

POWERS, PYLES, SUTTER & VERVILLE, P.C.
1275 Pennsylvania Avenue, N.W., Third Floor
Washington, D.C. 20004
(202) 466-6550

Facsimile: (202) 785-1756

TO: Diane ^{Gr}Fortuna and Carol Rasco

COMPANY NAME: The White House

COMPANY FAX NUMBER (202) 456-7431

FROM: Peter Thomas

NUMBER OF PAGES (INCLUDING COVER SHEET) 4

SENT BY: Irene Martinez **TIME:** 5:00 p.m. **DATE:** May 23, 1995

**IF YOU DO NOT RECEIVE ALL MATERIALS BEING TRANSMITTED, PLEASE CALL
US AT: (202) 466-6550. THANK YOU.**

Attached is a letter giving a chronology of my activities with regard to the D.C. waiver
issue as it relates to Health Services for Children with Special Needs.

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**POWERS
PYLES
SUTTER &
VERVILLE PC**
ATTORNEYS AT LAW

GALEN D. POWERS
JAMES C. PYLES
RONALD N. SUTTER
RICHARD E. VERVILLE
MARY SUSAN PHILP
MARK R. FITZGERALD
THOMAS K. HYATT
ROBERT J. SANER II
STANLEY A. FREEMAN
BARBARA E. STRAUB

D. BENSON TESDAHL
PETER W. THOMAS
CHRISTOPHER L. KEOUGH
IVAN J. WASSERMAN

DC MA W

OF COUNSEL
BRUCE R. HOPKINS
JENNY A. BRODY
REBECCA L. BURKE
DONALD W. AARONSON, M.D.
CHICAGO, ILLINOIS
WILLIAM GRAY BEYER
PHOENIX, ARIZONA
JOE R.G. FULCHER
ALBUQUERQUE, NEW MEXICO

May 23, 1995

VIA TELEFAX

Diana Fortuna
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: DC Medicaid Waiver for Children with Special Needs

Dear Diana:

I spoke with Heather McCabe last Friday by telephone and discussed two issues, namely (a) that I allegedly failed to disclose my employment with Powers, Pyles, Sutter & Verville, P.C., the law firm that represents Health Services for Children with Special Needs, Inc. ("HSCSN"), in my dealings with the Administration and the twenty two (22) national organizations that co-signed a letter supporting the District's waiver application, and (b) that two of the organizations that signed this letter allegedly did not authorize me to sign for them in support of the District's waiver application. As you know, Heather McCabe is Executive Director of the National Children's Center, a provider of day treatment services under the District's Medicaid program and also represents an organization called Family Voices.

After discussing these two issues, we agreed that these allegations were inaccurate. I have, therefore, laid out the facts below for your information.

Powers, Pyles & Sutter, P.C., began representing HSCSN before I arrived at the firm in February 1994. Beginning in March 1994, I became involved in the District's project by drafting a legal analysis of the effect of the Americans with Disabilities Act on the waiver application. This legal opinion was submitted to the Health Care Financing Administration (HCFA) on my law firm's letterhead on June 23, 1994. My name appeared on that letterhead.

On November 4, 1994, representatives of HCFA, the District, and HSCSN met in the Humphrey Building to discuss issues relating to the waiver application. I attended this meeting with the HSCSN representatives and introduced myself as a lawyer with Powers, Pyles, Sutter & Verville, the law firm representing HSCSN.

POWERS, PYLES, SUTTER & VERVILLE, PC

May 23, 1995

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Later, on January 25, 1995, I coordinated and chaired a meeting with a large number of advocates representing primarily national disability-related organizations to educate this community about the District's waiver application and to seek support for approval of the proposal. Representatives from HSCSN and Heather McCabe, representing Family Voices, were in attendance at this meeting. As an active member of the Consortium for Citizens with Disabilities (CCD), I felt then and now that the proposed initiative specifically addresses key problems for people with disabilities with respect to the delivery of health services through managed care plans.

The first statement I made at this meeting disclosed my position with Powers, Pyles, Sutter & Verville, counsel to HSCSN. The meeting lasted almost three hours and fully explored all questions asked by representatives of the disability-related groups. A draft copy of the sign-on letter, which now bears the names of the 22 organizations, was distributed, discussed, and edited at the meeting. Approvals for sign-ons were primarily taken by fax machine during the last two weeks of January, with only a few organizations giving me authority by telephone to sign for them.

I understand that Heather McCabe stated that she had spoken to the DC ARC and the National Parent Network on Disabilities and that these organizations never gave their approval to sign the letter. As for the DC ARC, I personally spoke with Shirley Wade, Executive Director of that office, on two occasions regarding the proposed initiative and obtained her express approval to sign her organization onto the letter in support of the waiver application in early February 1995. I also received written approval from the National Parent Network on Disabilities to sign-on to the letter authorized by Larry Searcy of that office in late January 1995.

The letter in support of the waiver application was sent on white paper with no letterhead as it was an ad hoc coalition letter. My name was referenced in the last paragraph to obtain more information. Although the text of the letter did not allude to my representation of HSCSN through our law firm, every organization that signed the letter was fully informed about my representation of HSCSN. In addition, the letter was not from me, my law firm, HSCSN, or the District. The letter was from the coalition of 22 groups and was signed as such.

In our phone conversation, Heather McCabe clarified that John Monihan had apparently raised with her his belief that I was claiming to represent the entire provider community and that all provider groups were in favor of this initiative. I find this difficult to understand. First, I have never spoken to John Monihan about this project. Second, I claim to represent no organization other than those listed on the letter in support of the project. Third, the letter was intended to show consumer-related organizational support for this initiative, not provider support. I have never claimed to represent provider organizations in the context of the District's initiative.

With one exception, I fully disclosed my representation of HSCSN and the group of 22 organizations up front in every initial telephone contact I made to HCFA and White House

POWERS, PYLES, SUTTER & VERVILLE, PC

May 23, 1995

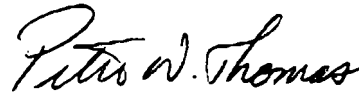
Page 3

personnel since the coalition letter was sent. This exception concerns my contact with one of Bruce Vladeck's Special Assistants where the disclosure of my representation of HSCSN was not made until our second telephone conversation.

Finally, on April 13, 1995, I attended a meeting at the D.C. Medicaid office with representatives from HCFA, the District, HSCSN, and Congresswoman Norton's office. I once again entered the meeting room with HSCSN staff and formally introduced myself as a member of the law firm representing HSCSN and as the coordinator of the coalition letter in support of approval of the waiver application.

I trust this letter will clear up any confusion on this matter. If I can be of any assistance whatsoever, please do not hesitate to contact me at your convenience. Thank you for the opportunity to set the record straight with the facts, and I look forward to working with you and HCFA as this waiver application is considered for final approval

Sincerely,

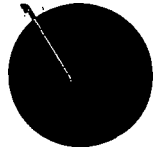


Peter W. Thomas

cc: Carol Rasco
John Monihan



Diana-fyi



THE DISTRICT OF COLUMBIA
WASHINGTON, D.C. 20001

MARION BARRY, JR.
MAYOR

March 22, 1995

*1 Fax to Debbie Carr
From Diana Fortup
462-7379*

Dr. Bruce C. Vladeck
Administrator
Health Care Financing Administration
200 Independence Ave., SW
Room 314-G
Washington, D.C. 20201

Dear Dr. Vladeck:

I am writing to express my continued support for the District of Columbia's waiver application to implement a Medicaid managed care program for children with complex medical needs. The District government is fully committed to this initiative. We now await your approval of the federal waiver needed to implement the program.

