SMDL #01-013

January 19, 2001

Dear State Child Welfare and State Medicaid Director:

The Department of Health and Human Services (HHS) is dedicated to providing support to children and other populations who receive case management services. We want to take this opportunity to clarify HHS policy on targeted case management services under the Medicaid program as it relates to an individual's participation in other social, educational, or other programs.

When social programs or other programs are also the providers of Medicaid case management services, a number of complex issues may arise. This letter clarifies existing HHS policy regarding State plan case management and Title IV-E foster care programs. Specifically, this letter discusses: (1) the Medicaid definition of case management services, (2) whether services provided to individuals not eligible for Medicaid, or eligible but not part of the target population, can be covered, and (3) application of third party liability rules.

Please note that we anticipate issuing additional guidance for State plan case management as it relates to all programs through notice and comment rulemaking in the future.

I. Definition of Case Management Services

Sections 1905(a)(19) and 1915(g)(2) of the Social Security Act (the Act) define case management as services which will assist an individual eligible under the State plan in gaining access to needed medical, social, educational, and other services. Case management services are referred to as targeted case management (TCM) services when the services are not furnished in accordance with Medicaid statewideness or comparability requirements. This flexibility enables States to target case management services to specific classes of individuals and/or to individuals who reside in specified areas.

Because the statute permits states flexibility to target Medicaid case management services based on any characteristic or combination of characteristics, States may use eligibility for, or participation in, a state social welfare program or other programs as the basis for defining the target population among Medicaid eligible individuals. Foster care programs employ their own case workers who, in addition to facilitating the delivery of foster care benefits and services, help individuals access and coordinate the delivery of other services. When foster case 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.

While HCFA has not further defined case management services in regulations, activities commonly understood to be allowable include: (1) assessment of the eligible individual to determine service needs, (2) development of a specific care plan, (3) referral and related activities to help the individual obtain needed services, and (4) monitoring and follow-up. When consistent with Medicaid requirements discussed below, Medicaid can be used to supplement these activities for Medicaid eligible individuals when they are embedded in another social or other program. We discuss below activities that are allowable case management as well as activities that would be unallowable as case management. In general, allowable activities are those that include assistance in accessing a medical or other service, but do not include the direct delivery of the underlying service.

Assessment: This component includes activities that focus on needs identification. Activities include assessment of an eligible individual to determine the need for any medical, educational, social, and other services. Specific assessment activities include: taking client history, identifying the needs of the individual, and completing related documentation. It also includes gathering information from other sources such as family members, medical providers, and educators, if necessary, to form a complete assessment of the Medicaid eligible individual.

Care Planning: This component builds on the information collected through the assessment phase and includes activities such as ensuring the active participation of the Medicaid-eligible individual and working with the individual and others to develop goals and identify a course of action to respond to the assessed needs of the Medicaid eligible individual. The goals and actions in the care plan should address medical, social, educational, and other services needed by the Medicaid eligible individual.

Referral & Linkage: This component includes activities that help link Medicaid eligible individuals with medical, social, educational providers and/or other programs and services that are capable of providing needed services. For example, making referrals to providers for needed services and scheduling appointments may be considered case management.

Monitoring/Follow-up: This component includes activities and contacts that are necessary to ensure the care plan is effectively implemented and adequately addressing the needs of the Medicaid eligible individual. The activities and contacts may be with the Medicaid eligible individual, family members, providers, or other entities. These may be as frequent as necessary to help determine such things as (i) whether services are being furnished in accordance with a Medicaid eligible individual's care plan, (ii) the adequacy of the services in the care plan, and (iii) changes in the needs or status of the Medicaid eligible individual. This function includes making necessary adjustments in the care plan and service arrangements with providers.

Unallowable services: Medicaid case management services do not include payment for the provision of direct services (medical, educational, or social) to which the Medicaid eligible individual has been referred. For example, if a child has been referred to a state foster care program, any activities performed by the foster care case worker that relate directly to the provision of foster care services cannot be covered as case management. Since these activities are a component of the overall foster care service to which the child has been referred, the

activities do not qualify as case management. In the case of foster care programs, we view the following activities as part of the direct delivery of foster care services and therefore may not be billed to Medicaid as a case management activity. The following list is intended to be illustrative and not all inclusive: research gathering and completion of documentation required by the foster care program, assessing adoption placements, recruiting or interviewing potential foster care parents, serving legal papers, home investigations, providing transportation, administering foster care subsidies, and making placement arrangements. During the State plan approval process, HCFA will provide guidance to determine Medicaid billable activities.

II. Contacts with Non-eligible or Non-targeted Individuals

There is confusion involving contact with individuals who are not eligible for Medicaid or, in the case of targeted services, individuals who are Medicaid eligible but not part of the target population specified in the State plan. HCFA policy permits contacts with non-eligible or non-targeted individuals to be considered a Medicaid case management activity, and to be billed to Medicaid, when the purpose of the contact is directly related to the management of the eligible individual's care. It may be appropriate to have family members involved in all components related to the eligible individual's case management because they may be able to help identify needs and supports, assist the eligible individual to obtain services, provide case workers with useful feedback, and alert them to changes.

On the other hand, contacts with non-eligibles or non-targeted individuals that relate directly to the identification and management of the non-eligible or non-targeted individual's needs and care cannot be billed to Medicaid. While the nature of the contacts may squarely fall into one of the components of case management (i.e., assessments, care planning, referral and follow-up), Medicaid cannot be used to pay for them due to the fact that the individual is not Medicaid eligible or is eligible but does not meet the targeting criteria set by a State in its State plan amendment.

III. Third Party Liability

In accordance with Medicaid third party liability policy, Medicaid would only be liable for the cost of these services if they fall within the definition of case management and there are no other third parties liable to pay.

The Administration for Children and Families has clarified that the Title IV-E program does not authorize reimbursement for the assessment, care planning, and monitoring of medical care and services. Since the Title IV-E program is not liable for the assessment, care planning, and monitoring of medical care needs, the cost for such activities could be billed to the State Medicaid program if the activities are furnished to a Medicaid eligible individual who is a member of a target group defined in the State plan. This also assumes that there is not another third party payer available to cover the costs of medical case management services provided to a Medicaid eligible individual.

In contrast, referrals to medical care providers are Title IV-E reimbursable. This means that referrals are not billable to Medicaid. Because Title IV-E is liable for covering case management for a range of other services (including referrals to medical care), States which offer Medicaid case management services to foster care populations must properly allocate case management costs between the two programs in accordance with OMB Circular A-87 under an approved cost allocation program.

If you have any questions, please contact Mary Jean Duckett, Director, Division of Benefits, Coverage and Payment, Disabled and Elderly Health Programs Group at 410-786-3294.

Sincerely,

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