VF

MEDICAID - MAINE

Final Report

STATE OF MAINE

INTERDEPARTMENTAL COUNCIL

December 9, 1988

Hon. N. Paul Gauvreau, Senate Chair
Hon. Peter J. Manning, House Chair
Joint Standing Committee on
Human Resources
State House
Augusta, Maine 04333

Dear Senator Gauvreau, Representative Manning and Members of the Joint Standing Committee on Human Services:

In response to Chapter 118, AN ACT to Require an Interdepartmental Study of and Plan for the Use of 3rd-Party Funds for Children in Need of Treatment, we are pleased to transmit to you the enclosed report on the Interdepartmental Council's efforts to maximize utilization of Medicaid in the area of children's services in Maine.

The State of Maine has been, and will continue to be, very progressive in its utilization of Medicaid. For the fiscal year ending June 30, 1988, approximately 317 million dollars was available through the Medicaid Program for health care services to low income persons throughout Maine. The state's share of this amount was approximately $104 million, and the federal government's match was approximately $213 million. Children in need of treatment benefit from this program directly as recipients of service and indirectly as members of families who are recipients of service.

It is clearly to Maine's benefit to maximize utilization of Medicaid funds. It must be clear, however, that any expansion requires that additional state funds be made available in order to generate the federal matching funds. We must also be cognizant of other factors in the health care system, such as liability insurance premiums and professional staff resources. We do not want to adversely affect that system by not considering it in its entirety.

The Interdepartmental Council will continue to explore further utilization of Medicaid. Each of us remains keenly aware, as you are, of the importance of appropriate, affordable health care for Maine's most needy children and families.

Sincerely,

Eve M. Bither, Commissioner
Educational and Cultural Services

Susan B. Parker, Commissioner
Mental Health and Mental Retardation

Rollin Ives, Commissioner
Human Services

Donald L. Allen, Commissioner
Corrections

I. What is Medicaid?

The Medicaid Program was established in 1965 as Title XIX of the Social Security Act. Its purpose was to provide access to comprehensive health care services for low income people. Under the Medicaid Program, the federal government matches a percentage of every dollar spent by states on health care services for eligible residents. Maine's current rate of federal match is 66 2/3%. For the state's fiscal year '88, approximately 317 million dollars was available for health care services for low income persons in Maine. Of this 317 million, approximately 104 million was in state dollars and approximately 213 million was in federal dollars.

II. What Services does Medicaid Cover?

Certain services must be available for all Medicaid recipients who receive either SSI or AFDC. These mandatory services are:

- inpatient hospital care
- ambulance
- outpatient hospital care
- rural health clinic
- physician services
- skilled nursing facility services
- family planning
- early periodic screening, diagnosis and treatment (EPSDT)
- home health care
- independent laboratory and x-ray
- nurse midwifery services

Additionally, states may offer a variety of optional services. As of January 1, 1988, the following optional services were also offered under Maine's Medicaid Program:

- case management
- occupational therapy
- dental, dentures
- venereal disease screening
- podiatric
- medical supplies and equipment
- speech and hearing centers
- mental health centers
- speech pathology
- optical
- chiropractic
- intermediate care facilities (ICF)
- intermediate care facilities for the mentally retarded
- waiver services for the physically disabled
- waiver services for the mentally retarded
- waiver services for the elderly
- inpatient psychiatric services for under age 22 (eff. 7/1/86)
- substance abuse treatment facilities
- prescription drugs
- optometry
- transportation
- Medicare Part A deductible and co-insurance
- Medicare Part B deductible and co-insurance
- Medicare Part B premium
- audiology
- residential treatment facility
- hearing aid dealers
- physical therapy
- private duty nursing
- personal care
- psychology
- psychological examiners
- inpatient hospital services in mental institutions for age 65 older (eff. 7/1/86)

III. How Can Medicaid be Expanded?

The Medicaid Program can be expanded in two ways: by increasing the number of people who are eligible or by covering additional services. State seed dollars must be available to support any expansion in order to draw down the federal matching funds. This necessitates either an appropriation of new state dollars or a reallocation of existing state dollars.

