# Health Care Reform Tracking Project:

Tracking State Managed Care Reforms as They Affect Children and Adolescents with Behavioral Health Disorders and their Families

## 1997–98 State Survey

#### **Table of Contents**

#### Page

	Executive Summary	i
I.	Introduction	. 1
Ш.	General Information About State Health Care Reform Initiatives	. 5
III.	Populations Affected by Managed Care Reforms	30
IV.	Services Covered by Managed Care Reforms	33
V.	Managed Care Entities	43
VI.	Management Mechanisms	47
VII.	Financing and Risk	55
VIII.	Family Involvement at the System Level	69
IX.	Providers	71
Х.	Quality and Outcome Measurement	74
XI.	Child Welfare Managed Care Reform Initiatives	80
XII.	Highlights and Issues for Further Considerations	87
Appendix A:	1997–98 Survey of State Health Care Reform Initiatives Affecting Behavioral Health Services for Children and Adolescents and Their Families	
Appendix B:	List of Technical Assistance Materials Available from States Related to Managed Care	

#### Index of Tables

Table 1	Number and Percent of States Involved in Health Care Reform	5
Table 2	Number and Percent of States Involved in Health Care Reform	_
<b>-</b>	by Focus of Reform	
Table 3	Description of State Health Care Reforms	
Table 4	Number and Percent of Reforms by Type of Design	19
Table 5	List of States by Type of Design of Managed Care Reform Underway or Being Planned—1997–98	20
Table 6	Percent of Reforms that are Statewide Versus in Limited Geographic Areas	21
Table 7	Percent of Reforms Involving Medicaid Waivers	
Table 8	Percent of Reforms Including Substance Abuse Services	
Table 9	Percent of Reforms with Parity Between Behavioral Health and Physical Health Services	
Table 10	Percent of Reforms by Stage of Implementation	
Table 11	Percent of Reforms by Lead Agency Responsibility	
Table 12	Percent of Reforms Involving Various Key Stakeholders in Planning–1997–98	
Table 13	Percent of Reforms with Significant Involvement of Various Key Stakeholders	
Table 14	Percent of Reforms with Discrete Planning Process for Special Populations	
Table 15	Percent of Reforms by Types of Stated Goals	
Table 16	Percent of Reforms Providing Training and Orientation to Stakeholder Groups about Goals and Operations of Reforms	
Table 17	Percent of Reforms Covering Population Types	
Table 18	Percent of Reforms Covering Medicaid Subpopulations	
Table 19	Percent of Reforms by Age Groups Covered	
Table 20	Percent of Reforms Including Acute and Extended Care Services	33
Table 21	Percent of Reforms by Responsibility for Extended Care	34
Table 22	Percent of Reforms with Differential Coverage for Children	38
Table 23	Percent of Reforms with Expanded Array of Home and Community-Based Services	39
Table 24	Percent of Reforms Including Services for Young Children and EPSDT	40
Table 25	Percent of Reforms with Differential Coverage for Individuals with Serious Disorders	40
Table 26	Percent of Reforms with Differential Coverage by Type of Differential Provisions	41
Table 27	Percent of Reforms Building on System of Care Initiatives	

### Index of Tables (continued)

Table 28	Percent of Reforms Incorporating System of Care Values and Principles	42
Table 29	Percent of Reforms by Type of MCO Used	
Table 30	Percent of Reforms that have Changed Type of MCO	
Table 31	Percent of Reforms Using Single Versus Multiple MCOs	
Table 32	Percent of Reforms Providing Training or Orientation	
	to MCOs or Providers	
Table 33	Percent of Reforms Using Various Management Mechanisms	
Table 34	Percent of Reforms with Various Case Management Functions	48
Table 35	Percent of Reforms with Special Management Mechanisms for Children with Serious Disorders	49
Table 36	Percent of Reforms with Special Management Mechanisms for Children in the Child Welfare System	50
Table 37	Percent of Reforms with Medical Necessity Criteria	50
Table 38	Percent of Reforms with Revisions to Medical Necessity Criteria	51
Table 39	Percent of Reforms with Child-Specific Clinical Decision-Making Criteria	52
Table 40	Percent of Reforms by Major Source of Grievances and Appeals	
Table 41	Percent of Reforms with Trouble Shooting Mechanisms	
Table 42	Percent of Reforms Using Capitation and/or Case Rates	
Table 43	Percent of Reforms Reporting Changes in Capitation or Case Rates	56
Table 44	Percent of Reforms with Mechanisms to Reassess and Readjust Rates at Specific Intervals	57
Table 45	Percent of Reforms by Agencies Contributing to Funding Pool	
Table 46	Percent of Reforms by Single or Multiple Agencies	
	Contributing Funding	
Table 47	Examples of Capitation or Case Rate Approaches By State	61
Table 48	Percent of Reforms Using Risk Adjustment Mechanisms	64
Table 49	Percent of Reforms by Purpose of Risk Adjustment Mechanisms	65
Table 50	Percent of Reforms by Type of Risk Sharing Arrangement	65
Table 51	Percent of Reforms Pushing Risk to Service Provider Level	66
Table 52	Percent of Reforms with Limits Placed on MCO Profits	~-
Table 50	and Administrative Costs	67
Table 53	Percent of Reforms Requiring Reinvestment of Savings and Purpose of Reinvestment	67
Table 54	Percent of States Investing in Service Capacity Development	
	r crocht of clates investing in cervice capacity bevelopment	00

### Index of Tables (continued)

Table 55	Percent of Reforms Providing State Funding for Family Organization Role	70
Table 56	Percent of Reforms Designating Essential Providers	71
Table 57	Percent of Reforms with Provisions for Inclusion of Culturally Diverse and Indigenous Providers	72
Table 58	Percent of Reforms with New/Revised Credentialing Requirements for Providers	72
Table 59	Percent of Reforms Incorporating a Quality Measurement System	74
Table 60	Percent of Reforms with Family Roles in Quality Measurement Processes	75
Table 61	Percent of Reforms Measuring Various Types of Outcomes	76
Table 62	Percent of Reforms with Various Sources of Information for Outcome Measurement	78
Table 63	Percent of Reforms Tracking Impact on Other Child-Serving Systems	79
Table 64	Percent of Reforms with Evaluations with a Child and Adolescent Focus	79

### **Index of Matrices**

Matrix 1	Extent of State Health Care Reform Activity as of Late 1997–Early 1998	6
Matrix 2	Mental Health Services Covered by Reforms	35
Matrix 3	Substance Abuse Services Covered By Reforms	36
Matrix 4	Agencies Contributing to Financing Capitation or Case Rates for Behavioral Health Services for Children and Adolescents	58
Matrix 5	Types of Outcomes Measured by Managed Care Reforms Related to Child and Adolescent Behavioral Health Services	77