I also want to clear up some confusion between our staffs about the status of this initiative. Our staff recently expressed concerns related to statements in the Congressional Record regarding the member education and enrollment procedures under the District's Aid to Families and Dependent Children managed care program. When and if modifications are required, the District government will take appropriate action. Member education and enrollment procedures for the managed care program for children with complex medical needs have already been designed, tested, and modified to better serve the children.

Our partnership with Health Services for Children with Special Needs, Inc. (HSCSN) seeks to improve the quality of life for children with complex medical needs. Children who now reside in institutions will be placed, when clinically appropriate, in the community where the children will be able to spend more time with their families and in school. These children will have greater access to community providers, which is especially important for children living east of the Anacostia River, many of whom do not have a primary care physician or access to specialty care providers.

We estimate that this initiative will save \$4.4 million in federal and District Medicaid expenditures over the 3-year demonstration period. Savings will be generated by substituting less costly, clinically appropriate community services for more costly hospitalizations. Services will be coordinated in order to reduce unnecessary emergency room visits and to avoid duplication with programs (i.e., Early Intervention program, District public schools and public health clinics) currently caring for these children.

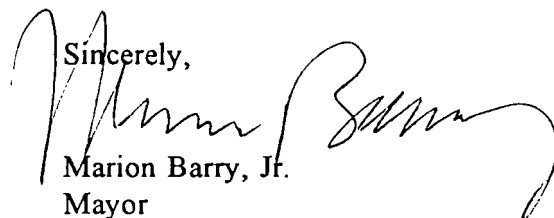
The quality of care provided to children enrolled in this program will be closely monitored throughout the demonstration period (see standards of performance enclosure). We will contract with a qualified firm to provide assistance with quality assurance activities as well as day-to-day administrative and fiscal responsibilities (see oversight enclosure). The \$150,000 grant will be used to fund this contract.

An oversight task force will also be established to serve as a liaison between the Health Care Financing Administration (HCFA), the District's Commission on Health Care Finance, and HSCSN. The task force would be comprised of the HCFA project officer and regional office representative, the Commissioner of Health Care Finance and the contracted oversight officer, a member or parent of a member enrolled in the program, and a representative from the provider community. The task force would meet at least quarterly to ensure adherence to the waiver terms and conditions set forth by HCFA.

We believe that data collected during the demonstration period will advance the current knowledge of health care delivery models serving children with complex medical needs. Many states are now exploring Medicaid managed care options to serve these children. Information from this initiative regarding access, quality and cost would help these states design and implement managed care programs.

The District's waiver application has been under review for one year. During this time, we have worked with families, advocacy organizations, and community providers to refine the program. Our Department of Human Services and HSCSN have cooperated with your staff throughout the review process and have submitted volumes of information detailing all aspects of the initiative. We look forward now to your swift approval of the federal waiver.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Marion Barry, Jr.', is written over the typed name.

Marion Barry, Jr.
Mayor

Enclosures

cc: Eleanor Holmes Norton
Carol Rasco ✓

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION

SUBCOMMITTEE
VICE CRIME, PUBLIC BUILDINGS AND ORLANDO
WATER RESOURCES AND ENVIRONMENT

COMMITTEE ON
POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEE
SALAR, COMPENSATION AND EMPLOYEE BENEFITS



Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON
THE DISTRICT OF COLUMBIA

SUBCOMMITTEE
CRIME, JUDICIARY AND EDUCATION
SOCIAL AFFAIRS AND HEALTH

JOINT COMMITTEE ON THE ORGANIZATION
OF CONGRESS

DEMOCRATIC STUDY GROUP
EXECUTIVE COMMITTEE

April 20, 1995

Ms. Doris Rhodes, Ph.D.
Chair, HSC Corporation
1800 M Street, NW
Suite 425 South
Washington, D.C. 20036

Dear Dr. Rhodes:

I want to thank you for your continuing support of some of the most needy children in my district. I am aware of the struggle you have encountered, as well as the financial commitment you have made to this program and to these children.

We have done our own investigation of this matter. The numerous discrepancies in perception of past events among HCFA, HSCSN and the District were evident from my discussions with Bruce Vladeck, the letter from Sue Brown in response to the outline composed by HCFA, and my discussions with my legislative assistant Jeanine Becker regarding last week's meeting. One of the few things that is disturbingly clear is that this innovative program, that can benefit the children as well as the District, has been unnecessarily embroiled in bureaucratic difficulties for an unconscionably long time. The saddest outcome would be for this program to die, not because of inadequacies in the program itself, but because of a quagmire of bureaucratic delays.

The most recent letter from HCFA shows that some significant progress was made at last week's meeting -- both in specific modifications regarding the substance of the waiver, and in HCFA's identification of a specific time, of no more than one month, for providing draft terms and conditions for the waiver itself. I believe that the letter is indicative of a commitment on the part of HCFA to move forward with approving the waiver within a definite time frame. I can assure you that I will continue to be involved in this process until, and I mean until and not if, the waiver is granted.

I have spoken personally with Mr. Bruce Vladeck, who also expressed serious concern regarding the delay. Because he is currently out of town, I spoke yesterday with another official. I have been assured that the process to approve the waiver is now on track.

815 15TH STREET, N.W., SUITE 100
WASHINGTON, D.C. 20005-2801
(202) 726-6888
(202) 726-3011 (Fax)

1416 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515-5101
(202) 225-4330
(202) 225-3932 (Fax)
(202) 225-7220 (TDD)

1101 CHICAGO STREET, S.E.
WASHINGTON, D.C. 20003-6704
(202) 678-7822
(202) 678-6834 (Fax)

Revised Form

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I hope that by remaining directly involved in the process, I can help in obtaining the waiver during the designated time frame. At this point, when it finally looks as though the approval of the waiver is imminent, I believe it would be unnecessary and counterproductive for all concerned to consider withdrawing from this innovative program. Therefore, I ask you to continue your commitment to this project, and to the children, through this final stage of the approval process. You have my commitment to remain involved until the matter is satisfactorily resolved.

Sincerely,


Eleanor Holmes Norton

cc: Mr. Bruce Vladeck
Ms. Sue Brown

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION

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Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON
THE DISTRICT OF COLUMBIA

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FISCAL AFFAIRS AND HEALTH

JOINT COMMITTEE ON THE ORGANIZATION
OF CONGRESS

DEMOCRATIC STUDY GROUP
EXECUTIVE COMMITTEE

April 20, 1995

Mr. Bruce Vladeck
Administrator
Health Care Finance Administration
200 Independence Avenue, SE Room 314G
Washington, D.C. 20201

Dear Mr. Vladeck:

I appreciate our conversation last week regarding the troubling delay in approving the Section 115 waiver for the District. As I know you agree, this matter has gone on for far too long, and the District is now in danger of losing an innovative program that would aid some of the most needy residents of my district, as well as help the District of Columbia financially at a time when the District needs all the relief it can get. I have had to write the attached letter to Ms. Doris Rhodes, Chair of the HSC Corporation, in the hope of avoiding the loss of the program altogether. However, according to my staff member who attended the meeting last week, it appears that the process is now on track. I appreciate the quickened pace and the effort of you and your office.

The letter from HCFA sets a definite time frame. I know that you agree that early resolution to this waiver application is of the utmost importance. To that end, I will be personally monitoring this matter until the waiver materializes.

Again, thank you for your help.

