Policy Level
PL-BH Second Opinion Network

Agency Recommendation Summary Text
The Health Care Authority (HCA) requests 8.6 FTE and $4,986,000 ($2,492,000 GF-State) in the 2017-2019 biennium to provide second opinion reviews from an expert in psychiatry for all prescriptions of one or more antipsychotic medications for all children under the age of 18, and all psychotropic medications for children under five involved in the foster care system. Funding will allow the HCA to implement requirements under RCW 74.09.490(4) and comply with expressed legislative intent of RCW 74.09.490(3). The requested funds represent costs associated with the performance and administration of approximately 8,296 reviews beyond current baseline in fiscal year 2017, with an additional 6,948 reviews ongoing in future years.

Fiscal Summary

<table>
<thead>
<tr>
<th>Operating Expenditures</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
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<tbody>
<tr>
<td>Fund 001-1 GF-State</td>
<td>$1,246,000</td>
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<td>Total Cost</td>
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<tr>
<th>Staffing</th>
<th>FY 2018</th>
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<tr>
<td>FTEs</td>
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<tr>
<th>Revenue</th>
<th>FY 2018</th>
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<tr>
<td>Fund 001-C GF-Medicaid</td>
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<thead>
<tr>
<th>Object of Expenditure</th>
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<th>FY 2021</th>
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<tbody>
<tr>
<td>Obj. A – Salaries</td>
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<td>Obj. C – Contracts</td>
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<td>Obj. E – Goods &amp; Services</td>
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<td>Obj. G – Travel</td>
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Package Description
In 2016, the Washington State Legislature passed HB 1879, which modified RCW 74.09.490 to require a second opinion review from an expert in psychiatry for all prescriptions of one or more antipsychotic medications for all
children less than 18 years of age in the foster care system. No funds were provided to implement these reviews. The HCA has also been made aware of a discrepancy between agency interpretation of RCW 74.09.490(3) and the legislative expectation of that RCW. Additional funding requested will allow the agency to provide psychotropic medication reviews in compliance with the legislative intent of RCW 74.09.490 and broaden the scope of second opinion reviews to ensure a consistent quality of care is provided to all children covered under Medicaid.

Recently it was made clear to the agency that the HCA’s interpretation and implementation of RCW 74.09.490 was not in compliance with the legislative intent of RCW 74.09.490(3) that all prescriptions for psychotropic drugs prescribed to children under five be reviewed individually for appropriateness, rather than only reviewing those deemed potentially inappropriate by the HCA’s pediatric mental health workgroup. The HCA convened a pediatric mental health work group comprised of representatives from the University of Washington’s evidence based practice institute, Seattle Children’s Department of Psychiatry, community child and adolescent psychiatric experts, patient advocates, and other stakeholders. This workgroup developed review thresholds for psychotropic medications which represent the boundaries of what can be considered ‘typical’ or ‘appropriate’ prescribing of psychotropic medications to treat psychiatric conditions in children. Psychotropic prescriptions for Medicaid clients under the age of 18 written outside of these thresholds require review through the agency’s Second Opinion Network (SON) before approval for coverage by the Medicaid program. The emphasis of these reviews is on determining whether appropriate evidence based non-pharmaceutical interventions are being used prior to or in addition to medication, and whether the medication combinations or doses prescribed represent the next reasonable step in care. For this program, the HCA has $437,000 in its base budget to perform required second opinion reviews.

The agency’s current baseline funding for the SON includes funding sufficient to maintain reviews under the agency’s original interpretation and additional funding will be required to expand the scope of reviews to include all psychotropic medications for children under five. It is estimated that reviewing all psychotropic medications for children under five will generate an additional 399 reviews in the fiscal year 2017 at a cost of $120,482 to review existing prescriptions, and 300 reviews per year ongoing at a cost of $101,626.

