

Summary: Baby Watch Feasibility Study for Billing Private Insurance

Background

In 2017, the Baby Watch Early Intervention Program (BWEIP) underwent a performance audit conducted by the Office of the Legislative Auditor General. One of the recommendations from this audit was that the Division of Family Health and Preparedness, now the Division of Family Health (DFH) in the Department of Health and Human Services, develop and implement a plan to improve funding for BWEIP. In response, the Public Consulting Group (PCG) was selected following a competitive solicitation to conduct: (1) a cost and rate benefit analysis (completed in July 2021) and, (2) a feasibility study looking at the costs and benefits of billing private insurance for early intervention services.

Analysis

The feasibility study commenced in October 2022 and was completed in July 2023. During this time, PCG met regularly with BWEIP and DFH staff, as well as other stakeholders. The study examined the benefits of billing private insurance for early intervention services by exploring and analyzing the following questions.

1. What are the anticipated costs and potential revenue associated with BWEIP billing private health insurance plans in Utah for EI services?
2. What are the requirements in order for the BWEIP team to submit claims to private health insurance plans?
3. What are the necessary business process steps BWEIP would need to implement fee-for-service (FFS) claiming?
4. How would BWEIP be impacted if the program were also to bill the federal Medicaid program on an FFS basis?
5. What would be the return on investment (ROI) for BWEIP to implement the two financing approaches noted above, namely potentially utilizing private health insurance billing and Medicaid FFS?

To answer these questions, key aspects were studied in this analysis, including:

- Billing private health insurance companies
- Evaluating the impact of billing fee-for-service to private health insurance and Medicaid
- Establishing an in-house billing department
- Unbundling the current Medicaid and CHIP rates
- Modifying the existing funding formula to align with a fee-for-service model and private insurance billing

PCG provided a national snapshot of private insurance in early intervention, including state funding structures (IDEA Infant and Toddler Coordinators Association 2021, 2023).

- 31 states and territories reported billing private health insurance
- 12 states reported they have insurance legislation and one state said they are considering adding statutory language.
- Seven states indicated that early intervention services are included in their state's definition of essential benefits under the Affordable Care Act.
- 15 states indicated there was no cap on the amount the insurance company would pay on an annual basis. One state's cap was \$5,000 and the other state's cap was \$7,838

As part of their analysis, PCG initiated engagement with the nine largest Utah private insurance companies. PCG received responses from five companies, and four private insurance companies agreed to meet. Of the four private insurers, only three (SelectHealth, University of Utah Health Plans, and PEHP) shared their rate schedules by CPT code, allowing PCG to make the most accurate revenue estimations as possible.

PCG identified system implementation considerations, including benefits, risks, and challenges for the following:

- Bundled Rate Billing
- Fee-for-Service Billing
- Fee-for-Service Provider Reimbursement Models
- System Management
- Legislative Mandate

PCG summarized projected revenue, costs, and return on investment based on a series of assumptions from PCG's own experience, research conducted throughout this project, and consultation with Utah Medicaid and private health insurance representatives.

Findings

PCG concluded that if DHHS and BWEIP leadership were to pursue private health insurance billing, the most cost-effective of all available options would be centralizing the billing processes at the state level, and procuring a contractor with specialized tools and expertise in EI billing. PCG also noted that pursuing this approach would require a significant upfront investment by DHHS and BWEIP, as well as important legislative and administrative policy changes to support a fundamental shift in BWEIP's programmatic financing and operations.