The Department of Human Services, in conjunction with other departments and service providers, strives to initiate expansion of the Medicaid Program in a planned and timely manner. Projected costs are incorporated into departmental budget requests, as appropriate. There are, however, a number of factors outside the control of the Department of Human Services which impact upon the Medicaid Program. These factors include changes in hospital utilization rates, shifts in projected funding levels, and changes in federal and state regulations. Since state budgets are developed on a prospective, biennial basis, changing needs of hospitals cannot always be anticipated, e.g., needs for new technological equipment, nursing shortages.

New federal legislation (P.L. 100-360) requires that by July 1, 1990 all states provide Medicaid coverage for all pregnant women and children under age one whose family incomes do not exceed standards set by the state. Maine has opted to increase its Medicaid coverage in this category to families whose resources do not exceed 185% of the federal poverty level (effective 10/1/88).

As of January 1, 1988 five optional services were available but not offered under Maine's State Medicaid Plan:

- clinic services
- inpatient hospital for age 65 or older in TB institution
- intermediate care for age 65 or older in TB or mental institution
- hospice
- skilled nursing facility for age 65 or older in TB or mental institution

Two of the optional services, namely, clinic services and case management, have the potential to relate to children. Maine's Medicaid Program has concentrated on case management as the primary area for expansion of coverage for children in need of services.

Case Management	Current State Funds	Potential Federal Medicaid Funds	State Seed Needed
Developmentally Disabled Children (0-5)	$815,087	$140,156	$ 46,700*
Emotionally Disturbed Adolescents	-0-	$109,200	$ 36,385**
Abused/Neglected Children	Undetermined		
Youth involved in Juvenile Justice	Undetermined		

* Represents a reallocation of current state funds; no new dollars are needed.

** Represents funds needed to implement a new service on a limited basis. Additional funds will be needed later to expand service statewide.

The Department of Human Services has also agreed to explore the possibility of school districts utilizing a third party administrative unit as a billing agent in order to access Medicaid for health care services provided by school districts. In addition to Medicaid, the administrative unit could potentially facilitate reimbursement from private health insurance carriers and other alternative funding resources, which is a requirement as part of billing Medicaid.

IV. Update of Previous Report

In March, 1988 the IDC submitted a preliminary report to the Legislature's Joint Standing Committee on Human Resources relative to interdepartmental efforts to maximize Medicaid. Those efforts have continued. Table 1 identifies the current status of initiatives in which the departments have either expressed an interest in exploring or have been actively involved. Appendix A provides an explanation of each service.

V. Other Efforts

- In order to investigate the procedures necessary for appropriately utilizing third-party payers (including Medicaid) to help support early intervention programs, the Division of Maternal and Child Health of the U.S. Public Health Service has funded a consortium. Consortium members include Utah, Massachusetts, Colorado and New Jersey. The consortium has been charged with examining the issues and making recommendations on how third-party payments could be used efficiently and appropriately in supporting early intervention programs. Maine has received minutes and other materials from the consortium meetings. This information should prove helpful to our state's efforts to fund services in compliance with P.L. 99-457.

- Congress has passed legislation as part of the Catastrophic Health Coverage Act that amends Title XIX to make it clear that Medicaid money should be used to pay for Medicaid-eligible services which are a part of an appropriate special education program for preschool or school-aged children. This should facilitate our efforts relative to an administrative unit for third-party billing.

- The Robert Wood Johnson Foundation has announced a major initiative to improve mental health services for seriously mentally ill children and youth. This is a two million, multi-year grant. The grant calls for the development of comprehensive service systems under the aegis of multi-agency, state-community partnerships that can make major changes in the financing, organization and delivery of services. The Department of Mental Health and Mental Retardation has indicated its intent to apply for these funds and has obtained the support of the Interdepartmental Council. The State of Maine is in an excellent position to compete for the Foundation's funds, given the IDC structure and the state's current children and youth initiatives. Successful application will require a significant commitment on behalf of the state to utilize alternative funding mechanisms to the maximum extent possible. The efforts described herein will be an integral part of the grant application.

