DEPARTMENT OF HEALTH & HUMAN SERVICES Centers for Medicare & Medicaid Services

Region IX
Division of Medicaid & Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

OCT 12 2011

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

This letter is being sent as a companion to our approval of Arizona State Plan Amendment (SPA) 11-014. This SPA restores hospice services for persons age 21 and older effective July 20, 2011 that were previously eliminated under SPA 10-002 effective January 1, 2010.

Our review of SPA 11-014 included a same page coverage review of Attachment 3.1-A and Attachment 3.1-A Limitations page 10 and a corresponding page review of Attachment 4.19-B pages 5a and 6. Our review of targeted case management, extended care for pregnant women, and transportation indicated that these items may not be in compliance with current regulations, statute, and CMS guidance.

Federal regulations at 42 CFR 430.10 require that the State plan be a comprehensive written statement describing the nature and scope of the State's Medicaid program and that it contain all information necessary for CMS to determine whether the plan can be approved to serve as the basis for Federal financial participation (FFP) in the State program. As part of our review, CMS seeks to assure that Arizona's State plan services for targeted case management, extended care for pregnant women, and transportation are compliant with 42 CFR 440.169 (Case management services), 440.210(a)(2)(i) and 440.210(a)(2)(ii) (Required services for the categorically needy – pregnancy related services), and 440.170 (Transportation) respectively. CMS also conducted a corresponding page review of the reimbursement methodologies for hospice and for service items that we identified under the same page review.

Accordingly, the State must comprehensively describe the coverage for items 19.a, 20, and 24.a in Attachment 3.1-A Limitations of the State plan and for Attachment 4.19-B pages 5a and 6. These sections should provide information on the following:

A. Attachment 3.1-A Limitations

CMS conducted a same page review of SPA 11-014 and had the following questions:

1. **Attachment 3.1-A Limitations, page 10, item 19a, Case Management & Supplement 1 to Attachment 3.1-A:**

   The submitted pages for case management look fine with the exception of a few missing pieces. The State may want to use the TCM outline that was sent to the

Regional Offices on September 29, 2009 (see attached) to add the following missing items as follows:

- On page 1 of the outline there is a check off/discussion of how the State will allow for transitioning individuals from a medical institution.
- On page 3 of the outline CMS's requirements for case records are prescribed. The State needs to add this language to the State plan.
- On page 3 of the outline, CMS outlines our expectations with regard to Limitations. The State needs to add this language to the State plan.

2. **Attachment 3.1-A Limitations, page 10, item 20, Extended Services for Pregnant Women:** Under this section, it appears that the State is saying that they provide *more* of the already-covered services in the State plan to pregnant women if necessary and related to the pregnancy. Please confirm if this is correct.

3. **Attachment 3.1-A Limitations, page 10, item 24.a, Transportation:** We reviewed the description in this section and recommend that the State revise the language as suggested (see underlined and italicized sections)

   Emergency ambulance transportation: Emergency ambulance transportation *is provided to and from the nearest appropriate medical facility when the condition of the beneficiary is acute and poses an immediate risk to the beneficiaries' life or long term health*. Emergency ambulance transportation does not require prior authorization. ***Non-emergency transportation****: Non-emergency transportation is provided with limitations for individuals who have no other means of transportation to and from Medicaid covered services.*

B. Attachment 4.19-B

CMS also conducted a corresponding page review of the reimbursement methodologies for hospice and for service items that we identified under the same page review. We have the following questions and comments:

1. **Attachment 4.19-B, page 5a:** Please confirm that the fee schedule reference and effective date language on page 5a of Attachment 4.19-B for the following services are still accurate:

   - Nurse-midwife services
   - Transportation

2. **Attachment 4.19-B, page 6:** The payment methodology for case management services on page 6 of Attachment 4.19-B was last updated in July 2004. Please confirm this language is still accurate.

3. Please identify where the reimbursement methodologies for "Pregnancy-related and postpartum services for a 60-day period after the pregnancy ends and any remaining days in the month in which the 60th day" are located and described in Attachment 4.19-B. These services are found in Attachment 3.1-A, item 20, Extended Services for Pregnant Women.

Please respond to this letter within 90 days from the date of this letter with a State plan amendment that addresses the issues described above or a corrective action plan describing how you will resolve the issues identified above. During the 90-day period, we are happy to provide any technical assistance that you need. Failure to respond will result in the initiation of a formal compliance action.

If you have any questions regarding this letter, please contact Cheryl Young by phone at (415) 744-3598 or by email at Cheryl.Young@cms.hhs.gov.

Sincerely,

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

cc: Jessica Schubel, CMCS
HeeYoung Ansell, CMS DMCHO

State Plan under Title XIX of the Social Security Act
State/Territory: ___

TARGETED CASE MANAGEMENT SERVICES
[Target Group]

Target Group (42 Code of Federal Regulations 441.18(a)(8)(i) and 441.18(a)(9)):
[Describe target group and any subgroups. If any of the following differs among the subgroups, submit a separate State plan amendment describing case management services furnished; qualifications of case management providers; or methodology under which case management providers will be paid.]

___ Target group includes individuals transitioning to a community setting. Case-management services will be made available for up to _____ **[insert a number; not to exceed 180]** consecutive days of a covered stay in a medical institution. The target group does not include individuals between ages 22 and 64 who are served in Institutions for Mental Disease or individuals who are inmates of public institutions). (State Medicaid Directors Letter (SMDL), July 25, 2000)

Areas of State in which services will be provided (§1915(g)(1) of the Act):
___ Entire State
___ Only in the following geographic areas: **[Specify areas]**

Comparability of services (§§1902(a)(10)(B) and 1915(g)(1))
___ Services are provided in accordance with §1902(a)(10)(B) of the Act.
___ Services are not comparable in amount duration and scope (§1915(g)(1)).

