



June 13, 2017

VADM R.C. Bono, MC, USN
Director, Defense Health Agency
7700 Arlington Boulevard, Suite 5101
Falls Church, VA 22042-5101

Dear Admiral Bono:

We write to follow up on our phone conversation with the Defense Health Agency staff regarding the proposed reimbursement rate cuts by Humana and Health Net Federal Services (HNFS) for TRICARE mental health providers. We are seriously concerned about the impact these cuts will have on network adequacy and access to mental health care for highly-stressed military families.

Psychologists from the South and North regions reported receiving new contracts from Humana that include a 30% reduction off of CHAMPUS rates that are currently in effect. The new contracts do not go into effect until October 1st or in some cases January 1st, but many psychologists were given only two weeks to consider whether to participate under the new contracts. We are now hearing from psychologists in the West region that HNFS is following suit. Our data and experience demonstrates this type of contract action results in limited networks and limited access for patients. Further details are below.

Humana and HNFS may be assuring TRICARE that they can slash provider reimbursement without affecting access for patients. In our experience, networks can look good on paper and insurers can boast of full networks when, in reality, desperate patients are struggling to find someone in the network who can give them an appointment.

As TRICARE assesses whether Humana and HNFS are complying with network adequacy obligations, we hope TRICARE considers the markers we consider to be true indicators of adequacy, including: the number of psychologists a beneficiary has to call before getting an appointment; how long it takes to get an appointment; how far the beneficiary has to travel for treatment.

Because the new contracts will not go into effect until October or January, the real damage to networks may not be obvious until then.

Humana and HNFS may also assure TRICARE that they haven't received many complaints about access. We believe it is too soon for them to know. Another consideration, however, is that the stigma associated with mental illness – especially in the military - will make vulnerable mental health patients

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reluctant to complain to Humana, HNFS or to their service branch. Moreover, for patients with mental illness, their illness often impairs their ability to assert their rights (e.g., they may lack mental stamina, may not believe that their efforts will succeed and/or may be too fearful and intimidated by the complaint process).

TRICARE must protect mental health care for the vulnerable population of military members and their families. TRICARE beneficiaries have limited options and resources. We fear that the large cuts by Humana and HNFS will decimate the networks, leaving our most needy families without the care they deserve. Even requiring a beneficiary to change mental health professionals (because the one with whom they have developed trust and rapport has left the network) is disruptive, and sometimes untenable. This is especially true for those who have developed a relationship with someone with the expertise to handle difficult diagnoses, such as PTSD.

As noted above, our data and experience demonstrates that large rate cuts like this impair networks and access. Around 2012, Humana imposed similar cuts reimbursement rates for mental health professionals in its commercial insurance networks. APAPO's data shows the impacts on networks and patient care in Ohio, Illinois and Georgia¹:

Impact of Humana Rate Cut	Illinois	Ohio	Georgia
Surveyed psychologists who left the Humana network because of the rate cut	57%	40.7	45%
Percentage of psychologists still deciding whether to leave the network at the time of the survey	30%	29.6	n/a
Psychologists who reported disruptions in patient care	69%	49.1	43
Psychologists who reported patients dropping out of treatment completely	46.5	44.9	28%

Of course, every provider makes his or her own independent decision on whether to participate in a network, but for some providers, providing services at lower rates is not financially feasible. A similar rate cut by BCBS of Florida in 2011 caused major disruptions for mental health patients in Florida. An extensive survey of Florida psychologists showed that 69% reported disruption in their patients' care and 64% reported patients dropping out of treatment.

¹ We did not share the results of this survey with providers until after the time for decision on participation had passed.

TRICARE's position appears to be that it cannot dictate what rates their contractors decide to offer health care providers. While that may be true, a critical part of TRICARE's mission is to ensure that military families get the mental health care they need. Moreover, the TRICARE operations manual requires contractors to continuously monitor and evaluate network adequacy, and to report network adequacy or access issues according to contract requirements. (Chapter 5, Section 1, Para. 2.2]

Our communication to you on this issue is complicated by the inconsistent manner in which your contractors have rolled out these new contracts. For example, some of the psychologists in the South region have attempted to negotiate with Humana for different rates.² They have been either outright rebuffed or told to wait until the contractors can assess the adequacy of the network at a later time. Other psychologists in Florida received an email indicating that the rate cut was a mistake and will not be implemented. We have recently learned from psychologists in the North region that Humana has abandoned the rate cut for the time being, and that psychologists in that region will be automatically transferred from HNFS to Humana without any action required on their part. Thus, psychologists are unsure of what the status of the contract is, and even whether communications about the contracts have been accurate. Such confusion can only further negatively impact the access by patients, as providers attempt to communicate with patients the status of their network participation.

We ask TRICARE to take the following actions:

1. Order vendors to be clear in communications with providers regarding the status and changes under the agreements.
2. Order vendors to set reimbursement rates in 2018 and beyond at rates that will ensure that TRICARE provides its beneficiaries meaningful access to mental health treatment;
3. Review the contract selection process to ensure that criteria in addition to cost savings are considered when selecting vendors to manage the mental health benefit. Some of these criteria should include:
 - a. Reputation for provider and patient care, including Mental Health Parity and Addiction Equity Act and other complaints filed with state insurance commissioners and federal agencies such as DOL and HHS;
 - b. Demonstration of network adequacy, including: the number of psychologists a beneficiary has to call before getting an appointment; how long it takes to get an appointment; how far the beneficiary has to travel for treatment; having a full array of providers in network.

² Be assured that the psychologists are independently approaching these negotiations.

Thank you for considering our concerns. The goal is to ensure that our military members and families get the care that they have earned with their service and sacrifice.

Respectfully,

A handwritten signature in black ink that reads "Katherine C. Nordal". The signature is written in a cursive, flowing style.

Katherine C. Nordal, Ph.D
Executive Director for Professional Practice
APA Practice Organization