

COMMONWEALTH OF MASSACHUSETTS

MANDATED BENEFIT REVIEW

REVIEW AND EVALUATION OF PROPOSED LEGISLATION

RELATED TO MARRIAGE AND FAMILY THERAPY:

SENATE BILL NO. 911 AND HOUSE BILL NO. 2822

**PROVIDED FOR:
THE JOINT COMMITTEE ON INSURANCE**

**DIVISION OF HEALTH CARE FINANCE AND POLICY
COMMONWEALTH OF MASSACHUSETTS
JANUARY 2005**

EXECUTIVE SUMMARY

This report was prepared by the Division of Health Care Finance and Policy (DHCFP) pursuant to the provisions of M.G.L. c. 3, § 38C. This section requires the Division to evaluate the impact of a mandated benefit bill referred by legislative committee for review, and to report back to the referring committee. The Division was requested to evaluate companion bills S. 911 and H. 2822, which would add marriage and family therapists (MFT) to the definition of licensed mental health professional. If an insurer includes coverage for services by licensed mental health professionals, the proposed bill would require them to cover services by marriage and family therapists. Therefore, the bill adds a group of providers to a definition; it does not require an insurer to reimburse for an additional service if that insurer does not otherwise cover the services provided by licensed mental health professionals.

Marriage and family therapy is recognized by the National Institutes of Mental Health and the Health Resources Services Administration as a "core" mental health profession. Marriage and family therapists have a graduate degree (master's or doctoral) and at least two years of clinical experience.

A survey of large Massachusetts insurers showed that all insurers except one already contract with and cover the services of marital and family therapists. Moreover, that one insurer is in the process of negotiating with its professional organization to cover these services; it already covers marriage and family *therapy* when offered by other licensed mental health professionals.

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OVERVIEW OF PROPOSED LEGISLATION

Proposed companion bills S. 911 and H. 2822, respectively entitled *An Act Relative to Increasing Consumer Access to Licensed Marriage and Family Therapists* and *An Act Relative to Increasing Consumer Access to Therapy*, would both add a “licensed marriage and family therapist” (LMFT) to the definition of a “licensed mental health professional.” Currently, a “licensed mental health professional” means a licensed psychiatrist, a licensed psychologist, a licensed independent clinical social worker (LICSW), a licensed mental health counselor (LMHC), and a licensed nurse mental health clinical specialist. The proposed legislation would apply to non-profit hospital service corporations, medical service corporations, and health maintenance organization plans. The bills would not apply to MassHealth.

The proposed legislation would not require insurers to cover the services provided by marriage and family therapists per se; however, it would require insurers who cover services that are rendered by a “licensed mental health professional” to expand their definition of such professionals to include marriage and family therapists.

INTRODUCTION

The Joint Committee on Insurance referred proposed companion bills S. 911 and H. 2822 to DHCFP for review and evaluation.

BACKGROUND OF ISSUE AND CURRENT LAW

According to the American Association for Marriage and Family Therapy (AAMFT), marriage and family therapy means, “the diagnosis and treatment of mental and emotional disorders within the context of marital and family systems.” LMFTs have graduate training (a master's or doctoral degree) in marriage and family therapy. After graduation from an accredited program, a period of post-degree supervised clinical experience—usually two years—is necessary before licensure or certification. When the supervision period is completed, the therapist can take a state licensing exam or the national examination for marriage and family therapists conducted by the AAMFT Regulatory Boards. This exam is used as a licensure requirement in most states. According to the American Association of Marriage and Family Therapists, “The regulatory requirements in most states are substantially equivalent to the American Association of Marriage and Family Therapists Clinical Membership standards.”¹

Marriage and family therapy is recognized by the National Institutes of Mental Health and the Health Resources Services Administration as a “core” mental health profession along with psychiatry, psychology, social work, and psychiatric nursing.

The AAMFT states that LMFTs typically practice short term therapy: 12 sessions on average. They also state that “nearly 65.6% of the cases are completed within 20 sessions, and 87.9% within 50 sessions” and that “marital/couples therapy (11.5 sessions) and family therapy (9 sessions) both require less time than the average individuated treatment (13 sessions).”

