



"The End of the Free Care Rule...What Now?"

Or "Policy Considerations for California Following the 2014 Guidance on the 'Free Care Rule'"

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May 3, 2016

Presentation Overview

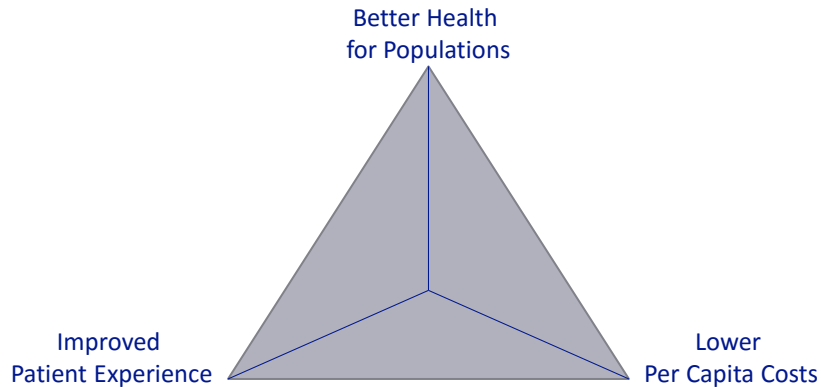
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- Health System Transformation – What's Driving the Conversation?
 - National and State Transformation
- Schools and Health System Transformation
 - The "Free Care Rule"
 - California and the Free Care Rule
 - Key Implementation Recommendations
 - Next Steps
- Discussion

The 2016 Health Care Landscape

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■ Moving toward “The Triple Aim”



California's Health Transformation Landscape

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- Medi-Cal 2020
 - PRIME
 - Whole Person Care Pilots
 - Global Payment Program
 - Dental Transformation Initiative
- Section 2703 Health Homes for Medi-Cal Beneficiaries with Complex Needs
- Certified Community Behavioral Health Center Demonstration
- Coordinated Care Initiative



Visual from https://www.statereforum.org/sites/default/files/bscf_ca_1115_waiver_opportunity_for_whole-person_care_2015_0126_final.pdf

The Importance of Schools in Children's Health

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- Over the past 10 years, the prevalence of chronic diseases among school-aged children has doubled (13% to 26%)
 - Chronic diseases disproportionately affect African-American and Latino youth
 - Higher education attainment is correlated with better health outcomes
- When health problems are unmanaged, students are more likely to fall behind in school.
- Schools provide an important point of access to health services for many of these children.

Research citations

available in https://healthyschoolscampaign.org/wp-content/uploads/2015/07/Health_in_Mind_Report.pdf

The Impact of Health on Education

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Illness and Injury	• Roughly 40% of school-aged children missed three or more school days in the past year due to illness or injury
Asthma	• 10% of kids have asthma. Asthma is responsible for 12.8 million missed school days each year nationwide.
Mental Health	• 1 in 10 kids experience mental illness, translating to problems in school (22.3%), with friends (19%), and "acting out" (20.6%)
Obesity	• Nationally, 12.5 million kids ages 2-19 are obese, and often struggle with lower grades, school absences, and lower test scores
Vision	• >20% of school children have vision problems. Visual impairment correlates with lower scores on standardized literacy tests.
Hearing	• 1/3 of children with hearing problems have to repeat grades or require special assistance at school.
Dental	• 19% of kids ages 2 and 19 years have untreated dental caries. ~51 million hours of school are missed are from dental-related illness.

Source: https://healthyschoolscampaign.org/wp-content/uploads/2015/07/Health_in_Mind_Report.pdf

Recent Federal Attention on School Health

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- **2014 Policy Guidance from CMS on Medicaid Reimbursement for School Health Services**



- **National Institute of Health (Jan 2016)**

- New funding to explore relationship between education and health outcomes.
- Goal is to identify specific aspects and qualities of education that are responsible health outcomes.



- **Healthy Students, Promising Futures (Jan 2016)**

- Toolkit developed by the U.S. Departments of Health and Human Services (HHS) and Education (ED) to help schools play a greater role in the health care delivery system.

