



Talking Points: TCM, Rehabilitative Services, and Unbundling

Physical and Mental Health Needs of Children in Foster Care

- Children that enter the foster care system are at an extremely high risk for both physical and mental health issues as a result of biological factors and the maltreatment they were exposed to at home,
- 60% of children in care have a chronic medical condition and one-quarter have three or more chronic health problems.¹
- Dental problems afflict many children in care, with one-third to one-half of them reported to have dental decay.²
- Children in foster care exhibit frequent developmental delays in regards to language and cognition.³
- Up to 80% of children in out-of-home care meet the clinical criteria for behavioral problems or psychiatric diagnosis.⁴
- Compared to the general population, a disproportionate number of foster care alumni experience mental health disorders. For instance, within the twelve months prior to being interviewed, foster care alumni were more likely to suffer post-traumatic stress disorder (25.2% of alumni versus 4 of the general population) and major depression (20.1% versus 10.2%).⁵

Importance of Medicaid for Children in Foster Care

- All children in foster care for whom states receive federal Title IV-E reimbursement are categorically eligible for Medicaid. All states extend Medicaid to children in foster care whose families are not eligible for IV-E assistance.
- In FFY 2001, approximately 869,087 children were enrolled in Medicaid on the basis of being a foster child.⁶
- Although foster children represent only 3.7% of the non-disabled children enrolled in Medicaid, due to extreme physical and mental health needs, they are 12.3% of the expenditures.⁷

Targeted Case Management (TCM)

- **What is TCM?** The Medicaid TCM option permits states to use Medicaid dollars to target a portion of their eligible Medicaid population, such as children in foster care, to gain access to much needed medical, social, and educational services.

- **Why is TCM Important for the Foster Care Population?**
 - In 2005 38 states use the TCM option to provide valuable services to children in foster care.⁸
 - Compared to children not in TCM, children in foster care who *did* receive TCM were more likely to receive physician services (68% compared to 44%); prescription drugs (70% compared to 47%); dental services (44% versus 24%); rehabilitative services (23% versus 11%); inpatient services (8% versus 4%) and clinic services (34% compared to 20%).⁹
- **Impact of the Deficit Reduction Act (DRA) on TCM:**
 - **Changes Regarding Permissible TCM Services:** The DRA excluded from TCM medical services “the direct delivery of an underlying medical, educational, social or other service to which an eligible individual has been referred, *including with respect to the direct delivery of foster care services.*” The DRA **excluded** services such as assessing adoption placements and making the placement arrangements; recruiting or interviewing potential foster care parents; serving legal papers; conducting home investigations; but **allows** certain services which assist individuals eligible under the plan in gaining access to needed medical, social, educational and other services. Examples of the latter, permissible TCM services include assessment of an eligible individual to determine service needs (e.g., taking client history or gathering information from family members), development of a specific care plan, referral and related activities to help an individual obtain needed services, and monitoring and follow-up activities.
 - **Third Party Liability:** Requires public programs that reimburse for case management services to be “first dollar” to Medicaid.
- **Possible TCM Regulations from CMS:**
 - Clarification of the DRA’s impact on TCM. The concern here is that if permissible case management services are construed narrowly, access to care would be decreased.; and/or
 - Reduction of federal funding for *all* TCM services to 50% (currently, TCM services are matched at the state’s FMAP rate, ranging from 50-80%).
- **NEEDED ACTION:**
 - Uphold original congressional intent to preserve targeted case management services for children in foster care. Oppose administrative or regulatory efforts that undermine Congress’s intent by restricting children in foster care’s access to the TCM option under Medicaid.
 - Discuss how your agency/state would be affected were the definition of TCM to be further eroded or third party liability rules to be broadly interpreted.

Rehabilitative Services

- **What are Rehabilitative Services?** Rehabilitative services are medical and remedial services provided for the reduction of a physical or mental disability so that recipients may reach a better functional level. Examples of rehabilitative services include behavior management services, therapeutic or treatment foster care, day treatment services and family functioning interventions.
- **Possible Rehabilitative Regulation from CMS:** Narrowing the definition of allowable rehabilitative services eligible for federal reimbursement, with language

such as “excluding payment for rehabilitation services that are intrinsic to programs other than Medicaid, such as foster care, child welfare and education.” The concern here is that access to therapeutic foster care and services provided for special needs adoptions by public or private social service agencies would be significantly restricted.

