

## Executive Summary

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The Colorado Department of Health Care Policy & Financing (HCPF) created the annual Mental Health Parity and Addiction Equity Act (MHPAEA) Report for State Fiscal Year 2022 - 2023 in accordance with Colorado Revised Statutes (C.R.S.) 25.5-5-421. The MHPAEA is designed to ensure Medicaid Managed Care Organizations (MCOs) and Medicaid alternative benefit plans providing mental health or substance use disorder (MH/SUD) benefits apply limitations on those benefits that are comparable to and no more stringent than those limitations imposed upon medical and surgical (M/S) benefits in the same classifications. The following comparative analysis was performed across Colorado Medicaid's statewide managed care system, consisting of seven Regional Accountable Entities (RAEs) and two MCOs, and HCPF's fee-for-service (FFS) system to determine the status of parity compliance within the Colorado Medicaid delivery system.

The State of Colorado's Medicaid capitated behavioral health benefit is administered through the Accountable Care Collaborative (ACC). The state is divided into seven regions with a single Managed Care Entity (MCE), the RAE, operating the ACC in each region. The ACC is a hybrid managed care program authorized through a Section 1915(b) waiver approved by the Centers for Medicare & Medicaid Services (CMS). The RAEs function as a prepaid inpatient health plan (PIHP) for the administration of all ACC members' capitated MH/SUD services, as well as a Primary Care Case Management (PCCM) entity accountable for the effective and coordinated utilization of FFS M/S Medicaid benefits. The RAEs are responsible for administering Colorado Medicaid's capitated MH/SUD benefit, which includes paying claims and authorizing MH/SUD services. Physical health services are paid FFS by HCPF's fiscal agent. In addition, two regions allow members in specific counties to participate in capitated M/S MCOs, Rocky Mountain Health Plan (RMHP) Prime and Denver Health Medicaid Choice (DHMC).

HCPF follows a process to determine parity compliance that is based on the federal parity guidance outlined in the CMS parity toolkit, "Parity Compliance in Mental Health and Substance Use Disorder Parity Requirements for Medicaid and Children's Health Insurance Programs," and in accordance with the requirements in C.R.S. § 25.5-5-421. HCPF collects public input throughout the year to help assess how processes, strategies, evidentiary standards, and other factors operate in practice. This public input helps inform the comparative analysis. HCPF research on best practices has also led to improvements for data gathering, reporting, and transparency. The process involves a full analysis of a detailed data request submitted by each RAE, MCO, and HCPF's FFS system, along with supporting policy and procedural documentation. The analysis also includes direct interviews with each entity in order to verify, elaborate on, or correct any details.

The Colorado Medicaid service delivery system has multiple components that add complexity to assessing parity. The analysis requires the comparison of a capitated MH/SUD payment structure to a FFS M/S payment structure. HCPF chose to design its coverage in this manner to maximize the breadth of MH/SUD services available to its members. The comparison between MH/SUD and M/S benefits seeks to assess whether the written policies and procedures, in

design and applied in practice, affect the ability of Medicaid members to access MH/SUD services.

## Summary of Findings

An assessment and comparative analysis of MH/SUD benefit limitations compared to M/S benefit limitations found the written policies and procedures to be parity compliant in all Non-Quantitative Treatment Limitations (NQTLs) except in only one situation: the fee-for-service inpatient hospital review program's compliance within the Concurrent Review NQTL. Details are provided in *Non-Quantitative Treatment Limitations* below. Limited situations were also found where MCEs were determined not to have followed their written policies, impacting compliance with Availability of Information parity requirements.

HCPF's determination was based on the analysis of the following limitations:

### **Aggregate Lifetime and Annual Dollar Limits**

Based on the information collected during the analysis, none of the Managed Care or FFS structures utilize aggregate lifetime or annual dollar limits for MH/SUD benefits and are, therefore, compliant with parity requirements for these limits.

### **Financial Requirements and Quantitative Treatment Limitations**

Based on the information collected during the analysis, none of the RAEs, MCOs, or HCPF utilize financial requirements (FRs) or quantitative treatment limitations (QTLs) for MH/SUD benefits and are, therefore, compliant with the parity requirements of these limitations.

