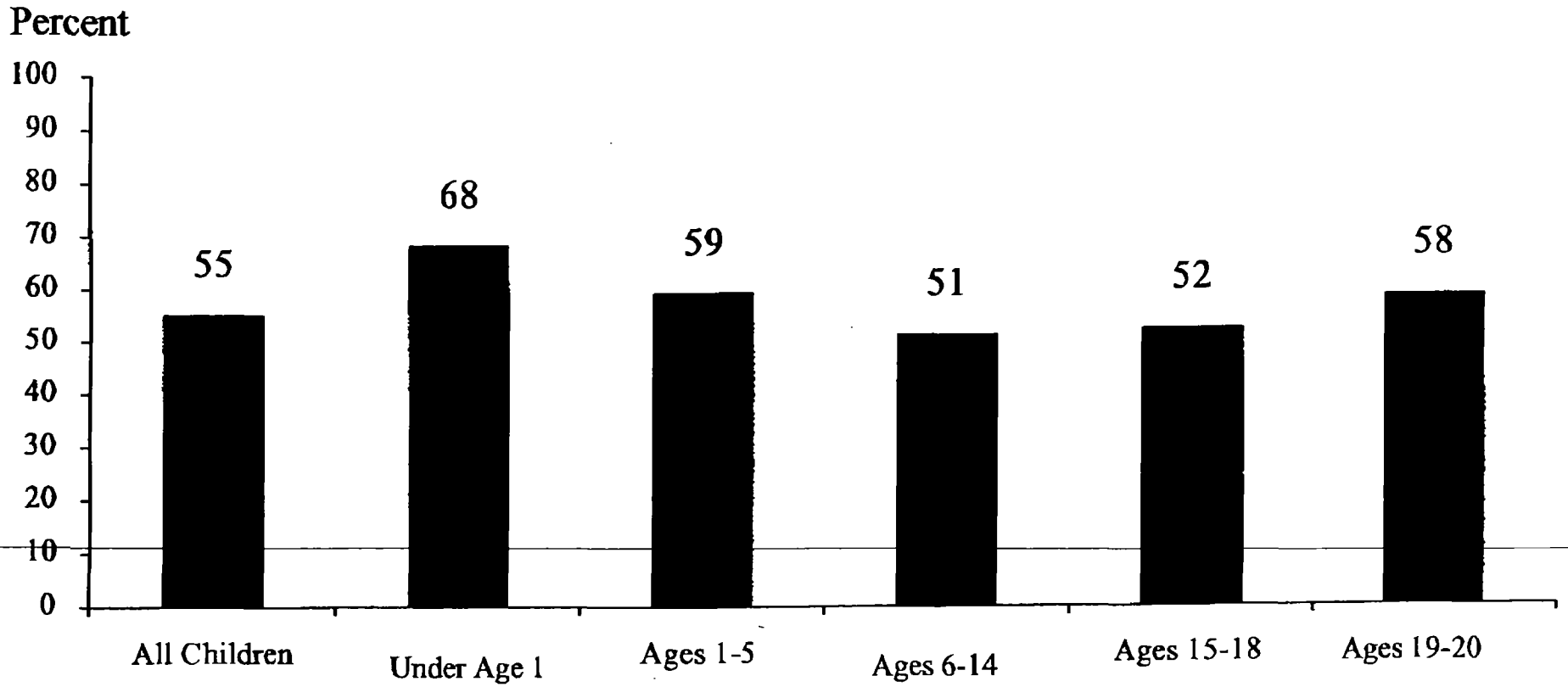
# Average Payments for EPSDT Services Per Medicaid-Eligible Child Under 21 Years of Age EPSDT Type of Service (TOS-17)



