



# State Medicaid Managed Care Enrollment and Design for Children and Youth with Special Health Care Needs

## A 50-state Review of Medicaid Managed Care Contracts

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Historically, many children and youth with special health care needs (CYSHCN) were exempt from enrollment in Medicaid managed care (MMC) programs often because of the complexity and number of specialty services they required. These included community-based supports such as in-home and respite care, care coordination, and long-term services and supports that state health policymakers deemed were best delivered by a fee-for-service system. As states become more adept at designing and implementing managed care programs for the general population of Medicaid beneficiaries, they have turned to enrolling populations with complex needs into managed care as part of efforts to better coordinate care, control costs, and improve health care quality and outcomes.

Nearly 20 percent of US children ages birth to 18 years (14.6 million children) have a chronic and/or complex health care need (e.g., asthma, diabetes, spina bifida, autism) requiring physical and behavioral health care services and supports beyond what children require normally.<sup>1</sup> CYSHCN are costlier to care for than children without special health care needs. Within Medicaid, for example, annual per enrollee spending is over 12-times higher for children who use long-term care services (\$37,084) compared to those who do not (\$2,863).<sup>2</sup>

CYSHCN are eligible for Medicaid through a variety of coverage pathways, some of which are mandatory under federal Medicaid law and others are optional at the state level. These pathways include coverage for children:

- Eligible for Medicaid based solely on their household income;
- Enrolled in the Medicaid Aid to the Aged, Blind and Disabled (ABD) category of assistance;
- Receiving Supplemental Security Income (SSI); or
- Enrolled in foster care or receiving adoption assistance.

Other categories of children enrolled in Medicaid who have special health care needs include Native American/Alaskan Native children enrolled in Medicaid who face increased physical and mental health disparities,<sup>3</sup> children enrolled in Medicaid waivers for home and community-based services (also known as 1915(c) waivers), and children enrolled in state Title V CYSHCN programs.

### **Methodology**

In early 2017, the National Academy for State Health Policy (NASHP) analyzed state MMC contracts in all states and Washington, DC, for the types of managed care delivery systems available, including risk-based managed care, Primary Care Case Management and Prepaid Health Plans. NASHP reviewed the most current, active state MMC contracts that were either publicly available or provided by state Medicaid agencies. In cases where contracts were not available or provided by the state, information was gathered from other cited sources. The review was designed to answer three key questions:

1. How many states are utilizing managed care delivery systems to serve CYSHCN enrolled in Medicaid?
2. Which sub-groups of CYSHCN are enrolled in MMC programs and is that enrollment voluntary or mandatory?
3. What types of managed care plans are CYSHCN enrolled in (i.e., a standard or specialized health plan)? Managed care contracts also were analyzed for other aspects of the health care delivery system, including whether states defined CYSHCN in managed care contracts, the structure of the behavioral health system, and the use of MMC quality metrics for CYSHCN.

Once the contract review was completed, NASHP contacted all state Medicaid agency officials for any additional information or comments on the data collected. The findings from this analysis are included in this issue brief and NASHP's [50-State Map and State-by-State Table](#).

# Nearly All States Use a Managed Care Delivery System to Serve Medicaid Beneficiaries

As of June 2017, 47 states and Washington, DC, use some form of managed care to provide services to all or some children and adults enrolled in Medicaid. Only Alaska, Connecticut, and Wyoming provide services to Medicaid beneficiaries exclusively through fee-for-service health care delivery systems. States rely on several types of managed care delivery systems to provide services to Medicaid enrollees including risk-based managed care organizations (MCOs), Primary Care Case Management (PCCM) and Prepaid Ambulatory Health Plan (PAHP) system. (See text box.)

Of the states with managed care delivery systems, all enroll at least some or all of the CYSHCN population into some type of Medicaid managed care. Contracting with risk-based managed care organizations is the most common managed care delivery system used to serve Medicaid beneficiaries, including CYSHCN. Of the states with managed care delivery systems serving CYSHCN, 37 states rely exclusively on risk-based MCOs, eight states exclusively use a PCCM delivery system, and one state relies exclusively on a disease-specific PAHP model; two states have both risk-based managed care and PCCM programs in place.

