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Health and Human
Services

In-Lieu-Of Services

Office of Policy

Medicaid & CHIP Services

Background on In-Lieu-of Services (ILOS)

- States can allow MCOs to offer medically appropriate, cost-effective ILOS in place of a covered Medicaid state plan service or setting.
 - Federal authority: 42 CFR §438.3(e)(2)
- Must be voluntary for the MCO to provide and voluntary for the enrollee to use
- Utilization and actual cost must be taken into account in developing the component of the capitation rates that represents the covered State plan services.



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Senate Bill 1177 (86R, 2019)

SB 1177 requires HHSC to amend MCO contracts to allow MCOs to offer medically appropriate, cost-effective services approved by the State Medicaid Managed Care Advisory Committee in lieu of mental health or substance use disorder (SUD) services specified in the Texas Medicaid State Plan



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HHSC separated the list from SMMCAC into three groups:

- Phase 1: services in lieu of inpatient services
- Phase 2: services in lieu of outpatient services
- Phase 3: services in need of further consideration

SB 1177

- HHSC moved forward with implementing:
 - Partial Hospitalization
 - Intensive Outpatient
 - Coordinated Specialty Care (CSC) services
- HHSC continues to work with CMS on implementing the remaining services.



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UMCM 16.3

- Defines the new ILOS and outlines provider qualifications
- Clarifies existing requirements and adds new requirements for MCOs to offer behavioral health (BH) ILOS
- Prohibits outpatient ILOS in place of inpatient hospitalization services for members who are at immediate risk of harming themselves or others
- For the three new ILOS, prohibits MCOs from covering meals and transportation, room and board, and services to members receiving inpatient services, including IMDs.



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Partial Hospitalization

- Provides a day program of *outpatient* BH services for at least 20 hours per week and resembles highly structured, short-term hospital inpatient programs.
- Providers include hospital outpatient departments and clinic/group practices with a multidisciplinary team under the direction of a physician.
- Outpatient SUD treatment services may only be delivered in a licensed Chemical Dependency Treatment Facility (CDTF).



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Intensive Outpatient Services

- Organized non-residential services providing structured group and individual therapy, educational services, and life skills training which consists of at least 10 hours per week for four to 12 weeks, but less than 24 hours per day
 - Used to treat BH conditions that do not require withdrawal management or 24-hour supervision.
- Providers include hospital outpatient departments and clinic/group practices.
 - Provided under the direction of a clinical director who is responsible for the programming requirements.
- Outpatient SUD treatment services may only be delivered in a licensed CDTF.



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CSC Services

- Designed to meet the needs of persons (15-30) with an early onset of psychosis within the past two years and who live in the service area of a CSC provider.
- MCOs must follow the Texas Resilience and Recovery Utilization Management Guidelines for level of care for early onset psychosis (LOC-EO).
- Providers are LMHAs/LBHAs and part of the Advancing an Early Psychosis Intervention Network in Texas (EPINET-TX) regional network.



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MCO Requirements

- Document member choice (or require providers to document)
- Educate providers and members about the availability
- Ensure no duplication of services or payment
- Follow service authorization notice requirements described in UMCM 3.21 when in-lieu-of services are reduced or denied.
- Include ILOS claims in Encounter Data and report expenses for ILOS in Part 4 and Part 5 of the Financial Statistical Reports.
- Have clinical guidelines in place for the medical appropriateness and utilization management processes
- Develop and provide HHSC with an operational plan that describes how the MCO will operationalize ILOS prior to implementation



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Operational Plan

Develop and maintain an operational plan that describes how the MCO will operationalize in-lieu-of services prior to implementation

- MCOs must submit the operation plans 60 days in advance of the intended implementation date.
- The operational plan must include the clinical guidelines for medical appropriateness and utilization management processes
- If a state plan service is bundled in one of the ILOS, MCOs must provide that service in at least the same amount, duration and scope as outlined in Texas Medicaid Provider Procedures Manual for that service.



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Operational Plan cont..

- **The operational plan must include descriptions of how MCOs will:**
 - Ensure providers meet the provider qualifications
 - Ensure that the ILOS meet the requirements in the new UMCM chapter
 - Educate members and providers about the availability
 - Notify members that they are eligible
 - Allow members or providers to request ILOS
 - Document the member's choice
 - Transition members between inpatient hospitalization and outpatient ILOS
 - Use service coordination to offer ILOS

New CMS Guidance - January 4, 2023

- Clarifies and adds requirements, including new reporting requirements to CMS.
- Six principles for ILOS:
 1. Advance the objectives of the Medicaid program
 2. Be cost effective;
 3. Be medically appropriate;
 4. Be provided in a manner that preserves enrollee rights and protections;
 5. Be subject to appropriate monitoring and oversight; and
 6. Be subject to retrospective evaluation, when applicable.
- HHSC is analyzing the impacts of this new guidance on the implementation of SB 1177.



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Thank you

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