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State/Territory Name: MN

State Plan Amendment (SPA) #: 13-021

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Companion Approval Letter
- 3) Summary Form (with 179-like data)
- 4) Approved SPA Pages

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



December 18, 2013

James Golden, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Mr. Golden:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #13-021 - Targeted Case Management
 --Effective Date: July 1, 2013

If you have any additional questions, please have a member of your staff contact Courtenay Savage at (312) 353-3721 or via e-mail at Courtenay.Savage@cms.hhs.gov.

Sincerely,

/s/

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Ann Berg, MDHS
Sean Barrett, MDHS

Enclosure



December 18, 2013

James Golden, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Mr. Golden:

This letter is being sent as a companion to our approval of state plan amendment (SPA) 13-021 submitted September 36, 2013 by the Minnesota Department of Human Services and effective July 1, 2013. This SPA proposes coverage changes for targeted case management (TCM) for individuals who have been determined to have serious and persistent mental illness or severe emotional disturbance.

Our companion review of Attachment 4.19-B, pages 57-57f has determined that the payment for TCM is potentially problematic in two ways related to bundling services and rates that are negotiated. The TCM rate methodology is described as a bundled monthly rate for children and for adults. The costs associated with mentoring, supervision, and continuing education may be included in the monthly rate. Additionally, TCM services provided by entities under contract with a county, a facility of the Indian Health Service, or a 638 facility is based on the monthly rate negotiated by the county, the Indian Health Service facility or the 638 facility. In order to correct the concerns, the state will need to submit a SPA with the appropriate public notice to amend the state plan language.

Bundled Rates

CMS has identified that bundled payments may violate two provisions of the Social Security Act: 1902(a)(30)(A) and 1902(a)(32).

- 1902(a)(30)(A) requires that payments for services are economic and efficient. Generally, bundled payments raise concerns about economy and efficiency, because they can be made for services that may or may not actually be rendered to the beneficiary or for services that may not be covered by Medicaid.
- 1902(a)(32) requires direct payment to the provider of the service.

In order to resolve the concerns regarding a bundled payment (page 57, Item 19.a.) and negotiated rates (page 57, Item 19.a.3.A.), the state has the option to amend Item 19.a. to comprehensively describe fee for service child and adult rates set by the state with units that are less than one claim per month. We also think the current methodology can be amended to allow for bundled rates. CMS expects that states will develop bundled rates based upon actual service data maintained by

providers. In approving a bundled rate, CMS will require states to describe the development of the rates in the state plan. The state must:

1. Ensure that providers of a bundled service maintain data that supports a conclusion that the rate developed by the Medicaid agency is economic and efficient. That data normally consists of information:
 - a. showing the provision by practitioner of the individual **covered** Medicaid services included in the bundled payment and;
 - b. the cost by practitioner and type of service actually delivered under the bundled rate.
2. Adhere to 42 CFR 431.107, which requires that each provider or organization furnishing services agree to keep any records necessary to disclose the extent of services the provider furnishes to beneficiaries and, on request, furnish the Medicaid agency any information maintained and any information regarding payments claimed by the provider for furnishing services under the plan. The State Medicaid Manual in Section 2500.2(A) requires that a state Medicaid agency report "only expenditures for which all supporting documentation is available, in readily reviewable form, which has been compiled and which is immediately available when the claim is filed" on the CMS-64. This section continues by stating that "... supporting documentation includes as a minimum the following: date of service; name of recipient; Medicaid identification number; name of provider agency and person providing the service; nature, extent or units of service; and the place of service."

In accordance with these requirements, states must include language in the state plan identifying the data to be maintained by providers, assuring that the state will review that data in order to develop and revise as necessary, economic and efficient rates, and explaining how the data was used to develop the rates.

3. Include language in the state plan assuring that rates do not include costs related to room and board (for bundled rates paid in residential settings) or other unallowable facility costs.
4. Include in the state plan a description of the state's proposal for monitoring the provision of services paid under a bundled rate to ensure that beneficiaries receive the types, quantity and intensity of services required to meet their medical needs.

County Negotiated Rates

5. As currently described, the TCM rates do not demonstrate a uniform, state-wide rate setting methodology approved by the state Medicaid agency. Please amend the language to describe rates that are approved by the state Medicaid agency.

Direct Payment to Providers

The payment methodology on page 57 indicates that "If the service is provided by a team of contracted vendors, the county, the IHS facility, or the 638 facility may negotiate a team rate with a vendor who is a member of the team. The team must determine how to distribute the rate among its members."

CMS is concerned that this payment arrangement could violate 1902(a)(32) that specifies that the state plan shall "provide that no payment under the plan for any care or service provided to an individual shall be made to anyone other than such individual or the person or institution providing such care or service, under an assignment or power of attorney or otherwise..." We are concerned because the SPA language indicates that "The team must determine how to distribute the rate among its members." Please clarify how this payment conforms with section 1902(a)(32) of the Act if one provider receives the payment for another provider and "distribute[s] the rate among its members."

Funding Clarification

6. Please explain Item 19a.3.A. The reference to "advance funding" provided by the county, the Indian Health Service facility or the 638 facility to the vendor.


The State has 90 days from the date of this letter to address the issues described above. Within that period the State may submit SPAs to address the inconsistencies or submit a corrective action plan describing in detail how the State will resolve the issues identified above in a timely manner. Failure to respond may result in the initiation of a formal compliance process. During the 90 days, CMS will provide any required technical assistance. If you have any questions concerning this letter, please contact Courtenay Savage at (312) 353-3721 or Courtenay.Savage@cms.hhs.gov for more information.

