



## Looming Changes in Federal Funds for Targeted Case Management Threaten Vulnerable Children and Adults in Missouri

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The Centers for Medicare and Medicaid Services (CMS) published interim final rules governing case management services provided through the Medicaid program on December 4, 2007.<sup>1</sup> CMS claimed that the basis for this regulation (as well as the basis for a number of other regulations) was the need to implement changes to Medicaid in the Deficit Reduction Act of 2005 (DRA).<sup>2</sup> However, the rules go far beyond the intent of the DRA, according to analysts and lawmakers such as Senator Charles Grassley (R-Iowa), then chair of the Senate Finance Committee.<sup>3</sup>

Case management is an optional service that can be included in states' Medicaid plans. It is a required service for children as an EPSDT (Early Periodic Screening, Diagnosis and Treatment) benefit. Case management "helps individuals to gain access to needed medical, social, educational and other services."<sup>4</sup> Targeted case management (TCM) is an additional option in states' Medicaid plans. It can be provided to sub-populations of those insured by Medicaid. Some of the ways that states use TCM are: transitioning individuals insured by Medicaid from nursing homes to community care (may use 180 days of TCM for this);<sup>5</sup> managing services for children in foster care; and managing services for children with disabilities and for adults with physical disabilities or mental illness.<sup>6</sup>

### What the Deficit Reduction Act Required

The Deficit Reduction Act did not change the definition of case management, but it did clarify the scope of the benefit. These clarifications included:<sup>7</sup>

- Case management can include contacts with people who are not Medicaid eligible, if those contacts are needed to manage the care of the individual who is Medicaid eligible. It does not include managing care that may be needed by the non-eligible individual

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<sup>1</sup> 72 Federal Register 68077-688093 (December 4, 2007). Effective date is March 3, 2008

<sup>2</sup> "New Medicaid Rules Would Limit Care for Children in foster Care and People with Disabilities in Ways That Congress Did Not Intend", Solomon, Judy. Center on Budget and Policy Priorities, 2/8/08 at [www.cbpp.org](http://www.cbpp.org).

<sup>3</sup> *ibid*

<sup>4</sup> Medicaid: Overview and Impact of Regulations, Kaiser Commission on Medicaid and the Uninsured, february 2008 at [www.kff.org/medicaid/7739.cfm](http://www.kff.org/medicaid/7739.cfm)

<sup>5</sup> *ibid*

<sup>6</sup> "New Medicaid Rules Would Limit Care for Children in foster Care and People with Disabilities in Ways That Congress Did Not Intend", Solomon, Judy. Center on Budget and Policy Priorities, 2/8/08 at [www.cbpp.org](http://www.cbpp.org).

<sup>7</sup> *ibid*

- Case management does not include the actual delivery of a service to which an individual is referred (e.g. this would include home investigations, or transportation for a child in foster care)
- Federal funds may not be used for case management if a third party is liable to pay for the service

### **What the Centers for Medicaid and Medicare Services Did**

The CMS rules go beyond the scope intended by Congress in the Deficit Reduction Act. Some examples of this include:<sup>8</sup>

- Limiting the use of federal funds for case management to the last 60 days in cases in which an individual lives in an institution for 180 days or longer. If the stay is less than 180 days, federal funds can only be used for the last 14 days
- Prohibiting payment for case management until the individual actually is living in the community
- Prohibiting payment for all case management services for children in foster care
- Allowing payment for case management for children in schools only if the service being coordinated is in the child's Individual Education Plan or an infant or toddler's Individualized Family Service Plan
- Requiring reimbursement to be paid in 15 minute increments and decreasing states' flexibility to reimburse for service in an efficient manner
- Makes it difficult or impossible to reimburse for case management as part of assertive community treatment, in which case managers are on-call at all times
- Allowing only one case manager per individual. Generally this is a good idea to avoid duplication, but in cases in which an individual has multiple conditions (mental illness, developmental disability, HIV/Aids, etc), more than one case manager may be needed to meet the needs of the individual.

### **What does this mean for the State?**

It means that to continue the current level of services, the state will have to make up the money that will no longer be available from the federal government.

### **What does this mean for Missourians who benefit from targeted case management?**

It means their care may be fragmented, duplicated or non-existent. It also means individuals may stay in more restrictive settings than would be necessary were the proper support available for them.

### **Who might this change affect?**

In December 2007, a point in time report by the Department of Social Services indicated that 3,074 individuals received targeted case management for mental health services. Also, 18,969 individuals in state institutions received case management services, and 867 children received targeted case management through EPSDT services. The total amount funds spent on targeted case management for the month was \$5.3 million.<sup>9</sup> The table below provides more detailed information about who received case management services in December 2007.<sup>10</sup>

### **President's budget proposal calls for a second hit to available funds for Targeted Case Management**

In addition to the CMS rule, there could be an additional impact on the amount of federal funds available for targeted case management. The President's budget proposal calls for reducing the federal matching rate for TCM from the service rate of 62 percent (in every Medicaid dollar spent by Missouri, 62 cents if

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<sup>8</sup> ibid

<sup>9</sup> Department of Social Services Monthly Management Report, December 2007, p. 122

<sup>10</sup> Ibid, pp. 123-150

federal money) to 50 percent. The Congressional Research Service estimates that this will mean a reduction of approximately \$3.6 million federal funds for Missouri, based on FY2004 figures.<sup>11</sup>

<b>Population (eligibility category)</b>	<b>Mental Health (service category)</b>	<b>Expenditure</b>	<b>State Institutions</b>	<b>Expenditure</b>	<b>EPSDT Services</b>	<b>Expenditure</b>
<b>Old Age Assistance</b>	67 persons	\$22,300	652 persons	\$114,457	0 persons	
<b>Medical Assistance for Families- Adults and Children</b>	212	\$48,300	2,313	\$626,700	2	\$200
<b>Permanently and Totally Disabled</b>	2,350	\$748,400	12,087	\$2,428,500	0	
<b>Aid to the Blind</b>	11	\$2,700	46	\$9,600	0	
<b>Pregnant Women</b>	1	\$15	19	\$3,500	0	
<b>Foster Care</b>	70	\$15,351	679	\$176,400	228	\$25,300
<b>Child Welfare Services</b>	0		0		37	\$4,100
<b>Title XIX – Homeless/ Dependent/Neglected Children</b>	87	\$26,900	891	\$283,500	593	\$65,800
<b>MO HealthNet for Pregnant Women</b>	9	\$1,300	31	\$3,700	0	
<b>MO HealthNet for Children</b>	148	\$33,800	1,580	\$421,400	2	\$200
<b>MO Children with Developmental Disabilities</b>	23	\$5,000	138	\$35,300	0	
<b>MC+ for Kids (SCHIP)</b>	76	\$11,400	614	\$140,700	0	
<b>Ticket to Work</b>	24	\$6,200	27	5,300	0	
<b>Voluntary Placements</b>	1	\$2,700	36	\$14,400	0	
<b>Independent Youth in Foster Care</b>	2	\$874	12	\$2,600	5	\$560
<b><i>TOTAL for month of December 2007</i></b>						

<sup>11</sup> Congressional Research Service, Washington, DC. February 17, 2008 Memo