Texas Policy Solutions to a National Challenge: Telehealth to Bolster Youth Mental Health and the Existing Workforce

FINAL REPORT

May 2024

MEADOWS MENTAL HEALTH POLICY INSTITUTE
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Acknowledgments
The Meadows Mental Health Policy Institute (the Meadows Institute) would like to thank Hopelab for its financial support and intellectual collaboration on this report. We would also like to thank the many stakeholders who contributed to this effort, including representatives from youth-serving telehealth companies, health plans, and the Medicaid Innovation Collaborative.
Executive Summary

The nation’s young people are facing a growing mental health challenge, one that has been amplified by the COVID-19 pandemic and mental health workforce shortages. This extends to Texas children and youth who face serious mental health issues despite the Texas Legislature’s unprecedented investments in behavioral health over the last decade. Nearly all (99%) of Texas counties have partial mental health shortage designations, and rural areas are particularly challenged to afford youth access to high-quality mental health care given the insufficient workforce.\textsuperscript{1,2} While a multifaceted approach will be needed to fully address these issues, Texas government and health plan leaders have near-term opportunities to bolster the state’s mental health workforce by better positioning telehealth companies to help address child and youth mental health needs.

We (the Meadows Institute) conducted a series of key informant interviews with leaders from telehealth companies that serve child and youth patients as well as leaders with Medicaid and commercial health plans. Drawing upon our analysis of the interviews and additional research, this report highlights several near-term actions state government and health plan leaders can take to facilitate the entry and expansion of telehealth companies in the Texas marketplace. If exercised, these actions have the power to bolster the state’s existing mental health workforce while helping to meet the mental health needs of Texas youth. Specifically:

- The Texas Legislature should pass legislation to:
  - Join the Counseling Compact and Social Work Licensure Compact.
  - Increase the Medicaid reimbursement rate for behavioral health services.
  - Expand the range of mental health service providers eligible for Medicaid reimbursement.
  - Ensure telehealth payment parity among commercial health plans.
  - Amend the Texas Insurance Code so that quality telehealth services count toward network adequacy standards.

- The Texas Department of Insurance should enforce network adequacy standards to the fullest extent possible.

- The Texas Health and Human Services Commission should develop and fully implement a plan to redefine Medicaid managed care organization (MCO) network adequacy standards to include quality telehealth-only services.

- Medicaid MCOs should streamline their contracting processes.

- All health plans should invest in the infrastructure needed to evaluate and explore potential partnerships with telehealth providers.

- Commercial payers should ensure telehealth payment parity even in the absence of a legislative directive to do so.
Introduction

Children and youth are facing a growing mental health challenge, which the COVID-19 pandemic has amplified. The quality of a child’s mental health can have lifelong effects, including social, emotional, and economic implications across the lifespan. Many mental health conditions begin in childhood with 50% of all lifetime mental illnesses beginning by age 14, and 75% presenting by age 24. One in six or nearly 17% of children and youth in the United States ages 6-17 experience a mental health condition each year. In addition, suicide has become the second leading cause of death among young people ages 10-24. In December 2021, United States Surgeon General Dr. Vivek Murthy issued a Surgeon General’s Advisory on the urgency to address the mental health needs of the nation’s young people.

Mental Health Needs Among Texas Children and Youth

In Texas and throughout the nation, children and youth are facing serious mental health challenges; however, young people in Texas face these challenges at markedly higher rates than the national average: One in three Texas children experiences a mental health disorder each year, and 350,000 Texas children and adolescents experience severe mental health needs in a given year. More than 500,000 Texas children were diagnosed with anxiety or depression in 2020, an increase of 23% since 2016. Additionally, 10% of high school students in the state report attempting suicide compared to the nationwide average of 9%, a 1% difference that represents tens of thousands of high school students. Youth in underserved areas and those who are in low income families or minority groups have been particularly impacted by behavioral health challenges.

Over the last decade, the Texas Legislature has made a bipartisan commitment to increased funding for behavioral health. In 2023, the 88th Texas Legislature delivered a record $11.68 billion for behavioral health, an increase of more than 30% from the previous legislative session. Specifically, the Legislature fully funded the request of the Texas Child Mental Health Care Consortium ($337.1 million), including $172.7 million to make the Texas Child Health Access Through Telehealth (TCHATT) program available to any interested school district in the state.