- **NEEDED ACTION:**
 - Oppose administrative or regulatory efforts to restrict children in foster care’s access to the rehabilitative services option under Medicaid.
 - Discuss how your agency/state would be affected were the definition of “rehabilitative services” to be narrowed.

Unbundling

- **What is a “bundled rate”?** A bundled rate is one that wraps the cost for all aspects of treatment into a single package. It expects that therapeutic interventions will occur every day throughout the day, though in varying amounts.
- **Why are bundled rates beneficial to the treatment and development of children in foster care?**
 - Due to the extent of the trauma suffered as a result of abuse or neglect, or because of severe emotional disturbance, many children in the foster care system require treatment in a measure far greater than that which can be provided in out-patient settings. For these children to recover, it is critical they receive therapeutic services whenever needed that embrace the whole of their existence, i.e., everything from self-esteem issues to interpersonal relationships to responding appropriately to appropriate parenting to developing skills required for successful daily living. Carefully orchestrated programs recognize this and in them, staff have meaningful contact with the child and continuously work with them; therapeutic interventions are not limited to scheduled sessions or specific events.
 - Bundling of the rate allows program staff to spend the needed amount of time with a particular child working on a particular issue on any given day, without the undue burden of relegating that activity to specified time-limited blocks with accompanying arbitrary limits on the number of service units that can be provided.
- **What is happening to bundled rates?** Asserting that it is more difficult to monitor compliance with the delivery of a service package than it is to verify the provision of a discrete service on a particular date, CMS has begun to increase restrictions on bundled rates in a variety of service settings.
- **NEEDED ACTION:**
 - Evaluate the impact of administrative changes in states’ use of bundled rates in the child welfare system, with particular attention paid to children in foster care.
 - If orders to unbundled are continued, at a minimum, provide states with sufficient notice and time to thoughtfully restructure their programs so that neither the programs they run nor the children they serve are harmed.

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- ¹ Simms, M.D., Dubowitz, H., & Szailagyi, M.A. (2000). Needs of children in the foster care system. *Pediatrics*, 106 (Supplement), 909-918.
- ² Swire, M.R. & Kavalier, F. (1997). The health status of foster children. *Child Welfare*, 56(10), 635-653; *see also* Chernoff, R., Combs-Orme, T., Risley-Curtiss, C., & Heisler, A. (1994). Assessing the health status of children entering foster care. *Pediatrics*, 93(4), 594-601.
- ³ Halfon, N., Mendonca, A., & Berkowitz, G. (1995). Health status of children in foster care: The experience of the Center for the Vulnerable Child. *Archives of Pediatric and Adolescent Medicine*, 149, 386-392.
- ⁴ Clausen, J., Landsverk, J., Ganger, W., Chadwick, D., & Litrownik, A.J. (1998). Mental health problems of children in foster care. *Journal of Child and Family Studies*, 7, 283-296; Halfon et al. (1995); *see also* Urquiza, A.J., Wirtz, S.J., Peterson, M.S., & Singer, V.A. (1994). Screening and evaluating abused and neglected children entering protective custody. *Child Welfare*, 123, 155-171.
- ⁵ Pecora, P., Kessler, R., Williams, J., O'Brien, K., Downs, A. C., English, D., White, J., Hiripi, E., White, C. R., Wiggins, T., & Holmes, K. (2005) *Improving family foster care: Findings from the Northwest Foster Care Alumni Study*. Available online at <http://www.casey.org/Resources/Publications/NorthwestAlumniStudy.htm>. Seattle, WA: Casey Family Programs.
- ⁶ Geen, R., Sommers, A., & Cohen, M. (August 2005). *Medicaid Spending on Foster Children*. Available online at http://www.urban.org/UploadedPDF/311221_medicaid_spending.pdf. Washington, DC: The Urban Institute.
- ⁷ *Ibid.*
- ⁸ *Ibid.*
- ⁹ *Ibid.*