



## Maximizing Medicaid and Other Financing Strategies for Children with Serious Emotional Disturbances and Their Families


Mary Armstrong, Ph.D.  
Sheila Pires, M.P.A.  
Beth Stroul, M. Ed.  
Jan McCarthy, M.S.W.  
Karabelle Pizzigati, Ph.D.  
Ginny Wood, B.S.



## Introduction

**This study aims to:**

- Identify a set of critical financing structures and strategies to support effective systems of care.
- Investigate and describe how these factors operate separately, collectively, and in the context of their community to create effective financing policies for systems of care.



## Literature Review

### 1. Medicaid Funding

Over the past 15 years, states have increasingly relied on Medicaid to pay for health and mental health services. In recent years, Medicaid budgets have escalated in every state, primarily due to increasing health care costs and rising enrollment. (Buck, 2001).


Given the key role that Medicaid plays in health care financing, the choices of policymakers concerning this program are critical for children with serious emotional problems and their families (National Mental Health Association, 2003)



## Literature Review

### Medicaid Managed Care

Medicaid financing for behavioral health has moved increasingly into managed care arrangements. Issues regarding the impact of Medicaid behavioral health managed care on children with serious mental health problems and their families have been raised in a number of national studies (National Mental Health Association, 2003; Koyanagi & Semansky, 2003; Mandell, Boothroyd, & Stiles, 2003; Stroul, Pires, Armstrong, & Meyers, 1998).



## Literature Review

### Carve Outs vs. Integrated Designs

Behavioral health carve outs in public sector managed care have been found to have less problematic impact on children with serious behavioral health disorders than managed care arrangements that integrate physical and behavioral health financing and administration. (Stroul, B., Pires, S., Armstrong, M. 2004. Using research to move forward: A consensus conference. University of South Florida: Tampa)



## Literature Review

### Whether or not they are operating within managed care arrangements, effective Medicaid financing structures:


- Maximize Medicaid entitlement dollars (Koyanagi, Boudreaux, & Lind, 2003);
- Redirect spending from "deep-end" restrictive placements to home and community-based services and supports (Pires, S. 2002., Cole & Poe, 1993);
- Incorporate strong utilization and cost management mechanisms and systematically track costs (Armstrong, 2003; Pires, S., Stroul, B., Armstrong, M, 2000);
- Incorporate case rate and risk adjustment strategies if operating within a risk-based environment (Shenkman et al., 2004; Stroul et al., 2003).

## Literature Review

### 2. Multiple Funding Sources


In addition to the introduction of managed care strategies for Medicaid behavioral health services, funding sources for children's mental health services have diversified over the past 30 years with the result of multiple funding sources across multiple systems (Pires, 2002a).

The consequence of these disparate trends in financing policy is a system that has been described as irrational, contradictory (Cole & Poe, 1993) and "complex, sometimes to the point of inscrutability" (U.S. Department of Health and Human Services, 1999). The multiplicity and complexity of funding options illustrates the importance of strong interagency collaboration for the organization and financing of children's mental health services (Koyanagi et al., 2003).



## Literature Review

The myriad of funding sources in several children's systems creates the possibility of cost shifting, defined as efforts by one entity to reduce its expenditures by inducing another organization to pay for similar services (Norton, Lindrooth, & Dickey, 1997).



## Literature Review

Over the past 10 years, a number of analysts have recommended reforms such as blended or braided funding that would facilitate cross-system funding. Blended funding refers to an agreement to pool resources, either at the state or local level, with the goals of promoting care coordination and flexible service delivery that are family driven rather than driven by categorical funding streams. (Pires, S. 2002)

To make maximum use of federal program funds, states need to plan strategically across agencies and with families, and develop a data infrastructure and outcomes accountability system (Armstrong, 2003; Koyanagi et al., 2003). Making sense of cross-system financing mechanisms has the potential to transform this irrational, fragmented, and categorical system into a more comprehensive, integrated, and holistic financing structure for systems of care.




