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House Appropriations Committee: Deferrals and Documentation

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Objectives

- Status of Federal Deferrals
 - Local Education Agencies
 - Targeted Case Management (TCM)
 - Mental Health/Child Welfare
- Presumptive Medical Disability Determination
- Citizenship Documentation

Status of Federal Deferrals

Agreement with CMS

- Must resolve all outstanding administrative and payment issues identified by Centers for Medicare and Medicaid Services (CMS) and the Office of the Inspector General (OIG)
- Release of liability dependent on implementation of reforms July 2007, bringing into full compliance

Background

- High volume of CMS financial management reviews (FMRs) and OIG audits
- Focus of the reviews in three areas:
 - Local Education Agencies (LEAs)
 - Targeted Case Management (TCM)
 - Mental Health/Child Welfare

Local Education Agency

OIG/CMS Issues: Local Education Agency

- Payment methodology issues
 - Use of inaccurate time studies and cost reports
 - Reimbursement for 12 months of services rather than 9 months
 - Lack of required physician referrals

Local Education Agency: Reforms

- Revision of the provider manual stating physician orders are required for therapies
- Replace the previous contractor with new one to revise administrative claiming process
- Substitute fee for service (FFS) payment to schools replacing previously used "bundled rate" (which CMS no longer allows)

Local Education Agency: Current Status

- Manual updates have occurred providing detailed instructions for the billing of Medicaid services and required documentation
- Public Consulting Group replaced the previous contractor and revised the administrative claiming processes

Local Education Agency: Current Status (Cont.)

- Converted to FFS prior to the new school year (August 1, 2007)
- Service Codes for use were selected with involvement of LEA providers
- Additional Surveillance Utilization Reviews (SURS) are being conducted on LEA providers to ensure compliance with Medicaid rules

Local Education Agency: Current Status (Cont.)

- A Financial Management Review (FMR) is currently being conducted by CMS to monitor and evaluate the progress of changes and increased oversight of school based service payments

Targeted Case Management

OIG/CMS Issues: Targeted Case Management

- Inaccurate targeted case management payment methods
- Lack of adherence to the Medicaid State Plan
- Lack of adherence to existing and forthcoming federal regulations
- Note: Other states were and are also out of compliance with many of the same things resulting in increased CMS scrutiny

Targeted Case Management Reforms

- Adoption of a uniform definition of targeted case management
- Assuming a uniform unit of service
- Rebase payment methodology which incorporates CMS preliminary TCM guidelines
- Submit a TCM State Plan Amendment

Targeted Case Management Reforms

- Establish policies and procedures to ensure:
 - Claims filed for Federal reimbursement are based on actual expenditures
 - Utilizing an approved rate methodology
 - Services are based on medical necessity

Targeted Case Management: Current Status

- A State Plan Amendment addressing the originally identified problems, as well as, meeting the definition outlined in the Deficit Reduction Act (DRA) was approved retroactively to July 1, 2007 through an official letter dated December 6, 2007
- All related policies/procedures are effective as of July 1, 2007

Targeted Case Management: Current Status (Cont.)

- Just prior to the Kansas SPA approval, CMS issued an Interim Final Rule (IFR) which takes effect March 3, 2008
- The Kansas SPA complies with the new IFR with one residual issue
 - Case management must be provided by a single case manager
 - Two years to transition

Targeted Case Management: Current Status (Cont.)

- Notified January 22, that the Office of Inspector General (OIG) final report on Kansas Medicaid Payments for Targeted Case Management is being forwarded to the U.S. Department of Health and Human Services for final disposition

Targeted Case Management: Current Status (Cont.)

- Kansas has complied with the OIG principle recommendation by strengthening internal controls to ensure compliance with the State plan
- Claims for TCM services for children in the welfare system are no longer being submitted

Mental Health/ Child Welfare

OIG/CMS Issues: Mental Health/Child Welfare

- Using non-allowable or incomplete encounter and reimbursement data
- Lack of a federal waiver to exclude qualified providers from participation in the program
- Contract not consistent with the State Plan

Mental Health/Child Welfare Reform

- Discontinued use of previous contractor to administer Mental Health Center Administrative Claiming
 - Placed program on hold
- Current Status
 - By agreement with CMS, Administrative Claiming was ended June 30, 2007
 - All prior quarter claims are in the process of being adjusted

Mental Health/Child Welfare Reform

- Amended five sections of the State Plan
 - Rehabilitation
 - EPSDT
 - Other Licensed Providers
 - Psychiatric Residential Treatment Facility
 - Inpatient Hospital
- Current Status
 - All sections of the State plan have been amended and approved

Mental Health/Child Welfare Reform

- Update the HCBS Severely Emotionally Disturbed (SED) Waiver to come into compliance with CMS requirement
- Current Status
 - An amendment to the Home and Community Based Waiver for children who are Severely Emotionally Disturbed (SED) was approved by CMS May 30, 2007 which conformed with the move from individual contracts with each of the Community Mental Health Centers to one PAHP

Mental Health/Child Welfare: Current Status

- Changes implemented July 1, 2007:
 - Creation of a PAHP with Kansas Health Solutions as the contractor
 - The PAHP is responsible for the consistent interpretation of the definition of mental health and for expanding the provider network

Mental Health/Child Welfare: Current Status (Cont.)

- Creation of a Prepaid Inpatient Health Plan (PIHP) with Value Options as the contractor
 - The PIHP is responsible for ensuring consistency in activities related to substance abuse

Mental Health/Child Welfare: Current Status (Cont.)

- Realigned residential facilities serving children into categories and payment structures supported by CMS rules and regulations
 - PRTFs
 - YRCs

Mental Health/Child Welfare: Current Status (Cont.)

