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To: Veldran, KatherineKatherineVeldran@gov.sc.gov
Date: 2/12/2012 7:03:05 AM
Subject: HHS

Katherine, this is in today's Greenville News. I'd like to talk to Tony about this issue relative to BabyNet. He's absolutely right, and I'd like his help. Shall I call him, or is it better for you too? Thanks,

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Medicaid changes may affect case management services for disabled

By [Liv Osby](#)
| Staff writer

A proposed Medicaid billing change has advocates for the disabled fearing a cut in services while the state says the action would foster more accountability in the program.

The state Department of Health and Human Services plans to change the rate for case management services because the federal government wants to ensure that Medicaid funds aren't being abused, DHHS director Tony Keck told GreenvilleOnline.com.

But Brent Parker, executive director of the Greenville County Disabilities and Special Needs Board, which provides case management and other services to children and adults with autism, mental retardation, spinal cord injuries and related disabilities, said the change amounts to a 58 percent cut that could halve the staff and double caseloads.

A case manager assesses a client's needs, develops a care plan, and ensures the

client gets the services and follows up.

But because payment rates have varied wildly, the U.S. Centers for Medicare and Medicaid Services has been concerned about abuse, such as whether ineligible services were being reimbursed, Keck said. So it has told states to define the services, the qualifications of providers, and the cost, he said.

Currently, case management is reimbursed at a rate ranging from \$23.66 to \$84.41 per 15-minute unit of service — or \$94.64 to \$337.64 per hour, according to DHHS.

But a financial analysis revealed that the services don't cost that much, Keck said. So DHHS is proposing a rate of \$13 per unit, or \$52 an hour, about the same as North Carolina's rate of \$12.87, he said.

"Based on 2010 fiscal data, expenditures were \$42 million for targeted case management," he said. "But if you applied our new rate to that same level of service, we would only have spent \$12 million."

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Case management is offered by state agencies and private companies, Keck said, but in South Carolina, the lion's share of these services is provided by the state Department of Disabilities and Special Needs, which spent \$27.9 million on them in 2010, he said.

So either they've been getting a higher rate than it costs to deliver services and doing something else with the money, he said, or delivering services beyond the definition of case management.

"There's been a lack of checks and balances and a lack of proper financial attention to these programs," he said. "There's a big difference between cutting and being inefficient. You can improve the way you operate. They need to be more accountable."

But DDSN said case management is run efficiently and effectively, and that reimbursement is in line with the payment systems used in the health care industry for physicians and hospitals.

DDSN spokeswoman Lois Mole disputed the reimbursement rates, saying agencies are now paid monthly rates approved by previous DHHS administrations.

"A DDSN case manager's average annual salary is \$32,000 (and) the average cost of providing case management is \$1,450 per consumer per year," she said. "DDSN is providing this service to approximately 16,000 individuals and cannot be paid more by Medicaid than the actual,

allowable costs. There is accountability because DHHS verifies these costs every year."

Furthermore, she said, DDSN case managers work with complicated clients.

"These are difficult cases. People with intellectual disabilities are a very challenging and very unique population. And it takes a lot of time. One size doesn't fit all," she said. "That doesn't mean we can't change and be more efficient."

DHHS spokesman Jeff Stensland said case management is supposed to be the same service set across all agencies and that a case manager at the Department of Juvenile Justice may have challenges, too, such as finding placement for a juvenile sex offender.

He added that the Government Accountability Office found \$12 million in improper case management payments in Georgia and \$68 million in Massachusetts.

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"Our proposed rate of \$52 an hour is actually higher than what we're now paying for equivalent (case management) services for 13,500 elderly and people with disabilities in our home and community-based waiver program," he said. "That case management is operating quite well, and we have a high level of accountability."

Mole said the agency is looking at what case management services Medicaid is willing to pay for in the future to assess how services will be provided.

"Medicaid can decide what it's willing to pay for," she said. "What ... state agencies have to decide is, here's what they'll pay for, so we have to prioritize what's being done. Maybe not all the activities can stay the same. And maybe there are areas where we can improve the service."

However, she said a number of providers have told DDSN that the proposed rate isn't enough to stay in business, while others will have to reduce services and lay off staff.

Parker said it's impossible to provide the same quality and level of services with such a large funding cut.

"Any time you reduce a program by 58 percent, there has to be a restructuring of the entire program," he said. "We're looking at some major reductions in services and supports for our families."

Alvena Chapman, a member of the Upstate Coalition, a parent advocacy group, said

families fear the change will mean fewer workers with heavier case loads. Case managers are the ones who monitor the patient's care and if they are cut, families "will never see their caseworker," she said.

"Families are worried," she said. "Nobody wants any further cuts in services."

But increased accountability in the Medicaid program could be a positive development, so long as services don't suffer, said Anna Maria Darwin, an attorney with South Carolina Protection and Advocacy, an independent nonprofit group that protects the rights of people with disabilities. It could mean that funds inappropriately spent on case management could be spent on services for others, she said.

"We hope this isn't going to be a cut in services but a way to more efficiently spend the money we have. The more transparent everybody is on what's being spent, the better," she said.

"But our concern is to always ensure our

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clients have the services they need and are entitled to. We're hoping that no matter what happens, it doesn't hurt our clients."

Mole said there are many facets to the equation that must be worked out, such as what's included in the rate.

"We're willing to change," she said. "But we don't want unintended consequences."

DHHS will consider all the comments it has received before making a final decision, Stensland said. If implemented, the new rate will be phased in over three years.

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