Sincerely yours,

Eleanor H. Norton
Eleanor Holmes Norton

cc: Ms. Sue Brown
Ms. Doris Rhodes

815 15th STREET, N.W., SUITE 400
WASHINGTON, D.C. 20005-1201
(202) 753-1000
(202) 753-4211 (FAX)

1415 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20516-6101
(202) 225-8800
(202) 225-2000 (FAX)
(202) 225-7000 (TDD)

1151 ONEARDO STREET, S.E.
WASHINGTON, D.C. 20003-1734
(202) 678-4800
(202) 678-8844 (FAX)

Approved Page
11



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

#6367

APR 25 1995

The Administrator
Washington, D.C. 20201✓Harrington } fuj
Major

The Honorable Marion Barry, Jr.
Mayor of the District of Columbia
Washington, D.C. 20001

Dear Mayor Barry:

Thank you for your clarifying letter, regarding the District of Columbia's proposed initiative to develop a Medicaid managed-care program for children with complex medical needs. There apparently was some confusion about the District's continued interest in this project following our attempts to communicate with District officials during the transition period. We are pleased that this confusion has been dispelled. We will proceed immediately with a prompt and thorough review of the proposed final version of the demonstration protocol.

While it is true that the original application was received at the Health Care Financing Administration (HCFA) a year ago, at that time we had serious concerns regarding the District's proposal. On August 5, 1994, HCFA awarded a 1-year developmental grant to the District to address these issues. Since that time, HCFA's review team has worked closely with District officials and with staff from Health Services for Children with Special Needs (HSCSN) to clarify our concerns regarding access to care for affected children, and the development of service delivery and quality assurance systems. In fact, since your letter, our staff has met several times with District staff and has made substantial progress resolving outstanding issues.

Thank you again for your clarifying letter. We will now move to complete a thorough review of the District's proposed demonstration protocol.

Sincerely,

Bruce C. Vladeck
Administrator

OFFICE OF THE DIRECTOR
MAY 15 1995

APR 30 1 53 PM '95

RECEIVED

The D.C. Coalition for Community Services

4000 MacArthur Blvd., N.W., Washington, D.C. 20007 telephone 338-3726

April 24, 1995

Steven B. Clauser, Ph.D.
Director
Office of Research
Health Care Financing Administration
6325 Security Boulevard
Baltimore, MD 21207

Dear Dr. Clauser:

This is a follow-up to the concerns that have been repeatedly expressed regarding the District of Columbia's Waiver Proposal (#DC 11-15- Managed Care System for District Children and Youth with Special Needs).

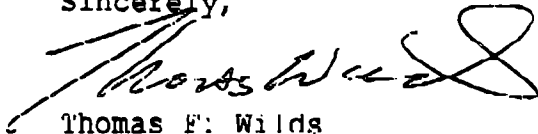
As you know, the day programs (representing both Coalition members and non-members) that have had the greatest experience with the children eligible for services through this waiver have been excluded from the planning process. We have sent several letters to you concerning this situation but no material change concerning our involvement has occurred. Day program providers have made information and meeting requests of the Health Services for Children with Special Needs (HSCSNs) but to no avail.

Throughout the history of this application, we have heard from the city government as well as HSCSNs that information is being requested throughout the country regarding this project. If this is indeed the case, why can we not all share this information? Why have we not seen a research design? Where are the statistics establishing this project as a solution to a legitimate need? Why is the government continuing to pursue a one hundred million dollar sole source contract with a newly established agency that lacks a history of service? Why have the current service providers been completely omitted from this planning process?

We continue to request from you an opportunity to participate in the review and planning of this project. We eagerly await hearing from you in this regard.

Thank you for your continued assistance in this matter. We remain available to respond to any request you may have. Should you wish to contact anyone of our organizations, please call me at (202) 338-3726.

Sincerely,



Thomas F. Wilds
President
D.C. Coalition for Community Services
and
Executive Director
St. John's Community Services

cc:
Deborah Carr
Vice President, Program Services
Easter Seal Society

Stanley L. Pryor
Executive Director
United Cerebral Palsy

Dr. Richard Birkel
President
Lt. Joseph P. Kennedy Institute

Dr. Heather McCabe
Executive Director
National Children's Center

Dr. Yvonne Ali
Vice President
PSI

POWERS, PYLES, SUTTER & VERVILLE, P.C.
1275 Pennsylvania Avenue, N.W., Third Floor
Washington, D.C. 20004
(202) 466-6550

Facsimile: (202) 785-1756

TO: Diana Fortuna

COMPANY NAME: Coalition for Community Services

COMPANY FAX NUMBER (202) 456-7431

FROM: Peter Thomas

NUMBER OF PAGES (INCLUDING COVER SHEET) 9

SENT BY: Irene Martinez TIME: 5:30 p.m. DATE: May 12, 1995

IF YOU DO NOT RECEIVE ALL MATERIALS BEING TRANSMITTED, PLEASE CALL
US AT: (202) 466-6550. THANK YOU.

Attached is the material on Health Services for Special Needs.

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SUTTER &
VERVILLE PC**
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OF COUNSEL
BRUCE R. HOPKINS
JENNY A. BRODY
REBECCA L. BURKE
DONALD W. AARONSON, M.D.
CHICAGO, ILLINOIS
WILLIAM GRAY BEYER
PHOENIX, ARIZONA
JOE R.G. FULCHER
ALBUQUERQUE, NEW MEXICO

May 12, 1995

VIA TELEFAX

Diana Fortuna
The White House
Washington, DC 20500

Re: DC Section 1115 Waiver Application

Dear Diana:

Attached please find several documents I think you will find helpful. They include a chronology HSCSN has compiled that describes the interaction between the District, HSCSN, and the persons and/or groups that seem to oppose the waiver, the letters I mentioned to you from Congresswoman Eleanor Holmes Norton, and a letter from Bruce Vladeck.

As for the allegation by Heather McCabe, Executive Director of the National Children's Center (a Medicaid provider of day treatment services to these children), that I included the names of at least two organizations on the letter in support of the waiver without their authorization, I wanted to make a few points. As you know, I work extensively with the Consortium for Citizens with Disabilities (CCD) and often put together sign-on letters on various issues. I used the same procedures for the District waiver sign-on letter as I do for CCD-related letters. These procedures ensure that no organization is listed on a sign-on letter unless expressly authorized to do so. Again, I would be very interested to know which organizations Heather McCabe referenced with respect to this allegation.

Thank you very much for your assistance on this project.

Sincerely,



Peter W. Thomas

Chronology of Meetings with Tom Wilds and Other Day Treatment Providers Regarding the Waiver Program for Disabled Children

Chronology of Events

- June 22, 1994** HSCSN representatives meet with Ms. Shearer Bailey of National Children's Center (NCC) to discuss NCC's willingness to participate as a provider in the waiver program.
- June 23, 1994** HSCSN representatives meet with Dr. Yvonne Ali of PSI, Inc. to discuss PSI's willingness to participate as a provider in the waiver program.
- June 29, 1994** HSCSN representatives meet with Ms. Deborah Carr of Easter Seals to discuss Easter Seals' willingness to participate as a provider in the waiver program.
- July 1, 1994** HSCSN representatives meet with Mr. Thomas Wilds of St. John's Community Services to discuss St. John's willingness to participate as a provider in the waiver program.
- July 24, 1994** Providers (St. John's, PSI, Kennedy Institute, Easter Seals, United Cerebral Palsy, and NCC) send a letter to Steven Clauser, Ph.D., Acting Director of the Office of Research and Demonstrations at the Health Care Financing Administration detailing their concerns about the waiver program. Copies of the letter are distributed to members of the District's City Council.
- August 2, 1994** Providers (all except PSI) meet with Commission and HSCSN representatives to discuss the waiver program. All providers in group were invited to join the HSCSN panel.
- August 11, 1994** Mr. Dan Kiser, Chairman of HSCSN's Board of Directors, writes Mr. Gregory Earls, President of the Board of Trustees for St. John's Community Services. The letter extends an offer to Mr. Earls to meet and work together to settle concerns. Mr. Earl declines offer two weeks later.
- August 25, 1994** Meeting scheduled by Mr. Vince Gray, Director of DHS with HSCSN and day treatment providers for August 26, 1994 is postponed by Mr. Stan Pryor.

