CONCEPT PAPER

FOR

MONTANA'S

STATEWIDE

HEALTH CARE REFORM

1115 DEMONSTRATION

MONTANA DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES
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MONTANA

1. BACKGROUND (STATE DEMOGRAPHIC)

Montana is rural in every sense of the word and is also considered very frontier. We have the fourth largest land mass in the nation consisting of 147,036 square miles. Approximately 60% of the population live in the mountainous, western half of the state. All of Pennsylvania, West Virginia, Maryland, Delaware, Virginia and New Jersey would fit into Montana with about 10,000 Montana square miles to spare. The distance from Kalispell (western Montana) to Ekalaka (eastern Montana) is greater than the distance from Chicago to New York! Montana has a total population of about 882,779 versus a total population of 35,625,219 in the above mentioned states (1999 census). Approximately 46% of the population live in counties with fewer than 50,000 residents with about 34% who live in truly frontier counties averaging six or fewer persons per square mile. This would contrast with Delaware's 385.5 persons per square mile.

Many services that other states consider basic, such as mass transportation, are not available. Both inter and intra city bus service is very limited and not a service in many areas of the state. Montanans rely on friends, neighbors and relatives for much of their necessary transportation. It is not unusual for providers in Montana to serve several counties in one week and some travel by air to offer health care services to the most remote areas of the state.

- *Montana's average weekly wage for 2000 was $378.97 while the national average was $474.03 with a difference of $95.06 per week.
- *Montana's Unemployment rate was 4.7% in the 4th quarter of 2000 while the U.S. rate was 3.7%.
- Montana's population is aging with a median age of 37.8 years (1999).
- Percentage of Montana’s population below the poverty level (1999): 15.6%
- Percentage of Montana’s school-aged children below the poverty level (1999): 20.2%
- Percentage of Montanans greater than or equal to 65 years of age (1999): 13.3%
- Percentage of Montanans greater than or equal to 85 years of age (1999): 1.7%
- More than 88% of Montanans age 25 and older had at least a high school education or more; 24% completed a bachelor’s degree or more (1999).
- The vast majority of Montanans are White with the largest minority, Native American Indians, making up about 6.5% of the population.

- Montanans tend to be healthier than the average U.S. resident, with some noteworthy differences:

  _ The risk of death from the leading causes, heart disease and cancer, is lower in Montana but far exceeds the risk of death from other causes.

  _ The risk of death from accidents, chronic obstructive pulmonary diseases (COPD), and suicide is greater.

  _ Teens are less likely to be sexually active but are more likely to use tobacco, especially smokeless tobacco.

  _ The immunization rate for two-year olds improved 11% in one year.

  _ The number of AIDS cases continues to increase, but not as rapidly as elsewhere in the U.S. for persons of all ages and lifestyles.

- Montana's birth rate has been declining steadily since the early 1980s, while 6.5% of the population is Native American, 10% to 12% of births are to Native American mothers.

- The pregnancy rate for 15- to 17- year-olds was below the national rate.

- The proportion of women receiving early prenatal care, within the first three months of pregnancy, is increasing.

- Montana has been successful in reducing infant mortality, achieving the objective of 7 infant deaths per 1,000 live births in 1996.

- SIDS death rates are higher than the U.S. but have been declining.

- The leading causes of death in Montana are cardiac related (heart, artery diseases), cancer, and injuries.
  - Traffic related: **23.6/100,000 population – Montana**
    15.7/100,000 population – United States
  - Suicide: **16.3/100,000 population – Montana**
    10.4/100,000 population – United States

- The Montana homicide rates are notably lower: **3.2/100,000 population – Montana**
  7.1/100,000 population – United States

- The most common health risk behaviors among adults in Montana are obesity and sedentary lifestyle. Other prevalent risk factors are smoking, alcohol consumption, and poor diet. Safety risks include seatbelt use, driving after drinking alcohol and falls.

(Sources: Population distribution, age. Education and ethnicity-U.S. Bureau of the Census; income and health care costs-State Health Profiles 2001, American Association of Retired Persons. The health information was based on current vital statistics, health data and tabulations/statistics and is available from DPHHS.)

*Department of Labor and Industry, Job Service Division year 2000 data reports.

2. THE MONTANA MEDICAID PROGRAM

The Montana Medicaid Program is authorized under 53-6-101, Montana Codes Annotated and Article XII, Section 3 of the Montana Constitution. The program is administered by the Department of Public Health and Human Services.

PROGRAM MISSION

To assure that necessary medical care is available to all eligible Montanans within available funding resources.

BASIC OBJECTIVES

To promote the maintenance of good health by Medicaid eligible persons
To assure that Medicaid eligible persons have access to necessary medical care
To assure that the quality of care meets acceptable standards
To promote the appropriate use of service by Medicaid eligible persons
To assure that services are provided in a cost-effective manner
To assure that only medically necessary care is provided
To assure that the Medicaid program is operated within legislative appropriation
To assure that prompt and accurate payments are made to providers
To assure that accurate Medicaid program and financial information is available for management on a timely basis
To assure that confidentiality and privacy of client information is maintained at all times
To promote the appropriate utilization of preventive services

PROGRAM MANAGEMENT

Gail Gray, Director, Department of Public Health & Human Services (DPHHS)
John Chappuis, Deputy Director and Medicaid Director, DPHHS
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Hank Hudson, Administrator, Human & Community Services (406-444-5902)
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MONTANA MEDICAID PROGRAM OVERVIEW

The Montana Medicaid program pays medically necessary health care costs for recipients who demonstrate financial and medical need. The state administers this program and is responsible for determining eligibility for recipients and payment to providers for covered services.