Table 1: Interdepartmental Medicaid Initiatives

Topic	Bureau	Status	Needed to Implement
Post Acute Rehab. Services for Persons with Severe Head Injuries	Rehabilitation DHS	Rules Drafted	--------
Day Habilitation for Persons with Mental Retardation	Mental Retardation DMHMR	Rules Adopted 9/1/88	--------
Case Management for BMH Priority Clients, Homeless Mentally Ill and Persons Living in BMH-Supported Community Residences	Mental Health DMHMR	Implemented 7/1/88	--------
Community Rehab. Residence Services in Small Community-Based Group Facilities	Mental Health DMHMR	Rules Adopted 3/88	--------
Early Childhood (0-5) Case Management	Health, DHS Children with Special Needs DMHMR	Rules Drafted	--------
Home-Based Family M.H. Services	Children with Special Needs DMHMR	Rules Drafted	--------
Delivery of Children's M.H. Services in Rural Health Clinics	Children with Special Needs DMHMR	Rules Drafted	Up to $100,000 in State Seed
Case Management for E.D. Adolescents	Children with Special Needs DMHMR		Staff and Time to Draft Rules
Reimbursement for School-Based Svcs.	Division of Special Ed. DECS		Staff and Time to Draft Rules
Therapeutic Foster Homes for E.D. child.	Social Services DHS		Staff and Time to Draft Rules
Improved Diagnostic Assessment & Eval. for Abused/Neglected Children	Social Services DHS		Identification of and Agreements with Appropriate Providers
Increased Reimbursement in Private, Non-Medical Institution Services (inc. RTC's)			Staff and Time to Initiate Discussions with Providers
Case Management for Juvenile Justice Clients	Division of P&P DOC		Staff or Consultant to Work with BMS to Develop Rules and Identify State Seed

Staff shortages within the Bureau of Medical Services have limited the Bureau's capability to address all of these objectives.

- The Department of Mental Health and Mental Retardation has hired a consultant to develop a plan for how that department can maximize its use of Medicaid.

- The Bureau of Medical Services has adopted rules, effective 6/9/88, for lifting the $500 cap on Physical Therapy and Occupational Therapy services.

- The Bureau of Medical Services has contracted with the Human Services Development Institute at the University of Southern Maine to conduct a Relative Values Study of the Medicaid Fee Scale. The study will consider what goes into the development of a specific service, e.g., training, time, resources, etc. To the extent that the results lead to increased reimbursement rates for certain providers, access to quality health services for Maine children and families may be expanded.

- The Bureau of Medical Services intends to pursue the possibility of allowing for more flexibility in the provision of psychosocial evaluations by private practitioners for victims of sexual abuse.

- The Bureau of Medical Services is expecting a proposal from the Maine Chapter of the National Association of Social Workers relative to Medicaid reimbursement for social workers licensed at the independent practice level.

VI. Anticipated Future Activity

1. Given limited staff resources, the departments have broken much new ground in their efforts to increase utilization of third-party payments. The Bureau of Medical Services has been extremely receptive to exploring new areas and expanding Medicaid utilization. However, staff shortages, lack of appropriate expertise and the need to respond to other mandatory responsibilities preclude the departments researching and developing plans specific to each department that would facilitate maximum use of Medicaid's potential. Following DMHMR's lead, the IDC will work through the Department of Human Services to develop a similar plan for each of the departments. Since new state funds are needed when funding the expansion of Medicaid services, the Departments will need to prioritize all identified service needs. Any expansion of Medicaid services must be prioritized in conjunction with all other service needs.

Appendix A: Explanation of Services

Post Acute Rehabilitation Services for Persons with Severe Head Injuries

Rules have been drafted for services provided under the direction of a neuropsychologist or physician and delivered by a physician, neuropsychologist, registered nurse, occupational therapist, physical therapist, speech pathologist or other qualified staff to persons with head injuries, regardless of the date or duration of the injury, to be reimburseable by Medicaid.

Day Habilitation for Persons with Mental Retardation

Day programs providing practical and fundamental life activities for mentally retarded persons who are also Medicaid eligible can now be reimbursed by Medicaid for these services.

Case Management for BMH Priority Clients, Homeless Mentally Ill and Persons Living in BMH-Supported Community Residences

Case management services, consisting of functional assessment, service coordination and brokering to ensure client engagement in service and monitoring, are reimburseable under Medicaid. Populations affected are six categories of priority BMH populations, ranging from persons recently discharged from state institutions to persons at risk of readmission. These regulations were effective as of 7/8/83.