Definition of services (42 CFR 440.169): Targeted case management services are defined as services furnished to assist individuals, eligible under the State Plan, in gaining access to needed medical, social, educational and other services. Targeted Case Management includes the following assistance:

- Comprehensive assessment and periodic reassessment of individual needs, to determine the need for any medical, educational, social or other services. These assessment activities include
  - taking client history;
  - identifying the individual's needs and completing related documentation; and
  - gathering information from other sources such as family members, medical providers, social workers, and educators (if necessary), to form a complete assessment of the eligible individual;

  [Specify and justify the frequency of assessments.]

- Development (and periodic revision) of a specific care plan that is based on the information collected through the assessment that
  - specifies the goals and actions to address the medical, social, educational, and other services needed by the individual;
  - includes activities such as ensuring the active participation of the eligible individual, and working with the individual (or the individual's authorized health care decision maker) and others to develop those goals; and

State Plan under Title XIX of the Social Security Act
State/Territory: ___

TARGETED CASE MANAGEMENT SERVICES
[Target Group]

- identifies a course of action to respond to the assessed needs of the eligible individual;

❖ Referral and related activities (such as scheduling appointments for the individual) to help the eligible individual obtain needed services including
- activities that help link the individual with medical, social, educational providers, or other programs and services that are capable of providing needed services to address identified needs and achieve goals specified in the care plan; and

❖ Monitoring and follow-up activities:
- activities and contacts that are necessary to ensure the care plan is implemented and adequately addresses the eligible individual's needs, and which may be with the individual, family members, service providers, or other entities or individuals and conducted as frequently as necessary, and including at least one annual monitoring, to determine whether the following conditions are met:
  - services are being furnished in accordance with the individual's care plan;
  - services in the care plan are adequate; and
  - changes in the needs or status of the individual are reflected in the care plan. Monitoring and follow-up activities include making necessary adjustments in the care plan and service arrangements with providers. **[Specify the type of monitoring and justify the frequency of monitoring.]**

___Case management includes contacts with non-eligible individuals that are directly related to identifying the eligible individual's needs and care, for the purposes of helping the eligible individual access services; identifying needs and supports to assist the eligible individual in obtaining services; providing case managers with useful feedback, and alerting case managers to changes in the eligible individual's needs.
(42 CFR 440.169(e))

Qualifications of providers (42 CFR 441.18(a)(8)(v) and 42 CFR 441.18(b)):
[Specify provider qualifications that are reasonably related to the population being served and the case management services furnished.]

Freedom of choice (42 CFR 441.18(a)(1)):
The State assures that the provision of case management services will not restrict an individual's free choice of providers in violation of section 1902(a)(23) of the Act.
1. Eligible individuals will have free choice of any qualified Medicaid provider within the specified geographic area identified in this plan.
2. Eligible individuals will have free choice of any qualified Medicaid providers of other medical care under the plan.

State Plan under Title XIX of the Social Security Act
State/Territory: ___

TARGETED CASE MANAGEMENT SERVICES
[Target Group]

Freedom of Choice Exception (§1915(g)(1) and 42 CFR 441.18(b)):
____ Target group consists of eligible individuals with developmental disabilities or with chronic mental illness. Providers are limited to qualified Medicaid providers of case management services capable of ensuring that individuals with developmental disabilities or with chronic mental illness receive needed services: [**Identify any limitations to be imposed on the providers and specify how these limitations enable providers to ensure that individuals within the target groups receive needed services.]**

Access to Services (42 CFR 441.18(a)(2), 42 CFR 441.18(a)(3), 42 CFR 441.18(a)(6)):
The State assures the following:

- Case management (including targeted case management) services will not be used to restrict an individual's access to other services under the plan.
- Individuals will not be compelled to receive case management services, condition receipt of case management (or targeted case management) services on the receipt of other Medicaid services, or condition receipt of other Medicaid services on receipt of case management (or targeted case management) services; and
- Providers of case management services do not exercise the agency's authority to authorize or deny the provision of other services under the plan.

Payment (42 CFR 441.18(a)(4)):
Payment for case management or targeted case management services under the plan does not duplicate payments made to public agencies or private entities under other program authorities for this same purpose.

Case Records (42 CFR 441.18(a)(7)):
Providers maintain case records that document for all individuals receiving case management as follows: (i)The name of the individual; (ii) The dates of the case management services; (iii)The name of the provider agency (if relevant) and the person providing the case management service; (iv) The nature, content, units of the case management services received and whether goals specified in the care plan have been achieved; (v) Whether the individual has declined services in the care plan; (vi) The need for, and occurrences of, coordination with other case managers; (vii) A timeline for obtaining needed services; (viii) A timeline for reevaluation of the plan.

Limitations:
Case management does not include, and Federal Financial Participation (FFP) is not available in expenditures for, services defined in §441.169 when the case management activities are an integral and inseparable component of another covered Medicaid service (State Medicaid Manual (SMM) 4302.F).

Case management does not include, and Federal Financial Participation (FFP) is not available in expenditures for, services defined in §441.169 when the case management activities constitute the direct delivery of underlying medical, educational, social, or other

State Plan under Title XIX of the Social Security Act
State/Territory: ___

TARGETED CASE MANAGEMENT SERVICES
[Target Group]

services to which an eligible individual has been referred, including for foster care programs, services such as, but not limited to, the following: 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; making placement arrangements. (42 CFR 441.18(c))

FFP only is available for case management services or targeted case management services if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program except for case management that is included in an individualized education program or individualized family service plan consistent with §1903(c) of the Act. (§§1902(a)(25) and 1905(c))

[Specify any additional limitations.]