Medicaid services are funded by a federally determined formula that combines state and federal revenues in an approximate 27% state and 73% federal dollar split (except defined Indian Health Service and Tribal Health costs are 100% federally funded).

Categorically needy recipients are Medicaid eligible under federally defined categories–aged, blind, disabled, children and pregnant women–and have family incomes and resources below the limit for their category. Generally, the income limit is tied to the Federal Poverty Level (FPL). Medically needy recipients generally have critical and/or very costly medical conditions. To qualify for Medicaid, the medically needy recipient must meet resource limit restrictions and incur a specified amount of medical bills each month.

3. MEDICAID COVERAGE GROUPS (SEE APPENDICES C AND D FOR GRAPHS)

Current = Montana's Authority (more generous than federal regulations)
Minimum = Federal Regulations

	Income		Resource		Services		In Montana, mandatory services for categorically needy and medically needy DO NOT vary
PROGRAM	Current	Minimum	Current	Minimum	Current	Minimum	
Family Medicaid (FM)	Benefit Standard = $491/hh of 3 or Medically Needy = $658/hh of 3	1988 AFDC Standard (1996 = $438/ hh of 3) for non medically needy; $367 for Med needy	$3000	$1000	Full (aged, blind, disabled, pregnant & under 21); Basic (all others)	Mandatory Services only	Mandatory services may vary between Categorically needy and medically needy
Poverty Pregnant Women (PW)	133% FPL	133% FPL (federal minimum)	$3000	$2000	Full - all MA covered services	Mandatory Services only	
Qualified Pregnant Women (QP)	Medically Needy = $658/hh of 3	$367	$3000	$1000	Full - all MA covered services	Mandatory services only /med needy	
Automatic Newborn (AN)	N/A	Cannot apply income limit per federal regulation	$3000	$1000	Full - all MA covered services	Mandatory Services only	

	Income		Resource		Services		**In Montana, mandatory services for categorically needy and medically needy DO NOT vary**
PROGRAM	**Current**	**Minimum**	**Current**	**Minimum**	**Current**	**Minimum**	
Poverty Child (PC)	133% of Poverty	133% FPL (federal minimum)	$3000	$1000	Full - all MA covered services	Mandatory Services only	
Poverty Six Child (PS)	100% of Poverty	100% FPL (federal minimum)	$3000	$1000	Full - all MA covered services	Mandatory Services only	
Ribicoff Child (RK)	Benefit Standard = $491/hh of 3 or Medically Needy = $658/hh of 3	1988 AFDC Standard (1996 = $438/ hh of 3) for non medically needy; $367 for Med needy	$3000	$1000	Full - all MA covered services	Mandatory Services only	Mandatory services may vary between categorically needy and medically needy
Subsidized Adoption (AD)	None	Cannot apply income limit per federal regulation	None	Cannot apply resource limit per federal regulation	Full - all MA covered services	Mandatory Services only	
Foster Care -- IV-E (FF)	1996 AFDC standards = $261/hh of 1	1996 AFDC standards = $261/hh of 1	$10000 - initial IV-E determination $2000/$3000 – Medicaid	unknown - CFSD program ($1000?)	Full - all MA covered services	Mandatory Services only	
Foster Care – CWS (FW)	Benefit Standard = $293/hh of 1 /MN = $525/ hh of 1	1996 AFDC standards = $261/hh of 1; Med Needy = $367	$3000	$1000	Full - all MA covered services	Mandatory Services only	Mandatory services may vary between categorically needy and medically needy
Cont. Elig – Pregnant Woman (CP)	N/A	Cannot apply income limit per federal regulation	$3000	$1000	Full - all MA covered services	Mandatory Services only	

PROGRAM	Income		Resource		Services		In Montana, mandatory services for categorically needy and medically needy DO NOT vary
	Current	Minimum	Current	Minimum	Current	Minimum	
Extended Pregnant Woman (EP)	N/A	Cannot apply income limit per federal regulation	None	Cannot apply resource limit per federal regulation	Full - all MA covered services	Mandatory Services only	
Extended Medicaid (TR)	None - 1st 6 months 185 % FPL 2nd 6 months	Same	None	Cannot apply resource limit per federal regulation	Full (aged, blind, disabled, pregnant & under 21); Basic (all others)	Mandatory Services only	
Breast & Cervical Cancer Treatment (BC)	200% FPL	Same - set by CDC screening program	None	Cannot apply resource limit per federal regulation	Basic	Mandatory Services only	
Institutional-ized - Aged (IA)	Must not exceed cost of care	N/A	$2000*	$2000*	Full-all MA covered services	Mandatory services plus nursing facility care	Mandatory services may vary between categorically needy and medically needy
Institutional-ized-Disabled (ID)	Must not exceed cost of care	N/A	$2000*	$2000*	Full-all MA covered services	Mandatory services plus nursing facility care	Mandatory services may vary between categorically needy and medically needy

