DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Waldrep	3-27-12

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 10-381	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR _____ cc: Mr. Keck Singleton	[ ] Prepare reply for appropriate signature DATE DUE _____ [ ] FOIA DATE DUE _____ [X] Necessary Action

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

DSS
Serving Children and Families

LILLIAN B. KOLLER, J.D.
STATE DIRECTOR

NIKKI R. HALEY
GOVERNOR

March 23, 2012

Anthony E. Keck
State Director
S.C. Department of Health and Human Services
P.O. Box 8206
Columbia, South Carolina 29202-8206

Dear Director Keck:

Please find enclosed our response to the draft Technical Assistance Audit that was performed for the Intensive Foster Care and Clinical Services (IFCCS) Division of Department of Social Services (DSS) for the October 2009-October 2010 Case Management Services Contract period.

As you know, the period under review was the first year for DSS to bill Targeted Case Management (TCM) after a hiatus since 2008. Since that time:

- Your agency issued a draft manual for TCM in April 2010.
- DSS has made a major investment in training TCM staff, beginning in August 2009 and continuing to the present day, to assure that all TCM staff clearly understand their central role in assuring the integrity of this program.
- We have appointed a senior manager, with expertise in this area and a commitment to accountability, to head this effort.

Despite the very limited sample size in the Technical Assistance Audit, we found it helpful to meet with your staff in the exit conference and look forward to receiving continued technical assistance and guidance as we move forward with our TCM program.

The only discordant note that I would bring to your attention is our concern that the audit and your staff continue to adhere to outdated Federal guidance that would restrict the State's ability to claim TCM with respect to child welfare services. Specifically, the draft audit and your staff continue to rely on guidance received from the Federal government in 2001 that was overturned by Congress. The current Federal policy is reflected in the 2009 Final Rule issued by the Federal government (see Federal Register, Vol. 74, No. 124, June 30, 2009). We are confident that we have in place the cost allocation and accounting procedures necessary to assure full compliance with applicable Federal policy.

I would ask, should you decide to convert this "draft" document to a "final" report, that it reflect this and the other items described in the attached response.

We look forward to any additional guidance and feedback you may have regarding our TCM program. If you have any further questions, please feel free to contact me at (803) 898-7360.

Sincerely,

Linda S Martin for

Lillian B. Koller, J.D.
State Director

LBK/bsb

Enclosure

Targeted Case Management (TCM) Technical Assistance Audit Response Overview

The S.C. Department of Social Services (SCDSS), Division of Intensive Foster Care and Clinical Services (IFCCS) and the S.C. Department of Health and Human Services (SCDHHS) entered into a contract agreement for the purchase and provision of case management services on October 1, 2009. IFCCS began providing case management services and started submitting claims for TCM services for Seriously Emotionally Disturbed (SED) beneficiaries on October 1, 2009. The period of review for the Technical Assistance Audit (TAA) includes October 1, 2009-October 1, 2010, detailing the very first 12 months IFCCS submitted TCM claims. The total sample size of the TAA was 10 cases with some of the cases within the sample being the top claim billers in each region. The sample size was reduced from 28 cases in recognition that IFCCS had not actively billed TCM since June 30, 2008 and would need a time of transition, technical assistance and training of all personnel who would be billing TCM.

