



North Carolina Department of Health and Human Services

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MEMORANDUM

TO: Area Directors

FROM: Mike Moseley
Gary Fuquay

SUBJECT: Quarterly Update on MH/DD/SAS System Reform Issues

DATE: October 20, 2004

The Department of Health and Human Services remains fully committed to the effort to reform the public mh/dd/sa system. The principles upon which reform is based are the following:

- the delivery system must provide for consumer involvement in system design;
- services and supports must be tailored to meet the needs of individual consumers through person centered planning;
- the primary locus for service delivery should be in communities.

In passing the reform legislation, the General Assembly envisioned a five-year implementation process. We have just entered the third year of that timeframe. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services and the Division of Medical Assistance, in cooperation with the DHHS Offices of the Controller and Policy and Planning, continue to work together to implement the areas of reform that touch upon the responsibilities of all of our organizations.

As we indicated in our May 4, 2004 memorandum, it is our intent to update you quarterly on where we stand on cross-Divisional issues. Outlined below is the update for the first quarter of SFY 2004-2005.

Expansion of Direct Enrollment of Independent Practitioners

The expansion of the categories of independent practitioners who may directly enroll with the Medicaid program to provide outpatient therapy that was outlined in our May 4, 2004 memorandum required approval from the General Assembly. The General Assembly approved the expansion proposed by DMA in the Appropriations Bill ratified on July 17, 2004, contingent upon DMA determining the projected fiscal impact of the expansion. DMA has finalized those projections and the State Plan Amendment has been sent to CMS for approval. Plans are to begin directly enrolling independent practitioners as of January 1, 2005.

Physicians' Advisory Group Subcommittee Review of New Service Definitions

The package of enhanced service definitions has been sent to the PAG for review. The final version of the new and revised service definitions being reviewed by the PAG has been posted this week on the

DMH/DD/SAS website. Following the completion of the PAG review, the package along with the Rehab Option State Plan change will go to CMS for approval. Target date for implementation remains 7/1/05.

LME Endorsement/Service Agreement

Our Communication Memo dated May 4, 2004, explained that Medicaid Federal regulations require an agreement between the Division of Medical Assistance and each provider/provider agency providing Medicaid services. We want to update you on the status of this initiative.

In June, DMA and DMH prepared a position paper that describes the principles around which we will develop provider enrollment requirements and processes; a copy is attached for your information. Two key principles to the process are: (1) LME endorsement criteria will be consistent statewide; and (2) endorsement is a prerequisite for both LME service level agreements and Medicaid enrollment. DMA credentials each provider site individually so each site must meet all criteria. Once a provider agency/provider site is enrolled, claims can be processed for Medicaid patients from every part of the state, i.e. any LME catchment area, if the care is authorized by the appropriate LME.

DMA and DMH will meet with the NC Council and representative LME directors to actually develop the detail endorsement standards, as well as the service agreement that must be executed prior to services being authorized. The first meeting, originally scheduled for October 15, had to be cancelled due to scheduling conflicts. We will reschedule as soon as possible and plan to complete enrollment requirements by the end of 2004.

Feedback on Proposed Rates for Enhanced Benefit Services

On October 19, the Divisions published the proposed CAP-MR/DD rates for April 1, 2005, as well as the proposed Enhanced Benefit rates for July 1, 2005. These rates were published through the release of a joint rate letter from the Division of Medical Assistance and Division of Mental Health/Developmental Disabilities/Substance Abuse Services. Those letters also outlined the process through which provider feedback on the rates will be solicited for these rates and in the future (see item on the Provider Database Project below, for additional information).

A package containing a fiscal note and the final rates (including any adjustments prompted by feedback from our selected providers) will be presented to the DHHS Rate Review Board for their review and approval. The approved/adopted rates will then be published. It is our intent to release that information prior to the end of the current calendar year.

Clarification of Application of Specialty Rate Adjustments to CPT Code Rates

There has been some confusion regarding the rates at which CPT code services are paid, based upon differences in provider type. All CPT code rates are subject to the normal percentage deductions in the Medicaid system. These deductions are based on the particular specialty and types of the provider submitting the respective service claim. Each is paid as a percentage against the 95% Medicare rate paid to physicians (e.g., 65% of 95%, 100% of 95%, etc.). Those percentages, by specialty, are as follows:

65%	Nurse Midwives
75%	Physician Assistants (services other than surgery)
75%	Clinical Social Workers
85%	Nurse Practitioners
100%	Physical/Occupational therapists
100%	Clinical Psychologists