PROGRAM	Income		Resource		Services		In Montana, mandatory services for categorically needy and medically needy DO NOT vary
	Current	Minimum	Current	Minimum	Current	Minimum	
MA-Aged (MA)	None – over SSI payment rate = must meet incurment	$367 for Med needy $545 for one for cat. Needy $817 for two cat. Needy	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services only	Mandatory services may vary between categorically needy and medically needy
MA-Blind (MB)	None – over SSI payment rate = must meet incurment	$367 for Med needy $545 for one for cat. Needy $817 for two cat. Needy	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services only	Mandatory services may vary between categorically needy and medically needy
MA-Disabled (MD)	None – over SSI payment rate = must meet incurment	$367 for Med needy $545 for one for cat. Needy $817 for two cat. Needy	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services only	Mandatory services may vary between categorically needy and medically needy
SSI-SSP Aged (SA)	N/A	N/A SSA determines	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services for categorically needy only	
SSI-SSP Blind (SB)	N/A	N/A SSA determines	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services for categorically needy only	
SSI-SSP Disabled (SD)	N/A	N/A SSA determines	$2000 for an individual $3000 for a couple	$2000 for an individual $3000 for a couple	Full-all MA covered services	Mandatory services for categorically needy only	

PROGRAM	Income		Resource		Services		In Montana, mandatory services for categorically needy and medically needy DO NOT vary
	Current	Minimum	Current	Minimum	Current	Minimum	
Waiver Aged (WA)	N/A	$367 for Med needy $545 for one for cat. Needy $817 for two cat. needy	** $2000 for an individual	$2000 for an individual/ implement Spousal Improverish-ment Rules	Full-all MA covered services	Mandatory services plus waiver services	Mandatory services may vary between categorically needy and medically needy
Waiver Disabled (WD)	N/A	$367 for Med needy $545 for one for cat. Needy $817 for two cat. Needy	** $2000 for an individual	$2000 for an individual/ implement Spousal Improverish-ment Rules	Full-all MA covered services	Mandatory services plus waiver services	Mandatory services may vary between categorically needy and medically needy
Waiver Other (WO)	N/A	$367 for Med needy $545 for one for cat. Needy $817 for two cat. Needy	$2000 for an individual $3000 for a couple	$2000 for an individual/ implement Spousal Improverish-ment Rules	Full-all MA covered services	Mandatory services plus waiver services	Mandatory services may vary between categorically needy and medically needy
Q(QA)MB – Aged	<$739 – one <$995 – two	<$739 – one <$995 – two	$4000 – one $6000 – two	$4000 – one $6000 – two	Medicare A & B premiums, coinsurance and deductibles	Medicare A & B premiums, coinsurance and deductibles	
QMB – Disabled (QD)	<$739 – one <$995 – two	<$739 – one <$995 – two	$4000 – one $6000 – two	$4000 – one $6000 – two	Medicare A & B premiums, coinsurance and deductibles	Medicare A & B premiums, coinsurance and deductibles	
SLMB	< $ 886 – one <$1194 – two	< $ 886 – one <$1194 – two	$4000 – one $6000 – two	$4000 – one $6000 – two	Medicare Part B premiums	Medicare Part B premiums	

PROGRAM	Income		Resource		Services		In Montana, mandatory services for categorically needy and medically needy DO NOT vary
	Current	Minimum	Current	Minimum	Current	Minimum	
QI-1	< $ 997 – one <$1344 – two	< $ 997 – one <$1344 – two	$4000 – one $6000 – two	$4000 – one $6000 - two	Medicare Part B premiums	Medicare Part B premiums	Program sunsets 12/31/02
QI-2	<$1293 – one <$1742 – two	<$1293 – one <$1742 – two	$4000 – one $6000 – two	$4000 - one $6000 - two	Reimburses $3.91/month of Medicare B premium	Reimburses $3.91/month of Medicare B premium	Program sunsets 12/31/02

* If applicant has a spouse, spouse is entitled to a minimum of $17,856 or a maximum of ½ of all resources up to $89,280.

** Provides for waiver of deeming of spousal income and resources. Only the recipient's own assets and income are used to determine eligibility and incurment.

QI-2 pays: Reimbursement of a small portion of the Medicare Part B premiums ($3.91 per month for calendar year 2002) payable once per year.

4. MENTAL HEALTH SERVICES PLAN

Since the passage of the federal community mental health legislation in the 1960's, Montana, like other states, has had a non-Medicaid program to serve children and adults with serious mental illnesses who would otherwise be institutionalized. Until 1997, this program was implemented through contracts with 5 regional community mental health centers, which were the only providers in the system.

In 1997 this mental health program was combined with the state's mental health Medicaid program under a 1915(b) waiver to become the Mental Health Access Plan (MHAP). Under MHAP, there was a dramatic expansion of providers credentialed to serve the non-Medicaid population.

With the termination of the MHAP and the 1915 waiver in 1999, non-Medicaid services were offered as the Mental Health Services Plan (MHSP). MHSP provides a limited range of mental health services to low income individuals including adults with severe and disabling

mental illnesses and children and youth with serious emotional disturbance. The program has a capacity to serve 4800 adults per year (approximately 2800 adults in any given month) who must have family incomes below 150% of the federal poverty level. There is no asset limitation associated with MHSP eligibility. Adult MHSP services include physician/psychiatrist, psychologist, social worker, professional counselor, rehabilitation, limited formulary medication, and intensive case management. There is no inpatient hospital or primary care benefit.