Yet, Texas still struggles to meet the demand for mental health services given insufficient workforce and other access challenges. A dashboard from the Texas Department of State Health Services, for example, shows that 251 of the state’s 254 counties (98.8%) are designated as mental health professional shortage areas; the three additional counties have partial shortage designations. Rural areas are particularly challenged to afford youth access to high-quality mental health care. To effectively address the needs among Texas children and youth, leaders must identify innovative policy solutions to optimize and extend our current workforce. Given that Texas is home to one of the largest child populations in the United States, – one in
10 U.S. children (ages 0-18) is a Texan – the exploration of telehealth expansion as a workforce support and extender cannot wait.

**Telehealth to Bolster the Mental Health Workforce and Access to Care**

While a multi-pronged approach is needed to meet the mental health needs of Texas’ young people, one important strategy centers on expanding access and use of telehealth and telemedicine services. “Telehealth” and “telemedicine” encompass health care services provided via video chat, phone call, or messaging. The Texas Occupations Code §111.001 defines telemedicine as services provided by a state-licensed physician (e.g., psychiatrist) or a health professional (e.g., nurse practitioner) who acts under the delegation and supervision of a physician licensed in the state. Telehealth services are defined as health services other than telemedicine. In this report, we use the term **telehealth** to refer to both psychiatric services (telemedicine medical services) and other mental health services (telehealth services) provided via video chat, phone call, or messaging.

The use of telehealth for outpatient mental health and substance use services surged during the height of the COVID-19 pandemic and has remained high, particularly for people living in rural areas. Telehealth services offer convenient, increased access to care for many people by reducing the need for transportation, absences from work, and childcare. Telehealth can also help overcome geographic barriers by connecting providers to patients who live in mental health provider shortage areas.

Companies that focus on offering telehealth services – herein, **telehealth companies** – are an increasingly important part of the ecosystem of outpatient mental health care. These companies often provide all services remotely and do not have a physical space for in-person visits. Many telehealth companies also leverage technology to bolster the workforce by:

- Using data science to facilitate patient-provider matching based on patient needs (e.g., diagnosis and acuity level), patient preferences (e.g., race, gender), provider expertise, cultural fit, and/or insurance.
- Applying technology to support evidence-based practices like measurement-informed care (also known as measurement-based care), which is the regular use of validated assessments to track the effectiveness of treatment and adjust treatment to improve outcomes.
- Providing supplemental education through digital services or apps.

**Focus of the Current Analysis**

This investigation explores Texas-specific factors that pose barriers to telehealth companies’ entry or expansion in the state marketplace as well as near-term actions and solutions for state
government and health plan leaders. Our analysis, findings, and recommendations are based on a series of key informant interviews with leaders from telehealth companies, Medicaid, and commercial health plans as well as from our additional research. While this paper focuses solely on telehealth, telehealth fits into a more comprehensive strategy of using all types of digital mental health solutions to bolster the workforce and increase access to quality care. Note that we use the term “youth” in the remainder of this paper to be inclusive of children, adolescents, and young adults between the ages of 0 to 26 years.

**Methods**

We conducted 45-minute semi-structured stakeholder interviews with representatives from:

- Five youth-serving telehealth companies
- One Texas Medicaid MCO
- One Texas-based commercial health plan

We supplemented emergent interview themes with additional research.

**Opportunities and Challenges: Telehealth Marketplace Entry and Expansion in Texas**

Telehealth companies that aim to enter or expand in the Texas marketplace face a series of potential policy barriers; however, opportunities exist to mitigate those challenges for the benefit of Texas youth and the state’s mental health workforce. In this section, we present findings from the current analysis in terms of challenges and opportunities.

**Becoming established in Texas requires investments of time and money, particularly for companies serving Medicaid enrollees.**

According to key informant interviews, telehealth companies must complete a series of steps before they can serve youth in any state marketplace; however, certain Texas-specific hurdles pose particular challenges, and the stamina required to clear them can test a company’s business model and financial sustainability.

Figure 1 illustrates the steps required of a telehealth company to establish a Texas presence and serve Medicaid enrollees. Note that this timeline is an optimistic one in that it assumes the submission of complete, flawless enrollment and licensure applications; responsiveness to Medicaid Managed Care Organization (MCO) requests; and the simultaneous pursuit of entity establishment and individual practitioner licensing and credentialing. Any deviation from this path – such as starting with value-based contracting versus more typical managed care contracting – would add significant delays.
Figure 1. Telehealth Company Timeline to Serve Texas Medicaid Enrollees (Psychiatry Example)\textsuperscript{22,23,24,25,26,27,28,29}

\textbf{Decision to Enter Texas Marketplace}

- **Entity Establishment**
  - Create Professional Corporation, if Needed
  - 5 (Expedited) to 40 Days

- **Secure National Provider Identifier (NPI) Number**
  - 10 (Online Submission) to 20 Days (Mail Submission)

