Testimony on HB 1148
Health Insurance – Two-Sided Incentive Arrangements and Capitated Payments - Authorization
House Health & Government Operations Committee
March 3, 2022
POSITION: SUPPORT WITH AMENDMENTS

The Community Behavioral Health Association of Maryland (CBH) is the leading voice for community-based providers serving the mental health and addiction needs of vulnerable Marylanders. Our 95 members serve the majority of those accessing care through the public behavioral health system. CBH members provide outpatient and residential treatment for mental health and addiction-related disorders, day programs, case management, Assertive Community Treatment (ACT), employment supports, and crisis intervention.

While reimbursement mechanisms are not inherently good or bad, they can and do impact provider behavior through incentives and disincentives. The fee-for-service system rewards volume; the more services provided, the more revenue generated. It does not reward the achievement of outcomes, nor does it allow for flexibility beyond the strict confines of the covered billing codes.

HB 1148 would allow providers to enter into capitated and two-sided risk arrangements with commercial carriers. We have long supported value-based payment arrangements that reward us, not for volume, but for the actual results the individuals we serve experience. We are confident that the treatment and supports we provide lead to better health outcomes for those we serve and feel that it is in the best interests of consumers, providers, and payers to be measured on our results.

Another advantage that these arrangements have over fee-for-service is that they allow provider flexibility to meet the individual needs of the persons served. Behavioral health conditions often wax and wane, as individuals recover or relapse, requiring more intensive supports and services or less frequent or intensive interventions. Fee-for-service demands that we either provide a certain volume of services or face the financial impact of declining reimbursement. We prefer to tailor the frequency and intensity of our interventions to meet the needs of each individual we serve.

Capitation is not new to behavioral health. There have been two long-term Medicaid capitation programs operating in Baltimore city that have shown remarkable results for high-cost and high-risk individuals with serious mental illness. Many of these individuals have co-occurring substance use or somatic disorders as well. The capitated payments allow these providers to do what it takes to support their members. And if the programs meet their contractual outcomes and are able to operate within the capitated amount, those savings can be reinvested in their services and workforce.

CBH has worked with CareFirst representatives on amendment language to clarify that networks of behavioral health programs licensed under Health-General § 7.5-401 are eligible to enter into capitated and two-sided risk arrangements with commercial carriers. This is important since our provider network is comprised of licensed programs that employ clinicians and other behavioral health professionals.

We urge a favorable report on HB 1148 with the inclusion of that language.

18 Egges Lane, Catonsville MD 21228 • 410.788.1865 • mdcbh.org

For more information contact Lori Doyle, Public Policy Director, at (410) 456-1127 or lori@mdcbh.org.