## Literature Review

### 3. Restrictiveness of Funding Sources

The President's New Freedom Commission on Mental Health describes the limitations on mental health care found within both commercial insurance and public programs, including restrictive eligibility requirements, reimbursement policies that are cumbersome and narrow, and benefit plans that are limited in the treatment and support services offered

Problems identified by family participants included crisis-oriented systems that offered minimal services, long delays before receipt of services, therapy that was provided infrequently, case managers who were inexperienced and under-paid, little access to intensive community-based rehabilitation services, and a lack of age-appropriate services for adolescents.



## Literature Review


A number of studies over the past decade have noted that Medicaid managed care has led to a reduction in inpatient admissions and lengths of stay, but at the same time, residential placements have increased. Financing reimbursement policies that make it easier to receive payment for residential care than for home and community-based services, inadequate reimbursement policies, benefit designs that have restrictions on the use of community-based services, and other factors lead to the types of inadequate services experiences described by families.



## Study Hypotheses

**This study hypothesizes that effective cross-system financing structures:**

- Identify types and amounts of behavioral health expenditures across systems;
- Maximize Medicaid and Title IV-E (child welfare) entitlement dollars (Johnson et al., 2002; Koyanagi et al., 2003);
- Take into account and rationalize behavioral health expenditures across the major child-serving systems by blending, braiding or coordinating spending across payers (Pires, 2002c);
- Utilize diverse funding streams to support a broad, flexible array of services and supports that allow for the provision of individualized care (Pires, 2002a; Stroul, Pires, & Armstrong, 2004).
- Maximize the flexibility of state and/or local funding streams and budget structures.



## Study Hypotheses

- Redirect spending from "deep-end" restrictive placements to home and community-based services and supports, consistent with systems-of-care values;
- Support a broad service array;
- Promote individualized, flexible service delivery;
- Support and provide incentives for the provision of evidence-based and promising practices (Burns, 2002);
- Provide incentives for the inclusion of culturally diverse and linguistically competent providers;
- Support a broad, diversified provider network, including non-traditional providers (Stroul, 2003);
- Support adequate provider payment rates;
- Support voice and choice for families in service planning (Wood, 2004); and
- Support a strong family and youth voice in policy development and system management.



## Methods

### *Participatory Action Research*

- The team convened a panel of national financing experts to provide ongoing feedback and input to the study, including a review of a list of critical financing components. The panel reviewed each component to confirm the significance and comprehensiveness of the approach, and to provide input on key questions related to each factor.



## Methods

### *The Multiple Case Study Design*

- The financing implementation processes at the selected sites constitute the embedded units of analysis. Each selected site will be the subject of an individual case study, and the critical financing components will serve as the embedded units of study within each site



## Critical Financing Areas

- Identification of current spending and utilization patterns across agencies
- Realignment of funding streams and structures
- Financing of appropriate services and supports
- Financing to support family and youth partnerships
- Financing to improve cultural/linguistic competence and reduce disparities in care
- Financing to improve the workforce and provider networks for behavioral health services for children and families
- Financing for accountability



## Site Selection

- The study will include 10 case study sites for site visits and 5 additional sites for telephone interviews.
- The panel of experts nominated potential sites for the study .
- All selected sites must have demonstrated commitment to system of care values and principles .
- The site selection process involves document reviews and key informant telephone interviews.



## Site Selection

- Selected Sites for Year 2
- Site Visits
  - Maricopa County, Arizona
  - State of Vermont
  - Bethel, Alaska
  - Hawaii
  - Central Nebraska
- Telephone Interviews: Milwaukee Wraparound, Dawn Project, New Jersey



## Site Visits

- Site visits will take place in Years 2 and 3 of the Center.
- Each site will be asked to identify key informants prior to the site visit.
- The study team developed a semi-structured interview protocol that was reviewed and modified with the help of the expert panel.
- The protocol questions and probes relate to the critical financing components identified by the study, as well as current challenges, priorities, and system expectations



## Products

- A self-assessment and planning guide for state and community policymakers and planners to develop a comprehensive financing plan to support effective systems of care (in press)
- Financing TA briefs with "how-to" information and examples from the site visits
- Brief case study reports
- All study materials will be disseminated through mailings and the Center's website throughout the 5-year period of the study
- Technical assistance to states and localities in coordination with the National T.A. Center for Children's Mental Health at Georgetown University and coordinated with technical Assistance provided by USF and other team partners.




