Kansas Reform of Targeted Case Management

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Summary of Kansas TCM

• KHPA made a commitment to CMS to revise TCM practices as part of a larger payment reform/deferral avoidance agreement
• When the Deficit Reduction Act clarified the definition of TCM services, the KHPA began internal discussion about how to comply
• KHPA negotiated with CMS to submit a revised TCM SPA to bring those services into substantial compliance with the DRA *in advance* of the final regulation
• TCM reforms implemented in July 2007
TCM in Kansas Before July 2007

- KS Medicaid paid for 8 types of targeted and HCBS waiver case management delivered by a variety of largely specialized, private providers
- Some beneficiaries were receiving case management from more than one provider
- KS reimbursed case management providers at multiple rates, for various units of service
- Units ranged from 15 minutes to monthly units of service
- TCM definitions varied and some exceeded the new DRA definition
- TCM services associated with MR/DD services were already under CMS scrutiny when Deficit Reduction Act (DRA) passed
Increased CMS Scrutiny in Kansas

- High volume of CMS financial management reviews (FMRs) and OIG audits
- Focus of the reviews in three areas:
  1) Local Education Agencies (LEAs)
  2) Mental Health/Child Welfare
  3) Targeted Case Management (TCM)
- Scrutinized payments for accuracy, consistency and documentation
Issues Identified by OIG and CMS

- Inaccurate targeted case management payment methods
- Lack of adherence to the Medicaid State Plan
- Lack of adherence to existing and forthcoming federal regulations
CMS Focus on TCM

• On how rates are set for non-institutional services
  1) No bundling
  2) Severely limits non-productive activities; e.g. “windshield time”
• On medical necessity for TCM services
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)

• TCM reforms to require compliance with DRA in advance of CMS regulation

• Release of liability dependent on implementation of reforms July 2007, bringing into full compliance
Required Changes

• To reach Federal compliance with the DRA, KHPA identified four key changes required:
  ✓ One uniform definition of TCM
  ✓ One standard unit of measure
  ✓ Uniform methodology for rate calculation
  ✓ Freedom of choice for consumers

• Estimated annual cost to state: $21.6 M
Process

• KHPA organized a work group consisting of all state agencies providing TCM
• These agencies and stakeholders joined with KHPA to assess and plan for identified changes to the TCM State Plan Service
• Interagency work began in August 2006
• Members included:
  – KS Dept of Health and Environment
  – KS Dept of Social and Rehabilitation Services
    • Community Supports and Services
    • Addiction and Prevention Services
    • Mental Health
  – KS Dept on Aging
Member agencies were tasked with revising their portion of the state plan for TCM to:

• Reflect the TCM definition contained in the Deficit Reduction Act (DRA)
• Implement a standard 15 minute billing unit of measure
• Participate in a CMS approved rate study, conducted by an actuarial firm, to establish reimbursement rates
• Ensure consumer choice from among all qualified case managers
Timeline

- Feb 2006  DRA of 2005 passed
- July 2006  Internal Agency discussions
- Aug 2006  Interagency work begins
- Apr 2007  Master agreement with CMS
- Apr 2007  Revised SPA sent to CMS
- May 2007  Legislature funds TCM changes
- July 2007  SPA changes implemented
- Dec 2007  SPA approved by CMS
- Dec 2007  CMS publishes TCM Rule
- Mar 2008  TCM Rule takes effect
- Jul 2008  Moratorium Established
Moratorium

- Applies to interim final rule (IFR) only
- Deficit Reduction Act (DRA) requirements are unchanged and in effect
- The four components of TCM will not change regardless of the moratorium
- The moratorium ends April 2009
Remaining Issues

If the Interim Final Rule (IFR) is implemented:
• De-duplication will remain an issue given Kansas’ marketplace for TCM services
• Freedom of choice will be a continuing concern for Area Agencies on Aging, traditional coordinator for TCM services for HCBS/frail elderly waiver – freedom of choice is not negotiable with CMS
• Provision of TCM for people leaving institutions

If the IFR is not implemented:
• Uncertain potential to restore some flexibility
Lessons Learned

• Revisions to any portion of the State plan may result in larger, unsolicited changes to the State plan *until the new administration’s approach is known – extreme caution would be advised regarding any major revisions

• Early and frequent collaboration with CMS proved helpful

• An experienced staff and the threat of financial distress drove change across agencies and stakeholders
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