Toolkit available at <http://www2.ed.gov/admins/lead/safety/healthy-students/index.html>

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The “Free Care Rule”

Medicaid Financing

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The Medicaid program is jointly funded by the federal government and states.



The federal government reimburses states a % of program expenditures, called the Federal Medical Assistance Percentage (FMAP). FMAP varies by states and is based on criteria such as per capita income.

California's FMAP is 50%. i.e. For every \$1 that California spends, the Federal Government reimburses 50 cents.

The Free Care Rule

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- Dating back to 1997, the Centers for Medicare & Medicaid Services (CMS) policy prohibited Medicaid payment for services provided at no cost to Medicaid beneficiaries.
 - Limited exceptions:
 - Individualized Education Program (IEP),
 - Individualized Family Service Plan (IFSP), and
 - Maternal Child Health Services Block Grant
- In order to claim reimbursement, states had to meet a complex set of administrative requirements.
 - Virtually no schools billed for services that were subject to the free care rule
 - Medicaid reimbursement largely limited to IEP/IFSP students

The Free Care Rule

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As of 2014, states are now permitted to provide payment for “all types of covered services under the Medicaid state plan that are provided to Medicaid beneficiaries, regardless of whether there is any charge for the service to the beneficiary or the community at large.”

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



SMD# 14-006

Re: Medicaid Payment for Services
Provided without Charge (Free Care)

December 15, 2014

Dear State Medicaid Director:

This letter addresses Medicaid payment for services covered under a state's Medicaid plan to an eligible Medicaid beneficiary that are available without charge to the beneficiary (including

Medicaid Reimbursement for School Health Services

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- According to CMS guidance, States can draw down reimbursement for Medicaid services when the following conditions are met:
 - ▣ The child is enrolled in Medicaid;
 - ▣ The service is covered under the Medicaid State Plan;
 - ▣ The provider meets federal/state provider qualifications;
 - ▣ The State provides oversight;
 - ▣ Claims are documented correctly;
 - ▣ Reimbursement rates are calculated according to Medicaid requirements;
 - ▣ Other legally responsible entities are billed for services; and
 - ▣ Medicaid payments are not duplicative.

Opportunities Under the New Policy

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- Medicaid funding for more services provided in schools, including preventive health activities (e.g. screening and chronic care management for asthma, diabetes, mental health)
- Expands health care work force and provider types
- Encourages new thinking around how schools and health care entities can work together towards Triple Aim goals

Next Steps for States

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- States must review their Medicaid state plans to determine which Medicaid services provided in schools are currently reimbursed
- California and other states that incorporated the free care rule into their Medicaid state plan in the past need to submit a State Plan Amendment (SPA) to CMS with the new policy approach
- Some states will not need to get federal approval to implement policy change

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California and the Free Care Rule

School Health Services in California

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- Medicaid school health services in California are financed through the Local Education Agency (LEA) Medi-Cal Billing Option Program and School-based Medicaid Administrative Activities (SMAA) Program.
- **The LEA Medi-Cal Billing Option Program:**
 - ▣ Reimbursement is based upon a "fee-for-service" model;
 - ▣ School dollars spent on the program are reimbursed at 50% by the federal government;
 - ▣ Reimbursement is no longer considered "federal funding" once received by schools. This means that schools can reinvest these dollars into services that can draw down additional federal dollars.

