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Division of Health Care
Finance and Policy

Mandated Benefit Review

Review And Evaluation Of Proposed Legislation Related to Marriage and Family Therapy: House Bill No. 295

Provided for: The Joint Committee On Financial Services

August 2012

DIVISION OF
Health Care
Finance and Policy

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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 bill H. 295, 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 already contract with and cover the services of marital and family therapists. Therefore, the proposed legislation would likely have no effect on the unit cost of treatment by marriage and family therapists.

Overview of Proposed Legislation

Proposed bill H.295, entitled An Act Relative to Increasing Consumer Access to Licensed Marriage and Family Therapy, would 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 bill would not apply to MassHealth.

The proposed legislation 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.

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: "Research shows that the median length is 12 sessions, with 65% of cases completed within 20 sessions. Though length of therapy differs from case to case, marriage and family therapy tends to be briefer than many other types of therapy."[2]

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. Marriage and family therapists are licensed, and their services regulated, in all 50 states.

1 http://www.aamft.org/imis15/content/Consumer_Updates/Marriage_and_Family_Therapists.aspx. Accessed 6/14/12.

2 AAMFT website at www.aamft.org

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: Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts, United Health Care, and Fallon. Together they represent over three quarters of the private health care market.

Current Coverage Levels

All five insurers that responded to our survey reported that they already cover counseling by licensed marriage and family therapists, and that the provider groups are already included among standard benefits.

Table 1. Current Coverage for Marriage and Family Therapists

	Plan 1	Plan 2	Plan 3	Plan 4*	Plan 5
Number of sessions; claimants reimbursed for LMFT sessions in FY 2011	27,814 sessions; 4,492 members	23,275; 2,732	2,079; 279	8,300; 1,500	165; 48
Comparable figures for licensed psychologists	212,383 sessions; 33,491 members	470,914; 47,957	81,834; 8,532	63,300; 9,800	110; 38
Licensed independent clinical social workers	318,216 sessions; 46,368 members	361,799; 32,021	99,338; 9,941	93,000; 14,000	1,679; 612
Cost; duration of average session	$60-$70; 45-55 minutes	$72.75; 45-50	$80-$148; 50-60	$60-$70; 45-55	$35.40; N/A
Comparable figures for licensed psychologists	$70-80; 45-55 minutes	$90.81; 45-50	$100-$176; 50-60	$70-$80; 45-55	$40.32; N/A
Licensed independent clinical social workers	$60-$70; 45-55 minutes	$72.75; 45-50	$80-$148; 50-60	$60-$70; 45-55	$35.02; N/A

*Number of sessions and claimants were rounded by the payer before being reported to the Division.

Cost of Marriage and Family Therapy

Insurers reported varying reimbursements and session lengths for treatment by marriage and family therapists. 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 and all Masters-level clinicians, while treatment by licensed psychologists costs insurers an additional $5 to $20 per session. One insurer reported reimbursing at slightly higher rates for non-contracted clinicians.

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. 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:

   - Marriage and family therapists are trained in "brief, solution-focused therapy,"[3] 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.
   - 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.

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

- 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."[4] 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*.
- 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.

4 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.

Table 2: Cost Figures Provided by Virginia Survey Respondents that Covered LMFTs

Type of Coverage	*Cost Per Member Per Month*
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 Massachusetts insurers responding to our inquiry reported that they already cover therapy services by licensed marriage and family therapists; therefore, it is unlikely that this proposed legislation will noticeably affect the use of these providers.

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

   All of the insurers responding to the Division's inquiries regarding coverage of marriage and family therapists responded that they already cover these providers.

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 H.295 would be expected to have a negligible effect on the number of LMFTs in Massachusetts. Currently there are over two thousand 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:*

   The Division finds that premiums, administrative expenses, and indirect costs to employers, employees, or group purchasers would be negligible, as the benefit is already provided by insurers even though it is not currently mandated.

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

   Passage of this mandate would make effectively no difference to employers, employees or non-group purchasers. 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:*

   Not mandating the benefit would also have no effect, as currently all five payers that responded to our survey already include this coverage in their standard benefit packages

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

   Mandating coverage for LMFTs would not have any effect on the cost of care in the Commonwealth.

Legislative Activity in Other States and on the Federal Level

As of 2005, approximately 12 states required 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 were Alaska, California, Colorado, Connecticut, Maryland, Nevada, New Hampshire, North Carolina, Rhode Island, Texas, Virginia, and Washington.[5]

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 at least seventy-five percent of covered lives belong to plans that already include this coverage in their standard benefit packages.

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

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Division of Health Care Finance and Policy
Two Boylston Street, Boston, MA 02116
Phone: (617) 988-3100
Fax: (617) 727-7662
Website: www.mass.gov/dhcfp.

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