### **Non-Quantitative Treatment Limitations**

HCPF completed an analysis of the non-quantitative treatment limitations (NQTLs) being used by each of the benefit packages. NQTLs are non-numerical limits on the scope or duration of benefits for treatment, such as preauthorization requirements. In accordance with CMS regulations and guidance, HCPF conducted an analysis of how each NQTL is used within the broad benefit classifications of inpatient, outpatient, prescription drugs, and emergency care. While there may be differences between individual NQTL policies and procedures and their application to MH/SUD and M/S services within the benefit classifications, the federal requirement is to analyze whether the NQTLs used for MH/SUD within a benefit classification are comparable to, and applied no more stringently than, those used in the same M/S benefit classification.

Written policies and procedures were determined to be parity-compliant in all benefit categories for all NQTLs except for the following instance:

HCPF continues to be out of parity compliance with Concurrent Review NQTL for inpatient hospitalizations as a result of the temporary suspension of the M/S Inpatient Hospital Review Program (IHRP). HCPF is still in compliance for the Prior Authorization and Retrospective Review NQTLs. The ongoing public health emergency placed a great stress upon hospitals and hospital systems, and HCPF has responded by taking actions to reduce burden on those hospitals and providers and ensure members have appropriate and timely access to care. This compliance issue was first identified in the

2021 MHPAEA Parity Report.<sup>1</sup> HCPF did not pursue a similar suspension to the MH/SUD inpatient authorization review process because it was not at risk of system capacity breach in the same way the hospitals were. HCPF also required real-time SUD review insights from tracking the use of the newly effective (January 1, 2021) SUD inpatient and residential benefit. These insights needed to be incorporated into the July 1, 2021 inpatient and residential SUD rate adjustments and were important to HCPF's efforts to analyze network access, pinpoint areas needing technical assistance, monitor utilization against projections, identify variations in utilizations by RAE region, and confirm that members were being connected to the most effective treatment options. HCPF determined that continuing the MH/SUD inpatient authorization review process was the best course of action to ensure the health and effectiveness of the new SUD residential benefit and the MH/SUD system, as a whole.

This report is accurate as of March 1, 2023, and as of that date HCPF is working on the final steps to implement the improved IHRP. Reinstating IHRP with program improvements is set to occur on June 1, 2023. The new policies and procedures of IHRP have been evaluated for compliance with all parity laws and regulation; however, additional changes may be made during implementation. Therefore, the details and analysis of these policies will be included in next year's report.

On July 1, 2022, Denver Health Medicaid Choice (DHMC) addressed the parity compliance issue that was identified in the 2022 MHPAEA Report. The issue impacted their authorization policies specific to services provided in the Denver Health hospital system. DHMC eliminated authorization requirements for all inpatient services within the DHMP preferred network. Prior to the change, some inpatient MH/SUD services were subject to authorization whereas no inpatient M/S services were subject to authorization and therefore they were out of compliance. This change has brought DHMC back into compliance with parity requirements as it has created a similar policy of authorizations for MH/SUD and M/S services.

HCPF remains compliant with all other aspects of mental health parity.

### **Availability of Information**

Based on the information collected, HCPF verified that the written policies of the RAEs and MCOs are compliant with both requirements for availability of information:

- Criteria for medical necessity determinations regarding MH/SUD benefits are made available to enrollees, potential enrollees, and contracting providers upon request.
- The reasons for any denial of reimbursement or payment for MH/SUD benefits are made available to the beneficiary.

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<sup>1</sup> [2021 MHPAEA Parity Report](#).

## External Quality Review Audit

Health Services Advisory Group (HSAG) performed the external quality review audit of the RAEs' and MCOs' policies and procedures in operation. In this year's audit, they determined the MCEs combined to successfully meet 1,440 applicable elements out of a total of 1,506, for a 96 percent compliance score.

The audit found limited instances where the RAEs did not follow their policies and procedures including:

- Denial determinations not sent within the required timeframes
- Inconsistent inclusion of American Society of Addiction Medicine (ASAM) level of care criteria dimensions within the notice letters. HCPF has shared the findings with the specific MCEs, which have addressed the issues.

During the audit, HSAG identified situations where notices were sent out that contained language that was not easy to understand for members. They are not parity concerns, but rather a best practice that the MCEs are responsible for meeting. HSAG notified the specific MCEs about the issue for process improvement.