Reimbursement for LEA Medi-Cal Billing Option Program

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- Reimbursement for health & social services for students and families that “supplement existing services, not supplant”:
 - ▣ **Health care** such as immunizations, vision and hearing, dental services, physical exams, or prenatal care;
 - ▣ **Mental health** such as primary, prevention and crisis intervention, assessments, or training for teachers;
 - ▣ **Substance use** prevention and treatment;
 - ▣ **Education and support programs** for families;
 - ▣ **Academic support services** such as tutoring or mentoring;
 - ▣ **Counseling** such as family counseling and suicide prevention;
 - ▣ **Nutrition**

California Proposal to Implement 2014 Policy

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California submitted State Plan Amendment (SPA) 15-021 in September 2015

- Key components include permitting Medicaid billing for:
 - All Medi-Cal enrolled students;
 - New assessment and treatment services;
 - New practitioners; and
 - Transforms the LEA Medi-Cal Billing Option Program from fee-for-service to Random Moment Time Study methodology

Proposed Additional Services and Providers

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- | | |
|---|---|
| <ul style="list-style-type: none"> □ Assessments <ul style="list-style-type: none"> ▣ Respiratory Therapy ▣ Orientation and Mobility Assessment □ Treatments <ul style="list-style-type: none"> ▣ Personal Care Services ▣ Orientation and Mobility Services ▣ Respiratory Therapy | <ul style="list-style-type: none"> □ Qualifying Providers <ul style="list-style-type: none"> ▣ Personal care assistant ▣ Registered speech-language pathology assistant ▣ Licensed physical therapy assistant ▣ Licensed occupational therapy assistant ▣ Orientation and mobility specialist ▣ Licensed respiratory therapist ▣ Registered marriage and family therapist intern ▣ Registered associate clinical social worker |
|---|---|



Status of SPA Approval

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CMS Request for Additional Information (Dec. 2015)

- Main issues:
 - How did DHCS calculate budgetary impact?
 - How will LEAs will coordinate with managed care plans?
 - How does EPSDT intersect with LEA Medi-Cal Billing Option Program?
 - Clarification on provider scope of service and qualifications

DHCS Staff Working with CMS and LEA Advisory Group to answer questions and finalize the program

http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/LEA/LEA%20FYI/CMS_RAIs_%20SPA_15-021.pdf

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Key Implementation Considerations

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Research to Inform Considerations

Harbage Consulting, in partnership with the California School Based Health Alliance and The California Endowment, conducted interviews with stakeholders from a variety of backgrounds through 2015, including:



- Department of Health Care Services
- California Department of Education
- Centers for Medicare & Medicaid Services
- School districts (administrative staff, providers)
- Vendors
- Advocates and trade associations
- Managed care plans

Report on Policy Considerations for California

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Full report is available at: <http://www.calendow.org/wp-content/uploads/Policy-Considerations-for-California-Following-the-2014-Reversal-of-the-Medicaid-Free-Care-Rule-006-FINAL1.pdf>

Finding 1: Administrative Hurdles Created by Third Party Liability Requirements

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- Schools are required to confirm that health services provided to Medi-Cal beneficiaries are not covered by another insurance carrier before Medi-Cal will reimburse (“third party liability”)
- Schools have struggled to obtain the documentation required to claim reimbursement from Medi-Cal
- Senate Bill 276 (Wolk; 2015): permits schools to bill Medi-Cal if the managed care plan fails to issue a denial letter within 45 days of the claim submission

Recommendation 1: Request a Federal Waiver of Third Party Liability (TPL)

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- CMS affirmed that states may pursue a TPL waiver
- States must demonstrate in writing that the collection of third party liability information is not cost-effective
- States may submit the waiver for some or all school-based services through their CMS Regional Office
- CMS Guidance available at 42 CFR 433.138(l) and 433.139(e), and in the State Medicaid Manual at 3904.2

Finding 2: CDE has Minimal Role in Current Billing Process, but Wealth of Knowledge

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- The California Department of Education (CDE) currently plays a small role in the school Medi-Cal billing process:
 - Works with DHCS and stakeholders on program communications
 - Provides expertise and support on school policy
 - Certifies providers
- CDE staff are familiar with school regulatory policies, responsibilities outside of health services, and school staff roles

Recommendation 2: Strengthen the Role of CDE in the Medi-Cal Billing Option Program

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- CDE could play a more comprehensive role in helping school districts implement the policy change and design models to enhance the delivery of health services that are compatible with school health policy and resources
- This would require a discussion of roles and responsibilities, as well as an integrated staffing model between CDE and DHCS