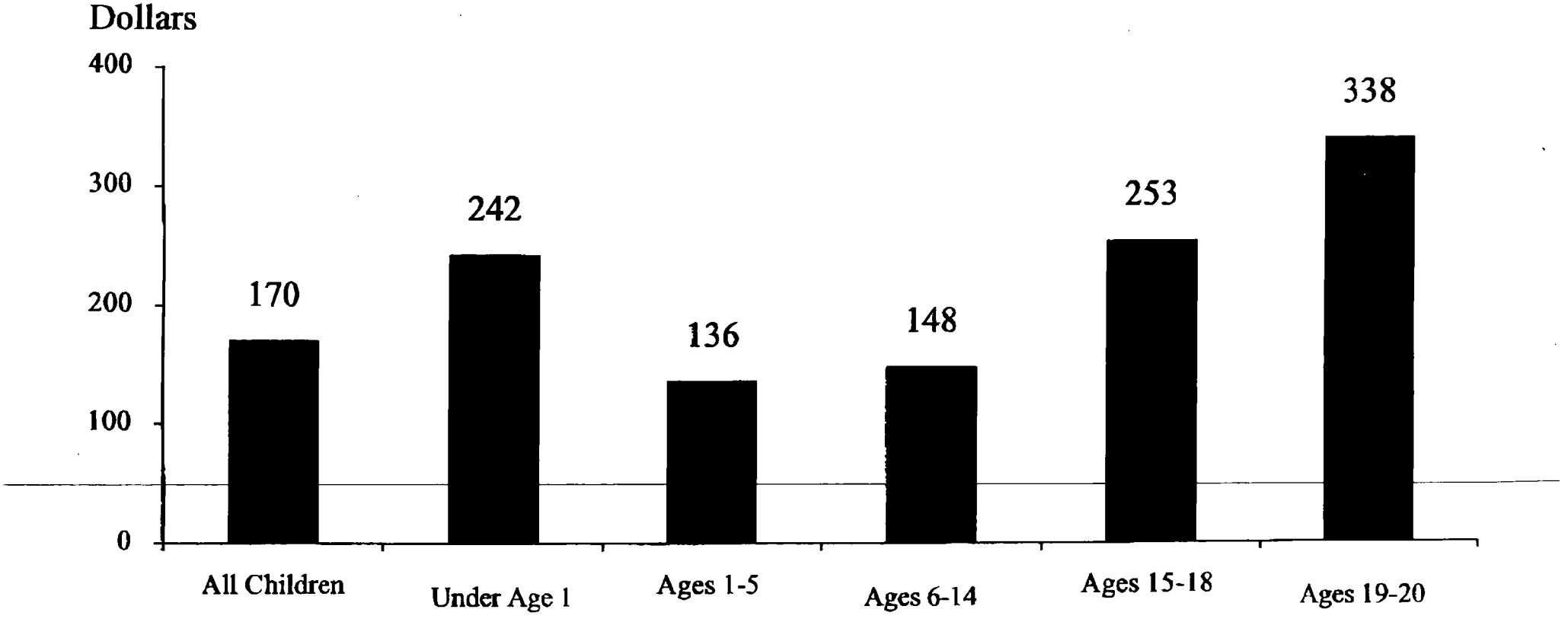
# Average Mean Payments for EPSDT Services Comparison of HCFA's Study Definition of EPSDT and TOS-17 Codes for