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Subject: Transfer of State funds

Christian—

As discussed, earlier this year DMH permanently transferred \$650,000 of its State funds to DHHS representing the State Medicaid match for private paraprofessional clubhouse services (RPS). DHHS now bears the financial risk should utilization of those services increase.

As also discussed, there are a couple of other discreet areas of Medicaid services for which DMH has been responsible for the State match, and for which it is billed following payment for the services by DHHS, such that DMH would be willing to consider doing a similar permanent transfer: Hospice Services and children's PRTF and Psychiatric hospitalization services.

§ Hospice - \$50,000

DMH operates nursing care facilities which are Medicaid providers, including the C.M. Tucker, Jr. Nursing Care Center (Tucker Center) in Columbia. DMH nursing homes receive only the FFP portion of the applicable Medicaid rate for their services, and the State match is met under the Certified Public Expenditure (CPE) process.

Tucker Center arranges for a private provider of hospice services – a Medicaid reimbursed service -- to provide hospice services to Tucker Center residents in need, rather than providing such services directly. DHHS pays the private hospice provider the full Medicaid rate for its services provided to Tucker Center residents, and bills DMH for the State match amount.

§ PRTF and Psychiatric Hospitalization - \$2,000,000

At the agency's William S. Hall Psychiatric Institute (Hall), DMH provides both children's psychiatric hospital services as well as a Psychiatric Residential Treatment Facility (PRTF). Hall receives only the FFP portion of the applicable Medicaid rate for both services, and the State Match is met under the Certified Public Expenditure (CPE) process.

However, under current State Medicaid policy and procedure, prior to DHHS paying a private provider of children's psychiatric residential treatment facility (PRTF) services, or for a child's psychiatric hospitalization, the child's admission must be authorized by a State agency – DSS, DMH, DJJ, the Continuum of Care or DDSN – or a school district, as being medically necessary (certificate of need or CON), as well as through the use of an assessment instrument (CALOCUS) as an objective measure of the child's level of care needs. The authorizing State agency/school district then becomes responsible for the State match portion of the Medicaid rate paid by DHHS to the private PRTF or hospital.

The State agency authorizing the admission also has responsibility ("Lead agency") for providing on-going case management to that child while in the residential treatment facility, to include attending treatment team meetings and determining in conjunction with the private provider and family, when the child should be transitioned out of the treatment facility to their home or other care setting.

Because emotionally disturbed children are often served simultaneously by 2 or more state agencies, there is often cost-sharing of the Medicaid match among State agencies. The largest group being served by multiple agencies is emotionally disturbed children in DSS custody, typically in foster care. Cost sharing for these children is not case-by-case, but rather via an annual transfer of funds under the Interagency System for Caring for Emotionally Disturbed Children (ISCEDC.) (20-7-5710, et seq.) DMH transfers \$595,000 annually to the ISCEDC pooled services fund for the payment of needed services for youth in DSS custody by DSS, including but not limited to the Medicaid match for PRTF and hospital services.

89.62. (GP: ISCEDC Funding Transfer) The departments of Mental Health, Disabilities and Special Needs, and Juvenile Justice are directed to transfer a total of \$1,199,456 in funds to the Department of Social Services for the support of the Interagency System for Caring for Emotionally Disturbed Children. Funding transfers shall be in the following amounts: Department of Mental Health - \$595,000, Department of Disabilities and Special Needs - \$379,456, and Department of Juvenile Justice - \$225,000. The transfer of funds shall be accomplished by September thirtieth of the current fiscal year.

Another category of children for which DMH bears sole responsibility for the Medicaid match are juveniles committed to the Department of Juvenile Justice who are transferred to DMH for treatment after being determined to be seriously mentally ill, pursuant to a Memorandum of Agreement (MOA), stemming from a class-action lawsuit against DJJ in the 1990s.

Other than ISCEDC and juveniles committed to DJJ who are determined to be seriously mentally ill, cost-sharing between 2 or more agencies of the State Medicaid match for a particular child in need of a PRTF or psychiatric hospitalization takes place on a case-by-case basis by mutual agreement between the agencies, or in rare instances under the Children's Case Resolution Process.

Care coordination or case management of emotionally disturbed children can and often does involve the need to refer children to services which may not be Medicaid reimbursable, and so must be paid for from agency funds. Notably, Children's Group Homes and Therapeutic Foster Care are not Medicaid reimbursable, but are the paid for by State appropriations managed by State child-serving agencies, including DMH. The process is also the subject to a State proviso.

89.84. (GP: IMD Operations) All funds received by State child placing agencies for the Institution for Mental Diseases Transition Plan (IMD) of the discontinued behavioral health services in group homes and child caring institutions, as described in the Children's Behavioral Health Services Manual Section 2, dated 7/01/06, shall be applied only for out of home placement in providers which operate Department of Social Services or Department of Health and Environmental Control licensed institutional, residential, or treatment programs. An annual report on the expenditures of all IMD transition funds shall be provided to the Chairman of the Senate Finance Committee, Chairman of the House Ways and Means Committee, and the Governor. Funds must be allocated based on the Department of Health and Human Services allocation methodology developed for the distribution of these funds.

These placements are often needed in lieu of more intensive services, such as a PRTF, or for step-downs from a psychiatric hospital or PRTF. DMH primarily utilizes Therapeutic Foster Care for DJJ youth being case managed by DMH pursuant to the MOA who, by virtue of their legal status, cannot return home.

For a number of reasons, therefore, before any permanent transfer of these funds there should be discussion involving all child-serving agencies and DHHS, and agreement as to how prior authorization for services, case management and care coordination would be affected by a transfer of funds to DHHS:

- Ø DMH is just one several state agencies with authority to authorize Medicaid reimbursement for a child's placement in a PRTF or psychiatric hospital;
- Ø Responsibility for the Medicaid State match is just one of the current responsibilities of the State agencies relative to such children;
- Ø There are other non-Medicaid services, paid for with State funds, for which access may be needed for meaningful care coordination.

DMH is willing to transfer the Hospice and PRTF/Psychiatric Hospitalization funds permanently to SC DHHS, as it has already done with the private paraprofessional clubhouse (RPS) services. However, as noted, with respect to the PRTF/hospital placement funds, there are other affected and similarly situated State agencies and a number of related and sometimes complex issues which would need to be resolved prior to the transfer.

--Mark

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