Sincerely,

/s/

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Ann Berg, MDHS
Sean Barrett, MDHS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 13-21	2. STATE Minnesota
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTER FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2013	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR § 440.169(b)		7. FEDERAL BUDGET IMPACT: a. FFY '14 \$0 b. FFY '15 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A, Supplement 1, pages 1 and 2 Attachment 3.1-B, Supplement 1, pages 1 and 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	
10. SUBJECT OF AMENDMENT: Targeted Case Management			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Sean Barrett Minnesota Department of Human Services Federal Relations Unit PO Box 64983 St. Paul, MN 55164-0983	
13. TYPED NAME: Ann Berg			
14. TITLE: Deputy Medicaid Director			
15. DATE SUBMITTED: September 26, 2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: September 26, 2013		18. DATE APPROVED: December 18, 2013	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2013		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Verlon Johnson		22. TITLE: Associate Regional Administrator	
23. REMARKS:			

STATE: MINNESOTA

Supplement 1 to ATTACHMENT 3.1-A

Effective: July 1, 2013

Page 1

TN: 13-21

Approved: 12/18/13

Supersedes: 02-21, 02-04

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE/TERRITORY: MINNESOTA

MENTAL HEALTH TARGETED CASE MANAGEMENT SERVICES

A. Target Group (section 1915(g) of the Act):

Case management services are available for individuals who have been determined to have serious and persistent mental illness or severe emotional disturbance.

Serious and persistent mental illness is defined as the condition of a person who has a mental illness and meets at least one of the criteria in items 1 to 5:

1. The person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months; or
2. The person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months; or
3. The person has a diagnosis of schizophrenia, bipolar disorder, major depression, schizoaffective disorder, or borderline personality disorder, indicates a significant impairment in functioning, and has a written opinion from a mental health professional (defined in item 6.d.A. of this attachment), in the last three years, stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment of a frequency described in items 1 and 2, unless ongoing case management or community support services are provided; or
4. In the last three years, the person has been committed by a court as a mentally ill person under Minnesota Statutes, chapter 253B or the person's commitment has been stayed or continued for reasons related to the person's mental illness; or
5. The person: (a) was eligible under items 1 to 4, but the specified time period has expired or the person was eligible as a child with severe emotional disturbance under Minnesota Statutes, §245.4871, subdivision 6; and (b) has a written opinion from a mental health professional, in the last three years, stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in item 1 or 2, unless ongoing case management or community support services are provided.

STATE: MINNESOTA

Supplement 1 to ATTACHMENT 3.1-A

Effective: July 1, 2013

Page 2

TN: 13-21

Approved: 12/18/13

Supersedes: 02-21, 02-04

A. Target group (section 1915(g) of the Act): (continued)

6. The person was eligible as a child with severe emotional disturbance and is age 21 or younger.

Severe emotional disturbance is defined as a child under age 18 who has an emotional disturbance and who meets one of the following criteria:

1. The child has been admitted within the last three years or is at risk of being admitted to inpatient treatment or residential treatment for an emotional disturbance; or
2. The child is a Minnesota resident and is receiving inpatient treatment or residential treatment for an emotional disturbance through the interstate compact; or
3. The child has one of the following as determined by a mental health professional (defined in item 6.d.A. of this attachment):
 - i. psychosis or a clinical depression; or
 - ii. a risk of harming self or others as a result of an emotional disturbance; or
 - iii. psychopathological symptoms as a result of being a victim of physical or sexual abuse or of psychic trauma within the past year; or
4. The child, as a result of an emotional disturbance, has significantly impaired home, school, or community functioning that has lasted at least one year or that, in the written opinion of a mental health professional, presents substantial risk of lasting at least one year.

B. Areas of the State in which services will be provided:

 x Entire state.

Only in the following geographic areas (authority §1915(g)(1) of the Act is invoked to provide services less than statewide): N/A

STATE: MINNESOTA
Effective: July 1, 2013
TN: 13-21
Approved: 12/18/13
Supersedes: 02-21, 02-04

Supplement 1 to ATTACHMENT 3.1-B
Page 1

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE/TERRITORY: MINNESOTA

MENTAL HEALTH TARGETED CASE MANAGEMENT SERVICES

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3. The person has a diagnosis of schizophrenia, bipolar disorder, major depression, schizoaffective disorder, or borderline personality disorder, indicates a significant impairment in functioning, and has a written opinion from a mental health professional (defined in item 6.d.A. of this attachment), in the last three years, stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment of a frequency described in items 1 and 2, unless ongoing case management or community support services are provided; or
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5. The person: (a) was eligible under items 1 to 4, but the specified time period has expired or the person was eligible as a child with severe emotional disturbance under Minnesota Statutes, §245.4871, subdivision 6; and (b) has a written opinion from a mental health professional, in the last three years, stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in item 1 or 2, unless ongoing case management or community support services are provided.

STATE: MINNESOTA

Supplement 1 to ATTACHMENT 3.1-B

Effective: July 1, 2013

Page 2

TN: 13-21

Approved: 12/18/13

Supersedes: 02-21, 02-04

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4. The child, as a result of an emotional disturbance, has significantly impaired home, school, or community functioning that has lasted at least one year or that, in the written opinion of a mental health professional, presents substantial risk of lasting at least one year.

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