

# Implementation Standards: Fee-for-Service Subcontracted Targeted Case Management Rate Methodology

## Background

The Minnesota Department of Human Services (DHS), counties, and the Minnesota Association of County Social Service Administrators (MACSSA) have collaborated with the fiscal analysis consultant group, Guidehouse, on the development of a statewide rate methodology for fee-for-service (FFS) county subcontracted Targeted Case Management (TCM) services.

This rate methodology, which goes into effect on July 1, 2022, only applies to providers that are subcontracted by the county to provide Medicaid-funded TCM services on a fee-for-service basis for:

- Adult Mental Health (AMH-TCM)
- Children’s Mental Health (CMH-TCM)
- Child Welfare (CW-TCM)
- Vulnerable Adult/Developmental Disability (VA/DD-TCM)

This rate methodology does not apply to Relocation Service Coordination (RSC-TCM), TCM paid by managed care organizations, or MH-TCM provided by Certified Community Behavioral Health Clinics.

This document guides counties through the initial implementation of the new subcontracted TCM rate methodology. Some of this information will continue to be useful after initial implementation, but we intend the dates to help counties facilitate the transition to the new rate methodology with their providers.

## Implementation timeline

The following table lists milestones for ensuring that counties and providers update and DHS reviews every subcontracted TCM contract ahead of the July 1, 2022, effective date of the new rate methodology. In order to be compliant with CMS expectations, counties and providers must amend and align all FFS subcontracted TCM contracts with the new rate methodology regardless of whether or not counties request a rate exception. Prior to the contract going into effect and the rate being active in MMIS, DHS will need to approve relevant language in the contract submitted to DHS.

Objective	Activities and Information
County submits any <a href="#">rate exception request (PDF)</a> to DHS	<ul style="list-style-type: none"> <li>• DHS will process rate exception requests within 30 days of submission. DHS may ask for more information about a rate exception request and that could increase the time it takes for DHS to approve the rate exception.</li> </ul>
County submits completed attestation form and spreadsheet, which summarize signed contracts amended with appropriate rate language to DHS	<ul style="list-style-type: none"> <li>• For rates effective July 1, 2022 or later, the contract does not need to be submitted directly to DHS. Instead, the county must: <ul style="list-style-type: none"> <li>○ Complete the <a href="#">Attestation for Targeted Case Management Vendor Contracts (DHS-8273) (PDF)</a></li> <li>○ Email to <a href="mailto:tcm.rates.dhs@state.mn.us">tcm.rates.dhs@state.mn.us</a> the completed DHS-provided spreadsheet summarizing the county’s executed TCM vendor contracts</li> </ul> </li> </ul>
New rate methodology is implemented	<ul style="list-style-type: none"> <li>• Rates are active in MMIS within no more than 30 days after the county submits the summary of executed TCM vendor contracts to DHS</li> </ul>

## Rate schedule

The statewide rate methodology includes a “default” monthly rate for each of the TCM service areas within scope. The rate methodology also includes a rate schedule that accommodates two types of rate exceptions.

The FFS county-subcontracted TCM rates are posted on the [Fiscal Reporting and Accounting webpage](#) under the “Targeted Case Management Rates” section. An annual inflation adjustment will recalculate the rate schedules on January 1 of each year. New rate schedules will be posted at least 180 days prior to rate effective date.

## Rate exceptions

Guidehouse and DHS used feedback from counties and providers to develop two types of rate exceptions, authorized under Minn. Stat., 256B.076. These rate exceptions address variations in costs to provide FFS subcontracted TCM services. County representatives on two case management redesign workgroups helped develop the standards for these rate exceptions. The two rate exceptions are:

- **Caseload size** – Increases or decreases the rate depending on if the case management is more or less intensive than what is assumed in the default rate.
- **Culturally specific** – Increases the default rate to cover additional costs associated with providing culturally specific case management, such as attracting and retaining multicultural case managers.