EPSDT Services



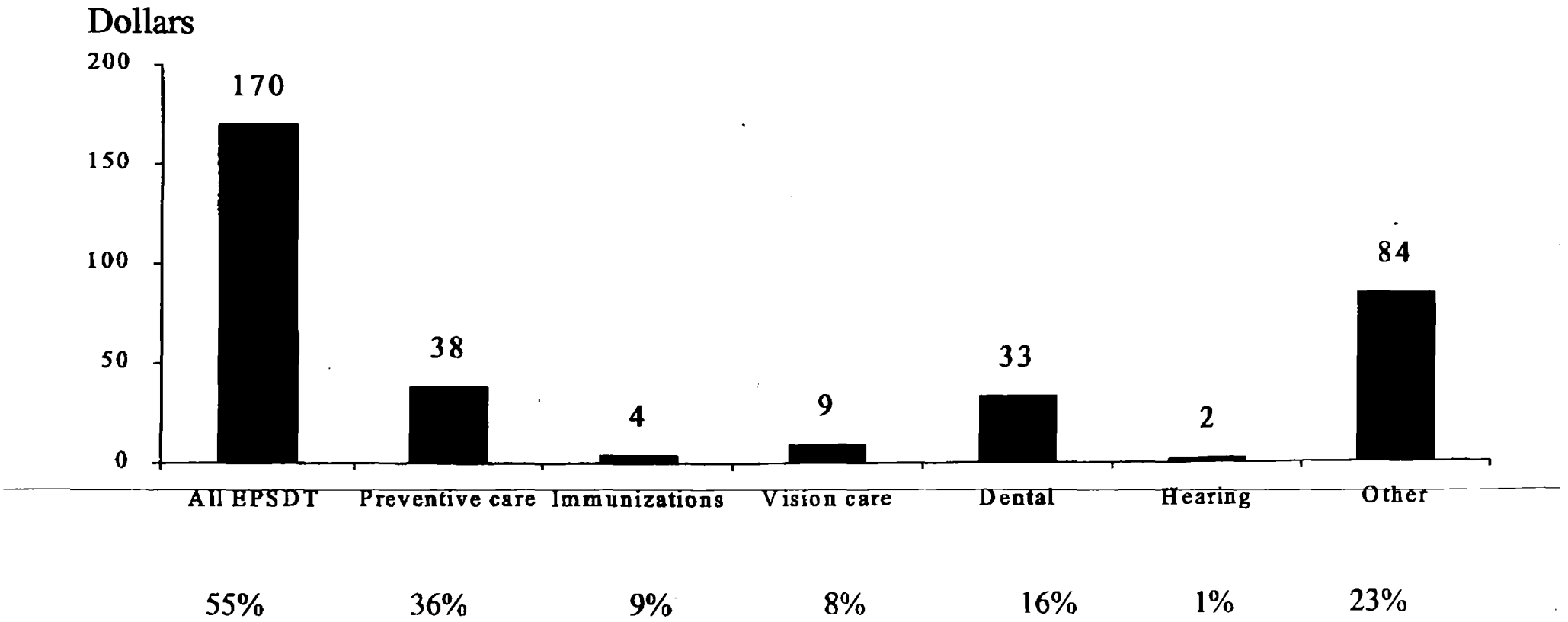
# Percent of Medicaid-Eligible Children Under 21 Who Received One or More EPSDT Services



