

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO

DATE

*Myles/Waldrop*

*10-31-07*

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER  <b>000232</b>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <b>11-7-07</b>  <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____  <input type="checkbox"/> FOIA DATE DUE _____  <input type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR  <i>Clear per note @ bottom</i> <i>11/6/08</i>			

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

\* Requested information was correct and so per original letter if we did not reply with changes letter would indicate that information was correct and no reply was required.

**From:** Jan Polatty  
**To:** Sam waldrep  
**Subject:** Catalyst Center for Children & Youth Letter

Hey, Sam!

Did you receive your copy of the above letter dated 10/23/07? If so, please assist me in deciding if we should log - to whom, etc.

Thanks for your help! jan

Log: Myers  
Sam (per, HR)

10: Sam

\* Sam will  
coordinate  
response w/  
Ber.  
JW!  
10/29

**RECEIVED**

OCT 29 2007

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

# CATALYST CENTER



IMPROVING FINANCING OF CARE  
for Children & Youth  
WITH SPECIAL HEALTH CARE NEEDS

October 23, 2007

Boston University School of Public Health

Robert Kerr  
Director

Department of Health and Human Services  
1801 Main Street, P.O. Box 8206  
Columbia, South Carolina 29202-8206

Dear Colleague:

We are writing to request your continuing assistance in our work to identify and disseminate financing practices that support the delivery of care to children with special health care needs (CYSHCN). Many of these children receive health coverage through the Medicaid and SCHIP programs, including those who receive SSI benefits, children in foster care, children with serious emotional disturbances (SED), children with developmental disabilities and children in the Katie Beckett or TEFRA waiver program.

State agency staff and other stakeholders provided us with information that we included in our first *State-at-a-Glance Chartbook on Financing of Care for Children and Youth with Special Health Care Needs*. The *Chartbook* provides information on health insurance and financing in each state with a special emphasis on 'best' practices. It allows readers to find topics of interest and discover where there is creative activity among the states.

**We are asking for your help** in updating our information about innovative or creative financing strategies that support care for these children. Has your state implemented any new strategies that we could include in our *Chartbook* update? Examples of innovative strategies include those based on integrating multiple streams of funding, implementing new case management strategies or developing programs that cross state agencies. We would also like to know if your state offers a TEFRA/Katie Beckett waiver or state mandated benefits for early intervention. We are also asking for your help in reviewing the attached document of references to South Carolina in our first *State-at-a-Glance Chartbook on Financing of Care for Children and Youth with Special Health Care Needs* for accuracy.

Would you kindly send us an email to let us know if there are new strategies or changes to existing strategies you would like us to know about? You may contact our Director of Research, Dr. Sara Bachman ([sbachman@bu.edu](mailto:sbachman@bu.edu)) at 617-353-1415. If we do not hear from you by November 15, 2007, we will assume that the information we published in the current edition of the *Chartbook* is accurate.

This project is being conducted by the Catalyst Center at the Boston University School of Public Health. The Catalyst Center is one of six national centers funded by the Maternal and Child Health Bureau to promote the Healthy People 2010 and New Freedom Initiative objectives for children with special health care needs. If you have any questions about the Catalyst Center or the *Chartbook*, please contact Dr. Bachman or our Project Director Meg Comeau at (617) 426-4447 ext. 27.

We look forward to hearing from you in the near future.

Yours truly,

*Carol Tobias*

Carol Tobias, MMHS  
Co-Principal Investigator

cc: Sam Waldrep  
Enclos.

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OCT 29 2007

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**References under State Innovations: Strategies to Expand Coverage and Care****Managed Care Purchasing**

A number of states have used their Medicaid managed care contracts as an opportunity to provide care coordination, care planning, or special services for CYSHCN, and a few have implemented specialty managed care plans to serve CYSHCN.

***Financial Incentives to Care for CYSHCN***

CYSHCN, by definition, use more health care services than the average child, and thus are likely to incur greater health care expenditures. Under traditional managed care arrangements, health plans are paid an average amount per member per month, and while this average payment is often adjusted for age, gender, and perhaps geographic location, it is not usually adjusted for health status. Medicaid programs, more than any other payers, have started to implement payment systems that are adjusted for health status, in part to acknowledge that some plans may enroll a disproportionate share of CYSHCN and will therefore incur higher expenses.

