Federal EPSDT Coverage Policy: Implications for Medicaid Managed Care Policy and Practice

Sara Rosenbaum, J.D.
Colleen Sonosky, J.D.
Center for Health Services Research and Policy
GW School of Public Health and Health Services
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Study Purposes

- To assist HCFA conduct a Congressionally mandated study regarding the cost of EPSDT treatment services
- To consider EPSDT in a managed care context
EPSDT

- Special pediatric component of Medicaid for individuals under age 21
- Scope of coverage unprecedented in public or private insurance
- State legal obligations extensively set forth in statute, regulations, guidelines
- 35 years of “judicial gloss” underscoring preventive nature of the program
EPSDT (cont.)

- **Elements**
  - complete health care on periodic and interperiodic (as needed) basis
  - health assessments (screens) with minimum content requirements
  - vision, dental and hearing care
  - all medically necessary medical assistance, as defined in SSA sec. 1905(a) without regard to state plan limits ("EPSDT override")
  - pediatric (preventive) standard of medical necessity
Methods

• Review of state Medicaid plans
  – all states (1999)
  – covered services, amount duration and scope limits, medical necessity definitions

• Review of managed care contracts
  – 1998/1999 data base (39 general service agreements; 15 behavioral health agreements)
  – covered services, amount duration and scope limits, medical necessity definitions
Methods (cont)

- Determine level of managed care contractual coverage
- Assess coverage under state plans against federal EPSDT coverage standards to determine potential magnitude of EPSDT “override” in comparison to otherwise applicable state plan limits
Major Findings

• State plan reviews
  
  – State plans broadly drafted: difficult to measure extent of override except in cases in which an entire class of service is omitted (e.g., no dental services for adults)
Major Findings (cont.)

• State plan reviews
  – Difficult to tell whether classes of benefits were missing (e.g., physical therapy versus outpatient hospital department physical therapy)
  – Amount, duration and scope limits vaguely expressed
Major Findings (cont.)

- State plan reviews (cont.)
  - Effect of EPSDT medical necessity override on coverage in relation to normal state plan medical necessity standard impossible to gauge from state plan review
Major Findings (cont.)

• State plan reviews (cont.)
  – Wide variation in how states expressed the EPSDT override: effect on classes of coverage and on amount, duration and scope sometimes expressed in general terms and sometimes in relation to specific benefits
  – EPSDT medical necessity override not explained in state plan documents
Major Findings (cont.)

- State plan reviews (cont.)
  
  - No information in state plans regarding notification of additional benefits to families and providers. Actual accessibility of additional services unclear
Major Findings (cont.)

• Contract Reviews
  – 23/39 general service contracts specify full sec. 1905 coverage duties
  
  – Almost no contracts explained process for securing services not covered under state plan or what those services include
Major Findings (cont.)

- Contract Reviews
  - 16/39 general service contracts contained pediatric medical necessity standard
  - No behavioral health contract contained pediatric medical necessity standard
  - Most contracts gave state discretion to override contractor medical necessity determination
Conclusions

- Cost impact of EPSDT a function of broader classes of benefits, greater amount, duration and scope of benefits, and pediatric medical necessity standard
- Ambiguities in state plans regarding precise distinctions between federal EPSDT standard and state plan coverage levels make determining EPSDT impact for any particular state virtually impossible from state plan evidence alone
Conclusions (cont.)

- States routinely hold MCO contractors to full range of 1905(a) service obligations but frequently do not explain what this means.
- States sometimes but not always articulate a pediatric medical necessity standard for their contractors.
- States retain decision override authority, but unclear if exercised.
Conclusions

- Not clear if families and providers are apprised of broader EPSDT coverage
- Determining cost impact of EPSDT in relation to “standard” state plan coverage under either traditional Medicaid or managed care would require detailed analysis of actual coverage decision-making in individual cases
Other GW Sources on EPSDT and Managed Care

- 3rd Edition of *Negotiating the New Health System: A Nationwide Study of Medicaid Managed Care Contracts*
- Medicaid Pediatric Purchasing Specifications (Parts 1 and 1A)

*Negotiating* and the Purchasing Specifications are available at [www.gwu.edu/~chsrp](http://www.gwu.edu/~chsrp)
GW Contacts

• Sara Rosenbaum, JD
  (202) 530-2343
  ihosxr@gwumc.edu

• Colleen Sonosky, JD
  (202) 530-2305
  colleens@gwu.edu