# National Average Payment for Total EPSDT Services Per Medicaid-Eligible Child Under 21



# National Average Payment for Different Types of EPSDT Services Per Medicaid-Eligible Child



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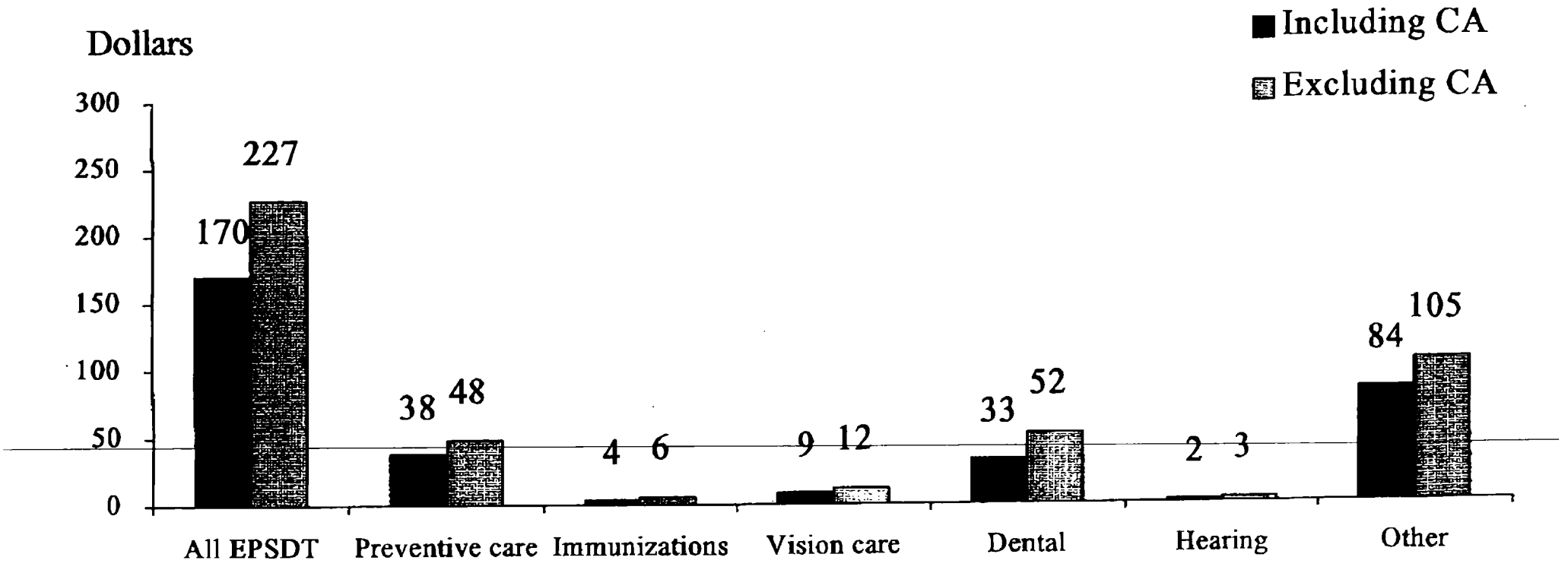
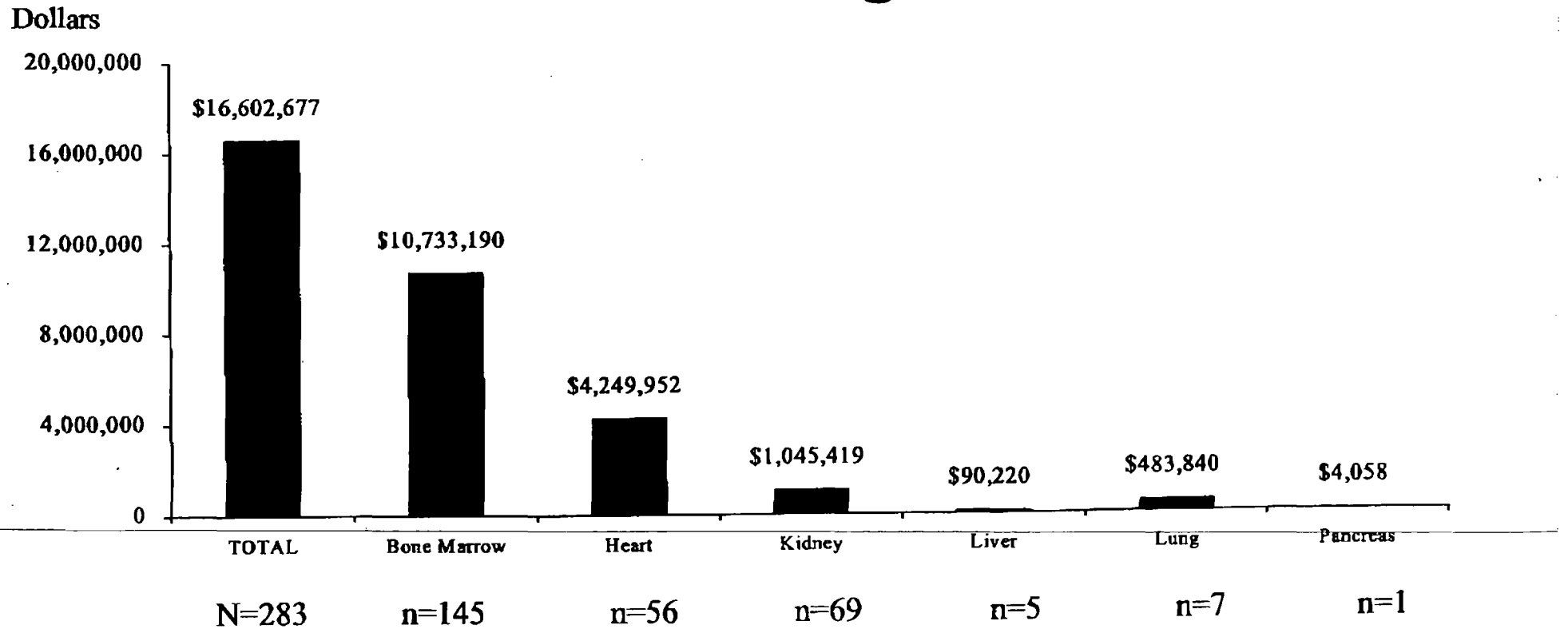