At last count, eleven states use health-based payment systems to provide risk-adjusted payments to their Medicaid managed care plans, in an effort to provide financial incentives to plans that enroll individuals with higher than average health care needs, including CYSHCN. Eight of these states use the Chronic Illness and Disability Payment System (CDPS); the other three use Ambulatory Care Groups (ACGs) to develop risk-adjusted payment rates.

<b>States Using Health-Based Payment Systems to Provide Risk-Adjusted Payments to Medicaid Managed Care Plans</b>	States using Ambulatory Care Groups (ACG): <ul style="list-style-type: none"> <li>• Maryland</li> <li>• Minnesota</li> <li>• South Carolina</li> </ul>
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<b>Managed Care Purchasing</b>	A number of states have used their Medicaid managed care contracts as an opportunity to provide care coordination, care planning, or special services for CYSHCN. A few have implemented specialty managed care plans to serve CYSHCN.
	<i>Specialty Managed Care Plans</i>
	Some states have implemented specialized programs within their

	<p>services. The program receives a capitation payment for mental health and drug treatment services, but physical health services are provided on a fee-for-service basis.</p> <p>Massachusetts and <b>South Carolina</b> also operate specialty managed care programs for CYSHCN, which are described in the section on integrated delivery systems.</p>
<b>Integrated Delivery Models for Targeted Diagnoses or Populations</b>	<p>A number of states have blended funding from multiple state agencies to pay for services delivered through integrated models of care for children with specific conditions or diagnoses. In different states, these may include children with serious emotional disturbance, children with autism, or children in foster care.</p> <p>While many of these programs have demonstrated excellent outcomes, including cost savings and improved family satisfaction, they usually serve only small numbers of children and often operate on a limited geographic scale.</p> <p><i>Children with Autism</i></p> <p>A third group of CYSHCN for whom several states are developing integrated delivery systems is children with autism. Maryland was the first state to implement an autism waiver, which covers intensive family support and training, therapeutic integration services, respite care and home modifications. Maryland's waiver also covers intensive individual support in the home, at school or in the community. Nine hundred children with autism are currently served under this waiver.</p> <p><b>South Carolina</b> has recently implemented an HCBS waiver to provide Applied Behavioral Analysis (ABA) therapy for children with autism. Under this program, school districts can bill Medicaid for care coordination, therapy and counseling. Rhode Island Medicaid also covers home-based therapy and the development of family care plans for children with autism as a fee-for-service benefit under their state plan.</p> <p><i>Children in Foster Care</i></p> <p>Some states have developed integrated care programs for children served by the child welfare system, with a particular focus on children in foster care. As with the integrated programs for children with serious emotional disturbance described previously, some of these operate on a fee-for-service or contractual basis and others are capitated, managed care models.</p> <p>Kentucky, North Dakota, Florida and Minnesota operate fee-for-service models, while Massachusetts, <b>South Carolina</b> and Arizona operate managed care models.</p>

	<p>for day health care for medically complex children – care that includes therapeutic interventions such as physical therapy, occupational therapy and play therapy at facilities around the state that are licensed to provide this kind of care.</p> <p>The Rhode Island program, called KIDS Connect, is unique in that it helps families send their CYSHCN to inclusive child care centers, after-school programs and summer camps by paying for an aide or nurse on a child-specific basis to accommodate the child's health care needs.</p>
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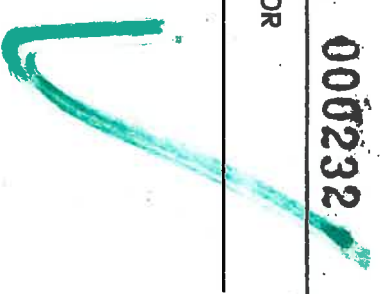
## References under State-At-Glance Coverage and Financing Charts

<b>Close</b>	<b>Integrated</b>	<b>South Carolina</b> uses Medicaid waiver authority to provide Applied Behavioral Therapy Services (targeting children, including school-aged children, with autism) which allows 50 school districts to bill for care coordination, therapy and counseling.	<i>jam</i>
<b>Benefit Gaps</b>	<b>Delivery Models</b>		
<b>Pay for Added Services</b>	<b>Integrated Delivery Models</b>	The Medically Fragile Children's Program is an all-inclusive healthcare program for medically complicated children (both foster care and non-foster care) ages 0-21. Services are provided through an interdisciplinary team.	<i>Ben</i>

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10. Sam

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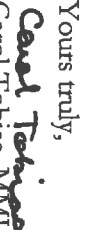
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