- OIG reports on Family Preservation and Child Welfare Programs are not yet final
- Primary findings of the OIG have been addressed

Conclusion

- On track to resolve historic deferrals at no additional cost to the State

Presumptive Medical Disability Determination

PMDD Background

- Presumptive Medical Disability Determination (PMDD) began in September 2006
- General Assistance (GA) applicants and recipients referred to PMDD to determine level of disability
- PMDD follows process modeled after the Social Security Administration
- People found to meet SSA disability criteria through PMDD are eligible for Medicaid

PMDD: Problem

- Initially, PMDD understaffed.
- Backlog occurred immediately.
- Temporary staff added, but backlog persisted.
- Concern raised about decreasing enrollment.
- Determined that decreasing MediKan enrollment was partially due to individuals moving to Medicaid and part due to backlog.

PMDD: Problem (cont.)

- In December 2006, it took an average of 99 days for PMDT to make a determination.
- There were over 2,500 people in the process. Over 1,500 people were waiting for an initial interview.
- In February 2007, there was a lag of five weeks between the initial referral and the PMDD interview (conducted over the phone).
- Over the first year, approximately 250 people per month failed to complete the PMDD process.

PMDD: Proposed Solution

- Additional \$150,000 (SGF) requested.
- Temporarily increase processing staff.
- Get interviews scheduled within two weeks.
- Complete determinations with 45 to 60 days (providers have 30 days to provide records).
- Cut the number of people who fail to complete the process.

PMDD: Solution Implementation

- 2007 Legislature appropriated the additional money.
- Temporary staff on board and trained by mid-July.
- Backlog caught up by end of October.
- Temporary staff released by end of November.

PMDD: Results

- The latest data shows that the average time to make a decision has decreased from a high of 99 days to less than 40 days.
- In December, the average number of days from referral to interview was 10 calendar days.
- Referrals remain high at slightly less than 200 per week.
- The total number of people in the process is now less than 1,500, a drop of more than 1,000.
- 406 people are waiting for their initial interview.
- Fewer than 80 people per month have failed to complete the process over the past three months.

PMDD: Conclusions

- The PMDD Team was successful in reducing the backlog and meeting the objectives set out during the 2007 legislative session.
- PMDD is also successful at more accurately determining the level of an individual's disability.
- KHPA continues to watch the process to make sure the process remains timely and efficient.

Citizen Documentation

Deficit Reduction Act of 2005: New Citizenship Documentation Requirements

- July 1, 2006: all Medicaid applicants and recipients required to provide documentation of their citizenship and identity.
- New requirements applied to people who report to be U.S. citizens – Medicaid has always required non-citizens to verify immigration status.
- Federal rules established strict guidelines regarding acceptable documentation:
 - Must provide a 'primary document' covering both citizenship and identity such as a passport; OR
 - Two 'secondary documents' – one to show citizenship (e.g., birth certificate) and one to show identity (e.g., driver's license).
- Requirements apply to most Medicaid families, including pregnant women and children.
 - Medicare beneficiaries, children in foster care, and recipients of federal Social Security disability benefits are exempt
- The final regulations were published in June, 2006 with an implementation date of July, 2006. States were given less than one month to implement these significant changes.

Citizen Documentation: Impact on Operations

- Immediately after implementation, the workload at the clearinghouse increased dramatically.
 - Each application and review received by the Clearinghouse, required two additional documents per person in the household.
 - The Clearinghouse receives between 8,000 and 10,000 application and review forms per month.
 - Most people do not have a passport and many do not have birth certificates. Obtaining the documents, especially from other states, is costly and time consuming.
 - Customer service contacts increased from about 23,000 incoming calls in June, 2006 to over 49,000 in October, 2006.
 - All processes in the Clearinghouse were affected—mail room, imaging, customer service, processing, faxing, etc.
- The delay in receiving documents and the volume of documents and inquiries coming in created additional work. Production slowed, and the Clearinghouse quickly accumulated a backlog.

Citizen Documentation: Impact on Program

- The total medical assistance caseload dropped by 20,000 between June, 2006 and October, 2006.
- The backlog peaked in February, 2007 with 15,000 unprocessed applications and reviews – 8,000 were over 25 days old.

Citizen Documentation: KHPA's Response

- Redirected internal and contract resources, including marketing and outreach funds
- Authorized the use of overtime for staff
- Established data interface processes to assist customers in obtaining documentation.
- Requested additional funding from legislature.

Citizen Documentation: Clearinghouse Progress

- The 2007 Kansas Legislature provided an additional \$1.2 million.
- KHPA used the funds to add 13 additional contract staff and 4 additional state staff to the Clearinghouse operation.
- KHPA also continued to redirect internal resources to the effort, including overtime for state staff.

Citizen Documentation: Current Status

- At the end of December, 2007 the number of unprocessed applications and reviews was less than 4,000, with fewer than 300 over 25 days old.
- Enrollment has increased by more than 10,000.
- The backlog has been eliminated

Citizen Documentation: Future Concerns

- KHPA believes the impact of the new law has yet to be fully understood.
- The new requirements have added significant time to the application process and applicants require an increased level of assistance.
- Retaining the added resources is critical to maintaining an acceptable application processing timeframe.
- KHPA will maintain existing interfaces to access documents electronically and develop additional interfaces where possible.
- In partnership with SRS, KHPA is planning on replacing the existing eligibility system.
- This newer technology will ease the administrative burden of the application process, increase access to the public, make it easier to develop additional interfaces—potentially with other states—and improve our monitoring capabilities.

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