In contrast, in October 2010, two-thirds of states (32) reported mandatorily enrolling at least some CYSHCN in risk-based MCOs<sup>4</sup> and in 1997, only 14 states had submitted waivers to serve any of their Medicaid enrollees through this type of health care delivery system.<sup>5</sup> Clearly, there is an increasing trend toward serving Medicaid beneficiaries, including CYSHCN, in risk-based MCOs.

## Types of Managed Care Delivery Systems

**Risk-based Managed Care Organizations:** States using this managed care model contract with health plans that provide a comprehensive set of benefits and services to Medicaid enrollees in exchange for a set amount of money on a per-member, per-month basis or through a capitation rate. In this model, the managed care health plan assumes the financial risk of providing services to their Medicaid enrollees in compliance with federal and state requirements, along with the terms of their contracts with the state.

**Primary Care Case Management (PCCM):** Under this model of managed care, Medicaid agencies contract directly with primary care providers who then provide, coordinate, and monitor services for their Medicaid enrollees. Providers receive a case management payment for each Medicaid enrollee that they serve in order to provide care coordination services. Providers bill Medicaid on a fee-for-service basis for the services they provide. The primary care providers do not assume any risk, unlike full, risk-based managed care models.

**Prepaid Health Plans:** This model of managed care typically provides a set type of benefits or services, such as dental care or treatment for a specific disease. Under this model, states pay health plans on a capitated basis only for services provided by the plan. Plans are either Prepaid Inpatient Health Plans meaning they cover only certain inpatient services or Prepaid Ambulatory Health Plans (PAHP) meaning they cover only certain outpatient services.

## Most States with MMC Delivery Systems Enroll CYSHCN on a Mandatory Basis

There are several subpopulations of CYSHCN that a majority of states enroll in Medicaid managed care: children enrolled in the federal Medicaid ABD category of assistance; children enrolled in Medicaid based on income eligibility who have a chronic health care need; and children enrolled in Medicaid as a result of their foster care placement or receipt of adoption assistance. A majority of states enroll these populations into managed care on a mandatory basis.

States also enroll other populations of CYSHCN in Medicaid managed care, but with less frequency. Twenty-two states enroll children who are receiving [Supplemental Security Income \(SSI\)](#)—a program that provides monthly payments to low-income individuals who are disabled, blind, or age 65 or older—into Medicaid managed care, either on a voluntary or mandatory basis. Nearly one-third of states (14) enroll children with 1915(c) Home and Community Based Services (HCBS) waivers into Medicaid managed care. Federal [HCBS 1915\(c\) waivers](#) allow states to serve children and adults with long-term care services and supports in their homes or communities, rather than in institutional settings.

American Indians and Alaskan Natives (AI/AN) are another population that the federal government has made specific considerations for under Medicaid managed care.<sup>6</sup> Under federal Medicaid regulations,<sup>7</sup> states are not authorized to mandatorily enroll AI/ANs in managed care unless they are approved to do so through a 1915(b) or 1115(a) waiver, or the MCO is operated by the Indian Health Service, a tribe, or an urban American Indian health program.<sup>8</sup> Twelve states have this authorization and are enrolling AI/ANs in Medicaid managed care on a mandatory basis, and another ten states are doing so on a voluntary basis. States that are enrolling this population into managed care must ensure they have a sufficient number of AI/AN health care providers participating in their networks and that an enrollee has the option of seeking care at an AI/AN health program provider outside of their managed care network.<sup>9</sup>

### **State Decision-Making: Mandatory Versus Voluntary Enrollment**

States weigh numerous factors in designing Medicaid managed care delivery systems. They determine which Medicaid beneficiary populations will be enrolled into managed care and whether enrollment will be on a voluntary or mandatory basis. States also determine whether beneficiaries will have the option to select a health plan upon enrollment. While not the specific focus of this study, many states appear to be introducing new populations of CYSHCN into Medicaid managed care on a phased-in, voluntary basis, thereby enabling families of CYSHCN enrolled in Medicaid the choice of enrolling in managed care or a fee-for-service system. By making MMC enrollment voluntary, states allow time for families to learn more about the new delivery system, including provider networks and care coordination. It also enables states to learn how to best serve CYSHCN in managed care delivery systems. Many states appear to be changing to a mandatory enrollment policy for some populations of CYSHCN (with some exceptions made on a case-by-case basis) once they have gained sufficient experience in transitioning complex populations into managed care and providing health care services through this type of delivery system.