In Massachusetts, the Board of Registration of Allied Mental Health Professions licenses marriage and family therapists to practice in the state (in addition to licensing mental health counselors, rehabilitation

counselors, and educational psychologists). Marriage and family therapists must renew their license every two years. Currently, there are 841 marriage and family therapists licensed to practice in Massachusetts. Marriage and family therapists are licensed, and their services regulated, in 42 states.

ORGANIZATIONS THAT SUBMITTED INFORMATION TO DHCFP

Five health insurers in Massachusetts responded to DHCFP’s inquiries regarding their current coverage of marriage and family therapists.

CURRENT COVERAGE LEVELS

Four out of the five insurers that responded to our survey reported that they already cover counseling by marriage and family therapists. The insurer that does not cover treatment by marriage and family therapists is currently negotiating with that provider group to expand coverage to them.

TABLE 1. CURRENT COVERAGE FOR MARRIAGE AND FAMILY THERAPISTS

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Coverage for treatment by LMFT?	Yes	Yes	Yes	Yes	No; provides coverage for LMFT services performed by psychologist, LICSW, psychiatrist, mental health clinical nurse specialist, or an LMHC
Provider group included in standard benefits?	Yes	Yes	Yes	LMFTs are credentialed & able to provide services. Utilization by LMFTs & LMHCs cannot be separated, so data reported is combined.	No; but coverage for LMFT services is available to members when rendered by other providers
# / sessions reimbursed for such therapy in 2003	2043 sessions; 274 members	128 sessions; 34 members*	1,089 sessions; 459 members	47,513 sessions; 9,549 members	N/A
Comparable figures for licensed psychologists	152,966 sessions; 18,499 members	23,955 sessions; 5,460 members	285 sessions; 98 members	23,826 sessions; 5,385 members	43,504 sessions; 6,615 members
Licensed independent clinical social workers	171,654 sessions; 21,760 members	19,368 sessions; 4,553 members	128 sessions; 60 members	89,044 sessions; 16,762 members	30,058 sessions; 4,590 members

*undercounts utilization; represents billing only by LMFTs in solo practice.

COST OF MARRIAGE AND FAMILY THERAPY

Insurers reported varying reimbursements and session lengths for treatment by marriage and family therapists. One insurer reported that it reimburses \$58 - \$64 for 45-50 minutes; a second reported paying \$64 with no time component specified; a third reported that it reimburses \$25-\$35 for family sessions lasting 30-60 minutes; and the final one reimburses \$30 for 20-30 minutes of individual therapy, and up to \$65 for other types of therapy or longer individual sessions.

As a comparison, the Division also asked insurers what their reimbursement rates were for licensed psychologists and licensed clinical social workers. Treatment from social workers seems to be reimbursed at the same rates as for marriage and family therapists, while treatment by licensed psychologists costs insurers an additional \$5 to \$10 per session, on average.

FINANCIAL IMPACT

1. *The extent to which the proposed insurance coverage would increase or decrease the cost of the treatment or service over the next 5 years.*

As previously stated, the proposed bills do not mandate coverage for marriage and family therapists. Instead, they add this category of practitioner to the definition of “licensed mental health professional.” The proposed legislation would likely have no effect on the unit cost of treatment by marriage and family therapists, but would perhaps lower overall costs for the one insurer that does not currently cover this provider group. The American Association for Marriage and Family Therapy argues that, in general, marital and family therapists save insurers money compared to the services of other mental health professionals.

There are four main reasons proponents contend that LMFTs can save money:

- A. Marriage and family therapists are trained in “brief, solution-focused therapy,”² although they understand that longer therapy may be necessary for more complex problems. The AAMFT states that the average number of sessions for LMFTs is lower than the average number for other mental health professionals.
- B. Marriage and family therapists typically have a master’s degree-level education (although some have doctoral degrees); therefore, the average charge for each therapy session is lower than that with psychologists or psychiatrists, who have doctoral degrees. This can reduce the overall cost of treatment if the number of treatments per episode doesn’t exceed those of a psychologist or psychiatrist.
- C. Proponents also argue that there is an “offset effect” for therapy in general, including marriage and family therapy, by which many people who seek and use therapy, in turn, need fewer medical services. An article in the *Journal of Marital and Family Therapy* reported that “those who received marital and family therapy significantly reduced their use of health care services by 21.5%. These results show a significant ‘offset effect’ for marriage and family therapy.”³ However, the report states that the results should be “interpreted with caution since only outpatient records were examined, information about the subjects was limited, and results need corroboration.” Moreover, this study concerned those who received marital and family therapy, which does not necessarily have to be delivered by marriage and family *therapists*.