Although there was no updated TCM manual in October 2009 to guide service provision and detail policy and procedures until an April 2010 draft manual was provided to DSS by DHHS, IFCCS conducted multiple sessions during and after the period under review to provide continued TCM training to staff in efforts to address deficiencies and strengthen knowledge, understanding and implementation of TCM policy. IFCCS Regional Managers and Supervisors were provided TCM training on August 31, 2009. Each individual IFCCS office throughout the state received individual TCM training sessions between September 14, 2009-October 12, 2009. A statewide mandatory agency training was held on March 11, 2010 in Columbia as a follow up to ensure retention of all the individual office training for all personnel certified to bill TCM. IFCCS also held a make-up training on April 29, 2010 for those unable to attend on March 11, 2010. Another TCM review training was held in Columbia on May 25, 2010 as a method to assist those staff identified by management as being able to benefit from more detailed instruction. There have been on-site training sessions held on May 23, 2011 in the Myrtle Beach office, July 6, 2011 in the Florence office, February 13, 2012 in the Charleston, February 22, 2012 in the Greenwood office and March 12, 2012 in the Spartanburg office including staff from the Spartanburg, Anderson and Greenville offices. There were also two additional TCM Certification training sessions held for new employees: March 9, 16 & 23, 2011 and December 8, 9 & 14, 2011. As evidenced by the numerous TCM training being provided in all individual offices in the period leading up to the TCM contractual period of October 2009-October 2010, the IFCCS went to great efforts to ensure all staff who were certified to bill TCM understood the role of TCM in the system and what was billable vs. non-billable including the issues of expenses under Child Welfare Services activities vs. TCM activities.

Previous to the contract start date of October 2009, SCDHHS and SCDSS-IFCCS division held interagency meetings to clearly delineate TCM activities vs. Child Welfare Services activities and address the need to keep them separately billed. SCDSS conducted an internal time study and derived that the breakdown of TCM was 62% and non-billable activities were 38%. SCDSS also designed the service note dictation for staff to include section for TCM billable activity and section for non-billable activity as workers provided services. A recent sample of 76 clients were tracked the calendar year of 2011 to assess whether the previously CMS approved cost allocation plan is still accurate. The number of billable TCM and non-billable activities were logged and the average breakdown was 69% TCM/31% non-billable. SCDHHS outlined specific concerns in the Findings and Recommendations section of the TAA report based on a January 19, 2001 CMS letter stating, "When foster care workers are also enrolled in medicaid as providers of case management services, States must undertake a careful review to ensure the activities to be claimed under Medicaid meet the definition of case management and are not directly connected to the delivery of foster care benefits and services." The TAA report goes on to cite the following examples as being required by the foster care program, therefore implying they are not TCM activities:

- monthly face to face visits with the beneficiary
- monthly face to face visits with the caregiver
- monthly face to face visits with the therapeutic foster care facility
- Referrals to medical care providers
- supervised visits ordered by the family court

The specific examples noted are in direct contrast to the 2009 Purchase and Provision of Case Management Services Contract which clearly states on page#3, Article III. A., Components of Case Management: *"coordination of services that will ensure all Medicaid recipients served by SCDSS have access to the full array of necessary community services. This shall include access to services specifically for SED children as well as other appropriate medical, social, educational and vocational services"*. The Case Management Services Contract also identifies specific components of Primary Case Management on page#4 as:

- Assessment
- Care Plan
- Referral and Linkage
- Monitoring and Follow up

SCDSS utilized the 2009 Purchase and Provision of Case Management Contract as the basis for TCM training for staff in the absence of an updated TCM manual. The activities identified in the TAA as foster care only activities such as face to face visits with the client, caregiver, or

Therapeutic Foster Care (TFC) home appear to focus exclusively on the location of activity. The case managers bill for the services that are rendered to the client, caregiver and/or TFC family such as assessing the progress and monitoring the effectiveness of the RBHS services, client treatment goals, access to needed services in the community, need for other referral and linkage to behavioral health, educational, social and community support, etc. These activities are clearly specified as TCM activities and would naturally require a face to face with the client, caregiver and/or TFC provider. Case managers have been trained to separate out non-billable child welfare activities in the non-billable section of their dictation for any non-billable activities that occur during the face to face.