**Out-of-State Psychiatrist Establishment (Existing NPI Assumed)**

- Provider Licensing, Psychiatrist
  - 14 Days (IMLC State) to 6 Months

- Enroll in Medicare, if Relevant
  - 60 to 90 Days

- Enroll in Texas Medicaid
  - 60 Days

- Negotiate, Contract, & Credential With Medicaid Managed Care Organizations (MCOs)
  - 18 Months

- Ensure Sufficient Company Infrastructure and Staffing
  - Varies

- Consolidated Credentialing, Texas Medicaid
  - 120 Days to 6 Months

- Ready to Serve Texas Medicaid Enrollees
  - \pm 2 Years

\textbf{Figure Notes:} Some companies may need to establish a new legal entity/professional structure to comply with Texas Corporate Practice of Medicine regulations.\textsuperscript{30} If a company has never done business in Texas, it will need to create a new NPI – even if it has an NPI in another state. As Medicaid is the payer of last resort, companies must enroll in Medicare as a prerequisite for Texas Medicaid enrollment. Companies for whom Medicare is not relevant may sign an attestation, and the requirement will be waived.\textsuperscript{31} Texas Medicaid does have a consolidated process for credentialing providers,\textsuperscript{32} yet, companies must still negotiate and contract with each individual Texas Medicaid MCO of interest. There is no universal state contracting process.\textsuperscript{33} The figure presents enrolling in Texas Medicaid and contracting with Texas Medicaid MCOs. Negotiating a value-based contract with MCOs would take far longer.\textsuperscript{34} Physician licensing is most efficient for those providers already practicing in an Interstate Medical Licensure Compact (IMLC) State. Texas is a member of the IMLC.
Given the complexity of pursuing contracts with MCOs, many telehealth companies may elect to bypass this process altogether; however, this choice would represent a loss to Texas youth for whom Medicaid is a payer as indicated in Table 1.

**Table 1. Health Coverage for Texas Youth (2022)**

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Ages 0-18&lt;sup&gt;35&lt;/sup&gt;</th>
<th>Ages 19-26&lt;sup&gt;36&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer</td>
<td>43.5%</td>
<td>49.8%</td>
</tr>
<tr>
<td>Non-Group</td>
<td>5.5%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>38.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Other Public</td>
<td>2.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>10.9%</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

*Note: “Other Public” includes Medicare, Veterans Affairs, or TRICARE.*

**Professional licensure compacts offer one avenue to bolster the mental health workforce while expediting telehealth company entry and expansion in Texas.**

Figure 1 is optimistic in that psychiatrists are the practitioners of focus. Texas is an **Interstate Medical Licensure Compact (IMLC)** state, meaning that qualified physicians from other member states – there are 37 member states currently – have an expedited pathway to Texas medical licensure. Absent the IMLC, a Texas medical license can take up to six months to obtain; according to one analysis, only six states take longer.<sup>37</sup>

Psychologists are a similarly favored group, as Texas adopted the **Psychology Interjurisdictional Compact (PSYPACT)** through 86<sup>(R)</sup> House Bill (HB) 1501 in 2019;<sup>38</sup> Texas is one of 40 states to have enacted PSYPACT. Even so, counselors, social workers, and other practitioners common to telehealth companies do not currently have an expedited route to Texas licensure.

The **Counseling Compact** allows qualified licensed professional counselors living in one member state to practice in another state more easily. Twenty-eight (28) states are currently compact members, and four others have legislation pending. During the Texas Legislature’s 88th Legislative Session in 2023, Representative Brad Buckley filed bipartisan legislation to join the Counseling Compact, 88<sup>(R)</sup> HB 2557.<sup>39</sup> While the bill passed the House 143-1 in early May 2023, it did not receive a hearing before the Senate Health and Human Services Committee; the legislative session ended at the end of May, and the committee was unable to work through the backlog of bills pending review. The Texas Legislature will meet again in 2025, and this legislation is likely to be refiled.

The **Social Work Licensure Compact (SWLC)** is the newest such mental health agreement, with language finalized in January 2023. As of this writing, Missouri has enacted SWLC legislation,
and eight other states have legislation pending.\textsuperscript{40} Texas has not yet introduced SWLC legislation; however, the state can bolster its existing mental health workforce by passing legislation to join both the Counseling Compact and SWLC. Such legislation, if passed, would also benefit youth-serving telehealth companies, allowing them to establish and expand their provider networks more quickly.