- September 2, 1994 Representatives from the Commission and HSCSN meet with PSI representatives to discuss waiver project and invite PSI to join HSCSN network.
- September 16, 1994 Mr. Vince Gray, Director of the Department of Human Services, Mr. David Coronado, Commissioner on Health Care Finance, HSCSN representatives, and provider group meet to discuss the providers' issues regarding the waiver program. Mr. Gray requested that answers to these issues be drafted and submitted to all meeting participants by September 30, 1994. A follow up meeting was scheduled for October 5, 1994.
- September 30, 1994 Commission on Health Care Finance staff sends answers to Mr. Pryor, the contact person for these providers. Mr. Pryor faxes answers to other providers.
- October 4, 1994 Providers inform Mr. Gray that they would prefer that HSCSN representatives not be allowed to attend the meeting scheduled for the next day.
- October 5, 1994 Follow up meeting canceled by Mr. Gray, who is unwilling to meet with the providers in the absence of HSCSN representation.
- October 6, 1994 Providers send Mr. Gray a letter outlining their position that a competitive bidding process, rather than sole source contracting, should be used to select the provider and the service delivery model. They assert that their concerns have not been adequately addressed.
- November 29, 1994 Ms. Joanna Kaufman, HSCSN's Vice President for Care Management, sends Mr. Pryor a letter outlining the role of community organizations in the waiver program's evaluation process.
- December 9, 1994 Representatives from NCC and Children's National Medical Center meet with HCFA staff to express their concerns about the waiver program.
- December 12, 1994 Councilmember Cropp and Mr. Michael Cruse, HCFA regional representative, speak to Mr. Wilds and members of The Coalition for Community Services about the waiver program.
- January 9, 1995 Dr. Rhodes, Chairman of the HSC health system meets with Mr. Wilds and Heather McCabe to review issues.

- January 15, 1995 HSCSN representatives meet with Mr. Pryor, Ms. McCabe, and other representatives of disability advocacy groups to explain the District waiver program and obtain support for the project.
- February 8, 1995 HSCSN representatives meet with Mr. Pryor to review quality management and evaluation activities for the waiver program.
- February 16, 1995 Mr. Pryor writes Mr. Corro to thank him for the recent meeting. Mr. Pryor expresses his interest in learning more about data collection, areas of evaluation, and the logistics of the evaluation process.
- February 27, 1995 Mr. Corro sends Mr. Pryor the requested information and encourages providers to work with HSCSN.



HEALTH CARE FINANCING ADMINISTRATION



ADDRESSEE:

Diana Fortuna

PHONE: _____

FROM:

*Joanne Polak*OFFICE OF THE ADMINISTRATOR
200 INDEPENDENCE AVE., S.W.
ROOM 314G
WASHINGTON, DC 20201

PHONE: 202-690-6726

FAX : 202-690-6262

TOTAL PAGES:

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ADDRESSEE'S FAX MACHINE NUMBER:

454-7431

DATE:

REMARKS:

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207

APR 21 1995

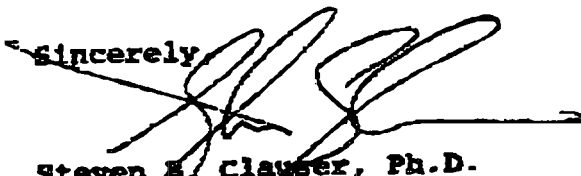
Ms. A. Sue Brown
Acting Commissioner
Commission on Health Care Finance
2100 Martin Luther King Jr. Avenue, S.E.
Suite 302
Washington, D.C. 20020

Dear Sue:

In response to your request to clarify my April 17 letter (enclosed), let me reiterate that we believe that significant progress has been made over the past week in the review/development of your project to provide managed care to children who are disabled or have complex medical needs and that we have resolved major policy issues, such as compliance with the Americans with Disabilities Act.

You asked for more clarification as to when a decision would be made on the demonstration. As I mentioned in the earlier letter, over the next few weeks, we will continue to work closely with you and your staff to identify and develop the information necessary to finalize a budget neutral waiver cost estimate. A few weeks after we reach an agreement on budget neutrality, it is likely that we will be able to approve the demonstration, with special terms and conditions, which need to be satisfied before children can be enrolled in the program.

Sincerely,



Steven E. Clauser, Ph.D.
Director
Office of Beneficiary and Programs
Research and Demonstrations

Enclosure



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207

APR 17 1995

Ms. A. Sue Brown
Acting Commissioner
Commission on Health Care Finance
2100 Martin Luther King Jr. Avenue, S.E.
Suite 302
Washington, D.C. 20020

Dear Ms. Brown:

Thank you for the opportunity to meet with you and your staff, as well as representatives of the Health Services for Children with Special Needs, Inc. (HSCSN) regarding the status of your project to provide managed care to children who are disabled or have complex medical needs. We believe that significant progress was made at the meeting and that we have resolved major issues, such as compliance with the Americans with Disabilities Act. We also believe that the steps necessary to move this project toward approval for waivers were identified and next steps discussed.

Over the next few weeks, we will be working intensively with you and your staff to identify and develop the information necessary to develop a budget neutral waiver cost estimate. Staff from our Region III Office, as well as other HCFA staff, will be working closely with you, as well as HSCSN staff, to complete these budget estimates, necessary for any waiver approval.

We also will be working closely with you to assess the capacity of your service delivery network, both with respect to the number of primary care providers, as well as specialist providers. This will require additional information from you with respect to the characteristics of the children you anticipate enrolling and the willingness and ability of the providers to accept these children into their practices. As we agreed, a clinical expert will assist in this process. Again, we will identify HCFA staff who will work with your staff on this issue.

We expect to provide draft terms and conditions of a waiver approval to you by the end of the month. These terms and conditions will identify the specific operational areas, such as the finalization of marketing and enrollment materials, that will need to be completed prior to actual implementation of the demonstration.

TOTAL P.03

Page 2 - Ms. A. Sue Brown

It is important to note that the waiver cost estimate provided with your original proposal, as well as administrative and service budgets, were based on the expectation of enrolling 300 children per month into the demonstration. Offering the program on a voluntary basis rather than mandated basis will noticeably affect enrollment levels and cash flow, particularly in the first several months of operation.

If you have further questions regarding our meeting, or the next steps identified, please contact me at 410-966-6504.

Sincerely,



Steven B. Clauser, Ph.D.

Director

Office of Beneficiary and Programs
Research and Demonstrations

February 3, 1995

VIA MESSENGER

The Honorable Bruce C. Vladeck
Administrator
Health Care Financing Administration
314G Hubert Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

**Re: District of Columbia Section 1115 Medicaid
 Waiver Application for Children with Disabilities**

Dear Dr. Vladeck:

The undersigned national consumer/disability organizations support approval of the District of Columbia's proposed Section 1115 waiver application for a three-year Medicaid demonstration project designed to coordinate health care services for children and adolescents with disabilities and chronic illnesses. This proposed initiative offers the opportunity to assess the efficacy of managed care systems for people with disabilities and chronic illnesses. We, therefore, strongly urge you to approve the District's application at the earliest possible date.