Provider Database Project

Successful implementation of mh/dd/sa system reform requires a strong and engaged provider community. At present, since most services continue to be billed through LMEs even when provided by other provider entities, our Divisions do not have information on many of the providers currently in the community system. In order to ensure that all providers who wish to participate in policy discussions or have the opportunity to offer feedback on rate setting, etc. have the opportunity to do so, the DMHDDSAS is developing a provider database. Providers interested in working with DHHS on issues affecting mh/dd/sa services will be able to record information in the database through a portal on the DMHDDSAS website (<http://www.dhhs.state.nc.us/mhddsas/>). The database will record general demographic data on each provider, information on the numbers of consumers served by the provider and the communities in which the provider offers services, as well as the services the provider offers or plans to offer in the future. DHHS will then choose providers to participate in various forums on a rotation basis. The rotation method will ensure that DHHS receives input from a wide range of providers, including agencies of various size and geographic distribution. The database will also permit the Department to select providers for certain discussions based upon the services the entities currently provide or may plan to provide in the future. DMHDDSAS has started the process by contacting providers that are known to Division staff. The web portal for all providers to use if they are interested in participating in these types of discussions with DHHS staff will be available to use no later than Monday, October 25, 2004.

CAP/MR/DD Waivers

As outlined in DMHDDSAS Communications Bulletins 24 and 26, DMHDDSAS is accelerating its efforts to develop and implement two new Home and Community Based waivers for persons with developmental disabilities. The first of the new waivers, a comprehensive 1915 (c) waiver to replace the current CAP/MRDD waiver, was posted on the DMHDDSAS website for review and comment through September 23, 2004. It was formally submitted to DMA on September 30, 2004 following the comment period. We are planning on an April 1, 2005 implementation date. As part of that effort, a complete re-write of the CAP/MRDD Manual is also underway. Consumers and family members, providers and LME staff will be involved in the re-write effort with the goal of producing a more easily understood and user-friendly manual. Individuals interested in participating in that effort should contact Marilyn Godette of the DMHDDSAS Regulatory Team via electronic mail at Marilyn.Godette@ncmail.net.

Following the submission of the comprehensive waiver, the two Divisions began working last week on an Independence Plus waiver to provide for self-directed services and supports for persons with developmental disabilities. The development of this waiver, which will be new to North Carolina, will involve the participation of consumers and family members, LME staff, providers, and other stakeholders. Our goal is to submit the Independence Plus waiver to the Centers for Medicare and Medicaid Services (CMS) by July 1, 2005.

Child Mental Health Plan

The Child Mental Health Plan Implementation Team, announced in Communications Bulletin #25 by Mike Moseley on August 17, 2004, has been meeting weekly. The Team is composed of members from across DMHDDSAS and consumer and family representatives.

The General Assembly directed the DMHDDSAS to identify measures to eliminate programmatic and fiscal barriers around the use of the Comprehensive Treatment and Services Program (CTSP). The Division took this opportunity to encourage the expansion of wraparound and other flexible services to increase the likelihood of successfully serving children and adolescents in the community. These efforts were communicated in an August 31, 2004 memorandum. More specific information and implementation guidelines will be issued soon as those details are clarified.

The next step in the implementation of the Child Mental Health Plan is a thorough review of the residential service definitions. In addition to staff from DMHDDSAS and DMA, this work will include representation from the Division of Public Health, with the goal of creating consensus service definitions for Medicaid, Health Choice and state funded services. In addition, we continue to work with the Department of Juvenile Justice and Delinquency Prevention to agree upon shared service definitions and coordinated systems of care for youth with disabilities involved in the juvenile justice system.

Utilization Review Readiness Determination

DMA has received approval to extend the current contract with ValueOptions for utilization review (UR) of selected mh/sa services until June 30, 2005. A Request for Proposals (RFP) to solicit a statewide vendor to perform UR on all State Plan mh/dd/sa services beginning July 1, 2005 will be issued soon, The RFP will contain a base of services that will remain with the state vendor and tiers that describe UR functions available to LMEs after they have been deemed ready by DHHS.

DMA, DMHDDSAS and representatives from the NC Council of Community Programs will use the requirements of the RFP to identify the competencies LMEs must demonstrate and the standardized processes and procedures they must be able to follow to be certified to perform UR. The work group will use this information to design a "readiness review" process. Our goal is to complete this work by January 2005 so that we will have five months to review and certify LMEs that are ready to perform the specified range of UR functions prior to the start of the new contract.

Please share this correspondence with providers, families, consumers and stakeholders in your catchment area. We will continue to work diligently to resolve the remaining outstanding issues. It is our goal to provide you with written updates no less frequently than quarterly as we continue our efforts to fully implement mh/dd/sa system reform in North Carolina.

Please contact either of us, Leza Wainwright in DMHDDSAS, or Barbara Brooks in DMA, if you have questions.

Cc: Secretary Carmen Hooker Odom	Barbara Brooks	Carol Duncan Clayton
Lanier Cansler	Mark Benton	Patrice Roesler
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DMHDDSAS Executive Leadership Team	DMA Assistant Directors	
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