



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

June 7, 1999

Dear State Medicaid Director:

Mental illness affects millions of Americans, many of whom rely on Medicaid to cover their health and mental health care needs. In recognition of the White House Conference on Mental Health, I am writing to provide information about several issues related to mental health services.

Developments in Mental Health Treatment

Assertive Community Treatment (ACT) programs have been used to serve persons with serious and persistent mental illness for a number of years. Programs based on ACT principles employ interdisciplinary treatment teams, shared caseloads, 24-hour mobile crisis teams, assertive outreach for treatment in clients' own environments, individualized treatment, medication, rehabilitation and supportive services. Assertive Case Management (ACM) programs which incorporate shared caseloads also provide this array of individualized, community-based services.

The evidence base for a variety of treatment and service interventions for persons with schizophrenia, including ACT and ACM, has recently been reviewed by the Schizophrenia Patient Outcomes Research Team (PORT), with support from the Agency for Health Care Policy and Research and the National Institute of Mental Health. With respect to persons with schizophrenia who are at high risk for discontinuation of treatment or for repeated crises, the PORT team concluded that:

"Randomized trials have demonstrated consistently the effectiveness of these programs [ACT and ACM] in reducing inpatient use among such high-risk patients. Several studies also support improvements in clinical and social outcomes. These studies suggest that both ACT and ACM are superior to conventional case management for high-risk cases (Schizophrenia Bulletin, 1998)."

States should consider this recommendation in their plans for comprehensive approaches to community-based mental health services. Programs based on ACT principles can be supported under existing Medicaid policies, and a number of States currently include ACT services as a component of their mental health service package. Consumer participation in program design and the development of operational policies is especially key in the successful implementation of ACT programs.

Consumer Directed Care

Advance directives are becoming an increasingly important tool for consumers of mental health services to articulate their decisions about treatment, and to guide treatment when they can not make these decisions themselves. Current Medicaid rules (42CFR 431.20, 434.20, and 489.100) require that States develop and provide current information about State laws that deal with advance directives. We urge all State Medicaid programs to work with their State mental health authorities to ensure appropriate attention to mental health issues in their advance directives policies, and to consider how these policies are operationalized in Medicaid program services.

Pharmacy

Finally, I would like to underscore that Federal statutory requirements noted in my February 12, 1998 letter about new medications for schizophrenia apply to services that States carry out via

contract. When there are prior authorization requirements for prescription medicines, including the new generation of drugs for schizophrenia, prescription requests must be responded to in 24 hours. In emergency situations, there must be provisions for dispensing at least a 72 hour supply of the requested drug.

I appreciate your attention to these important mental health updates. If you have questions or would like further information, please contact Peggy Clark (410-786-5321). If you are interested in finding out more about ACT programs, the mental health authority in your state would be a good resource. Additionally, consultation and technical assistance are available from the Center for Mental Health Services, Substance Abuse and Mental Health Services Administration (Michael English, 301-443-3606).

Sincerely,

/s/

Sally K. Richardson

Director

cc: All HCFA Regional Administrators

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