The disability community has long been suspect of the appropriateness of managed care and capitated payment systems for people requiring frequent or exceptional health care services. The District's coordinated care initiative for people with disabilities and chronic conditions, however, goes a long way to addressing many of the most contentious issues in this debate.

For instance, the District's proposed initiative would set a capitation rate per enrollee at a much higher level than the general Medicaid population. This would enable the District to provide an enhanced range of benefits including expanded preventive and primary care, expanded transportation services, care coordination and management, community health education and training, and cost-effective services such as barrier removal in the home to promote community and home-based health care alternatives.

Dr. Bruce Vladeck
February 3, 1995
Page 2

The District's initiative will also enhance access to health care services through individualized assessments of each child in the program and appointment of a primary care physician to monitor each child with an emphasis on care coordination and management of services. Access to care will also be enhanced through expanded office hours by participating providers, installation and maintenance of telephones within the homes of children in the initiative to promote primary and preventative care, and the development of a centralized computer information system to maintain comprehensive medical records on each enrollee to ensure quick and reliable access to vital medical information.

As for consumer choice of health care provider, participation in the District's proposed initiative will initially be open to all current providers serving Medicaid children and adolescents with disabilities as well as providers who are not part of the traditional Medicaid fee-for-service provider network. Thus, children in this program would not be denied access to their current providers unless those providers chose not to participate in the initiative. Due to incentives offered to encourage provider participation, such as the development of prompt payment methods, the establishment of a comprehensive computerized clinical record for each child, and transportation and telephone provisions, the initiative would likely broaden the range of providers available to children in the program.

The quality of care will also be closely monitored through quality screening, peer review, member/provider satisfaction surveys, grievance mechanisms, and most importantly, the establishment of practice guidelines and performance standards for treating the needs of this particular population. Finally, the initiative incorporates ongoing consumer/enrollee participation in the design and evaluation of services provided through the program to children and their families.

As you know, the disability community was firmly behind efforts to reform comprehensively our nation's health care system. With comprehensive reform unlikely in the new Congress, the disability community will seek to accomplish its health reform agenda, at least in part, through the Medicare and Medicaid programs. In this case, we believe the positive aspects of the proposed initiative far outweigh any countervailing concerns. For instance, the disability community is generally opposed to mandatory enrollment in Medicaid managed care plans. This initiative, however, will not deny enrollees access to their current Medicaid providers, will allow plan participants to disenroll from the program after a brief period of time, and uses mandatory enrollment to protect against adverse selection, which could jeopardize the viability of the entire initiative.

Dr. Bruce Vladeck
February 3, 1995
Page 3

We urge you to approve this waiver application with strong beneficiary protections, quality assurance standards and aggressive enforcement of the terms and conditions of the approval at your earliest possible opportunity. This community-based initiative should be given a chance.

If we can be of any assistance in this process, please do not hesitate to contact Peter W. Thomas at (202) 466-6550. Thank you for your consideration.

Sincerely,

American Foundation for the Blind
American Network of Community Options & Resources
American Parkinson Disease Association
American Rehabilitation Association
Amputee Coalition of America
Center on Disability and Health
District of Columbia Arc (Association for Retarded Citizens)
Epilepsy Foundation of America
Federation of Families for Children's Mental Health
Justice for All
Learning Disabilities Association
National AIDS Policy Center for Children, Youth & Families
National Association of Developmental Disabilities Councils
National Center for Learning Disabilities
National Council on Independent Living
National Head Injury Foundation
National Mental Health Association
National Multiple Sclerosis Society
National Parent Network on Disabilities
Real Health Care for All
Research Institute for Independent Living
Spina Bifida Association of America

Mayor - AFDC mgd care
Help for sick children - \$3m

3/20

Monahan

① Vernon-Hankins - head of PHS
take closer look @ non-A - mounting
SR called back - HBCN got ~~back~~ to him

② \$36! - Brummel

Ill - contract

Healthy Mm

Sun Times - 16, Regid.

Dick + Dapper → SF

Regs public notice - 2nd Q soonest

Kistler & CSAC

Galiard - planholder bill

Mid-wk - ch w/ Speaker - Cochran & help of Wilson
Emerson →

How to Wilson → Beltré

McBride / HM → Ides - Tk, DES, ICT, JM, NAMIZ,
Harold

Wohra → send signal - letter

Will share draft - not harsh - capacity

St. John's Community Services
4880 MacArthur Boulevard, NW
Washington, DC 20007-1157
(202) 338-3726
FAX: (202) 298-8065

FAX TRANSMISSION SHEET

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via the U.S. Postal Service. Thank You.

Date: 4/27/95

Time: noon

NUMBER OF PAGES, INCLUDING THIS SHEET: 24

To: Diana Fortuna-Domestic Policy Council

Fax Number: 456-7028

From: Thomas Wilds - Executive Director

Re: District of Columbia Managed Care Waiver

In case of difficulties in receiving this FAX please call 202-338-3726 x45

MESSAGE:

Dr. Heather McCabe from National Children's Center requested that I fax these materials to you. Please call me if I can be of further assistance (338-3726).

Look @ yellow sticky
 Not just docs for that kids
 what did grant assume re.

Note: Should you not receive all pages, please contact us at (202) 338-3726.

12 mo period "pre-impl
 period" & "developmental
 period"

Real story behind HSCSN selection
 Gap of go
 Day treatment all thru 1994
 Could w/ Piff etc.
 How are services? Are these kids served well now?

Talk to El Holanes 11/7/94

Is this condition
 just diagnosis
 problems
 what are
 circumstances?
 about exclusion
 from contracts?
 How fundamental
 are these reviews?

Why has HSCSN spent money? on what?
 what was resignation of HSC

members really over this?

Who serves now? Who would care?

what is real story w/ placemat?
 what did HSCSN think would

happen duringly
 please grant?

Who has been spy HSCSN?

July 24, 1994

Steven Clauser, Ph.D.
Office of Research and Demonstration
Oak Meadows
6325 Security Blvd.
Baltimore, MD 21207

Dear Dr. Clauser:

This letter is being written on behalf of concerned community advocates for children with disabilities. Our purpose is to express deep concern regarding a District of Columbia Waiver Proposal (#D.C. 11-15 - Managed Care System for District Children and Youth with Special Needs) recently submitted to the Federal Health Care Financing Administration, and to ask your assistance in delaying its approval to provide public dissemination regarding this proposal and thoughtful consideration of its impact on children with disabilities in the District of Columbia.

Recently, several of the community advocacy organizations serving young children with disabilities were individually visited by representatives of a newly formed business, Health Services for Children with Special Needs, Inc. We were informed that they have submitted the afore mentioned waiver application to the federal government through the District's Commission on Health Care Finance. We were told that due to their political connections with the City and federal governments approval was assured and imminent. Their project would begin on August 1, 1994 with 600 medicaid eligible children being enrolled in an undefined "managed health care program" for each of the first six months for a total of 3,600 children. All medical services for these children including traditional day treatment services would be contracted through this new organization. Day treatment services are comprised of comprehensive day programs for children with disabilities through which they receive habilitation services in typical classroom settings including therapies, social services, medical supervision, meals, and transportation.

Our concerns with this project are many and described below:

- Proposed contracts given to organizations that were approached to provide services through this managed care organization did not define or describe the services covered. Children therefore have no assurance that services under this new plan will be consistent with current services provided. The contracts do not refer to Medicaid Day Treatment regulations, or to Part H regulations for IDEA. Thus, the contracts do not appear to reflect an understanding of: the needs of the children to be served; federal requirements for a coordinated delivery system; and the strengths of individual organizations now providing services. When asked how this plan coincided with the Requirements for Part H, the organizations representatives had no knowledge of related legislation nor existing coordinating entities.