Most non-Medicaid child and adolescent mental health services are provided through the Children's Health Insurance Program and are not part of MHSP. There is, however, a program under MHSP for 125 children and adolescents who have serious emotional disturbance (SED) and family incomes below 150% of the federal poverty level. Service coverage for these SED youth is limited to physician/psychiatrist, limited formulary medications, psychologist, social worker, professional counselor and rehabilitation services. There is no coverage of primary care or out-of-home care.

5.0 INTRODUCTION

Montana is aware that optional services may be eliminated for all Medicaid recipients via a state plan amendment; a waiver would be unnecessary. However, we are also aware there are individuals who are medically fragile or at risk of institutionalization or death if certain optional services are not a covered benefit under our state's Medicaid program. The elimination of optional services for all individuals who are eligible for Montana Medicaid would have a negative impact upon our state's budget as individuals would seek care in more expensive environments. In order to preserve the optional services for the medically fragile and those at risk, a waiver of comparability is being requested.

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services broad authority to waive provisions in Title XIX, the Medicaid statute. Montana requests:

1. A waiver of comparability, Section 1902(a)(10)(B) of the Social Security Act, to enable the State to impose different cost sharing amounts on individuals than that imposed under the state plan; to enable the State to offer different benefits than offered to other populations eligible under the state plan.
2. A waiver of amount, duration and scope of services, Section 1902(a)(10)(B) of the Social Security Act to enable the State to offer different benefit packages to different groups in the demonstration; different eligibility for some of the groups in the demonstration.
3. A waiver of cost sharing responsibility, Section 1916(a)(3) of the Social Security Act, to enable cost sharing for one of the groups under the demonstration to be greater than "nominal".

The 1115 waiver request being submitted by the State of Montana will allow us to further the purposes of Title XIX "to make more adequate provisions for individuals with mental illnesses". We will, therefore, request expansion of Medicaid eligibility to low-income persons not covered under federal rules of Title XIX, requesting a waiver of Section 1115(a)(2) of the Social Security Act. The expansion of Medicaid eligibility to low-income persons not covered under federal rules of Title XIX will allow us to revise Medicaid eligibility criteria and standards.

The need for individuals with mental illness to receive medical care has been identified. The World Health Organization highly recommends the integration of mental health care and primary medical care (May 2002). Dr. Craig Colton of the Utah Division of Mental Health has accumulated data that shows individuals with mental illness are dying of medical problems at a younger age than individuals without mental illness. Regarding the State of Montana, there is data which follows the trend identified in other states: people with mental illness die at younger ages than those without mental illness; the causes of death are those normally seen in the older population. In Montana, men with mental illness died 12 to 20 years earlier than men without mental illness. Females with mental illness died 20 years earlier than non-mentally ill counterparts. Heart disease was the number one cause of death for all residents of Montana.*

Montana recognizes the 1115 waiver proposal will create a need for education among providers and recipients. There are alarming statistics documenting a need for education to prevent costly health care expenditures for obesity-related diseases, smoking-related diseases, and injury prevention. The public health sections within the Department are collaborating with the Medicaid section to provide educational materials to the providers and the recipients. The Department is advocating for the primary care provider to complete a comprehensive evaluation addressing the topics of smoking cessation, weight control and management, seat belt usage, helmet usage, floatation device usage, osteoporosis screening, not drinking and driving, home safety to prevent falls, and a mental health screening, for a start. The Department will seek advice from the medical community regarding the process for disseminating information.

*Information compiled by Bobbie Renner, Ph.D., Research Psychologist, and Mary Letang, Operation Bureau Program Analyst, Addictive and Mental Disorders Division, Montana Department of Public Health and Human Services.

5.1 1115 WAIVER CONSIDERED

April 9, 2002 letter from Montana Governor Martz to Tommy Thompson, Secretary, US Department of Health and Human Services:

"...this waiver of comparability, allowing us to eliminate optional services only for able-bodied adults, would form the nucleus of our waiver request. Other provisions in our anticipated application would allow us to further tailor the services offered to able-bodied Medicaid clients by putting limits on some mandatory services..... Further research will be required to determine what limits, if any, could beneficially be applied to physician and hospital services, but the concept forms an important part of our envisioned service package for able-bodied adults..."

While Governor Martz's letter outlined the state's idea of what the waiver request may include, there were not sufficient details and specific information from which to act. Therefore, the Montana Department of Public Health and Human Services is submitting this detailed Concept Paper to begin the 1115 waiver application process.

5.2 DEFINED GROUPS

5.2.1 BASIC MEDICAID (Group 1)

Montana currently has in effect, a welfare reform waiver known as the Families Achieving Independence in Montana (FAIM). The FAIM waiver has been in effect since February 1, 1996 and expires on December 31, 2003. Basic Medicaid is only one component of the FAIM welfare reform waiver. Many of the components of Montana's welfare reform waiver are now captured in the Temporary Assistance for Needy Families (TANF) program. If the 1115 waiver is approved, Montana will seek to terminate the FAIM waiver, providing the approval for the new 1115 is prior to December 31, 2003.

Under Basic Medicaid, adults ages 21 to 64 who are not pregnant, receive a limited package of Medicaid-reimbursed services. The medical services generally excluded are audiology, dental and denturist, durable medical equipment, eyeglasses, optometry and ophthalmology for routine eye exams, personal care services and hearing aids. Allowances have been made for Medicaid coverage for emergency dental situations, medical conditions of the eye and certain medical supplies such as diabetic supplies and oxygen. The FAIM waiver has a component whereby certain services are covered if essential for employment, for example, eyeglasses and dental services. Under the new 1115 waiver, the current policy of coverage for emergency dental situation, medical conditions of the eye and certain medical supplies as well as certain services essential for employment will remain in tact.

