

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 11-007	2. STATE Montana
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act (Medicaid)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 1/1/11	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CRF Parts 431, 440, and 441 CMS 2237-IFC		7. FEDERAL BUDGET IMPACT: a. FFY 11 \$99,873 b. FFY 12 \$310,570 c. FFY 13 \$318,645	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19B Service 19 Case Management – Chronically Mentally Ill Adults		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19B Service 19 Case Management – Chronically Mentally Ill Adults	
10. SUBJECT OF AMENDMENT: TCM Program compliance with 2237-IFC.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: Montana Dept. of Public Health and Human Services Mary E. Dalton State Medicaid Director Attn: Jo Thompson PO Box 4210 Helena, MT 59604	
13. TYPED NAME: Mary E. Dalton			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: 12/23/10			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 12/23/10		18. DATE APPROVED: 2/9/11	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/11		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Richard C. Allen		22. TITLE: APA, DMCHO	
23. REMARKS:			

The Montana Medicaid service array includes Targeted Case Management (TCM) for adults with severe disabling mental illness (SDMI). The TCM program for adults with SDMI is administered by the Addictive and Mental Disorders Division (AMDD), Mental Health Services Bureau (MHSB).

Services are provided by a licensed mental health center with a license endorsement permitting the mental health center to provide case management services.

Targeted case management services for adults with SDMI will be reimbursed on a fee per unit of service basis. A unit of service is a period of 15 minutes.

Methodology for the Calculation of the Targeted Case Management Services Fifteen-Minute Reimbursement Rates

A. General Overview

1. AMDD rate setting methodology follows the rate setting methodology proposed and/or recommended by CMS. This methodology will be utilized periodically for re-basing the rate.
2. Cost Pool development:
 - a. The Cost Pool was developed by AMDD using TCM Provider reports of the most recent annual TCM wage costs, TCM benefit costs, and other TCM costs.
 - b. Wages, benefits, and all other costs may be increased by a small inflation factor (0% to 5% depending on inflation documentation) intended to cover cost increases.
 - c. Adjusted Cost Pool costs are converted to a Yearly Wage Cost per TCM FTE, a Yearly Benefit Cost per TCM FTE, and a Yearly Other Costs per TCM FTE. The total of these three groups is the **Total Cost Pool Per TCM FTE**.
3. The Total Cost Pool per TCM FTE is divided by the number of expected billable 15 minute units each TCM FTE is expected to generate (**utilization factor**) to determine the 15 minute rate.

B. Utilization Factors

1. AMDD used actual units billed from TCM providers.
 - a. Total units billed divided by the total FTE determines the average unit billed per TCM FTE.
 - b. Average Units Billed formula
$$(\text{total units}) \div (\text{Total TCM FTE}) = \text{average unit billed per TCM FTE}$$

C. The Total Cost Pool Per TCM FTE (detail)

Wages, wage benefits, and other TCM costs make up the three components of the cost pool.

1. Wages and Benefit Costs:

- a. AMDD analyzed wages and benefits of the actual TCM wages and TCM benefits paid.
- b. From the list of all hourly wages and all benefit rates AMDD determined the average wage per hour and the average benefit per hour for all TCM FTE.
- c. These calculated hourly rates are then multiplied by 2080 (hours per year) to determine the Yearly Wage Cost per TCM FTE and the Yearly Benefit Cost per TCM FTE.
- d. Yearly Wage Formula
 $(\text{Total FTE}) \times (\text{Average wage}) \times (\text{hours per year } 2080) = \text{Total wages. Then take total wage} \div (\text{Total FTE}) = \text{Average yearly wage per TCM FTE.}$
- e. Yearly Benefit Formula
 $(\text{Total Benefits}) \div (\text{Total FTE}) = \text{Yearly benefit formula per TCM FTE}$

2. Other TCM Recoverable Costs:

- a. AMDD analyzed the most current financial expenditure reports provided by TCM Providers.
- b. AMDD analyzed non-TCM wage and non-TCM benefit costs (all the other costs of providing TCM services). Each of the TCM Provider's 'Other TCM Costs per TCM FTE' is then combined to calculate one average 'Other TCM Costs per TCM FTE'.
- c. This Yearly Other TCM Costs per FTE is included in the total cost pool.
- d. Other Costs Formula
 $(\text{Total Reported Other Costs}) \div (\text{Total FTE}) = \text{Average other costs per TCM FTE}$

D. AMDD TCM Rate Setting Final Calculation

- a. The Cost Pool per TCM FTE equals the total of the Yearly Wage Cost Per FTE, the Yearly Benefit Cost Per FTE, and the Yearly Other TCM Cost Per FTE.
- b. Final Calculation Formula
 $(\text{Yearly Wage Cost per TCM FTE}) + (\text{Yearly Benefit Cost Per FTE}) + (\text{Yearly Other TCM Costs Per FTE}) = \text{Total Costs per TCM FTE. Then take Total (Costs per FTE)} \div (\text{Average Units Billed Per FTE } 3) = \text{TCM Rate}$

E. Fee Schedule and Effective Date

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of case management for adults with severe disabling mental illness.

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Attachment 4.19B
Methods & Standards for
Establishing Payment Rates
Service 19 c.
Case Management Services
for Adults with Severe Disabling Mental Illness (SDMI)

The agency's proposed fee schedule rate is set as of March 1, 2011 and is effective for services provided on or after that date. All rates are published on the agency's website: <http://medicaidprovider.hhs.mt.gov/providerpages/providerpage/providerpage.shtml>.