- The contracts offered to existing providers contained no assurances for the number of children to be referred. Currently, programs work primarily with hospitals to secure referrals for existing programs. Planning an intake process that will meet enrollment projections for Medicaid funded programs, that in most cases have never received rate adjustments, has been an administrative responsibility necessary to maintain these valuable community programs. Inserting yet another layer of bureaucracy into this cumbersome system will jeopardize the timeliness and appropriateness of service provision for these children as well as the viability of the established community programs that rely on the existing intake process.
- Currently, children who are Medicaid or SSI eligible receive day treatment services in the District of Columbia through a variety of community based organizations. The major gap in service provision for young children is for those who do not qualify for these public benefits. This project does not address this need but rather focuses on an area for which services already exist. The need to reform this system has yet to be established by the current administration.
- The support of community organizations, as detailed within the application should be examined carefully. Despite statements in the application that create a different impression, several of these organizations were unaware of this proposal, and have not yet decided to support this project until further clarification is given.
- The time table for this project (start-up on August 1, 1994) leaves no time for an adequate transition to a new service system. Our present, and somewhat limited, understanding of this project is that all existing programs serving children from birth through school age would need to convert to this new service delivery system or cease to exist. Also, those that do convert may need to dramatically change their services within the next six months. This would be especially difficult since their contracted services have yet to be defined. Thus, children and existing programs will without doubt suffer from this hastily planned and poorly communicated model project.
- The idea that a newly formed business can write a proposal to change an entire service delivery system that results in the new entity receiving what must be millions of dollars without the benefit of competition, public hearings, or disclosure to the public in an organized and deliberate manner simply does not make sense. The realization that this project is going forward follows just one month after David Coronado, Commissioner for Health Care Finance, attended a May meeting with providers and assured them that children with disabilities would continue participation in Day Treatment programs and that managed health care programs would not interfere with these needed services.

all MA?

These are but a few of the major concerns that we have regarding this proposed project. We ask that you assist in delaying action to implement this project until full public disclosure can take place and the community as a whole can participate in the planning for the needs of children with disabilities.

Questions or responses should be directed to Yvonne Ali, PSI, at (202) 842-2790 or Thomas Wilds, St. John's Community Services, at (202) 338-3726. The organizations listed below share these concerns and contributed to the input of this correspondence:

Thomas F. Wilds
Executive Director
St. John's Community Services
4880 MacArthur Blvd., N.W.
Washington, D.C. 20007

Dr. Yvonne Ali
Vice President
PSI
1000 Vermont Avenue, NW #300
Washington, DC 20005

Dr. Richard Birkel
Executive Director
Lt. Joseph P. Kennedy Institute
801 Buchanan Street, NE
Washington, DC 20017

Deborah Carr
Assistant President for DC/MD
Easter Seals
2800 13th Street, NW
Washington, DC 20009

Stan Pryor
Executive Director
United Cerebral Palsy
3135 8th Street, NE
Washington, DC 20017

Shearer Bailey
Acting Executive Director
National Children's Center
6200 2nd Street, NW
Washington, DC 20011

cc: Michael Kruse



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207

AUG 12 1994

Thomas F. Wilds
Executive Director
St. John's Community Services
4880 MacArthur Blvd., N.W.
Washington, D.C. 20007

Dear Mr. Wilds:

I am writing in response to your recent letter in which you described the concerns of community advocacy organizations with the District of Columbia Waiver Proposal. As you may already know, the Health Care Financing Administration has decided to award the District of Columbia a grant to further develop and plan the demonstration project prior to its implementation. The purpose of this approach is to address concerns, such as those raised in your letter, prior to beginning operation.

As I indicated in my telephone conversation with you, we will be happy to meet with representatives from your group to discuss your concerns. You may contact Phyllis Nagy at (410) 966-6646 to schedule the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Clausner", is written over a horizontal line.

Steven B. Clausner, Ph.D.
Director
Office of Research

October 6, 1994

Mr. Vincent Gray
Director, Department of Human Services
2700 Martin Luther King, Jr. Avenue, SE
801 East Building, St. Elizabeth's Campus
Washington, D.C. 20032

Dear Mr. Gray:

This is a follow-up to our recent series of conversations regarding the District's Medicaid waiver application to provide managed health care for children with disabilities who qualify for Medicaid and SSI benefits.

Knowing the demands of your position, the provider group appreciates your time and efforts to meet and negotiate with the Health Services for Children with Special Needs (HSCSN). We also regret any inconvenience we may have caused regarding our last scheduled meeting set for October 5, 1994. As we stated prior to our September meeting, we believe it is premature, if not inappropriate, to meet with representatives from HSCSN when fundamental issues regarding the proposal remain open. While unfamiliar with the legal issues regarding sole source contracting in the District, it is obvious that a well advertised and planned competitive bidding process for this one hundred million dollar managed care project would result in the selection of a provider and service delivery model that can best meet the medical needs of children with disabilities. A well orchestrated RFP process would resolve any doubts regarding legality or favoritism and help garner community support for a concept worthy of careful planning. A broad base of community support will be necessary to ensure its successful implementation.

If the selection of the managed care agency is to be a well advertised competitive process, as we believe it should be, our continued participation in a planning process with HSCSN (at this stage) provides them with an unfair advantage. Furthermore, our participation gives an appearance of our support to an agency that has yet to demonstrate expertise in the provision of habilitation day programs for children with disabilities or initiative to research the implications of their proposal for our children. Perhaps it is needless to say, but community participation should have occurred well before an application was submitted to the federal government. Under the present situation, that planning should occur after a provider has been selected and well before scheduled implementation.

As we have indicated in the past, we continue to welcome an invitation to meet with you or your staff to assist in writing the RFP or refining the service delivery planning.

After reading HSCSN's responses to our questions, our initial concerns regarding the proposal, as expressed to Dr. Clauser in the letter dated July 1994, were reaffirmed. The majority of their answers were boiler plate statements and provided no direction. Either the questions are not understood, and HSCSN made no attempt to follow-up with any of the agencies represented, or they simply don't have answers to these basic yet critical questions.

Letter to Vincent Gray
October 6, 1994
page 2

One example of such an inadequate answer is in response to question #6 which concerns the evaluation of the project. A large part of this project is research. Will redesigning an entire service delivery system benefit these children and save money? This research question should have been fully explored long before the application was submitted. Yet all we know is there will be an evaluation. It appears that the evaluation will be designed after project initiation. As it stands, the project has no baseline nor control group with which to compare its results. Without belaboring the point, this simply is not good enough, when thousands of children are about to be redirected to a new service delivery system whose purpose is to demonstrate a better and more cost efficient service delivery system.

Another example of inadequate answers is in response to questions #15 and #18. At our September meeting, there was an extensive explanation regarding the current per diem rates for day treatment programs and the current referral process which makes timely intake a priority to maintain quality programs that remain solvent. Offering contracts to day treatment programs with minimum enrollment assurances was one discussion. Another discussion included offering initial contracts at the real cost of current operations instead of current per diem rates. Most day treatment programs have never been given rate increases though monitoring has increased and now includes Part H requirements. Thus, day programs have immediate financial concerns. The response to these questions were simply inadequate. The impression that is left with providers is "trust us", as our real concerns remain ignored. When families are not given a choice between service delivery systems and day program agencies are already facing financial crisis, "trust" is not realistic.