\textbf{Contracting with Texas Medicaid MCOs is time-consuming, and MCOs lack appropriate incentives to contract with private sector telehealth companies.}

The decision to serve Texas Medicaid enrollees requires careful consideration for telehealth companies given the investment of time and person power required. In addition, Texas is not a direct contract state, meaning that companies must negotiate and contract with each Medicaid MCO of interest, which can take 12 to 18 months per MCO.\textsuperscript{A} With 17 Medicaid MCOs operating in Texas, this process represents a substantial investment of resources.\textsuperscript{41}

Per the telehealth companies we interviewed, having a relationship with a Medicaid MCO representative – versus applying blindly to contract with a health plan – is a surer path to success with Texas Medicaid. These relationships can ensure that companies adjust their approach to better meet the needs of the MCO’s member population and often come with process management support. Unfortunately, many Texas Medicaid MCOs lack staff well versed in the assessment of telehealth companies and few invest in such infrastructure.

One possible reason why many MCOs lack the infrastructure to assess telehealth companies comes down to incentives: Medicaid providers who only offer telehealth services, including in-network providers, are not counted toward the MCO’s geographic time and distance network adequacy standards.\textsuperscript{B} However, 87(R) HB 4 “allows provider teleservices to support a member’s access to services and requires the Texas Health and Human Services Commission (HHSC) to consider and include the availability of telehealth and telemedicine in the provider network of a Medicaid MCO.”\textsuperscript{42} While the Texas Legislature passed HB 4 in 2021,\textsuperscript{43} HHSC has yet to finalize a plan for its full implementation; telehealth-only services currently only count toward a health plan’s geographic time and distance network adequacy requirements if the plan is on a performance improvement plan with the state. In today’s online behavioral health counseling world, time and distance standards are not representative of a person’s ability to obtain mental health care. Telehealth for clinician appointments should be considered in accessibility.

\textsuperscript{A} Note that Texas Medicaid does have a consolidated process for credentialing providers.

\textsuperscript{B} “Network adequacy” refers to a health plan’s ability to provide promised benefits to its members, often assessed by measuring how \textit{accessible} those services are (e.g., where a provider is located vs. where most members are concentrated geographically). Current network adequacy standards are largely based on the assumption that services are provided in person.
standards related to the ease with which a member can schedule an appointment and whether the mental health provider or practice is accepting new clients.

**Commercial health plans also lack appropriate incentives to contract with telehealth companies.**

Commercial health plans are subject to regulations captured in the Texas Insurance Code, including network adequacy standards set forth in Chapter 1301.\(^4^\) The current code lacks any mention of telehealth, citing instead more typical time, distance, and appointment availability measures of network adequacy. These standards do not incentivize commercial health plans to partner with telehealth companies, which is a potential detriment to Texas youth.

Enforcement of network adequacy among commercial health plans – the charge of the Texas Department of Insurance (TDI) – has also proven a challenge. According to the bill analysis for 88(R) HB 3359, “[TDI] has testified in the House Insurance Committee that 90 percent of health insurance plans offered in Texas have been granted access waivers because their health plan networks do not meet the standards in the Texas Administrative Code. TDI has limited ability in statute to deny a waiver request, and these requests and decisions are not transparent to those purchasing or enrolled in the plans.”\(^4^\) In other words, most Texas commercial health plans have been able to circumvent state network adequacy standards via a waiver process over which TDI has had limited control. In response, the 88th Texas Legislature passed HB 3359, which increases transparency over the waiver process and requires health plans to meet network adequacy standards before making those networks available to members. Note, however, that maximum wait time standards apply only to an insurance product issued or renewed after September 1, 2025.

**Telehealth companies may be challenged to make a financial case for entry and expansion in the Texas marketplace.**

**Texas has relatively low Medicaid rates overall and lower rates for certain mental health provider types.** In a Kaiser Family Foundation Medicaid-to-Medicare fee index comparison across all services and states,\(^4^\) Texas ranks 40th in reimbursement rates, which means it has lower reimbursement rates than most states and less than the national average. When reimbursement rates for primary and obstetric care are removed, Texas’ ranking improves, moving it to the 27th spot.\(^4^\) Medicare rates are often used as a comparison point for Medicaid and commercial rates. When comparing Texas Medicaid reimbursement rates for specific mental health services against national Medicare rates, Texas Medicaid rates range from 44% to 86% of the national Medicare rate. (See Appendix 2 for a table comparing Texas Medicaid
and Medicare rates for common psychotherapy and medication management codes). Note that Texas Medicaid rates vary by provider type: Nurse practitioners, clinical nurse specialists, and physician assistants, for example, are reimbursed at 100% of the physician fee; licensed psychological associates, provisionally licensed psychologists, licensed clinical social workers, licensed marriage and family therapists, and licensed professional counselors are reimbursed at 70% of the rate of psychiatrists and psychologists.48

