**Medicaid/CHIP Reimbursement of Community Health Worker (CHW) Services in Texas**

**CHW Advisory Committee**

**Task Force on Workforce and Reimbursement**

**Health and Human Services Commission (HHSC) Medicaid/CHIP Staff**

**January 2017**

**CHW Services**

* Provide cultural mediation between healthcare/social service providers, patients, and the community
* Assist people to access and navigate needed services/resources in their communities
* Provide health knowledge and increases self-sufficiency through: community outreach and health education, patient education, self-management, social support, and advocacy, facilitation of clinical research

**Research Activities**

* Surveyed certified CHWs to determine the types of services provided and sources of reimbursement
* Conducted research on CHW services provided through Texas’ Medicaid 1115 Transformation Waiver
* Surveyed  [Texas Medicaid Managed Care Organizations](https://www.dshs.texas.gov/mch/chw/docs/CHW-Minutes-5-20-16Final.pdf) (MCOs) on CHW use to see if any models sounded promising for medical services reimbursement
* Conducted research on Medicaid/CHIP reimbursement models in other states
* Conducted research on Centers for Medicare and Medicaid Services (CMS) reimbursement under the revised Medicaid preventive services regulation
* Conducted research on the CMS reimbursement under the revised quality improvement regulation

**Findings**

***Current Reimbursement***

* Most [Texas Medicaid](https://hhs.texas.gov/services/health/medicaid-and-chip/programs)/CHIP clients receive services through MCOs.
* States may permit MCOs to claim CHW services as [administrative costs](https://www.ncsl.org/print/health/chwbrief.pdf).
* CHW expenses are classified as administrative expenses as defined by federal regulation.
* MCOs use the administrative component of their per member, per month payments to directly employ CHWs, make supplemental payments to providers to employ them, and/or contract for their services.
* Each MCO has a cap on administrative funds it can use to pay for CHW services.
* To reimburse under medical services, service must fit a Medicaid state plan payable category.
* MCOs cannot pay for CHW services as a medical expense as defined by federal regulation.
* Medicaid preventive services can be [provided only](https://www.medicaid.gov/Federal-Policy-Guidance/Downloads/CIB-11-27-2013-Prevention.pdf) by physicians or other licensed practitioners (OLP.)
* CHW reimbursement is permitted as part of the Health Home Model (HHM for individuals with multiple chronic conditions and/or mental health issues) in several states that elected this option under the federal Affordable Care Act (ACA).
* Two states have specific requirements for engagement of CHWs by MCOs in their contracts.
* One state allows MCOs to treat the cost of employing CHWs as part of the cost of providing care.

***Medicaid Preventive Services Option***

* CMS amended the regulatory definition of preventive services ([42 CFR 440.130(c)](https://www.medicaid.gov/federal-policy-guidance/downloads/cib-11-27-2013-prevention.pdf) July 2013) allowing additional practitioners to bill for preventive services recommended by a physician or OLP.
* Preventive services must be medical/remedial in nature, meaning: 1) involve direct patient care; 2) for the purpose of diagnosing, treating or preventing (or minimizing the adverse effects of) illness, injury or other impairments to an individual’s physical or mental health.
* Texas Medicaid reviewed the activities of CHWs in Medicaid managed care and 1115 waiver projects with CMS.
* HHSC consulted CMS about reimbursement of CHWs under the revised Medicaid preventive services regulation.
* CMS indicated only a limited set of services might qualify if sufficient condition-specific medical education was involved.
* As of November 2015, no state had requested a [state plan amendment](http://www.astho.org/Community-Health-Workers/Q-and-A/) to cover CHW services under the preventive services regulatory change.

***Medicaid Quality Improvement Option***

* CMS issued final rules on modernizing Medicaid managed care (45 CFR 158.150 May 2016) allowing MCOs to pay CHWs for health education services as a quality improvement activity.
* MCOs will report payment changes in 2017 and HHSC will provide further guidance.

**Key Points**

* No state has developed a robust model of Medicaid reimbursement for the broad spectrum of community-based services provided by CHWs
* CHW services are currently deemed administrative expenses and payable by MCOs subject to their administrative funds cap.
* Most CHW services do not qualify as preventive services under the Medicaid preventive services option.
* If services qualify as a quality improvement activity, CHW services may be paid as a medical expense with no cap.
* HHSC needs legislative direction to add any service with a significant associated cost.

**Recommendations**

* Amend the Texas Medicaid State Plan to finance the CHW workforce
* Implement and integrate the CHW workforce in current Texas Medicaid merit-based incentive-based programs similar to the [Delivery System Reform Incentive Payment (DSRIP) Program](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwj24dGlmKnRAhXkhFQKHYxkBwIQFggaMAA&url=https%3A%2F%2Fwww.health.ny.gov%2Fhealth_care%2Fmedicaid%2Fredesign%2Fdsrip%2F&usg=AFQjCNHEChx4lguh4HLgiF_ycJHjnTvn4w&bvm=bv.142059868,d.amc)  quality-based metric incentive payments. According to CMS, states will be allocated additional funding if these incentive-based programs are implemented. Examples of incentive-based programs include Merit-based Incentive Payment System (MIPs), or the Medicare Access and CHIP Reauthorization Act (MACRA**)**
* Convene multi-sector coalitions that link partners in government, community-based organizations, contracted agencies, and healthcare
* Support internal policy and program development and cooperation with intra-governmental partners, such as state Medicaid officials
* Provide direct funding for CHW programs through state and territorial health agencies
* Conduct research, including collecting and sharing data and disseminating policy and practice models from other states[[1]](#footnote-1)
* Implement additional financing options available under Medicaid for Federally Qualified Health Centers (FQHCs) that allow the FQHCs to use innovative service delivery options, and adjusted rates for new FQHCs for providing comprehensive clinical services.

1. ASTHO’s [Community Health Workers web page](http://www.astho.org/community-health-workers/) includes further information and a variety of resources. [↑](#footnote-ref-1)