Furthermore, in several past conversations with HSCSN, it has become clear that the intention is to break down the components of day treatment programs and bill separately for each service. This represents a radical change in an existing program approach, e.g., transdisciplinary approach versus isolated therapy. This change is not considered best practice. Neither is there data supporting this approach as cost efficient, e.g., a few hours of related services can easily exceed a total day program per diem rate. The choice of offering a total day treatment program will not be available to parents though HSCSN proposes to follow day treatment regulations. In general, we are left with the impression that HSCSN has ignored, or is out of touch with our concerns. It also appears that to remedy this situation would involve an extensive commitment from HSCSN as well as the current day program provider agencies. The answers do not indicate that HSCSN has made the commitment to better understand our concerns. And while we are ready to make the commitment, our efforts would be premature if an RFP process is to be initiated as you stated in our August meeting.

Again, we want to emphasize our commitment to designing a service delivery system that is in the best interest of the children living in the District of Columbia. But whatever new service delivery system is developed, it should afford current service agencies sufficient time to redesign their system to meet the future needs of our community. We welcome a

Letter to Vincent Gray
October 6, 1994
page 3

continued working relationship with you and your staff during these initial planning stages. Thank you for your efforts to address our concerns. Having just one day to respond, we hope that we have adequately summarized our current concerns.

Sincerely,

Thomas F. Wilds
Executive Director
St. John's Community Services

Deborah Carr
Vice President, Program Services
Easter Seal Society

Stanley L. Pryor
Executive Director
United Cerebral Palsy

Dr. Richard Birkel
President
Lt. Joseph P. Kennedy Institute

Dr. Heather McCabe
Executive Director
National Children's Center

cc: David Coro
J. Daniel Kiser



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207*Phyllis Nagy*
Phyllis Nagy
Phyllis Nagy

Mr. David Coronado
Commissioner
Commission on Health Care Finance
2100 Martin Luther King Jr. Avenue, S.E.
Suite 302
Washington, D.C. 20020

Dear Mr. Coronado:

We are pleased to inform you that your application, entitled "Managed Care System for Disabled Children and Youth with Special Needs," has been approved as grant No. 18-P-90488/3-01 for the period August 5, 1994, through August 4, 1995. The total funding for this project is \$150,000 and is intended to support a developmental phase of 12 months.

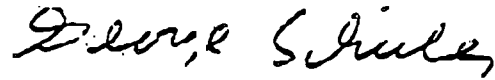
The Notice of Award is enclosed, along with special terms and conditions that define the nature, character, and extent of anticipated Federal involvement in the project. This award is subject to our receiving, within 30 days of the date of this letter, notification of your acceptance of the special terms and conditions set forth in the enclosure and a budget amount for the award. In addition, we have included, for your information, a copy of the Department of Health and Human Services' guidelines for Administration of Grants (Part 92 of Title 45 of the Code of Federal Regulation).

Your project officer for this grant is Phyllis Nagy, who can be reached at (410) 966-6646. Communications regarding program matters should be submitted to the project officer at the following address: Health Care Financing Administration, Office of Research and Demonstrations, Room 2-F-5 Oak Meadows Building, 6325 Security Boulevard, Baltimore, Maryland 21207-5187. Official correspondence regarding the grant, including quarterly reports and continuation requests, should be submitted to Ms. JuDee Caquellin, HCFA Grants Officer, Health Care Financing Administration, Office of Acquisition and Grants, Room 389 East High Rise, 6325 Security Boulevard, Baltimore, Maryland 21207-5187; a copy of such correspondence should be sent to the project officer. Mrs. Judith L. Norris, Grants Management Specialist, may be contacted for information about other administrative matters at (410) 966-5130.

Page 2 -- Mr. David Coronado

Congratulations on this award and we look forward to working with you during the course of this project.

Sincerely,



George J. Schieber, Ph.D.

Director

Office of Research and Demonstrations

Enclosures

SPECIAL TERMS AND CONDITIONS

NUMBER: 18-P-90488/3-01

TITLE: Managed Care System for Disabled Children and Youth with Special Needs

AWARDEE: Commission on Health Care Finance

1. The awardee will submit written reports no later than 30 days from the end of the quarter. The first quarterly report is due October 30, 1994.
2. A draft final report should be submitted to the Health Care Financing Administration (HCFA) project officer for comments. HCFA's comments should be taken into consideration by the awardee for incorporation into the final report. The awardee should use the HCFA Office of Research and Demonstrations' Author's Guidelines: Grants and Contracts Final Reports (copy enclosed) in the preparation of the final report. The final report is due no later than 90 days after the termination of the project.
3. The HCFA project officer or designee will be available for technical consultation at the convenience of the awardee within 5 working days of telephone calls and within 10 working days on progress reports and other written documents submitted, such as the analysis plan.
4. HCFA may suspend or terminate any grant in whole, or in part, at any time before the date of expiration, whenever it determines that the awardee has materially failed to comply with the terms of the grant. HCFA will promptly notify the awardee in writing of the determination and the reasons for the suspension or termination, together with the effective date.
5. The HCFA project officer shall provide advice and consultation on the methodology design, analysis plan, appropriate statistical treatment of the data, and the outline of the final report.
6. The project officer does not have the authority to and may not issue any technical direction which (i) constitutes an assignment of additional work outside the general scope of the grant, or (ii) in any manner causes an increase or decrease in the total estimated cost.
7. The awardee shall assume responsibility for the accuracy and completeness of the information contained in all technical documents and reports submitted. The HCFA project officer shall not direct the interpretation of the data used in preparing these documents and reports.

Page 2

8. The awardee shall develop and submit detailed plans to protect the confidentiality of all project-related information that identifies individuals. The plan must specify that such information is confidential, that it may not be disclosed directly or indirectly except for purposes directly connected with the conduct of the project, and that informed written consent of the individual must be obtained for any disclosure.
9. The HCFA project officer shall be notified prior to formal presentation of any report or statistical or analytical material based on information obtained through this grant. Formal presentations include papers, articles, professional publications, speeches, and testimony. In the course of this research, whenever the principal investigator determines that a significant new finding has been developed, he or she will immediately communicate it to the HCFA project officer before formal dissemination to the general public.

The final report of the project may not be released or published without permission from the HCFA project officer within the first 4 months following the receipt of the report by the HCFA project officer. The final report will contain a disclaimer that the opinions expressed are those of the awardee and do not necessarily reflect the opinions of HCFA.

10. Certain key personnel, as designated by the HCFA project officer, are considered to be essential to the work being performed on specific activities. Prior to altering the levels of effort of any of the key personnel among various activities for this project, or to diverting those individuals to other projects outside the scope of this award, the awardee shall notify the HCFA Grants Officer and HCFA project officer reasonably in advance and shall submit justification (including name and resume of proposed substitution) in sufficient detail to permit evaluation of the impact on the project. No alteration or diversion of the level of effort of the designated key personnel from the specified activities shall be made by the awardee without the approval of the HCFA Grants Officer and HCFA project officer.
11. At any phase of the project, including at the project's conclusion, the awardee, if so requested by the project officer, must submit to HCFA the analytic data file(s), with appropriate documentation, representing the data developed/used in end-product analyses generated under the award. The analytic file(s) may include primary data collected, acquired, or generated under the award and/or data furnished by HCFA. The content, format, documentation, and schedule for production of the data file(s) will be agreed upon by the principal investigator and the HCFA project officer. The negotiated format(s) could include both the file(s) that would be limited to HCFA internal use and the file(s) that HCFA could make available to the general public.