## Developing a Comprehensive Financing Plan to Support Effective Systems of Care: A Self-Assessment and Planning Guide

- Based on a set of critical financing strategies and outcomes created by study team and expert panel



## Purpose of Self-Assessment and Planning Guide

- To assist states, communities, tribes, territories, and organizations to:
  - ✓ assess their current financing structures/strategies
  - ✓ identify outcomes to achieve
  - ✓ consider a variety of financing strategies
  - ✓ prepare to develop a strategic financing plan
- Not designed to provide "how to" information for each strategy
- Products with "How to" information will follow site visits



## Areas Addressed in the Self-Assessment and Planning Guide

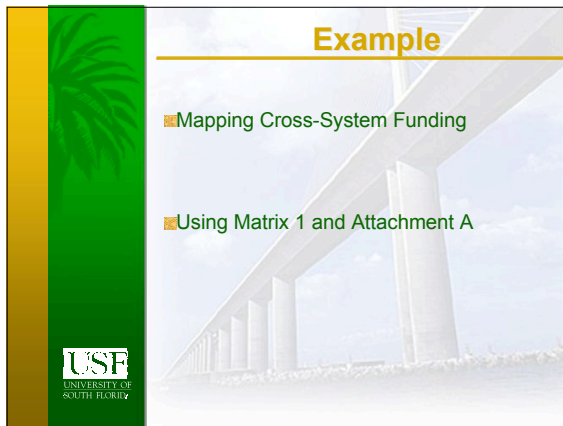
- Identification of current spending and utilization patterns across agencies
- Realignment of funding streams and structures
- Financing of appropriate services and supports
- Financing to support family and youth partnerships
- Financing to improve cultural/linguistic competence and reduce disparities
- Financing to improve the workforce and provider network
- Financing for accountability
- Glossary
- Links to other resources



## How to Use the Tool

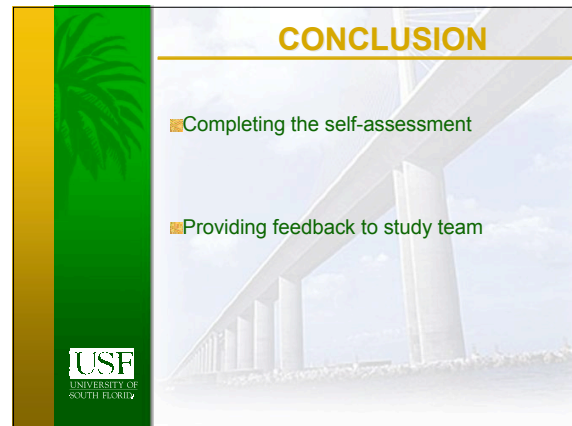

- Deciding where to begin – questions to ask
- Selecting outcomes
- Reviewing strategies






### Example

- Mapping Cross-System Funding
- Using Matrix 1 and Attachment A



### CONCLUSION

- Completing the self-assessment
- Providing feedback to study team



### Year 5 Activities

■ During the final year of the study, follow-up data collection will take place to see how much the technical assistance materials are being used, by whom, their perceived effectiveness, and outcomes of their use.



### Anticipated Findings

- A theory of change and set of critical financing structures and strategies was developed during the first year of the study. These will be revised and finalized as a result of the site visit findings.
- The expected outcome is heightened attention to and knowledge about critical financing strategies on the part of key stakeholders involved in building systems of care