The low rates paid by Texas Medicaid exacerbate existing mental health workforce shortages, making it harder for the many youth who rely on Medicaid to access mental health services. (See Table 1 for health coverage breakdown among Texas youth.) This is particularly true for youth living in rural areas, along the border, or in other mental health shortage areas.49 Many providers do not accept Medicaid because it is not financially sustainable, instead accepting only commercial insurance or private pay. According to the Texas Counseling Association, only 20% of licensed professional counselors – the largest group of community mental health providers in Texas – accept Medicaid. This financial accessibility gap leaves many young people with months-long waitlists or no care at all.50

In 2023, the Statewide Behavioral Health Coordinating Council (SBHCC) issued the “Statewide Behavioral Health Strategic Plan Progress Report.” In the report, SBHCC indicated that addressing low Medicaid reimbursement rates for behavioral health is an important part of a broader strategy to overcome challenges in recruiting and keeping providers.51 Not only would a rate increase help retain Texas’ existing behavioral health workforce, but it would incentivize telehealth companies to enter and expand within the Texas marketplace, mitigating the state’s workforce shortage to the benefit of youth, particularly those in rural areas.

**Texas excludes many provider types from Medicaid reimbursement, limiting the available workforce.** Beyond reimbursement for services themselves, some telehealth companies are challenged by the provider types eligible for reimbursement under Texas Medicaid. For example, licensed providers completing their clinical training cannot currently be reimbursed for services rendered under Texas Medicaid. During the 88th Legislative Session, Representative Drew Darby filed HB 1879 to modify this requirement, allowing reimbursement for services provided by licensed master social workers, licensed professional counselor associates, and licensed marriage and family therapist associates while under clinical supervision.52 While the bill passed the Texas House and was voted out of the Senate Health and Human Services

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*Rates were calculated using the CMS Medicare Physician Fee Schedule Look-Up Tool and Texas Medicaid & Healthcare Partnership’s Online Fee Lookup for Texas Medicaid. See Medicare and Texas Medicaid Rate Comparison Table (Appendix 2).*

*The SBHCC is comprised of state agencies and higher education institutions across Texas.*
Committee, the legislative session concluded without it being passed on the Senate floor. The Texas Legislature meets again in 2025; this legislation will likely be refiled.

**Texas lacks telehealth payment parity for commercial payers.** While Texas Medicaid reimburses for telehealth services at the same rate as non-telehealth services, commercial payers are not required to do the same. While Texas law requires coverage, or “service,” parity, the law does not explicitly require the same rate of payment (payment parity). Given that 21 other states require payment parity and eight more have consistent payment in place with caveats, some telehealth companies may be drawn to other U.S. states over Texas to achieve a viable business model – a loss for Texas youth and the mental health workforce.

**Near-Term Recommendations**

To accelerate the availability of telehealth services to Texas youth, much work is needed to facilitate telehealth companies’ entry and expansion in the state, and there are several possible near-term and low-risk opportunities to begin this work. Leaders and policymakers can prepare now to enact feasible changes during upcoming legislative sessions. Health plans can also take action to make the adoption of high-quality telehealth services more likely, while simultaneously helping to address Texas’ mental health workforce shortage.

Next, we present four overarching recommendations and 10 specific recommendations in all that focus on improvements and changes that the following entities can make: Texas Legislature, Texas Department of Insurance, Texas Health and Human Services Commission, and Texas health plans (see Figure 2 for a breakdown by lead entity).

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E Service parity requires private payers to cover the same services regardless of whether they are delivered via telehealth or in-person.
Figure 2. Summary of Near-Term Recommendations by Lead Entity

**Texas Legislature**
- Join the Counseling Compact and Social Work Compact.
- Increase the Medicaid reimbursement rate for behavioral health services.
- Expand the range of mental health providers eligible for Medicaid reimbursement.
- Update the Texas Insurance Code to ensure quality telehealth services count toward network adequacy standards.

**Texas Department of Insurance**
- Enforce network adequacy standards to the fullest extent possible.

**Texas Health & Human Services Commission**
- Develop and fully implement a plan to redefine Medicaid MCO network adequacy standards to include quality telehealth-only standards.

**Texas Health Plans**
- **All Health Plans:** Invest in infrastructure needed to evaluate/explore potential partnerships with telehealth providers.
- **Medicaid MCOs:** Streamline contracting processes.
- **Commercial Health Plans:** Ensure telehealth payment parity even absent a legislative directive.

**Recommendation 1:** The Texas Legislature should pass legislation to join the Counseling Compact and the Social Work Licensure Compact. This will shorten the runway needed for telehealth companies to serve Texas youth.