D. Finally, proponents argue that many of those using marriage and family therapists visit the therapist as a family unit, instead of individually, like most people who see psychologists or psychiatrists. This might save money by reducing the overall number of visits individual family members make to a therapist.

Other states have studied the question of cost effectiveness of marital and family therapists, and their findings are summarized as follows:

A report published by the Texas Dept of Insurance in December 1998 reported that, having collected mandate claims costs and premium information from Texas insurers and HMOs since 1989, claims from marriage and family therapists added an imperceptible cost, if any, to the average group health insurance premium in both 1995 and 1996.

In North Carolina, a Legislative Actuarial Note that analyzed reimbursement for LMFTs for teachers' and state employees' comprehensive major medical plan stated that, "the bill will not measurably increase the costs to the Plan. Any increases in costs through expanded utilization of services would be expected to be offset through lower professional and institutional unit costs."

In April 2001, California completed an analysis to determine costs if marriage and family therapists were to become a covered provider group under Medi-Cal (Medicaid). This analysis found net minor costs to Medi-Cal (under \$150,000), partially due to off-setting savings from those patients who switched from a psychiatrist or psychologist to an LMFT. (This assumes that the reimbursement rate for LMFTs would be lower than that paid to psychiatrists or psychologists.)

In March 2000, Virginia completed a survey of marriage and family therapist coverage among insurers doing business in Virginia. Of the 27 insurers that did business in Virginia, three stated that they already covered this provider group in their standard benefit package, while three others said that they provided such coverage in group, but not individual, policies. This survey's findings of insurers' self-reported costs exceeded the cost experiences of the states' cited above.

TABLE 2: COST FIGURES PROVIDED BY VIRGINIA SURVEY RESPONDENTS THAT COVERED LMFTS

<i>Type of Coverage</i>	<i>Cost Per Member Per Month</i>
Standard Individual Policy	Between \$.11 and \$.99
Standard Group Policy	Between \$.10 and \$1.49
Coverage on optional basis – Standard Individual Policy	Between \$.11 and \$1.98
Coverage on group basis – Standard Group Policy	Between \$.11 and \$2.98

2. *The extent to which the proposed coverage might increase the appropriate or inappropriate use of the treatment or service over the next 5 years.*

All but one of the Massachusetts insurers responding to our inquiry reported that they already cover therapy services by marriage and family therapists; therefore, it is unlikely that this proposed legislation will noticeably affect the use of these providers. The one that does not specifically cover marriage and family therapists is currently negotiating to cover this group.

- 3. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.*

Four out of the five insurers responding to the Division's inquiries regarding coverage of marriage and family therapists responded that they already cover these providers. The other insurer covers marriage and family therapy performed by other types of providers. Therefore, for the one insurer that would be required to cover marriage and family therapists, this proposed legislation could reduce its costs if its members who currently see psychologists for marital and family therapy seek treatment by marriage and family therapists, instead (if, as the other insurers reported, the reimbursement for marriage and family therapists is lower than that for psychologists).

- 4. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next 5 years.*

The enactment of S. 911 and H. 2822 would be expected to have a minimum effect on the number of LMFTs in Massachusetts, as this mandate would only affect one insurer, albeit a large one. Currently there are 841 marriage and family therapists licensed to practice in Massachusetts.

- 5. The effects of the mandated benefit on the cost of health care, particularly the premium; administrative expenses; and indirect costs of large and small employers, employees, and non-group purchasers.*

Since all the major insurers in Massachusetts, except one, currently cover this class of provider, credentialing and contracting costs would only be incurred by one insurer. After that one-time-only expense, that insurer may save money if its members use these lower-cost providers instead of higher-cost psychologists.

- 6. The potential benefits and savings to large and small employers, employees, and non-group purchasers.*

Passage of this mandate would make almost no difference to employers, employees or non-group purchasers. The majority of commercially insured Massachusetts residents already have access to this provider group in their insurance coverage.