Finding 3: Vendors Play a Role in Most California School Billing Programs

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- Many schools work with vendors to submit claims for health services to DHCS (e.g. Xerox)
- Ultimately, LEAs are on the hook for any problems that occur during the claims process
- DHCS stresses the importance of relying on DHCS guidance (rather than vendor guidance) relating to the LEA Medi-Cal Billing Option Program

Recommendation 3: Improve Communication with Vendors

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- Ensure vendors have accurate program and policy information from DHCS
- Develop additional resources to empower schools as they improve their billing infrastructure
 - e.g. sample contract language and resources to assist schools in selecting a vendor or bringing their billing infrastructure in-house

Finding 4: Significant Barriers Prevent Data Sharing

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- Sharing data between school-based health services and managed care plans/primary care providers could improve whole person care
 - E.g. chronic condition management, reduce duplication of services
- There are significant barriers to data sharing:
 - Family Educational Right and Privacy Act (FERPA) vs. Health Insurance Portability & Accountability Act (HIPAA)
 - Incompatible data infrastructure

Recommendation 4: Identify Opportunities for Schools in Health Information Sharing

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- Identify tools and resources that could help schools engage in discussions around data sharing and care coordination



- CMS and states should work to provide clear guidance on data sharing rules under HIPAA and FERPA
 - Interpretation of federal laws
 - Strategies for working within the laws to share data

Finding 5: Lack of School Participation in Health Care Delivery Transformation Efforts

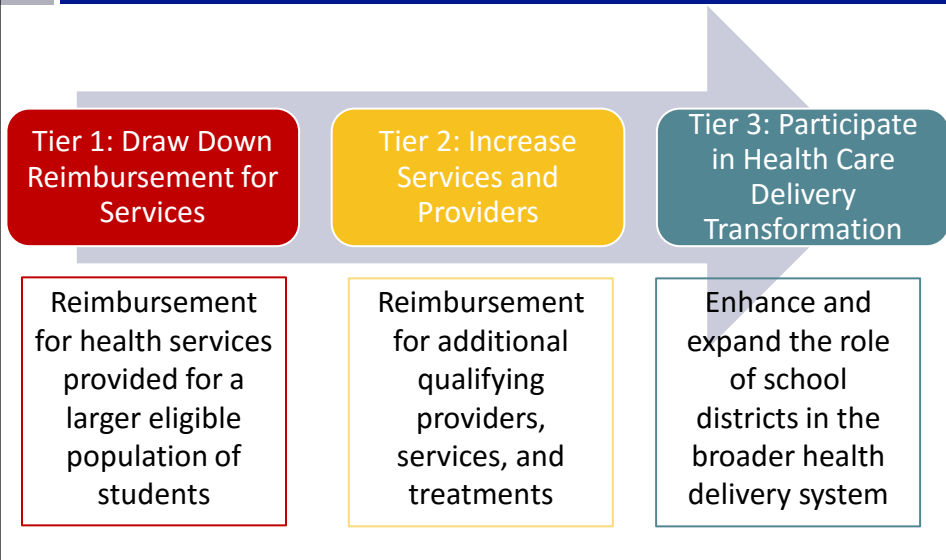
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- Lack of data to demonstrate the value of school health services to the broader health delivery system
- Schools often are absent from conversations around health care delivery transformation
- Need business case for how schools add value
- Integration vs. coordination:
 - Not clear HOW schools should participate in the healthcare delivery system



Recommendation 5: Expand the Role of Schools in the Health Care Delivery System

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Implementation Next Steps

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- **DHCS is continuing negotiations with CMS on SPA**
 - Once finalized, further guidance will be available for implementation
 - Existing requirements related to the LEA Medi-Cal Billing Option Program are still in place
- **Updates available via**
 - DHCS LEA Website:
<http://www.dhcs.ca.gov/provgovpart/Pages/LEA.aspx>
 - DHCS LEA listserv
<http://apps.dhcs.ca.gov/listssubscribe/default.aspx?list=DHCSLEA>

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Discussion

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