DHS will manage both exceptions at a “program” level, which is typically broader than at the case manager level and narrower than a TCM service area (AMH-TCM, CW-TCM, etc.). For example, a provider may serve multiple populations for CW-TCM, including children regularly missing school (truancy) and domestic abuse cases. The

rate exception would be best scoped for either the truancy program or domestic abuse program (or both separately), but not CW-TCM in general. Providers would work with the county to develop the necessary scope and expectations for a rate exception, before the county submits the rate exception to DHS for approval. DHS will work with counties to refine the rate exception request, in order to satisfy both the programmatic needs and federal and state requirements.

Rates included in the 18-month phase-in cannot be adjusted by a rate exception.

## Updated contract language

All current contracts for county subcontracted AMH, CMH, CW, and VA/DD-TCM will need updates to reflect the new rate methodology effective July 1, 2022, regardless of whether or not counties request a rate exception.

While each unique non-default rate must have its own rate exception request, counties are allowed to create a single contract with a provider that includes multiple rates for one TCM service area. The following are some options for language in the contract to indicate the rate:

### One “default” rate in the contract

“The County shall pay the contracted provider per unit in accordance with the statewide subcontracted TCM rate methodology. The services under this contract are eligible for the default [TCM service area] rate, as described in the [DHS Fiscal Reporting and Accounting webpage.](#)”

### Multiple rates in the contract

“The County shall pay the contracted provider per unit in accordance with the statewide subcontracted TCM rate methodology. The services under this contract are eligible for the following rate types under the rate methodology, as described on the [DHS Fiscal Reporting and Accounting webpage.](#)”

- Unspecified or general [TCM service area] program: The default [TCM service area] rate.
- [XYZ] program for truancy: The rate for an average caseload size of 18-22 that is culturally specific.
- [ABD] program for child protection: The rate for an average caseload size of 13-17.

The contract language describing the rate should either reference the rates posted to the DHS Fiscal Reporting and Accounting webpage (like in the examples above) or clearly acknowledge that the rates for contracted services that cross calendar years are subject to the annual inflation adjustment processed by DHS.

## Guidance and expectations for rate exceptions

### Planning assumptions for rate exceptions

The following is a list of planning assumptions to assist in creating a common understanding between DHS and counties of the context, scope and roles for the rate exception criteria.

- The criteria for a rate exception are intentionally broad, in order to accommodate the wide array of programs, networks of services, and strategic initiatives.
- As long as a county works with a provider on gathering and providing the required information outlined in the final list of criteria and process requirements, DHS won't deny a rate exception without further collaboration on finding a common solution. For example, a common solution could include a more robust monitoring plan or a better definition of the case management included and excluded from the rate exception.
- Counties identify the potential need for a rate exception. The county, based on conversation with the provider, submits a completed [rate exception request \(PDF\)](#). From there, DHS ensures documentation of the following:
  - A clear program definition,
  - Strong rationale for the rate exception,
  - An adequate monitoring plan in order to know that the intended case management continues to require a different rate and that only the intended case management is getting that rate.
- DHS proposes the following terms and definitions to create a shared understanding for counties, the State and CMS.
  - **Service or Service area:** What the provider offers to the person and is reimbursed by Medicaid. Examples include AMH-TCM, CMH-TCM, VA/DD-TCM, and CW-TCM.
  - **Program:** A way to organize the TCM services offered by the provider to a particular population or group of people. A unique, but common need for services is what makes it effective to distinguish this group from others receiving the service. A program is narrower than a service. An example includes AMH-TCM offered specifically to people experiencing long-term homelessness. Of note, CMS considers Medicaid the "program," so for any documentation going to CMS, "program" may need to be defined, potentially by using "focus area."
- To estimate and monitor an approved caseload rate exception request, the county should calculate the average monthly caseload size for the last six months. The county should calculate each of the monthly caseload size figures by dividing the number of individuals that received a qualifying case management contact during the month by that month's full-time employee (FTE) count. The county can then find the average across all six months.

