NATIONAL ASSOCIATION OF PSYCHIATRIC HEALTH SYSTEMS
ADVOCATING FOR BEHAVIORAL HEALTH
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February 18, 2016

The Honorable Fred Upton
Chairman, House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Pitts
Chairman, Health Subcommittee
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 2051

Dear Chairman Upton and Mr. Pitts,

As an association representing behavioral healthcare provider organizations and professionals, the National Association of Psychiatric Health Systems (NAPHS) appreciates the opportunity to respond to your request for comments on Section 603 of the Public Law 114-74, the *Bipartisan Budget Act of 2015*.

Specifically, we want to comment on the inapplicability of the site-neutral payment policy for newly-acquired, provider-based, off-campus hospital outpatient departments (HOPD) after November 2, 2015, under the Medicare program with respect to partial hospitalization programs serving those with mental illnesses.

Partial hospitalization should be exempt from Section 603.

Partial hospitalization has long been a level of care offered by many hospitals across the country for patients with mental illnesses and substance use disorders. For example, in the most recent *NAPHS Annual Survey*, half (50.6%) of all NAPHS members responding offered psychiatric partial hospitalization services for their communities, and approximately one-fourth (26.3%) offered partial hospital addiction services. Throughout the years, these NAPHS members have been a stable group of providers working hard to meet a community need. Patients may use partial hospitalization either as a transition from a hospital program or as an alternative to inpatient care.

NAPHS has been a major proponent and supporter of the Medicare partial hospitalization benefit since the inception of the benefit in the late 1980s. In fact, NAPHS worked with Congress in crafting the legislation, which became the basis for this benefit. The original intent of the benefit was to provide Medicare beneficiaries with an alternative to inpatient psychiatric care that would allow patients to move more quickly out of the hospital to a less intensive, “step-down” program or that would prevent the need for hospitalization. Before the advent of this benefit, Medicare’s mental health benefit structure was limited to inpatient psychiatric hospital care or outpatient, office-based visits. The partial hospitalization benefit created, for a very vulnerable population, an important intermediate service between outpatient, office-based visits and inpatient psychiatric care. It remains a critical, cost-effective level of care for persons living with mental illnesses.

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Patients who meet the admission criteria for partial hospitalization services are in need of an intensive, highly structured day of therapeutic services. They receive at least three and usually four or more interdisciplinary professional services (either individual or group sessions) individualized to meet the goals of their specific treatment plan. The therapies are designed to provide a highly integrated approach to treatment, with each intervention supporting the overall needs of the patient. Patients typically attend the program four to five days a week for an episode of care that averages about 12 treatment days.

From the time the Hospital Outpatient Prospective Payment System (OPPS) was first implemented, Partial Hospitalization has been included in this payment system. We are very concerned that the new site-neutral payment policy could have major ramifications for the future viability of partial hospitalization services under Medicare.

Clearly, the intent of the site-neutral payment policy is for Medicare to not pay more for the same service based on the type of setting. **However, with respect to Partial Hospitalization, there is no comparable service provided in a physician office or any other setting. Also, there is no other appropriate payment mechanism other than the OPPS for this service.**

Therefore, without creating a whole new payment structure that currently does not exist, we believe there is no appropriate option other than keeping partial hospitalization – both current and new programs – under the OPPS.

Without partial hospitalization as an option, one could imagine even more patients in overcrowded emergency departments. There is much evidence that emergency department care is an inefficient and very expensive way to care for patients experiencing a mental health crisis.

Moreover, partial hospitalization also has been shown to have an impact on time to readmission. For example, in a report on *Medicare Psychiatric Patients & Readmissions in the Inpatient Psychiatric Facility Prospective Payment System*, The Moran Company noted that for patients receiving partial hospitalization services, time to readmission for these Medicare beneficiaries was 131 days (vs. 59 days for those who did not participate in this program between admissions).

We ask that Congress make a technical change to Section 603 to exempt partial hospitalization from this section of the law. At the minimum, Congress should direct the Centers for Medicare and Medicaid Services (CMS) to exempt Partial Hospitalization in its rulemaking process from the new site-neutral payment policy.

Without some change, inclusion of partial hospitalization in the site-neutral regulation will have the unintended consequence of undermining a statutory Medicare benefit that has been effective in reducing hospitalization and lowering the overall cost of caring for Medicare beneficiaries living with mental illnesses.

Thank you for your consideration of our request. If you need additional information or have any questions, please let me know.

Sincerely,

Mark Covall
President and CEO

cc: The Honorable Frank Pallone, Jr., Ranking Member
The Honorable Gene Green, Ranking Member, Subcommittee on Health