SCDSS recognizes the guidance given by CMS in the January 19, 2001 letter and has gone to extensive efforts through training and design of the service notes to the Supervisory QA process to ensure only TCM activities are billed under the contract. However, SCDSS has been operating under a more updated ruling by CMS on June 30, 2009 that states the following:

> *"In response to the comment regarding whether FFP would be available for TCM services provided by State child welfare workers to children in foster care, we clarify that the activities of child welfare programs are separate and apart from the Medicaid program..... Children with medical needs who also receive child welfare services qualify for Medicaid targeted case management services when relevant criteria are met. Specifically, such services must meet the definition of Medicaid case management services, and must be provided according to a Medicaid State plan..." (Federal Register, Vol.74, No.124, p.31192)*

The SCDSS-IFCCS Division is very appreciative of the technical assistance provided through the SCDHHS audit as it was able to determine areas of focus for our organization as we move forward with providing TCM to our children. IFCCS did have some initial transitional issues into TCM beyond the basic training for staff as we had to develop data/QA/procedures to identify and capture non-billable activities. Given the period under review for this TAA, the SCDSS-IFCCS has put in more sophisticated database systems to red flag any non-billable activity being billed to TCM including excessive billing which has addressed many of the issues identified in the 2009-2010 TAA. In an effort to improve compliance and provide additional oversight, effective July 1, 2011, a system to conduct monthly reviews of clinical service notes in the CAPSS system has been in place. Each month a total of 20 cases are reviewed and documented on an audit review form. In addition, as the monthly client billing logs are submitted, clinical service notes that appear to have potential to be in excess of units of those documented are flagged and reviewed for reduction or for unallowable activities and adjusted accordingly. There have also been Regional TCM QA Reviews conducted for each office to address deficiencies (Please see additional Corrective Action Plan in Recommendation Section).

SCDSS Utilization of TCM to Enhance Outcomes

SCDSS-IFCCS has been successful in utilizing the TCM model to enhance the lives of the children we serve. The TCM service allows SCDSS the ability to address the specific factors that may keep them from being with their natural family or getting adopted. The TCM service model allows our case managers the ability to assess along with a coordinated team of medical/behavioral/education/community professionals and family members what it will take to holistically address the specific needs of the child and family in efforts to have them re-unify and remain stable and avoid out of home placement or crisis care. SCDSS is committed to having SED children reunified with their family and or an adoptive family while reducing the long term institutionalization and dependence on intensive case management.

The review period October 2009-October 2010 of the SCDHHS Technical Assistance Audit identified there were 1,632 IFCCS clients and Inpatient Hospitals/ PRTF placements accounted for 48.93% of the Medicaid services rendered. Under the current SCDSS leadership there has been a renewed focus on permanency planning for the SED kids who are in long term care and have extensive behavioral health needs that must be addressed in order for reunification or adoption with the family. Through the utilization of TCM, the IFCCS division has achieved some major outcomes such as reducing the number of children requiring intensive case management from 1,632 in 2009/2010 to 1,225 in 2012 which is a 25% reduction. Also, just in the past year the number of IFCCS kids in the costliest PRTF placements has been reduced from 242 to 158 or a 35% reduction. A large number of these children have been reunified with their family and exited IFCCS intensive case management or have returned to the community in a Therapeutic Foster Home level of care. PRTF's account for only 12% of SCDSS's out of home placements with 68% of the children being placed with a Therapeutic Foster home family. It should also be noted that out of the 917 clients transitioned out of IFCCS in the post audit period beginning November 2010 to March 2012, 49% reunified with their parent(s) or relative(s). Also, 13% of the children are in either pre-adoptive or adoptive placement.

Per the SCDHHS Technical Assistance Audit under the Utilization of Medicaid section, it indicates that TCM billing only comprised 13% of the total expenditures and not much duplication of TCM was noted with other sister agencies with concurrent case management totaling 218,771.

Response to Recommendations

FINDING: ALLOCATION OF NON-MEDICAID FUNDING

RECOMMENDATION:

1. The Department of Social Services' Intensive Foster Care and Clinical Services Division should revise its current cost allocation methodology to ensure compliance with the Code of Federal Regulations (45 CFR part 1356.60. c. 1-2) and other applicable standards.

