NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

426 STATE STREET
NEW HAVEN, CONNECTICUT 06510-2018
TELEPHONE: (203) 946-4811
FAX (203) 498-9271

February 7, 2010

Ben Barnes
Secretary, Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Re: New Opportunity for Additional HUSKY Savings Through Move to Statewide PCCM

Dear Secretary Barnes:

As you know, health advocates strongly agree with the Governor that we need to "[e]xpand Connecticut's Primary Care Case Management (PCCM) system, HUSKY Primary Care, to 400,000 low income children and parents in the HUSKY program. ... [T]his will deliver better care at a lower cost." (Campaign Policy Book, Health). We look forward to working with him and the Department of Social Services to do what other states have done—replace capitated HMOs (with their demands for ever more taxpayer money) with a more efficient statewide PCCM system, which delivers quality, coordinated health care to these vulnerable residents, saving money by avoiding both medical complications and high HMO overhead. We write to you now to let you know about a new initiative just rolled out by the federal Centers for Medicare and Medicaid Services which will allow us to save even more money through an expeditious statewide PCCM expansion, in the neighborhood of $7 million/year.

On February 3rd, Health and Human Services Secretary Kathleen Sebelius issued a letter to all governors advising them of the existing flexibility in the Medicaid program and of the new flexibility made possible under the Patient Protection and Affordable Care Act (PPACA): http://www.hhs.gov/news/press/2011pres/01/20110203c.html In her letter, she explained HHS's willingness to give the states as much assistance as they need to save money while preserving essential Medicaid benefits. One of the means for accomplishing this which she mentioned was the new option of "Health Homes," which became available as a state option (without need for any waiver) under the PPACA on January 1, 2011. Secretary Sebelius explained that "States can now benefit from a 90 percent Federal matching rate for coordination of care services provided in the context of a health home for people with chronic conditions." The PPACA chronic conditions criteria are very broad: they cover an individual with (1) two chronic conditions, (2) one chronic condition with a risk of a second, or (3) serious and persistent mental illness. What constitutes a chronic condition also is broadly defined: it currently includes asthma, diabetes, heart disease, obesity, substance use disorder and mental illness, and the Secretary has the statutory authority to include additional conditions.

Under this new option, it will cost next to nothing for states to provide aggressive care management services to Medicaid enrollees, while reaping the substantial savings from the provision of these services, through fewer ER visits, fewer re-hospitalizations, fewer surgeries, etc. It therefore

behooves all states to develop plans for placing all or most of their eligible Medicaid enrollees into such health homes under this new option. The states do have to make a modest investment to set up the infrastructure for a health homes program, but even these administrative costs are partially reimbursed, at the rate of 50% (for Connecticut; rates vary in other states).

In the case of HUSKY A enrollees, however, the infrastructure has already been created thanks to the legislature having the foresight to require the establishment of a PCCM pilot program in 2007. Currently, under the PCCM program, we pay primary care providers $7.50 per member per month (pmpm) to coordinate all care for HUSKY A enrollees who have signed up with them. The federal government reimburses us 50% for all of these expenditures. Once expanded to the 400,000 HUSKY A enrollees, $7.50 pmpm adds up to about $36 million/year. Without the health homes option, we would receive back half of that, about $18 million, from the federal government. But for those who are enrolled in this program **and** found to meet the liberal "chronic condition" criteria of the PPACA, we will be reimbursed almost all of the $7.50 pmpm care coordination costs, at the rate of 90% ($6.75) for 24 months.

Many HUSKY enrollees have at least one chronic condition, and, for reasons often related to poverty, are at risk of a second, and mental illness is prevalent as well. For example, just based on limited encounter data from 2007, 11% of HUSKY A kids were treated for asthma, while 15% of HUSKY A enrollees of all ages were authorized to receive mental health services in 2010. It therefore is likely that about half of the HUSKY A enrollees will meet the above "chronic condition" criteria, allowing the state to recoup $6.75 of the $7.50 monthly pmpm cost of providing them with care coordination services under PCCM.

Thus, adopting the Health Homes option for PCCM, resulting in an increase in federal reimbursement for care coordination services from $3.75 to $6.75 pmpm for this half of the 400,000 HUSKY A enrollee population, will, on an annual basis, save the taxpayers about $7.2 million ($3/month X 12 months X 200,000 enrollees). This is in addition to the substantial savings that will be inherent in moving to statewide PCCM.

It was suggested by Medicaid Director Mark Schaefer, at a February 4th public meeting, that, according to CMS, the new Health Homes option is not available to increase reimbursements under an existing PCCM program, such as Connecticut's, which covers some individuals who do not have chronic conditions. Because of this suggestion, which appeared to conflict with other CMS guidance endorsing integration of Health Homes with states' existing medical home initiatives (see, e.g., CMS Dear State Medical Director letter dated November 16, 2010, page 4, http://www.cms.gov/smdl/downloads/SMD10024.pdf), I contacted the person at the Baltimore central office of CMS in charge of this new option, Melissa Harris, that afternoon. In response, she sent me this e-mail message the same day, copied in its entirety (with emphasis added):

> "Hi Sheldon – if the CT Medicaid Agency were interested in submitting a State Plan Amendment to implement a health home model, we'd be very willing to have a conversation about the overlap with an existing PCCM program. **The health home program would have to adhere to the functional eligibility ["chronic condition"] requirements that you specified, based on the statute, but it's possible that the health home could overlay only those PCCM participants who meet that**

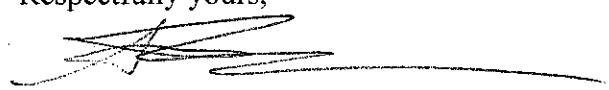
criteria. ***These are details that we'd need to work through with the State, but we're very willing to do so.*** CMS wants health homes to succeed, so we've available to provide technical assistance to the State, and we'll bring as much flexibility as we can to the table. Many thanks.

Melissa Harris
Technical Director
Division of Coverage and Integration
Disabled and Elderly Health Programs Group
Center for Medicaid, CHIP, and Survey & Certification
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Mail Stop S2-14-26
Baltimore, MD 21244
(p) 410-786-3397
(f) 410-786-3262
melissa.harris@cms.hhs.gov"

Connecticut will have to work with CMS to set up a screening process to identify those HUSKY A enrollees who meet the chronic condition criteria. But the message from Ms. Harris confirms that this is entirely workable.

We recognize that $7 million is a drop in the bucket given the state's deficit, but we urge you to pursue this new source of additional federal funding to make PCCM an even better investment for the immediate future than it already is. Thank you for your attention to this matter of substantial importance to both Medicaid enrollees and the taxpayers. Please let us know if we can assist your office in any way in taking advantage of this important new option.

Respectfully yours,



Sheldon V. Toubman
Staff Attorney

cc: Commissioner Michael Starkowski
Medicaid Director Mark Schaefer, Ph.D
Members, Medicaid Care Management Oversight Council
Senator Toni Harp
Rep. Toni Walker
Senator Anthony Musto
Rep. Peter Tercyak