Building on the precedent of the Interstate Medical Licensure Compact and the Psychology Interjurisdictional Compact, Texas legislators should introduce and pass legislation for Texas to join these two professional compacts.

**Recommendation 2:** The Texas Legislature should pass a series of legislative changes to make operating in the state marketplace more financially feasible for telehealth companies.

**Recommendation 2a:** Increase Texas Medicaid reimbursement rate for behavioral health services to recruit and retain behavioral health workers, making Texas more attractive to telehealth companies. Texas Medicaid rates are generally low, and some providers, such as licensed clinical social workers, are reimbursed at 70% of the physician rate. Increased Medicaid reimbursement rates may incentivize telehealth companies to serve Texas youth, particularly in rural areas. The Texas legislature should adopt the recommendations made by the SBHCC in the 2023 Texas Statewide Behavioral Health Strategic Plan progress report, including:
• Increase Medicaid rates for behavioral health services (in-person or telehealth) to better cover the cost-of-service delivery. This could be done incrementally over several years to ease the immediate fiscal impact.
• Provide payment incentives for Medicaid-enrolled behavioral health providers working in rural or underserved/provider shortage areas. This may include a targeted rate increase for such providers.

Recommendation 2b: Expand the range of mental health providers eligible for Medicaid reimbursement. Revisiting 88(R) HB 1879, legislators should refile and pass legislation to allow for Medicaid reimbursement of an expanded group of mental health professionals in training while under the supervision of a licensed clinician. While HB 1879 took into consideration services provided by licensed master social workers, licensed professional counselor associates, and licensed marriage and family therapist associates while under clinical supervision, the legislature should consider expanding this list still further. Broadening the state’s definition of a qualified mental health professional would be yet another avenue to explore, enabling people with an associate degree or a patient care certification to serve youth in need. A range of provider types will be necessary to address the mental health needs of Texas youth, and the state is encouraged to modernize its view of who qualifies for Medicaid reimbursement. Note that success of this measure requires additional funding in the state budget for the Texas Medicaid program.

Recommendation 2c: Ensure telehealth payment parity among commercial health plans. In alignment with 21 states that have already done so, Texas legislators should pass legislation to make Texas a telehealth payment parity state, which would require commercial payers to reimburse for telehealth services at the same rate as in-person services.

Recommendation 3: The Texas Legislature should ensure that network adequacy requirements go beyond geographic time and distance standards to include quality telehealth-only standards. HHSC and TDI should then enforce these expanded standards to the fullest extent possible.

Recommendation 3a: The Texas Legislature should amend the Texas Insurance Code so that quality services provided by telehealth-only companies count toward network adequacy standards. While Chapter 1301 of the Texas Insurance Code does reference appointment availability as one measure of network adequacy for certain commercial health plans, – along with more typical time and distance standards – the code does not explicitly mention telehealth. The Texas Legislature should amend the code to clarify the inclusion of high-quality telehealth services toward meeting network adequacy standards.
Modernizing the Texas Insurance Code would incentivize commercial health plans to consider telehealth options for their diverse member populations while aligning Texas with broader national efforts to improve behavioral health accessibility. The 2020 CMS Medicaid managed care final rule, for example, eliminated the requirement that states use time and distance standards to assess network adequacy, instead allowing states to choose any quantitative benchmark best suited to their diverse member populations.59 Similarly, the Biden Administration released the Managed Care Access, Finance, and Quality Notice of Proposed Rule Making in 2023,60 which proposes national maximum wait time standards for certain appointments, including outpatient mental health care. All these federal actions – reinforced by the combined efforts of the U.S. Departments of Labor (DOL), Health and Human Services, and Treasury to strengthen the Mental Health Parity and Addiction Equity Act61 – pave the way for inclusion of telehealth-only services in assessments of provider network adequacy. Texas can lead other states and follow suit.62

**Recommendation 3b:** TDI should enforce network adequacy standards among commercial health plans to the fullest extent possible. TDI must hold commercial health plans accountable for all existing network adequacy standards, including but not limited to the new standards set forth under HB 3359.

**Recommendation 3c:** HHSC should develop and fully implement a plan to redefine Medicaid MCO network adequacy standards to include quality telehealth-only standards. HHSC should realize the full potential of 87(R) HB 4, which passed in 2021,63 enabling all Medicaid MCOs – not only those facing a performance improvement plan – to count telehealth-only services toward more meaningful network adequacy requirements, including the ability of members to obtain a timely appointment.

**Recommendation 4:** All Texas health plans, Medicaid and commercial, should invest in projects and programs that support research, assessment, and engagement of telehealth companies as viable workforce options for their diverse youth member populations.

