



THE STATE OF THE COMMUNITY BEHAVIORAL HEALTH SYSTEM
COVID Pandemic Impact plus Chronic Underfunding
March 2021

PROBLEM STATEMENT

Chronically low Medicaid rates exacerbated by COVID pandemic costs and lost revenue have left community behavioral health agencies in crisis, struggling to recruit and retain an essential workforce and maintain treatment access and capacity. In the past year we have seen the community behavioral health workforce shrink by 11%; at least eight treatment facilities and branch clinics have closed, as listed below.

THREE WAYS THE LEGISLATURE CAN HELP

Medicaid Rate Increase

- In the biennial budget, a Medicaid rate increase of 7% for rates paid to behavioral health agencies (BHA) to support competitive salaries and stabilize system capacity

Infusion of COVID Stabilization Funds

- Immediate COVID stabilization stipend to BHAs to address COVID costs and related loss of revenue
- Proactive guidance to ensure an equitable share of any new federal COVID relief funds are directed to community behavioral health agencies

Retroactive COVID Medicaid Rate Increase

- Like other health and long-term care providers, a temporary COVID rate adjustment retroactive to the start of the pandemic to acknowledge pandemic-related higher costs and lower utilization

SUPPORTING DATA

The Washington Council for Behavioral Health conducted a survey of member behavioral health agencies (BHA) to collect data on the current system status; results are summarized below. We received 20 completed responses from across the state, representing a mix of large and small, rural and urban providers, single site and multi-region providers. All regions except North Central are represented.

COVID PANDEMIC IMPACT

COVID-related Expenses

- Members report total unreimbursed expenses¹ from 2/1/2020 – 1/31/21 **ranging from \$10,000 to \$4,143,600**
 - Median annual expense = \$62,688
 - Mean annual expense = \$598,920
- Members report continuing monthly unreimbursed expenses² **ranging between \$500/month and \$76,380/month**
 - Median monthly expense = \$13,413/mo
 - Mean monthly expense = \$20,343/mo

¹ Year One unreimbursed COVID expenses (include telehealth licensing fees, technology equipment [laptops, tablets, cell phones, headsets, videocams] data and Wi-Fi, PPE, wall and handheld thermometers, sanitation equipment and supplies, facility retrofitting, hazard pay)

² Continuing monthly unreimbursed COVID expense (all of the above with the exception of one-time facility retrofitting costs and major equipment purchases)

Reductions in Provider Revenue

- Not only have BHAs experienced new one-time and recurring COVID-related expenses (with no related rate adjustments or state relief); they have also **experienced dramatic revenue losses**.
- Members providing **outpatient treatment services report 17% declines in monthly revenue** compared to pre-COVID levels; these services are the bedrock of the community behavioral health system, which can reduce hospitalizations and involvement in the criminal justice system.
- Reduced census levels for 24/7 bed-based programs have resulted in **monthly revenue losses averaging \$244,791/mo** and ranging from \$22,205/mo to \$640,000/mo.

Impact on Treatment Beds

Members operating 24/7 bed-based programs (Evaluation and Treatment (E&T), residential treatment facility, crisis stabilization, secure withdrawal management) have reduced occupancy to accommodate social distancing, isolation and/or quarantine requirements, and/or insufficient staffing.

- **Pre-COVID average census was 88%.**
- **COVID average census is 65%, a reduction in capacity of 26%.**

Lost Access and System Capacity

- **Overall behavioral health agency capacity is shrinking**, with FTEs **decreasing by an average 11%** between January 2020 and January 2021 and ranging between 2% and 18%.
- **Fewer clients are being served** in outpatient and non-residential treatment settings; number of clients served per month **decreased by an average of 11%** during COVID; range was 3% to 34%.
- **Treatment sites have closed** – sampling of programs, facilities and clinic sites that have closed:

Type of closure	Impact of closure	Location
Children’s Outpatient Services Clinic	Served 400 youth	South King County
Rural Outpatient Clinic	Rural community lost access	North Sound
Youth Inpatient E & T	Lost all 10 beds	Kitsap County
Closed beds in Residential Treatment Facility	Lost 15 beds	Pierce County
CLIP Beds Taken Offline	Loss of children’s beds	Pierce & King County
Geriatric Psych Beds Taken Offline	Lost geriatric specialty beds	Pierce County
Outpatient Branch Clinic Closed	11 clinicians and services	Pierce County
Day Treatment Program Closed	Loss of program	Kitsap & Yakima County

CHRONICALLY LOW MEDICAID RATES: IMPACT ON CARE AND CAPACITY

Current Staff Vacancy Rate: Average is 13%.

Current Annual Staff Turnover Rate: MA level clinical staff average is 28%; all staff average is 32%.

Time to fill Critical Staff Positions: Average of 5 months with a low of 1.5 months and a high of 9 months

Downward Spiral: These three key metrics reflect the challenge of trying to operate with chronically low and unsustainable Medicaid rates. BHAs are unable to fill budgeted positions for which state resources have been appropriated. Access is delayed, and people do not receive vital treatment in the needed frequency or intensity. With fewer services delivered, future actuarial reviews show lower utilization; provider rates are cut, and the downward spiral begins and continues.

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