### Medicaid Managed Care (MMC) and CYSHCN: By the Numbers

**47 states and DC** serve Medicaid beneficiaries in MMC delivery systems

**47 states and DC** enroll some CYSHCN populations in MMC

**37 states** exclusively use risk-based MMC organizations

CYSHCN in MMC:

- **22 states** enroll children who receive SSI
- **42 states** enroll ABD children
- **42 states** enroll foster care youth
- **14 states** enroll children on 1915(c) Medicaid waivers
- **22 states** enroll American Indians and Alaskan Natives

**33 states** have specific quality measurement requirements for CYSHCN

**23 states** include definitions of CYSHCN in MMC contracts

**33 states** carve behavioral health services into MMC

## Most States Enroll CYSHCN in Standard Managed Care Programs

States can enroll special populations into health plans that serve all (or most) Medicaid beneficiaries (typically known as a standard managed care program) or in plans that are designed to uniquely serve special needs (a specialized managed care program). The majority of states with Medicaid managed care use a standard managed care program to serve CYSHCN.

Six states (Arizona, Florida, Georgia, Texas, Virginia, and Wisconsin) and Washington, DC have developed specialized MMC programs that exclusively serve all or some CYSHCN populations. These plans are designed to target benefits and services to specific needs. Specialized managed care plans do not serve all CYSHCN enrolled in Medicaid, states that administer these plans serve subgroups of CYSHCN in traditional managed care or fee-for-service delivery systems. For example:

- **Texas** recently launched STAR Kids, a managed care program that serves children who are receiving SSI or enrolled in a Medicaid disability waiver.
- **Georgia and Wisconsin** both have a specialized managed care plan for children in foster care. **Arizona** serves children enrolled in the Children's Rehabilitative Services program (the state Title V CYSHCN program) in a specialized managed care plan that is run by one statewide managed care organization.
- **Washington, DC** also uses a single managed care organization to serve CYSHCN, however, this specialized program is available to all CYSHCN enrolled in Medicaid and families have the option to enroll in the specialized plan.
- **Florida** Children's Medical Services Plan is available for children enrolled in Medicaid whose physicians attest they have a qualifying chronic condition or meet the program's clinical screening requirements. Florida's CYSHCN who are not eligible for the specialized plan are served through the standard MMC program.
- **Virginia** in August 2017 launched a new specialized managed care program, Commonwealth Coordinated Care Plus (CCC Plus), for all adults and children with complex health care needs enrolled in Medicaid. The state is gradually transitioning eligible beneficiaries who have been enrolled in a standard managed care program or in a fee-for-service Medicaid into CCC Plus over a six-month period, reaching full implementation in January 2018.

## Nearly Half of States Define CYSHCN in Their MMC Contracts

Federal Medicaid managed care regulations require states with managed care systems set up a mechanism for the state or the managed care plan to identify enrollees with special health care needs.<sup>10</sup> To support identification of CYSHCN, some states define CYSHCN in the MMC contract. Having a specific definition of CYSHCN in a MMC contract can also serve other important functions, such as determining eligibility for care coordination and other services and supports. Almost half of states (23) include a definition of CYSHCN in their MMC contracts. These definitions range from a direct alignment with the definition of CYSHCN used by the federal Maternal and Child Health Bureau, Health Resources and Services Administration<sup>11</sup> (10 states) to definitions that rely on condition-specific diagnoses and Medicaid enrollment categories. (See Table 1.)