**Recommendation 4a:** Medicaid MCOs should streamline contracting processes. Negotiating, contracting, and credentialing with Medicaid MCOs was consistently identified by interviewees as one of the most cumbersome and time-consuming tasks companies face when entering the Texas marketplace. Medicaid MCOs should work to streamline this process to make it as efficient as possible.

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6 Note that the DOL generally lacks the authority to enforce network adequacy for private employer-sponsored health plans; however, the DOL may consider network adequacy in its assessment of plans against mental health and substance use parity requirements.
Recommendation 4b: All health plans should invest in the infrastructure needed to evaluate and explore potential partnerships with telehealth providers. In our research, we identified only one Medicaid MCO with a division designated to explore digital solutions to address member mental health needs; while additional MCOs and commercial health plans may have similar offices, these did not surface in our research. As member health needs evolve, – along with the demand for more effective, convenient care options – health plans would benefit from investing in such infrastructure. Doing so would offer two primary benefits: expanding readily available care options for Texas youth and bolstering the state’s mental health workforce. Note: While full adoption of Recommendation 3 would incentivize this action, we recommend health plans pursue Recommendation 4b regardless.

Recommendation 4c: Commercial payers should ensure telehealth payment parity. Commercial payers should follow Texas Medicaid’s example and ensure behavioral health telehealth rates are paid at the same rate as in-person visits, even without an explicit state requirement for payment parity.

Conclusion
Texas faces an extensive mental health workforce shortage that impacts the state’s children and youth as well as the broader population – despite the Texas Legislature’s unprecedented recent investments in behavioral health. With this challenge comes the opportunity to lead the nation in addressing the youth mental health needs by pulling specific, near-term policy levers to better enable telehealth companies to enter or expand in the state marketplace. State bodies and health plans both have the chance to better serve Texas youth through technology, extending the reach of the state’s existing mental health workforce, while rapidly expanding young people’s access to quality mental health services. With one of the largest child and youth populations in the country, Texas’ opportunity becomes an imperative. State government and health plan leaders should act today to advance quality mental health care for youth.
Appendices

Appendix One: Characteristics of Telehealth Companies Interviewed

We interviewed a total of five (5) telehealth companies for the current analysis. These companies represent a range of approaches and depth of experience in the Texas marketplace. Table 2 offers a high-level snapshot of the companies interviewed.

Table 2. Characteristics of Telehealth Companies Interviewed

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Age 16+</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, including in Texas</td>
</tr>
<tr>
<td>Company B</td>
<td>Ages 4–18 with families/caring adults</td>
<td>No</td>
<td>Yes</td>
<td>Exploration underway</td>
</tr>
<tr>
<td>Company C</td>
<td>Age 12+</td>
<td>Yes</td>
<td>Yes</td>
<td>In other states, not Texas</td>
</tr>
<tr>
<td>Company D</td>
<td>Age 6+</td>
<td>Yes</td>
<td>Yes</td>
<td>In other states, not Texas; Texas exploration underway</td>
</tr>
<tr>
<td>Company E</td>
<td>Students, grades K-12</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, including in Texas</td>
</tr>
</tbody>
</table>
Appendix Two: Comparison of Texas Medicaid Rates (Ages 0–20) to National and Local Medicare Rates

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Description</th>
<th>Medicaid</th>
<th>Medicare</th>
<th>Texas Medicaid Rates (Ages 0-20) as % of Medicare Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TX Rates, Ages 0-20</td>
<td>Medicare National Rate</td>
<td>Medicare Locality: Houston</td>
<td>Medicare Locality: Rest of TX</td>
</tr>
<tr>
<td>90791</td>
<td>Psych. diagnostic evaluation</td>
<td>$145.39</td>
<td>$169.29</td>
<td>$172.51</td>
</tr>
<tr>
<td>90834</td>
<td>Individual psychotherapy (45 min.)</td>
<td>$83.08</td>
<td>$101.51</td>
<td>$103.46</td>
</tr>
<tr>
<td>90837</td>
<td>Individual psychotherapy (1 hr.)</td>
<td>$122.65</td>
<td>$149.64</td>
<td>$152.54</td>
</tr>
<tr>
<td>90847</td>
<td>Family therapy (w/patient, 50 min.)</td>
<td>$82.52</td>
<td>$100.53</td>
<td>$102.70</td>
</tr>
<tr>
<td>90853</td>
<td>Group psychotherapy</td>
<td>$22.17</td>
<td>$27.18</td>
<td>$27.75</td>
</tr>
</tbody>
</table>

Medication Management (Evaluation and Management Codes)

