



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

VIA ELECTRONIC MAIL ONLY

December 12, 2014

Bill Brooks
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health Operations
Dallas Regional Office
1301 Young Street, Suite 833
Dallas, TX 75202

RE: LA SPA 14-0027 RAI Response
Targeted Case Management Reimbursement Methodology-NOW


Dear Mr. Brooks:

Please refer to our proposed amendment to the Medicaid State Plan submitted under transmittal number (TN) 14-0027 with a proposed effective date of July 1, 2014. The purpose of this amendment is to amend the provisions governing the reimbursement methodology for Targeted Case Management (TCM) services provided to New Opportunities Waiver (NOW) recipients in order to adopt a payment methodology based on a flat monthly rate rather than 15-minute increments. We are providing the following additional information as requested in your RAI correspondence dated November 12, 2014.

1. Please explain how the state determined that there would be \$0 federal fiscal impact?

Response: There will be no fiscal impact from this proposed rule. The State is not changing the amount of money expended for targeted case management services provided to New Opportunities Waiver (NOW) participants, just the methodology for the payments.

2. Who are the providers? Do the providers only perform case management services?

Response: The providers are contracted support coordination agencies. Yes, these providers only perform case management services.

3. Will other state agencies be providing TCM services?

Response: No, there will not be other state agencies providing TCM, as this change is specific to the NOW.

4. Will the rate be provider specific?

Response: The rate is not provider specific. All of the providers will receive the same rate of pay.

5. Will this payment methodology apply to all target groups?

Response: This payment methodology will only apply to the NOW population.

6. Instead of just listing the primary cost drivers used in constructing the models of costs, please provide a definition for each of these cost drivers with an emphasis on explaining why the identified non-direct costs (i.e. overhead costs) should be incorporated into the rate.

Response: The overhead noted in this area are the administrative costs already calculated into the rate and does not impact the reimbursement methodology requested in this SPA. The total dollar amount expended per service is the same, the only thing that has been modified is the payment structure. Rather than paying for case management in 15 minute increments, we are now going to pay a flat monthly rate to complete all case management tasks.

The following components are included in the cost model for setting rates for support coordination:

1. Direct Support Coordination Costs:

This component includes the cost of salaries, fringe benefits (including employee health, life, accident and disability insurance, employer's contribution to employee pensions, payroll taxes and workers compensation costs), equipment, supplies, occupancy, telephone and travel related costs of support coordinators.

2. Support Coordination-Related Costs:

This component includes salaries, fringe benefits (including employee health, life, accident and disability insurance, employer's contribution to employee pensions, payroll taxes and workers compensation costs), equipment, supplies, occupancy and travel-related costs of contract/agreement required support coordination related activities, but does not include: 1) direct support coordination costs and 2) administrative and operating costs.

Also included in this component are consultant fees for advisory and educational services directly related to the provision of support coordination services. The primary activities associated with support coordination related costs include:

- **Quality enhancement;**
- **Education and training of support coordinators;**
- **Compilation and maintenance of resource directories;**
- **Data entry or case management services;**
- **On-site project management;**
- **Support coordination supervisors;**
- **Nurse consultant;**
- **Outcomes liaison/qualified reviewer; and**
- **Billing/Invoicing of services.**

3. Administrative and Operating Costs:

This component includes salaries, fringe benefits (including employee health, life, accident and disability insurance, employer's contribution to employee pensions, payroll taxes and workers compensation costs), equipment, supplies, occupancy, telephone and travel related costs of the agency director, assistant director (if applicable), secretarial support for these positions, financial/accounting staff, human resource staff, and operating expenses related to audit, accounting, legal services, financing, non-income related taxes, insurance and all other administrative and operating type expenditures.

7. The state is using the word "administrative" rather than "overhead" in describing costs to be included in the proposed rate. Please make this change.

Response: The word "administrative" has been change to "overhead." (See Attachment 4.19-B, Item 19, Pages 1-2).

8. What is the proposed monthly rate or range of monthly rates?

Response: The proposed rate is \$149.52 per month.

Please substitute the attached revised State Plan pages for the pages originally submitted for this State Plan amendment.

Please consider this a formal request to begin the 90-day clock. We trust that this additional information will be sufficient to result in the approval of the pending plan amendment. We look forward to negotiating with CMS to ensure approval.

As always, we appreciate the assistance of Ford Blunt in resolving these issues.

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If further information is required, you may contact Darlene A. Budgewater at Darlene.Budgewater@la.gov or by phone (225)342-3881.

Sincerely,



J. Ruth Kennedy
Medicaid Director

JRK/DAB/SSJ

Attachments (1)

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES--OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

<u>CITATION</u>	<u>Medical and Remedial</u>	<u>OPTIONAL TARGETED CASE MANAGEMENT SERVICES</u>
42 CFR	Care and Services	
447.201	Item 19 (cont)	<u>REIMBURSEMENT METHODOLOGY</u>
447.302		

Targeted case management services are reimbursed at a prospective rate for each approved unit of service provided to the recipient. The standard unit of service covers both service provision and overhead costs. Contacts are on a one-to-one basis between a case manager and a participant or between a case manager and others when this contact is for the benefit of the participant. All services must be prior authorized.

Reimbursement for Targeted Case Management is based on cost using an independent cost model approach to rate setting. In this approach, a model of the costs providers incur in delivering a particular service is constructed. In constructing the models, the primary cost drivers include the following:

- Direct service staff wages;
- Direct service staff employee related expenses (ERE);
- The productivity of direct service staff, i.e. the amount of a direct service staff's time in each workday that can be billed;
- Supervisory costs;
- Key Staff costs;
- Travel and office space costs;
- Program support costs; and
- Overhead expenses.

Case management agencies shall provide annual cost reports based on the state fiscal year, starting with the state fiscal year July 1, 2008 through June 30, 2009. Completed reports are due within 90 calendar days after the end of each fiscal year.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of case management and the fee schedule and any annual/periodic adjustments to the fee schedule are published on the agency's provider website at www.lamedicaid.com. The agency's fee schedule rate was set as of May 21, 2008 and is effective for services provided on or after that date. All rates are published on the agency's website.

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447.201	<u>Item 19 (cont)</u>	<u>REIMBURSEMENT METHODOLOGY (continued)</u>
447.302		

Effective for dates of service on or after February 1, 2013, the Department shall terminate Medicaid reimbursement of targeted case management services to first-time mothers in the Nurse Family Partnership Program.

Effective for dates of service on or after February 1, 2013, reimbursement shall not be made for case management services rendered to HIV disabled individuals.

Effective for dates of service on or after July 1, 2014, reimbursement for case management services provided to participants in the New Opportunities Waiver shall be reimbursed at a flat rate for each approved unit of service. The standard unit of service is equivalent to one month and covers both service provision and overhead costs.