HB 1879 requires (among other things) review of antipsychotic medication for foster care children “within existing funds.” The HCA has no existing funds which would cover the volume of additional reviews required. Reviewing all antipsychotic medications for foster children under 18 will generate 1,092 reviews of prescriptions not previously reviewed in fiscal year 2017 at a cost of $371,552, and will add an estimated 792 reviews per year ongoing at a cost of $264,899.

Under the HCA policy, medication review thresholds are equally appropriate for all children, and legislated review requirements for the foster care population should be implemented to provide the same quality of care to all children covered under Medicaid. The agency requests additional funding to require second opinion review of all antipsychotic medications prescribed for all other children under the age of 18 in addition to the foster care population. Reviewing all antipsychotic medications for non-foster children under 18 will generate 6,865 reviews for existing prescriptions not previously reviewed in fiscal year 2017 at a cost of $2,300,626, and will add an estimated 5,856 reviews per year ongoing at a cost of $1,972,564.

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Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H002 HCA Direct Operations

What specific performance outcomes does the agency expect?
The HCA expects to ensure quality of care in the prescribing of psychotropic medication for children under the Medicaid program, with an emphasis on use of evidence-based and empirically supported behavioral treatments in addition to or in the place of pharmacologic interventions where appropriate. Requested funding will expand the provision of these services to vulnerable populations not currently served under the current set of review thresholds, and is expected to result in improved quality of care and measurable reduction in the use or overuse of psychotropic medications in these populations.

What alternatives were explored by the agency and why was this option chosen?
The HCA has examined whether the agency has existing funding sufficient to meet the required expansion of SON services, and has determined that current resources are insufficient. The alternatives would be to not fund SON expansion at all, or funding some but not all elements. Individual elements of expansion contribute to the total requested funds as follows:

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>Ongoing</th>
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<tbody>
<tr>
<td>$371,552</td>
<td>$264,899</td>
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<tr>
<td>Meet requirements of RCW 74.09.490(4) only (review of antipsychotics for foster children under 18)</td>
<td></td>
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<tr>
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<td>$101,626</td>
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<tr>
<td>Meet requirements of RCW 74.09.490(3) only (review of psychotropics for children under five)</td>
<td></td>
</tr>
<tr>
<td>$2,300,626</td>
<td>$1,972,564</td>
</tr>
<tr>
<td>Additional reviews to provide same quality of care for all children (review antipsychotics for all children under 18)</td>
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What are the consequences of not funding this request?
Not funding this request will result in the HCA being unable to fulfill all requirements under RCW 74.09.490, leaving certain populations vulnerable to appropriate behavioral therapies not being provided and receiving potentially inappropriate medications in lieu of non-pharmacologic treatments.

In absence of additional funding, the HCA’s only alternative is to continue the current SON program as is, and review only those prescriptions determined to be outside of typical prescribing practices.
How has or can the agency address the issue or need in its current appropriation level?
The agency cannot fully meet the requirements of RCW 74.09.490 at its current appropriation level. At this time, only prescriptions for psychotropic medications that exceed specific review thresholds are required to have a second opinion for children under five or foster children. Some prescriptions for these populations are reviewed, but many do not receive SON services at this time.