**Table 1. State Examples of CYSHCN Definitions in Medicaid Managed Care Contracts**

State	Definition of CYSHCN
<b>Arizona</b>	<i>"Children under age 19 who are blind, children with disabilities, and related populations (eligible for SSI under Title XVI). Children eligible under section 1902(e)(3) of the Social Security Act (Katie Beckett); in foster care or other out-of-home placement; receiving foster care or adoption assistance; or receiving services through a family-centered, community-based coordinated care system that receives grant funds under section 501(a)(1)(D) of Title V (CRS)."</i> <sup>12</sup>
<b>California</b>	<i>"...those who have or are at increased risk for a chronic physical, behavioral, developmental, or emotional conditions and who also require health or related services of a type or amount beyond that required by children generally."</i> <sup>13</sup>
<b>Louisiana</b>	<i>"Individuals of any age with mental disability, physical disability, or other circumstances that place their health and ability to fully function in society at risk, requiring individualized health care approaches."</i> <sup>14</sup>
<b>Maryland</b>	<i>"'Child with a special health care need' means an individual younger than 21 years old, regardless of marital status, suffering from a moderate to severe chronic health condition: (a) With significant potential or actual impact on health and ability to function; (b) Which requires special health care services; and (c) Which is expected to last longer than 6 months."</i> <sup>15</sup>
<b>Virginia</b>	<i>"...children under age 21 who have or are at increased risk for a chronic physical, developmental, behavioral or emotional condition(s) and may need health and related services of a type or amount over and above those usually expected for the child's age. CYSHCN consist of at a minimum, children in the eligibility category of SSI, children identified as Early Intervention (Part C) participants, Foster care or Adoption Assistance (includes any individuals who have been enrolled in a particular health plan under a non-disabled or Foster Care/Adoption Assistance when the individual becomes enrolled in a disabled or Foster Care/Adoption Assistance) and others as identified through the Contractor's assessment or by the Department."</i> <sup>16</sup>

## Most State MMC Programs Include Behavioral Health Services

States have historically carved behavioral health services out of Medicaid managed care plans. As many state Medicaid agencies develop initiatives to integrate behavioral health and primary care,<sup>17</sup> they are also changing the health care delivery systems by integrating behavioral health services into managed care covered services, or providing them through a managed care behavioral health organization (BHO). Currently, 33 states provide behavioral health services to CYSHCN enrolled in Medicaid through managed care delivery systems. Eight states provide behavioral health services through a separate BHO, and seven states provide these services through a fee-for-service system.

## Many States Require MMC Programs to Measure the Quality of Care for CYSHCN

Federal Medicaid regulations require states with Medicaid managed care to develop and implement a state quality strategy that assesses and improves the quality of care across all enrollees. States also are required to contract with an external quality review organization to evaluate the quality, timeliness, and access to services that a state MCO provides to its enrollees.<sup>18</sup> In addition to meeting these federal requirements, two-thirds (33) of the states with Medicaid managed care include specific language in their Medicaid MCO contracts regarding quality measurement for CYSHCN.

Among these states, many leave the identification of the quality measures for CYSHCN populations up to the contracted Medicaid MCOs. In states that specify measures for MCOs to use to monitor quality for CYSHCN, the measures are often condition-specific, such as pediatric asthma admissions rate or medication management for children with attention deficit hyperactivity disorder (ADD/ADHD). A few states, such as Texas and Virginia, have developed and incorporated robust quality measurement and improvement strategies specific to CYSHCN into their Medicaid managed care contracts. These quality measurement and improvement strategies take into account the unique needs of CYSHCN, such as monitoring care coordination services and access to specialists, and assessing families' experience of care.

## Conclusion

Use of Medicaid managed care to serve Medicaid beneficiaries is a significant trend in states and one that is likely to continue. As states change their MMC programs to control costs and improve quality of care, they are expected to continue to enroll new groups of children and youth with special health care needs into Medicaid managed care. Additionally, states are in the midst of implementing requirements outlined in the [Medicaid and CHIP Managed Care Final Rule](#), which was finalized and released in May 2016.<sup>19</sup> By making changes to comply with these new federal requirements, states may also make additional policy changes in their managed care programs that impact how CYSHCN are served in Medicaid managed care.