Individuals who are under the FAIM waiver are adult recipients who are eligible because they meet the Medicaid eligibility criteria under Section 1931 or Section 1925 of the Social Security Act. They are the specified caretaker relative of a dependent child.

In further review of the April 9, 2002 letter from Governor Martz to Tommy Thompson, the "able-bodied" group of Medicaid recipients is essentially the same group currently on Basic Medicaid who are eligible for Medicaid because they meet the Medicaid eligibility criteria under Section 1931 or Section 1925 of the Social Security Act.

Within the 1115 waiver proposal, there are additional optional services that will be excluded for the Basic Medicaid Group (Group 1). The list of optional services that will be excluded are: ambulatory surgical centers, community mental health centers, licensed professional counselors, occupational therapy, physical therapy, speech therapy, podiatry, private duty nursing, psychological services, social worker, and targeted case management for mental health.

Also within the 1115 waiver proposal, primary care visits for Basic Medicaid Group 1 will be limited to five visits per state fiscal year per Basic Medicaid recipient. There will be a review process in place for requests once the primary care services reach the limit. Outpatient hospital services will exclude the optional services defined as "non-covered" for the Basic Medicaid Group 1. Prescription drugs will be limited to four per month with a review process in place for requests greater than four prescription drugs per month.

The newly defined package of benefits for those individuals in the Basic Medicaid Group 1 is called the Basic Health Plan. Table 9 displays the services for all three groups. There are approximately 14,000 recipients in Group 1 (annual unduplicated count).

5.2.2 BASIC MEDICAID/ SDMI (Group 2)

This group of individuals is the same with regard to the Basic Medicaid Group 1 coverage with the exception they will have been screened via a clinical process as having a severe and disabling mental illness (SDMI). The Addictive and Mental Disorders Division (AMDD) conducts the clinical screening whereby individuals meet specific criteria for designation of SDMI (See Appendix 'A' for SDMI criteria). These individuals do not meet disability requirements as defined by the Social Security Administration. It is clear in the intent of our 1115 waiver that certain services are retained for individuals who are medically fragile, including those with severe mental illness. The Basic Medicaid/SDMI Group (Group 2) will receive the same benefits package as the Basic Medicaid Group 1 plus an added component of mental health services. Mental health services included for the Basic Medicaid/SDMI Group 2 are social worker, licensed professional counselor, psychologist, mental health center services, targeted case management for mental health and chemical dependency services.

Within the 1115 waiver proposal, primary care visits for the Basic Medicaid/SDMI Group 2 will be limited to five visits per state fiscal year per Basic Medicaid/SDMI recipient. There will be a review process in place for requests once the primary care services for physical health conditions reach the limit. Services provided in a community mental health center or by a psychiatrist are not subject to this limit. Outpatient hospital services will exclude the optional services as defined "non-covered" for the Basic Medicaid/SDMI Group 2. Prescription drugs will be limited to four per month with a review process in place for requests greater than four prescriptions per month.

By preserving the mental health services, this group has limited optional services, limited mandatory services, and has available the range of mental health services appropriate for their illness. There are approximately 1400 recipients in Group 2 (annual unduplicated count). Their plan of benefits is referred to as Basic + Health Plan.

5.2.3 EXPANDED MEDICAID COVERAGE FOR SDMI (Group 3)

Each year, there are approximately 4800 low income individuals who have been screened via the clinical process and determined to have a severe and disabling mental illness (SDMI) who are not categorically eligible for Medicaid and are not declared disabled in accordance with the Social Security Administration's criteria. These individuals currently receive limited publicly funded mental health services outside the Medicaid system. The limited mental health services are evaluation/assessment of psychiatric conditions by licensed and enrolled mental health providers, psychotropic drug formulary for specific drugs, medicine management, psychological assessments, treatment planning and treatment by licensed psychologists, licensed clinical social workers, licensed professional counselors, targeted case management services for adults with SDMI, chemical dependency services and mental health center services.

In the 1115 waiver request, we are requesting expansion of Medicaid to these low income individuals with SDMI status so as to provide a limited plan of Medicaid benefits. In addition, primary care services will be provided and will include inpatient hospitalization limited to psychiatric care, which currently is not a benefit for this group. The primary care service will

be further expanded to include primary care provider visits limited to five visits per state fiscal year (for physical health conditions). There will be a review process in place for requests once the primary care services for physical health conditions reach the limit. Medically necessary psychiatrist visits and services provided in community mental health centers are not subject to this limit. Outpatient hospital services will be limited to include laboratory services and emergency care. Prescription drugs will be limited to four per month with a defined formulary for psychotropic drugs. A review process will be in place for requests greater than four prescription drugs per month.

The plan of benefits for the SDMI Group 3 is referred to as "Basic Behavioral Health Plan". Enrollment for the expansion group will be limited to ensure cost neutrality. Enrollment will be limited to individuals who meet criteria established by the Addictive and Mental Disorders Division, based upon acuity of illness and need for intervention. See Appendix 'B' for a copy of the Enrollment Criteria.