Provide references to any supporting literature or materials:
RCW 74.09.490

Base Budget
If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.
Based on carry forward level, the HCA budget currently contains $437,000 ($218,000 GF-State) to pay contracted costs of providing second opinions from experts in psychiatry for prescriptions which exceed specific clinical thresholds. Although no FTEs are called out as being specifically dedicated to related workload, 1.0 FTE (0.5 Pharmacist 4, 0.25 Medical Assistance Program Specialist 2, and 0.25 Medical Assistance Specialist 3) and associated administrative funds are currently devoted to existing SON activities.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:
Assumptions:
- Some prescriptions for the affected populations are currently being reviewed;
- There are children currently receiving psychotropic medications that were within the previously established review thresholds that have not received a review or second opinion from an expert in psychiatry which now need a review;
- Ongoing maintenance of the expanded second opinion program will involve a larger volume of new prescriptions requiring review than accounted for under the current program and appropriation;
- As used throughout this document and in cost estimates, “foster care” refers to clients for whom the state is responsible for provision of healthcare as either a ward of the state or former wards of the state (adoption support in addition to foster care);
- Cost and workload estimates assume that existing prescriptions requiring review will be systematically staggered over the course of the initial implementation year to ensure even workload and not overwhelm SON infrastructure;
- Estimates of the volume of new reviews required under expanded SON services are based on:
  - Calendar year 2015 utilization;
  - Calendar year 2015 rates of new prescriptions each month;
  - Monthly discontinuation rate;
  - Growth of population and turnover in foster care populations;
Current administrative tasks performed by the HCA fee-for-service (FFS) staff and additional administrative work of expanded reviews will be moved to the HCA’s contracted managed care organizations, with associated costs and requested administrative funds for expansion incorporated into managed care rates;

Administrative costs are calculated based on the HCA’s estimates for staffing costs of expansion under FFS. Should this work remain under FFS, associated FTEs will be required. If administration of SON is transferred to managed care organizations (MCO) as planned, the same funding will be required for MCO administrative costs but actual FTE positions for the HCA will not be required;

Costs of second opinions are calculated based on current rates under the existing contract with Seattle Children’s Hospital. Final second opinion delivery model under MCOs has yet to be determined;

Administrative costs related to FTE workload are based on estimates of the work currently required to administer the existing program. Work specific to the SON program is not currently broken out as a separate activity from pharmacy authorization requirements or Medicaid Prescription Drug Program administration as a whole. FTE calculations are made from the following staff estimates of time required for the end to end handling and processing of SON reviews and associated authorizations:

- 9,000 minute working month (450 minutes per day, 20 working days per month);
- 20 minutes per case Pharmacist 4 clinical review;
- 60 minutes per case Medical Assistance Specialist 3 data entry, case tracking, document routing;
- 45 minutes Medical Assistance Program Specialist 3 program administration and coordination.

**Impacts to Communities and Other Agencies**

**Fully describe and quantify expected impacts on state residents and specific populations served.**

The funding requested in this proposal shall allow the HCA to:

- Fully comply with RCW 74.09.490;
- Provide approximately 7,000 second opinions from experts in child psychiatry to the most vulnerable populations being prescribed psychotropic medications (foster children and children under five) not currently benefiting from such reviews;
- Encourage the provision of evidence based behavioral intervention rather than medication for the affected population;
- Reduce inappropriate psychotropic prescribing of antipsychotics and medication for the very young.
What are other important connections or impacts related to this proposal?

Does this request have:

- Regional/county impacts? [☐ Yes ☒ No]
- Other local government impacts? [☐ Yes ☒ No]
- Tribal government impacts? [☐ Yes ☒ No]
- Other state agency impacts? [☒ Yes ☐ No]

Does this request:

- Have any connection to Puget Sound recovery? [☐ Yes ☒ No]
- Respond to specific task force, report, mandate or executive order? [☐ Yes ☒ No]
- Contain a compensation change? [☐ Yes ☒ No]
- Require a change to a collective bargaining agreement? [☐ Yes ☒ No]
- Create facility/workplace needs or impacts? [☐ Yes ☒ No]
- Contain capital budget impacts? [☐ Yes ☒ No]
- Require changes to existing statutes, rules or contracts? [☐ Yes ☒ No]
- Have any relationship to or result from litigation? [☐ Yes ☒ No]

If “Yes” to any of the above, please provide a detailed discussion of connections/impacts.

Many of the clients who will be served under this expansion of the SON program are foster children whose overall care is managed by the Division of Social and Health Services. Improved quality of care and stability of psychiatric treatment will likely have improved outcomes for this population, including placement.

Information Technology (IT)

Does this request include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No

☐ Yes  Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)