AGENCY RESPONSE:

The Department disagrees with this recommendation which should not be a finding given that CMS has published the following guidance on TCM services funding:

"In response to the comment regarding whether FFP would be available for TCM services provided by State child welfare workers to children in foster care, we clarify that the activities of the child welfare programs are separate and apart from the Medicaid program. Medicaid case management services must not be used to fund services of child welfare programs. Children with medical needs who also receive child welfare services qualify for Medicaid targeted case management services when relevant criteria are met. Specifically, such services must meet the definition of Medicaid case management services, and must be provided according to a Medicaid State plan which assures participant protections are in place, and that participants have a choice of qualified Medicaid providers." (Federal Register, Vol. 74, No. 124, p. 31192, June 30, 2009) (Underline added)

The Department submitted the Public Assistance Cost Allocation Plan amendment designated as 2008-2 in accordance with provisions of OMB Circular A-87 and 45 CFR 95 Subpart E to establish the cost allocation methodology related to the targeted case management program (Intensive Foster Care Case Services). Program and cost allocation staff worked extensively with the CMS Regional Office during the review of the plan amendment to insure that case managers' activities were properly delineated as TCM-eligible or child welfare services. Based on the CMS review and approval of the cost allocation methodology, the cost allocation plan amendment effective October 1, 2009 was approved by the Division of Cost Allocation, Department of Health and Human Services. The approved cost allocation methodology has been applied since October 1, 2009. The Department does not foresee any cost allocation related recoupable issues based on the above CMS rule.

RECOMMENDATION:

1. The SCDHHS Division of Family Services should require the Department of Social Services, Intensive Foster care and Clinical Services Division, to submit a corrective action plan that addresses the deficiencies outlined in this report.

Corrective Action Plan	
A. All Case Managers submit claims only for activities that are eligible for Medicaid reimbursement.	Children's Services Supervisors are required to review every CSN and provide QA to reduce claims for anything that would not be Medicaid reimbursable. Monthly QA Audits in the Child and Adult Protective Services System (CAPSS) are conducted by the TCM Program Manager and staff to perform additional oversight.
B. Any Activity listed in the Targeted Case Management Policies and Procedures manual as "non-billable activity" or is not billable per DSS policies should not be submitted for payment.	Children's Services Supervisors are required to review every CSN and provide QA to audit notes for non-billable activity. A section for "Non-billable Activity" is contained at the end of each CSN to encourage separation of billable and non-billable activity. Monthly QA Audits in CAPSS are conducted by the TCM Program Manager and staff to perform additional oversight.
C. The services billed as case management meet the most recent standards for these services and adhere to the definition of targeted case management as specified in the Deficit Reduction Act of 2005.	The Deficit Reduction Act of 2005 has been reviewed and will be added as a component of the IFCCS TCM training material and documentation standards for all employees.
D. All activities documented on the clinical service notes clearly support units of service billed for that date of service. Only those units of service that fall within the prescribed limits and document unique services not previously billed should be submitted for reimbursement.	Children's Services Supervisors are required to review every CSN and provide QA to ensure all CSN are properly signed and dated prior to filing. Monthly QA audits have been implemented by TCM Program Manager through CAPSS and billing logs prior to submission for payment to reduce notes that do not clearly support the units of service billed by the case manager.
E. All clinical service notes documenting services rendered to a beneficiary are properly signed and dated. Once the clinical service note is completed it should be properly maintained in the client's official clinical record.	Children's Services Supervisors are required to review every CSN and provide QA to ensure all CSN are properly signed and dated prior to filing. Regional QA Audits are also conducted to monitor compliance.

F. All required elements are properly documented before the note is placed in the beneficiary's record.	Children's Services Supervisors are required to review every CSN and provide QA to ensure all elements are documented prior to filing. Regional QA Audits are also conducted to monitor compliance.
G. All clinical service notes are placed in the beneficiary's record within five days of the date of service	Exit Conference: Agreed to remove as this does not consider new technologies/databases and refers to paper file. DHHS agreed to look at this issue globally.

FINDING: DSS CONTRACT ISSUES

RECOMMENDATION:

4. The Intensive Foster Care and Clinical Services (IFCCS) should submit the required cost report immediately. At the very least, IFCCS should provide DHHS a tentative date for the report's submission.

AGENCY RESPONSE:

The cost report for FY 2011 will be submitted no later than April 27, 2012 or sooner.