5.3 FINANCIAL CONSIDERATIONS

The state will not spend more federal funds with the 1115 waiver than the state would have spent without the waiver. The 1115 waiver will be budget neutral with regard to federal funding. The savings from non-coverage of the list of optional services and limiting defined mandatory services and prescription drugs will offset by the expansion of a limited number of enrollees into the Medicaid SDMI Group 3. Budget neutrality will be computed on the five year life of the waiver.

6. PUBLIC NOTICE

Prior to the submission of the Section 1115 waiver proposal, Montana will encourage public feedback. This process will assure that recipients and providers who may be affected by our demonstration project have an opportunity to provide input. The following processes may be utilized:

6.1 Post information regarding the demonstration proposal in the newspapers of general circulation (cities of Great Falls, Helena, Billings, Missoula, Bozeman, Havre, Kalispell) and allow for interested parties to contact the Department for copies of the demonstration proposal. Thirty days will be allowed for public comment.

6.2 Post information on the Department's Web page regarding the demonstration proposal and the availability of the proposal and public comment process.

6.3 Provide formal notice and comment in accordance with the administrative rules process. A public hearing and opportunity for public comment is a part of this process.

6.4 Meet with interested parties, including but not limited to, Tribal Offices, Montana Primary Care Association, Montana Hospital Association, low income coalitions, Mental Health Oversight Advisory Council, Montana Medical Association.

6.5 Provide information to the Montana Medical Advisory Group.

7. TRIBAL OFFICES

In accordance with SMDL #01-024, all Federally-recognized Tribal Governments maintaining a primary office and/or major population within Montana were notified in writing at least 60 days before the anticipated submission date of the state's intent to submit a Medicaid waiver request to CMS. On May 9, 2002, Tribal Officials were notified in writing of Montana's intent to submit a request for an 1115 waiver. On May 30, 2002, a telephone conference call was held allowing the Tribal Officials an opportunity to discuss components of the potential waiver request. On June 28, 2002, the director of the Department of Public Health and Human Services and other state staff met with Tribal Officials to discuss the potential waiver request. At the time the Concept Paper is submitted to the Centers for Medicare and Medicaid Services, copies will be mailed to the Tribal Offices. Copies of the letters sent by the department, received by the department and meeting minutes are available and will be submitted with the formal 1115 waiver request or provided as requested.

8. COST SHARING APPLICABLE TO GROUPS IDENTIFIED IN 1115 WAIVER

Individuals in the 1115 waiver who are tribal members will not be charged cost sharing when receiving services from the Indian Health Services.

For individuals in Group 3, the cost sharing responsibilities are:

- $10 per primary care visit (physical health only) – no annual cap
- $10 per generic prescription drug (Clozaril is exempt) – no monthly/annual cap
- $15 per brand name prescription drug (Clozaril is exempt) - no monthly/annual cap
- Inpatient hospital services, outpatient hospital services and mental health services: same as for Groups One and Two – no annual cap

The amount of cost sharing for individuals in Groups 1 and 2 is the same as the amount specified in the State Plan Amendment for Montana (Effective September 1, 2002).

- Cost sharing charged to Medicaid clients who have inpatient hospital stays is $100 per discharge – no annual cap
- The cost sharing for Medicaid services furnished by health care providers will be modified. The cost sharing will be a set dollar amount per visit. The amount will be $1, $2, $3, $4 or $5 per visit based on the average Medicaid allowed amount per visit for that provider type, rounded to the nearest dollar – no annual cap
- Medicare crossover claims and Third Party Liability (TLP) services are exempt from cost sharing when Medicaid is the secondary payor. If a service is not covered by Medicare or TPL but is covered by Medicaid, cost sharing will be applied.

Affected providers or services (in the 1115 waiver) exempt from cost sharing include:

- emergency services
- hospice

- non-emergency transportation
- independent laboratory and x-ray services
- early and periodic screening, diagnostic, and treatment services (EPSDT)
- family planning

Medicaid clients (in the 1115 waiver) exempt from cost sharing include:

- Medicaid clients under age 21

STATE PLAN

Provider Type	**Amount**
Inpatient Hospital	$100 Per Discharge
Pharmacy*	$1-$5 Per Script, $25 Monthly Cap*
Ambulatory Surgery Centers Denturists Durable Medical Equipment Federally Qualified Healthcare Center Freestanding Dialysis Clinics Outpatient Hospital Rural Health Clinic	$5 Per Visit
Independent Diagnostic Testing Facilities Mid-Level Practitioners Physician Podiatry Psychiatrists	$4 Per Visit
Dental Home Health Licensed Professional Counselors Psychological Services Social Worker Speech Therapy	$3 Per Visit
Audiology Hearing Aids Occupational Therapy Opticians Optometric Physical Therapy	$2 Per Visit
Public Health Clinics	$1 Per Visit

*Cost sharing changes for pharmacy services are effective August 1, 2002

Table 9: Excludes Nursing Home, Swing Bed, and EPSDT; Not Applicable to Three Groups