Community Rehabilitation Residence Services in Small Community-Based Group Facilities

Although these regulations were effective in March, 1983, implementation was suspended pending Congressional action relative to the size of residences affected. Clinical and treatment services for persons with mental health problems who live in residential programs of up to 16 beds are now reimburseable under Medicaid. One agency was approved in October as a provider, retroactive to September 1. Considerable technical assistance with potential providers has been necessary. It is anticipated that the regulations will be expanded further next spring to include Personal Care Services as well.

Early Childhood (0-5) Case Management

The Bureau of Children with Special Needs within the Department of Mental Health and Mental Retardation has been meeting with representatives of the Division of Maternal and Child Health, Bureau of Medical Services, and ICCPHC to develop a case management initiative for developmentally disabled children from birth to five years of age. Case management activities include coordination of intake, development of a comprehensive assessment of client needs, and a client-oriented service plan, advocacy, monitoring of client progress, evaluation of service and re-evaluation of need. The regulations have been drafted.

Home-Based Family Mental Health Services

The Bureau of Children with Special Needs has been working with the Bureau of Medical Services to develop an initiative to allow Medicaid reimbursement for home-based family services programs. These programs provide short-term (maximum 3 months), crisis-oriented, in-home family counseling to prevent the potential removal of a child from his/her home or to promote reunification of a child with his/her family.

Delivery of Children's Mental Health Services in Rural Health Clinics

Representatives from the Bureau of Children with Special Needs and the Bureau of Medical Services have been meeting under the auspices of the Coalition of Ambulatory Health Care Providers. Their efforts have been directed at drafting appropriate regulations that would permit the delivery of certain children's mental health services through the approximately 25 rural and community health centers in the state. Emergency, outpatient, preventive and community support services are those being detailed.

Case Management for E.D. Adolescents

Emotionally disturbed adolescents who are not clients of a state agency currently do not have access to case management services. Case management activities include coordination of intake, development of a comprehensive assessment of client needs and a client-oriented service plan, advocacy, monitoring of client progress, avaluation of service and re-evaluation of need. The Bureau of Children with Special Needs is working with the Bureau of Medical Services to develop regulations and will identify the state seed needed.

Reimbursement for School-Based Services

Local school districts provide many services to children under P.L. 94-142: Education of the Handicapped Act which might be Medicaid reimbursable. There is some precedent in other states for reimbursing school districts. Last year, the departments participated in a workshop outlining potential possibilities for Medicaid reimbursement for school-based services.

Therapeutic Foster Homes for E.D. Children

Emotionally disturbed children, particularly preadolescents, can often most effectively be served in a family environment. Therapeutic foster homes provide a family atmosphere in which the foster parents are specially trained to address the behavioral needs of the child and to follow through with treatment recommendations. Therapeutic foster homes offer an alternative to traditional residential treatment center placements and are frequently affiliated with a residential treatment center.

Medicaid reimbursement is already available for therapeutic foster homes serving mentally retarded children. The Bureau of Social Services in the Department of Human Services is working with the Bureau of Medical Services to develop reimbursement procedures for therapeutic foster homes for emotionally disturbed children.

Improved Diagnostic Assessment and Evaluation for Abused/Neglected Children

Service providers called upon to assess, evaluate and/or treat abused/neglected children have encountered funding restrictions that conflict with the most effective therapeutic approach. Given state of the art knowledge about certain specialty areas, e.g., treatment of children who have been sexually abused, such funding restrictions may need to be reviewed.

Increased Reimbursement in Private, Non-Medical Institutions (including Residential Treatment Centers)

Residential treatment centers serving emotionally disturbed and behaviorally disordered youth receive Medicaid funds under the category of private, non-medical institutional services. The RTC's are eligible to receive annual increases in reimbursement based on their submission of new cost reports. The possibility of expanding Medicaid reimbursement to other categories, such as child care workers or case managers other than MSW's, needs to be explored.

Case Management for Juvenile Justice Clients

Juvenile caseworkers in the Department of Corrections perform some elements of case management. These positions are currently funded entirely by state dollars. To the extent that youth involved in the juvenile justice system meet the eligibility criteria for Medicaid, it may be possible for the Department of Corrections to obtain reimbursement for case management services performed by its caseworkers.