## Criteria for the caseload size rate exception

### Legislative language:

A county may request that the commissioner authorize a rate based on a different caseload size. For example, when a subcontractor serves individuals with needs such as homelessness or specific linguistic or cultural needs that significantly differ from other eligible populations. A county must include the following in the request:

- (1) The number of clients to be served by a full-time equivalent staffer;
- (2) The specific factors that require a case manager to provide a significantly different number of hours of reimbursable services to a client; and
- (3) How the county intends to monitor caseload size and outcomes.

## Proposed criteria to implement this language:

The county must be able to:

1. Clearly describe a program that serves a specific population that requires a significantly different intensity of case management than what is assumed in the default rate.
  - a. Example #1: An AMH-TCM provider has found serving people who have been experiencing homelessness for over a year requires a more intensive AMH-TCM service than the other AMH-TCM recipients. The optimum caseload size for this group is 15. The provider would work with the county to create program criteria (AMH-TCM eligible and has been experiencing homelessness for at least one year) to distinguish this group from the other people receiving AMH-TCM by the same provider.
  - b. Example #2: A county has developed a special CW-TCM program for kids who consistently miss school. Multiple organizations provide case management for this program. The county and organizations agree that a higher caseload size than the default caseload size of 25 for CW-TCM is adequate for this truancy-focused program. The county would work with each organization that provides case management for this program on a caseload exception. The caseload expectations should be the same across organizations for this program, unless additional efforts are made to distinguish different case management intensity needs within the program.
2. Identify an available caseload size range that reflects the appropriate caseload size for this program. The county must be able to monitor the provider in order to ensure that the actual caseload sizes for the program reflect the approved caseload size range. The rate schedules posted on the [DHS Fiscal Reporting and Accounting webpage](#) show the available caseload size ranges for each TCM eligibility category.

The established range must align with statutory requirements for that TCM service area. This means that if a county submits a rate exception for CMH-TCM at the 18-22 caseload range or higher, the county will need to submit companion rate exceptions that are at the 9-13 caseload size or lower, in order to maintain an average caseload size of 15. If a county submits a rate exception for AMH-TCM at the 34-38 caseload size or higher, the county will need to submit companion rate exceptions that are at the 19-23 size or lower in order to maintain an average caseload size that does not exceed 30.

3. Provide a clear rationale for the identified caseload size range by answering the questions in the rate exception request.

## Criteria for the culturally specific rate exception

### A note on culturally specific versus culturally responsive case management

DHS requires all case managers to provide culturally responsive services to the diverse cultural backgrounds represented on their caseload. Guidehouse incorporated additional training hours focused on providing culturally responsive case management into the updated rate methodology for the default rates. A culturally specific case management program is different from culturally responsive, in that “culturally specific” case management is designed to serve people from a particular linguistic, racial, ethnic or social background.

### **Minnesota Statute 256B.076, subdivision 3**

“Culturally specific program” means a targeted case management program that:

- (1) Ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to an individual within a specific population's values, beliefs and practices, health literacy, preferred language, and other communication needs;
- (2) Is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;
- (3) Is governed with significant input from individuals of the specific background that the program is designed to address; and
- (4) Employs individuals to provide targeted case management, at least 50 percent of whom are of the specific background that the program is designed to address.

The culturally specific program factor in the same statute, subdivision 2, paragraph (b), clause (10), adjusts the targeted case management rate for culturally specific programs to reflect the staffing and programmatic costs necessary to provide culturally specific targeted case management. The rate schedule on the [DHS Fiscal Reporting and Accounting webpage](#) has the culturally specific rate for each of the caseload ranges, including the default caseload range.

### **Proposed criteria**

DHS understands that culturally specific subcontracted TCM services are offered by providers in different ways, some examples include:

- Provider organizations that are culturally specific
- Provider organizations have multiple programs or initiatives, and some of them are culturally specific
- Provider organizations in which some of the case managers are multi-lingual and people from particular cultural groups are assigned to those case managers

Any of these scenarios may be eligible for the culturally specific rate exception, but the county must ensure that only the culturally specific case management is getting the increased rate. The county and provider may make a decision that the culturally specific rate exception is not a good fit if the culturally specific case management is blended in with the non-culturally specific case management to a degree that it would be difficult to accurately bill the different rates and provide the appropriate proof of accuracy.