# Medically Necessary Services

- No uniform definition of medically-necessary services across States
- No indication of "medical necessity" on billing claims
- No link between health screens and subsequent care
- State Plans change over time:
  - Very difficult to obtain 1995 State Plans
- Organ Transplantation

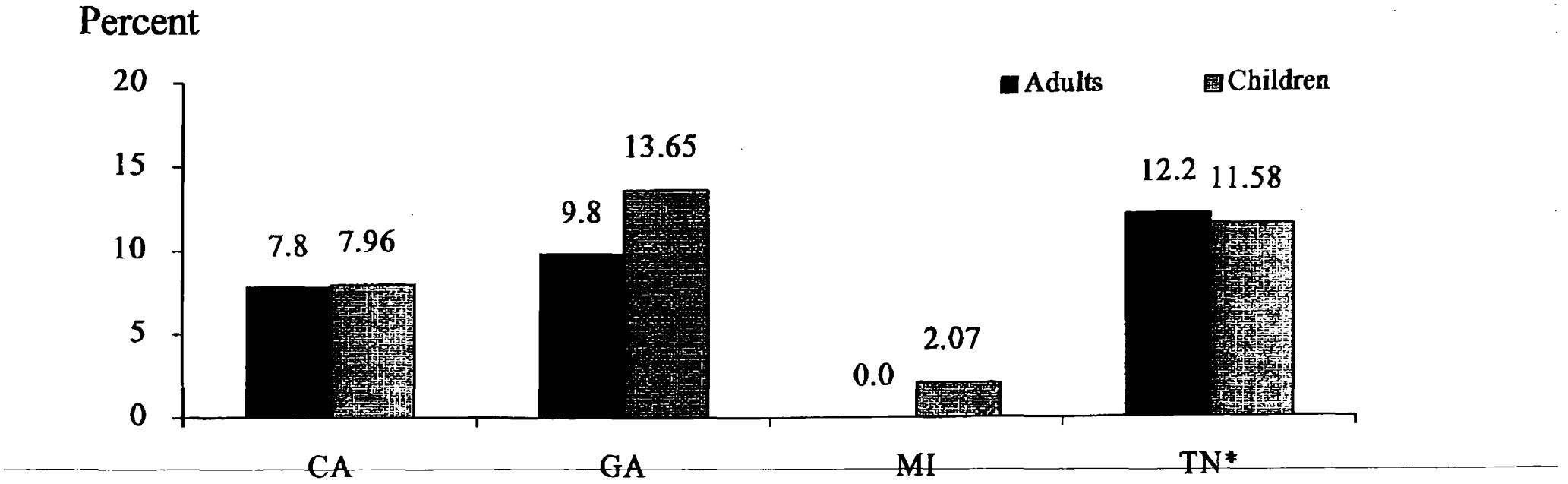
# Total Reimbursement in 1995 for Organ Transplantation for Children Under 21 Years of Age in 22 States




* Six States had no organ transplants in 1995

# Trend Analyses of Medicaid Enrollees in Four States, 1989-95

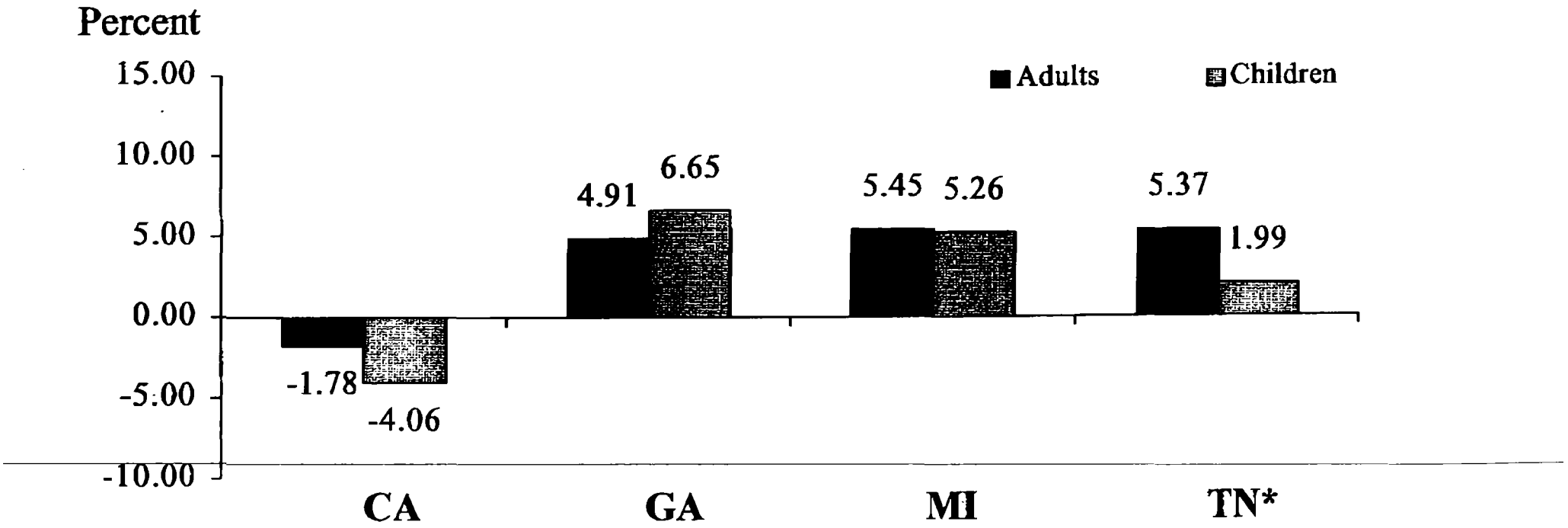
## Annual Rate of Change: Adults and Children




* = TN data only available through 1993

# Trend Analyses of Medicaid Payments in Four States, 1989-95

## Annual Rate of Change: Adults and Children

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# Next Steps

Consultation to address key issues:

- Can we better estimate the cost of EPSDT services?
- Can we better define and identify medically-necessary services across States?
- Can we better identify partial providers of EPSDT services?