

COORDINATED SPECIALTY CARE FOR FIRST EPISODE PSYCHOSIS

What insurers & providers in Massachusetts need to know

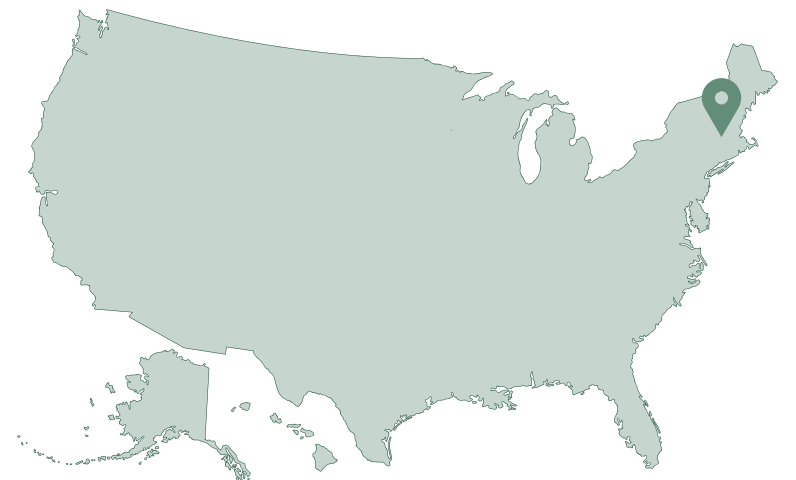
Recent updates in billing codes for Coordinated Specialty Care (CSC) have changed the way that clinics are reimbursed for these services. This fact sheet provides a summary of these changes along with an overview of key information for local insurers and CSC service providers.

Where it started

- **2008** - The Recovery After an Initial Schizophrenia Episode (RAISE) trial established CSC as the best practice for first-episode psychosis. However, CSC was not “covered” by insurance. Teams could file claims for reimbursement on a fee-for-service basis, but key components were not paid for by insurance.
- **2014** - A 5% mental health block grant set-aside was established by federal legislation. This helped the Massachusetts DMH to assist some programs with the additional services, but the amount shared across various programs still did not allow for all programs to supply all services. Larger organizations, like hospitals, could cover some parts of CSC through other mechanisms including grants.
- **2017** - The federal set-aside was increased to 10%. The MA Psychosis Network for Early Treatment (MAPNET) was founded to provide technical assistance to CSC programs, including ongoing fidelity monitoring and training in evidence-based practices.

Expanding payment – National efforts

- **2020** - A Payment Decision Support Tool for Coordinated Specialty Care was developed by Lisa Dixon & Yuhua Bao to determine a team based rate for CSC.
- **2020** - The Meadows Institute issued [a white paper](#) suggesting a billing code.
- **2020** - The National Association of State Mental Health Program Directors (NASMHPD) Finance Workgroup met monthly with stakeholders from many states through [PEPPNET](#) to discuss issues related to CSC payment.
- **2023** - PEPPNET succeeded in getting a HCPCS code approved through CMS for a team-based monthly & encounter rate for CSC.
- **2023** - Massachusetts contracted with the NASMHD Research Institute (NRI) to research and establish an equitable team-based rate for CSC in Massachusetts.



Where it stands

- **Massachusetts has established a payment rate** to be used for reimbursement via the two new HCPCS [Medicare/Medicaid] codes and/or for implementation of legislation (see Page 2). These rates may be adjusted in the future to account for changing costs.
- **Massachusetts has a process to “certify” CSC teams** who qualify for these rates using a state-specific fidelity measure (adapted from [Addington 2021](#)).
- **Legislation is pending** in Massachusetts ([H989/S610](#)) that would require commercial insurance to cover CSC. Similar legislation passed in Illinois in 2019.
- **Massachusetts state parity law** requires all medically necessary treatments be covered by commercial insurance. The Kennedy Forum, a leading authority on parity in the US, asserts that not covering CSC is a parity violation under federal law.

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What is CSC & why does it have its own billing code?

- CSC is recognized by the federal government ([SAMHSA](#)) as the leading evidence-based treatment for first-episode psychosis
- CSC is a team-based model that supports recovery & prevents recurrence of psychosis
- The full costs of CSC teams are not reimbursed by office-based fee schedules and coding, which led CMS to develop two specialized team-based billing codes for these services in 2023.

H2040 billed per month

H2041 billed per encounter

The Centers for Medicare and Medicaid (CMS) approved two HCPCS billing codes for CSC for use effective October 1, 2023

What components are covered by the CSC rate?



The following components are covered by the CSC rate in MA:

- Team Leadership & Coordination
- Individual Psychotherapy
- Medication Management & Health Promotion
- Family Support & Education
- Rehabilitative Education & Employment Supports
- Case Management & Care Coordination
- Peer Support Services

How much does CSC cost?

- CSC is relatively inexpensive due to the low incidence of psychosis, and cost-effective due to reductions in emergency service use
- In 2023, the MA Department of Mental Health worked with the NASMHPD Research Institute to develop team-based monthly and per-encounter rates using real CSC costs in MA
- These rates account for additional limitations imposed on hospitals by Medicare & Medicaid on the types of reimbursable services allowed



\$0.16

estimated increase to monthly premiums, assuming maximum CSC service use ([Shern 2020](#))

Recommended CSC payment rates in MA

Community Outpatient Clinics (by clinic size)		Hospital-Based Teams
\$1,886 Monthly (<40 clients)	\$1,926 Monthly (≥40 clients)	\$792 Monthly Rate
\$164 Encounter (<40 clients)	\$157 Encounter (≥40 clients)	\$270 Encounter Rate

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