The county must be able to:

1. Clearly describe and distinguish a provider’s culturally specific case management from any non-culturally specific case management.
2. Ensure the provider has safeguards to avoid billing at the culturally specific rate for any case management not included in the intended scope of the rate exception. The county must describe these situations and the safeguards in place for monitoring.
  - a. For example, a provider serves people from a wide variety of cultural backgrounds for their CMH-TCM service. They have two case managers who speak Hmong. The two case managers take all cases where families are Hmong, but they also take cases where the families are not Hmong. The county needs to determine with the provider if the additional administrative work

associated with monitoring two separate sets of program requirements for accurate rates is feasible.

3. Provide documentation establishing how the culturally specific case management meets all elements defined in statute by answering the questions in the rate exception request form.

## **Monitoring rate exceptions**

Minnesota Statute 256B.076 requires a county to describe how it will monitor caseload size and outcomes for any caseload rate exception. According to statute, the criteria for the rate exceptions states that:

- Counties must be able to monitor the provider to ensure that the actual caseload sizes for a particular program reflect the approved caseload size range;
- Counties must create safeguards and monitor providers to ensure only the intended services are billed at the rate set by a rate exception. Counties must describe the safeguards and monitoring plan; and
- DHS will continue to work with counties on standards for monitoring and compliance.

In the rate exception request, counties must describe a monitoring plan. This monitoring plan must document how the program meets all the statutory requirements for rate exceptions.

DHS requires that counties collect information from any provider with a rate exception, in order to understand:

- If the rate exception is still relevant for the program and provider.
- If safeguards are being adhered to so that the provider is only billing at the rate exception amount for the appropriate services.

## **Report data every six months**

The provider must report to the county the following information about their program(s) with a caseload size rate exception or culturally specific rate every six months. When calculating the number of case managers serving a program, use full-time employee (FTE) and account for only the time spent serving the particular program.

### **Caseload size exceptions:**

1. The number of FTE case managers serving the program.
2. The monthly average number of people with qualifying contacts served by one FTE case manager for the program over the last six months.
3. Describe any reasons that the monthly average number of people with qualifying contacts served by one FTE case manager for the program is outside of the approved caseload size range.

### **Culturally specific designation:**

1. The number and names of FTE case managers serving the program.
2. The number and names of FTE case managers who are of the specific background that the program is designed to address.
3. Activities and leadership or governance updates in the last six months that allowed for significant input about the program from people who are of the specific background that the program serves.

## **Annual check-ins**

In addition to the semiannual data reporting, the county will meet with the provider annually, either in person, over the phone, or over video conference. The provider must send the county the required data supporting the rate exception prior to the annual check-in.

## **Compliance standards**

For the purposes of this document, “compliance standards” describes the process that occurs if a provider is out of compliance with the intended scope and implementation of a rate exception. DHS recommends that counties use the following compliance standards for ease of implementation.

### **Provider not meeting rate exception standards**

If a provider is not meeting rate exception standards, as identified through one of the semiannual data reports, the county and provider will talk about strategies the provider will use to meet standards for the next reporting cycle. These strategies could include modifying or revoking the rate exception, changing practices, or prioritizing efforts to meet standards in the following six months.

### **Performance improvement plan for continued issues**

If, in six months, the provider is still not meeting rate exception standards, the county will proceed with a documented performance improvement plan for the provider. The performance improvement plan must include the following elements:

1. Area(s) in which the provider is not meeting rate exception standards
2. The previously discussed and agreed upon strategies to address the unmet standards
3. Any context the county and provider want documented
4. The timeline by which the provider must meet standards and any interim benchmarks. The timeline for meeting standards must not exceed one year
5. Increased support and monitoring activities the county will provide
6. Strategies for continued support and monitoring after the provider meets standards
7. The result(s) of not meeting the standard by the specified timeline, and process by which the following consequences would be determined:
  - a. Modifying the rate exception;
  - b. Removing the rate exception; or
  - c. Revoking the contract with the provider.

The county must submit any active performance improvement plans to DHS.