## Additional Resources

- [50-state map and chart](#)
- Kaiser Family Foundation: [Medicaid Delivery System and Payment Reform: A Guide to Key Terms and Concepts](#)
- [Standards for Systems of Care for Children and Youth with Special Health Care Needs: Version 2.0](#)
- [Developing Structure and Process Standards for Systems of Care Serving Children and Youth with Special Health Care Needs: A White Paper from the National Consensus Framework for Systems of Care for Children and Youth with Special Health Care Needs Project](#)
- [Identification and Assessment of Children and Youth with Special Health Care Needs in Medicaid Managed Care: Approaches from Three States](#)

## Notes

1. Health Resources and Services Administration, “Children with Special Health Care Needs,” December 2016, <https://mchb.hrsa.gov/maternal-child-health-topics/children-and-youth-special-health-needs>.
2. The Henry J. Kaiser Family Foundation. *Medicaid Restructuring Under the American Health Care Act and Children with Special Health Care Needs*. Washington, DC: The Henry J. Kaiser Family Foundation, June 2017.
3. Sarche, Michelle, and Paul Spicer. “Poverty and Health Disparities for American Indian and Alaska Native Children: Current Knowledge and Future Prospects.” *Annals of the New York Academy of Sciences* 1136 (2008): 126–136. PMC. Web. 16 Aug. 2017.
4. Medicaid Managed Care: Key Data, Trends, and Issues. Washington, DC: Kaiser Commission on Medicaid and the Uninsured. February 2012.
5. Smith, D., and J. Moore. 1998. Medicaid politics and policy, 1965–2007. New Brunswick, NJ: Transaction Publishers.
6. Artiga, S., Damico, A. “Medicaid and American Indians and Alaska Natives”, Kaiser Family Foundation, 2016. <http://files.kff.org/attachment/issue-brief-medicare-and-american-indians-and-alaska-natives>
7. Sections 1932(a), 1115 and 1915(b) of the Social Security Act.
8. Artiga, S., Damico, A. “Medicaid and American Indians and Alaska Natives”, Kaiser Family Foundation, 2016. <http://files.kff.org/attachment/issue-brief-medicare-and-american-indians-and-alaska-natives>
9. <https://www.medicare.gov/federal-policy-guidance/downloads/cib121416.pdf>
10. Medicaid and Children’s Health Insurance Program (CHIP) Programs; Medicaid Managed Care, CHIP Delivered in Managed Care, Medicaid and CHIP Comprehensive Quality Strategies, and Revisions Related to Third Party Liability (81 FR 27497).
11. The U.S. Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Bureau (MCHB) defines children with special health care needs (CSHCN) as: “...those who have or are at increased risk for a chronic physical, developmental, behavioral, or emotional condition and who also require health and related services of a type or amount beyond that required by children generally”
12. Arizona Health Care Cost Containment System – Children’s Rehabilitative Services Contract Amendment #12, December 2016 – Page 10 <https://www.azahcccs.gov/Resources/Downloads/ContractAmendments/CRS/CRSRenewalAmendment12Final.pdf>
13. Medi-Cal Regional/Imperial/San Benito/Two Plan Model Contract, California Department of Health Care Services, 2014. <http://www.dhcs.ca.gov/provgovpart/Documents/ImpRegSB2PlanBp32014.pdf>
14. Louisiana Medicaid Program, Department of Health and Hospitals, Bureau of Health Service Financing. Bayou Health Managed Care Request for Proposals. Release Date July 2014. – Page 71 <http://www.dhh.louisiana.gov/assets/docs/contracts/BayouHealthPrepaidFINAL72814.pdf>
15. Maryland State Regulations. 10.09.62.01 Definitions. <http://www.dsd.state.md.us/comar/comarhtml/10/10.09.62.01.htm>
16. Commonwealth of Virginia, Department of Medical Assistance Services, Medallion 3.0 Managed Care Contract. Effective July 2016-June 2017. [http://dmasva.dmas.virginia.gov/Content\\_atchs/mc/Medallion%203%20Contract%20for%202016-2017%20-%20FINAL%20-%20CLEAN%20-%206-8-16.pdf](http://dmasva.dmas.virginia.gov/Content_atchs/mc/Medallion%203%20Contract%20for%202016-2017%20-%20FINAL%20-%20CLEAN%20-%206-8-16.pdf)
17. <http://www.nashp.org/wp-content/uploads/2017/05/CMWF-Brief.pdf>
18. <https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care/index.html>
19. Medicaid and Children’s Health Insurance Program (CHIP) Programs; Medicaid Managed Care, CHIP Delivered in Managed Care, Medicaid and CHIP Comprehensive Quality Strategies, and Revisions Related to Third Party Liability (81 FR 27497). <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-09581.pdf>

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