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Description</th>
<th>Medicaid</th>
<th>Medicare</th>
<th>Texas Medicaid Rates (Ages 0-20) as % of Medicare Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TX Rates, Ages 0-20</td>
<td>Medicare National Rate</td>
<td>Medicare Locality: Houston</td>
<td>Medicare Locality: Rest of TX</td>
</tr>
<tr>
<td>99202</td>
<td>New patient, straightforward (15 min.)</td>
<td>$48.29</td>
<td>$71.06</td>
<td>$72.67</td>
</tr>
<tr>
<td>99203</td>
<td>New patient, low complexity (30 min.)</td>
<td>$65.25</td>
<td>$109.69</td>
<td>$112.73</td>
</tr>
<tr>
<td>99204</td>
<td>New patient, mod. complexity (45 min.)</td>
<td>$95.47</td>
<td>$164.38</td>
<td>$169.00</td>
</tr>
<tr>
<td>99212</td>
<td>Estab. patient, straightforward (10 min.)</td>
<td>$26.54</td>
<td>$55.67</td>
<td>$56.88</td>
</tr>
<tr>
<td>99213</td>
<td>Estab. patient, low complexity (20 min.)</td>
<td>$39.9</td>
<td>$89.39</td>
<td>$91.46</td>
</tr>
<tr>
<td>99214</td>
<td>Estab. patient, mod. complexity (30 min.)</td>
<td>$56.03</td>
<td>$126.07</td>
<td>$129.00</td>
</tr>
</tbody>
</table>

Reimbursement amounts are listed at 100% of physician fee schedule for non-facility. All rates provided are for physicians. In Texas Medicaid, nurse practitioners, clinical nurse specialists, and physician assistants are reimbursed at 100% of physician fee; licensed psychological associates, provisionally licensed psychologists, licensed clinical social workers, licensed marriage and family therapists, and licensed professional counselors are reimbursed at 70% of the rate of psychiatrists and psychologists. For Medicare reimbursement, the Houston locality (0441218) has the highest rate and the rest of Texas (0441299) the lowest. Texas Medicaid has separate rates for patients ages 0-20 and 21+. 
Appendix Three: Guidance to Telehealth Companies

During this analysis, we spoke with two Texas health plan representatives: one from a Medicaid MCO and one from a commercial health plan. We asked them to share advice for telehealth companies aiming to enter or expand within the Texas marketplace. Their insights appear below and are supplemented by additional research.

General Guidance

- Health plans want to mitigate or solve known problems within their member population. Explain how your product can address those needs and be amenable to adapting your approach to achieve more targeted impacts the health plan identifies.
- It is easier for health plans to work with companies that can fit within their existing billing structures.
- If a company cannot demonstrate a sustainable business model, it will be difficult for health plans to trust that the entity will be around for the long haul.
- Be willing to accept a standard contract, demonstrate outcomes over a designated pilot period, and then discuss a longer-term value-based contract if appropriate.

Medicaid-Specific Guidance

- As soon as you decide to serve Medicaid members, begin the process of enrolling in Texas Medicaid. Connect with a Medicaid MCO only after you initiate this process.
- Medicaid MCOs are looking for a certain level of payer experience. In an interview with Woebot Health, Superior’s Tracy Rico noted that she wants a company to have 3–5 years of experience working with health plans before she will consider working with them. Similarly, she looks for companies with at least one year of Medicaid experience – or a company leader who came from the Medicaid world.
- Do not expect an elevated service rate or value-based contract at the start. Lead with an ask for fee-for-service rates, demonstrate improved health outcomes over a designated period, and then work toward higher rates and value-based contracting if desired.
- Your pitch to a health plan is often strengthened if you can connect with an MCO’s medical affairs team or another clinician wishing to pilot a new initiative for a particular need. These connections can often be made at conferences.
- Follow Texas Medicaid request for proposal cycles. MCOs are often looking for new, impactful ways to meet member needs at these times.66
References


Telehealth has played an outsized role meeting mental health needs during the COVID-19 pandemic. KFF. https://www.kff.org/mental-health/issue-brief/telehealth-has-played-an-outsized-role-meeting-mental-health-needs-during-the-covid-19-pandemic/


Anonymous. (2023, December 6). Key informant interview. [Personal communication].


Anonymous. (2023, December 6). Key Informant Interview [Personal communication].

Anonymous. (2023, December 6). Key Informant Interview [Personal communication].


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65 Rico, Tracy. (2024, January 25). Why is health tech sleeping on Medicaid? [LinkedIn Live]. https://www.linkedin.com/events/715097893932683264/comments/
66 Rico, Tracy, (2024, January 25), Why is health tech sleeping on Medicaid? [LinkedIn Live]