- 7. The effect of the proposed mandate on cost-shifting between private and public payers of health care coverage.*

The proposed mandate would only apply to private, fully insured, health insurance plans, not public plans; Medicaid generally does not cover these providers. A cost-shifting from public to private payers of health care coverage would not be expected.

- 8. The cost to health care consumers of not mandating the benefit in terms of out-of-pocket costs for treatment or delayed treatment.*

Four out of five Massachusetts plans already cover LMFTs. Most likely, members of the plan that does not cover this type of provider would now seek counseling from one of the other commonly

covered mental health providers. If, instead, that member chose an LMFT for treatment, the member would pay for those services out of pocket. It is unlikely that the member would delay treatment due to lack of LMFT coverage, since other approved provider groups are available to provide similar services.

9. The effect on the overall cost of the health care delivery system in the Commonwealth.

Mandating coverage for LMFTs would mean additional credentialing and contracting activities on the part of the one large plan that does not already contract with LMFTs. All other plans would notice no difference in costs.

LEGISLATIVE ACTIVITY IN OTHER STATES AND ON THE FEDERAL LEVEL

Approximately 12 states require insurers to cover counseling by marriage and family therapists and one state (Maine) requires that insurers offer the choice of purchasing such coverage (and allows them to charge more for a package with the benefit). The states requiring coverage are Alaska, California, Colorado, Connecticut, Maryland, Nevada, New Hampshire, North Carolina, Rhode Island, Texas, Virginia, and Washington.⁴

There has not been any activity related to marriage and family therapists on the federal level.

ACTUARIAL ANALYSIS

DHCFP concluded that an independent actuarial analysis of this mandate proposal was not necessary, since the cost of implementing this proposal would only accrue to one insurer and would be negligible except for contracting and credentialing costs. Moreover, this insurer is in the process of negotiating coverage with this provider group.

ENDNOTES

¹ AAMFT website at www.aamft.org

² American Association for Marriage and Family Therapy, "Direct Reimbursement of Marriage and Family Therapists: An Overview."

³ Law, D.D. & Crane, R.C. (2000), "The Influence of Marital and Family Therapy on Health Care Utilization in a Health Maintenance Organization," *Journal of Marital and Family Therapy*, 26, No. 26, 281-291.

⁴ National Association of Insurance Commissioners, May 2004 Compendium of State Laws on Insurance Topics.



January 26, 2005

Maria Schiff
Health Policy Manager
Massachusetts Division of Health Care Finance and Policy
Two Boylston Street
Boston, MA 02116

Dear Ms. Schiff:

The Massachusetts Association of Health Plans, on behalf of our member health plans, which provide health care coverage to approximately 2.2 million Massachusetts residents, appreciates the opportunity to offer our comments as part of the mandate review process concerning proposed HB 2822 and SB 911 which would mandate coverage for licensed marriage and family therapists.

As our plans have indicated in their responses to your survey, most health plans do provide coverage of licensed marriage and family therapists. It is therefore unnecessary for the Legislature to mandate this coverage.

On the broader issue of mandates, we do not see why a one-size-fits-all-treatment mandate is needed, when there is little evidence that persons are being denied adequate coverage. In general, MAHP opposes mandates because mandating health care benefits removes the flexibility employers need in order to manage their health care costs and can lead to significant increases in the cost of coverage. Massachusetts currently has 27 mandated health benefit laws, among the most of any state in the country. Nearly half of these mandates were enacted over the last five years, often with little or no analysis of their impact on premiums or clinical appropriateness. While any one mandate may not significantly increase the cost of coverage, the cumulative effect over time of piling mandate on top of mandate can and does affect cost. Fortunately, we now have this process whereby mandates can be properly reviewed before the Legislature acts.

The cumulative effect of mandated benefit laws passed in recent years has caused health insurance premiums to rise substantially. In its January 2002 report, the Massachusetts Health Care Task Force found that mandates enacted by the Massachusetts Legislature have significantly contributed to the rising cost of health insurance. The Task Force report went on to state that "To avoid losing private sector coverage in the face of cost increases, flexibility in design is needed."

Please let me know if you have any questions or if there is any other information we can provide.

Sincerely Yours,

A handwritten signature in cursive script that reads "Marylou Buyse, M.D.".

Marylou Buyse, M.D.
President