C=covered N=non-covered

SERVICE	MAND.	OPT.	1. BASIC HEALTH PLAN	2. BASIC+ HEALTH PLAN	3. BASIC BEHAVIORL HEALTH PLAN
Family Planning	X		C	C	N
Federally Qualified Health Ctr	X		C-included/physician limit	C-included/physician limit	C-included/physician limit
Home Health	X		C	C	N
Inpatient Hospital	X		C	C	C-LIMIT:psychiatric care only
Lab And Xray	X		C	C	N
Mid Level Practitioners	X		C-included/physician limit	C-included/physician limit	C-included/physician limit
Outpatient Hospital	X		C-LIMITED (N=excluded)	C-LIMITED (N=excluded)	C:LIMIT:lab & emergency only
Physician	X		C-LIMIT: 5 VISITS	C-LIMIT: 5 VISITS/physical health	C-LIMIT: 5 VISITS/physical health
Psychiatrist	X		C-included/physician limit	C-NO LIMIT	C-NO LIMIT
Rural Health Clinics	X		C-included/physician limit	C-included/physician limit	C-included/physician limit
Ambulance		X	C	C	N
Audiology		X	N	N	N
Case Management		X	N	N	N
Ambulatory Surgical Center (Clinic)		X	N	N	N
Comm. Mental Health Centers		X	N	C	C
Dental		X	N	N	N
Denturist		X	N	N	N
Drugs		X	C-LIMITED TO 4 RX p/mo	C-LIMITED TO 4 RX p/mo	C-LIMITED 4 Rx p/mo & MH FORMULAR
Durable Medical Equipment		X	N	N	N
Eyeglasses		X	N	N	N
Freestanding Dialysis Clinic		X	N	N	N
Home And Community Based		X	N	N	N
Lic. Prof. Counselors		X	N	C	C
Non-Emergency Transportation		X	C	C	N
Occupational Therapy		X	N	N	N
Optometric		X	N	N	N
Personal Care		X	N	N	N
Physical Therapy		X	N	N	N
Podiatry		X	N	N	N
Private Nursing		X	N	N	N
Psychological Services		X	N	C	C
Public Health Clinics AND Hospice		X	C	C	N
Rehabilitation – CD Services		X	C	C	C

Social Worker		X	N	C	C
		X	N	N	N
Targeted Case Mgmt (MH)		X	N	C	C
Transportation And Per Diem		X	C	C	N

APPENDIX 'A'

SDMI DEFINITION

"Severe disabling mental illness" means with respect to a person who is 18 or more years of age that the person meets the requirements of (a) or (b) or (c). The person must also meet the requirements of (d):

(a) has been hospitalized at least 30 consecutive days because of a mental disorder at Montana state hospital (Warm Springs campus) at least once; or

(b) has a DSM-IV diagnosis of
(i) schizophrenic disorder (295);
(ii) other psychotic disorder (295.40, 295.70, 297.1, 297.3, 298.9, 293.81, 293.82);
(iii) mood disorder (296.2x, 296.3x, 296.40, 296.4x, 296.5x, 296.6x, 296.7, 296.80, 296.89, 296.90, 301.13, 293.83);
(iv) amnestic disorder (294.0, 294.8);
(v) disorder due to a general medical condition (310.1); or
(vi) pervasive developmental disorder not otherwise specified (299.80) when not accompanied by mental retardation;
(vii) obsessive compulsive disorder (300.3) or

(c) has a DSM-IV diagnosis with a severity specifier of moderate or severe of personality disorder (301.00, 301.20, 301.22, 301.4, 301.50, 301.6, 301.81, 301.82, 301.83, or 301.90) which causes the person to be unable to work competitively on a full-time basis or to be unable to maintain a residence without assistance and support by family or a public agency for a period of at least 6 months (or for an obviously predictable period over 6 months); and

(d) has ongoing functioning difficulties because of the mental illness for a period of at least 6 months (or for an obviously predictable period over 6 months), as indicated by one of the following:
(i) health care professional has determined that medication is necessary to control the symptoms of mental illness;
(ii) the person is unemployed or does not work in a full-time competitive situation because of mental illness;
(iii) the person receives SSI or SSDI payments due to mental illness; or
(iv) the person maintains or could maintain a living arrangement only with the ongoing supervision and assistance of family or a public agency.

APPENDIX 'B'

ENROLLMENT CRITERIA FOR GROUP 3

The adult population of the Mental Health Services Plan is made up of individuals who have been determined to have a severe disabling mental illness as defined in Attachment A and to have a family income that does not exceed 150% of the federal poverty level.

Within this population, the Department proposes to define those individuals who will be refinanced under the 1115 waiver using the following variables:

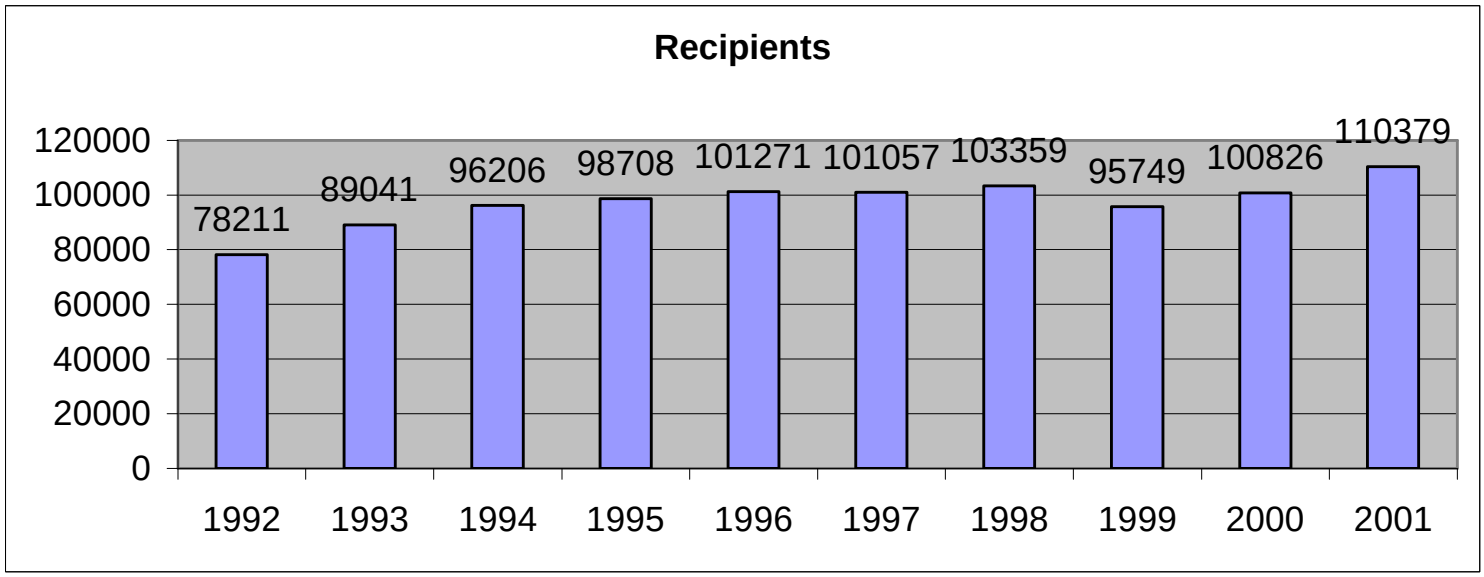
1. Diagnosis
   a) schizophrenic disorder
   b) other psychotic disorder
   c) mood disorder
   d) amnesic disorder
   e) disorder due to a general medical condition
   f) pervasive developmental disorder not otherwise specified when not accompanied by mental retardation
   g) obsessive compulsive disorder

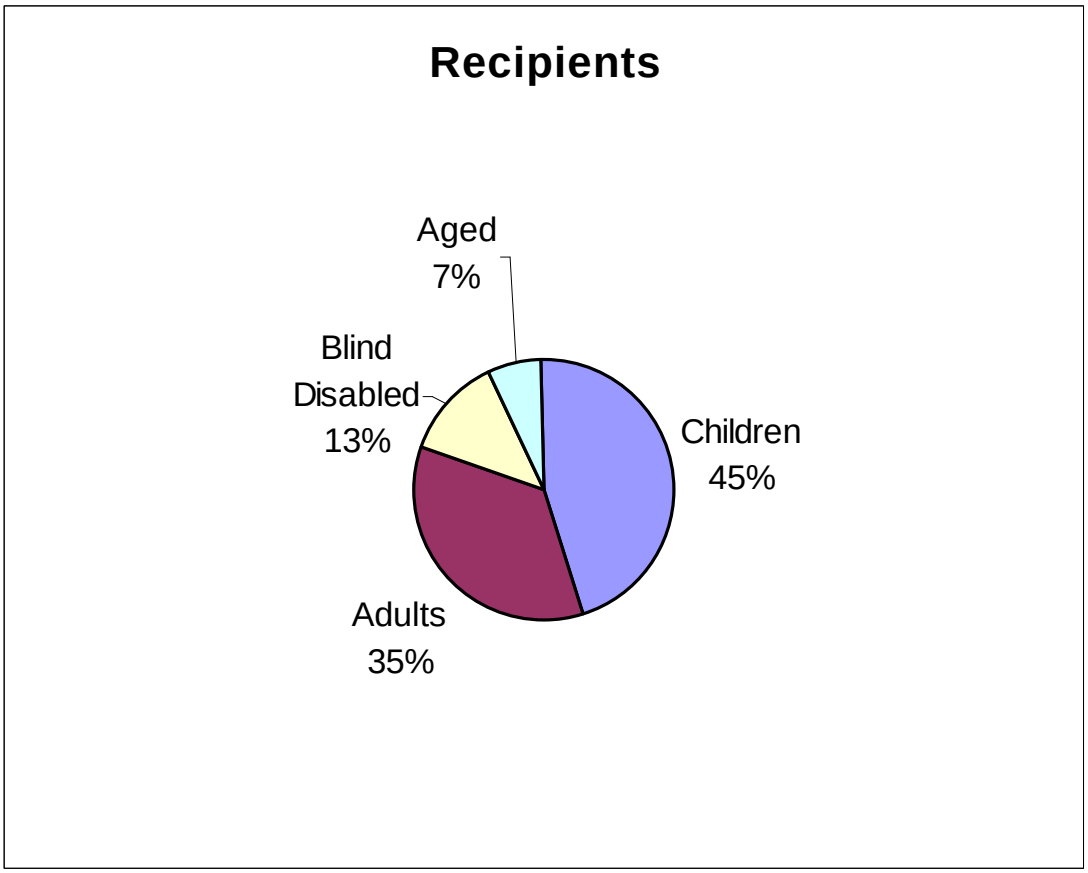
2. Multiple admissions to Montana State Hospital or repeated admissions to community-based psychiatric inpatient facilities

3. Co-occurring diagnosis of substance abuse or chemical dependency

The Department proposes that the number of individuals who will be included in this waiver will be limited to achieve cost neutrality. The identification of eligible individuals will be accomplished by establishing priority based upon a combination of two or more of the above-listed variables.

APPENDIX 'C' **RECIPIENT DATA**





APPENDIX 'D' **EXPENDITURE DATA**