Page 3

12. At any phase of the project, including at the project's conclusion, the awardee, if so requested by the project officer, must deliver to HCFA any materials, systems, or other items developed, refined, or enhanced in the course of or under the award. The awardee agrees that HCFA shall have royalty-free, nonexclusive and irrevocable rights to reproduce, publish or otherwise use and authorize others to use the items for Federal Government purposes.
13. As part of the demonstration protocol, the District is to discuss in detail the clinical management system. Areas to be covered include, but are not limited to: a) description of linkages between the primary care physician and other professionals in the clinical team (e.g., specialty physicians, case managers, therapists and other professionals); 2) discussion of how client assessment, case planning and ongoing care delivery of the full range of services will be organizationally structured and coordinated; 3) detailed presentation of staffing requirements such as qualifications, full time equivalency levels, ratios of physicians to other specialists and the availability of other providers; 4) detailed description of the case management structure, particularly as it relates to interactions between the specialized case managers and the primary care physicians; and 5) professional development and support activities to be provided to primary care physicians, case managers, and other professionals as needed.
14. As part of a demonstration protocol, the District of Columbia is to identify in detail the service delivery network to be used under the demonstration. Included in this protocol component should be: 1) a list of primary care physicians participating, the number of children for which they are available to provide care, their location, and a signed contract for each physician; 2) a list of specialty physicians participating, the number of children for which they are available to provide care, their location, and a signed contract for each physician; 3) a list of all other providers and services, including hospitals, rehabilitation facilities, home health care agencies, durable medical equipment providers, transportation providers, and long term care providers, their location and capacity, and signed contracts for major providers (to be designated by the HCFA project officer).
15. As part of the demonstration protocol, the District of Columbia must describe in detail the reimbursement methodology, including: 1) How is the HSCSN to be reimbursed? If this is a capitation payment per member, how will this capitation rate be set? 2) Will HSCSN be at full risk for services provided? If not, what type of risk-sharing or stop-loss provision will be used? 3) What type of payment methodology will be used for all providers, either as staff of HSCSN or as subcontracts? If capitation payment will be used for any subcontractors, the methodology for developing the rate(s) must be described. Will any staff of HSCSN or subcontracts such as primary care physicians hold any financial risk? If so, please describe the nature of this risk arrangement. 4) If HSCSN is reimbursed on a cost basis during some phase of the

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demonstration, the District is to describe the incentives and mechanisms to be used to encourage greater resource management.

16. As part of its demonstration protocol, the District will develop fiscal solvency requirements for HSCSN. HSCSN must demonstrate sufficient capitalization to assume risk under this capitation demonstration, or develop, with the District, a mechanism to meet established fiscal solvency requirements. Alternatively, the parent corporation may agree to cover risk, which may be provided through written documentation from HSC to HCFA.
17. As part of the demonstration protocol, the District is to provide a detailed description of the outreach, enrollment and assessment process. This should include greater discussion regarding how children and their families will be contacted, what type of information will be provided regarding HSCSN (e.g. range of services; lock-in provisions; provider network; emergency care, etc.); how children will be linked to a physician and what type of information will be given to families to assist them in that decision; how baseline assessment and care plan development will be conducted and by whom; and related activities. Specific outreach and educational materials to be used are subject to HCFA project officer review and approval.

The District is to identify and describe the roles of, and interactions between, District staff, HSCSN, case managers, and primary care physicians in this process.

The District is also to provide, in the protocol, a discussion of disenrollment procedures, including how children and their families are informed of their right to disenroll, and what type of care planning will be conducted to transition the participant back into the existing fee-for-service system.

18. The District will develop external/internal quality assurance strategies for HSCSN, and require of HSCSN to develop internal quality assurance strategies, to become components of the demonstration operational protocol. With respect to the HSCSN internal quality assurance system, issues to be addressed include personnel, such as the Medical Director, other professional staff, and members of the provider network, to be involved and their organizational structure; description of the type of quality assurance strategies to be followed (e.g., monitoring of utilization events; record review of clinical management for certain tracer conditions, etc.); and the mechanism for developing, implementing and assessing the effectiveness of these strategies. This internal quality assurance system must be operational at the time the demonstration is implemented. Additionally, there must be operational strategies for HSCSN to monitor subcontractors.

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19. As part of the pre-implementation activities, the District of Columbia is to meet with a significant number of community and provider representatives. ~~This may be in the form of meetings, open forums, and related activities.~~ The District is to provide written evidence that these individuals have had the opportunity to express support and/or to raise questions or concerns. The District is to provide evidence that it has responded to these concerns as appropriate in program development.
20. The District of Columbia is to develop a waiver cost estimate that fully addresses the following issues: 1) choice and adequacy of baseline data; 2) impact of the additional 2,000 children projected to enroll for whom there is no utilization and cost history; 3) impact of cost-based reimbursement; and 4) sensitivity of savings to various assumptions (e.g., enrollment, baseline cost estimate, ability to manage under capitation, etc.).
21. During the pre-implementation period, the District of Columbia will work with HCFA to resolve the sole source issue, through developing a strategy that allows competitive procurement following some defined demonstration period.
22. During the developmental period, the District of Columbia is to work with HCFA to ensure compliance with section 504 of the Rehabilitation Act and the Americans with Disabilities Act.
23. The awardee shall submit a financial status report (SF-269A) to the HCFA Grants Officer and the HCFA Project Officer on an annual basis.

October 24, 1994

Steven B. Clauser, Ph.D.
Director
Office of Research
Health Care Financing Administration
6325 Security Boulevard
Baltimore, MD 21207

Dear Dr. Clauser:

This is a follow-up to the concerns that were previously expressed regarding the District of Columbia's Waiver Proposal (#DC 11-15- Managed Care System for District Children and Youth with Special Needs).

As you know, day program advocacy and direct service providers met with you and your staff this past summer to express our concerns about this proposed waiver. Correspondence dated July 24, 1994 was mailed to you regarding our many overall concerns. At about the same time, the District of Columbia was awarded a grant of \$150,000 to assist them in pursuing their planning activities. Though we have expressed concerns regarding many areas, item number 19 in Dr. George J. Schieber's grant award letter to Commissioner David Coronado is presently of special concern (the copy of the letter we received did not contain a date).

In this letter, item number 19 states: " As part of the pre-implementation activities, the District of Columbia is to meet with a significant number of community and provider representatives. This may be in the form of meetings, open forums, and related activities. The District is to provide written evidence that these individuals have had the opportunity to express support and/or raise questions or concerns. The district is to provide evidence that it has responded to these concerns as appropriate in the program development".

We are writing to you regarding this paragraph due to the continued lack of provider involvement in the comment/planning process. The day program providers met with the District's Director of Human Services, Mr. Vincent Gray, at his request on August 12, 1994. At that time, he indicated that he was unaware of the initial plan to sole source this medical waiver. We left the meeting with the knowledge that this would be a competitive bidding process (see attached letter). We were to meet with him again in the near future after he researched this waiver request about which he too had questions.

We were then contacted by Mr. Gray's office to hold a follow-up meeting on September 16, 1994. In addition to inviting the Commissioner for Health Care Financing, as we requested,

Letter to Steven B. Clauser, Ph.D.
October 18, 1994
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Mr. Gray also invited representatives from the Health Services for Children with Special Needs (HSCSN). Since we had been told previously that there was to be a bidding process, a meeting with HSCSN at this time seemed inappropriate. The waiver grant was awarded to the District Government and the waiver itself would also be awarded to the government not to HSCSN. It was our belief that we were working with the District Government at this time to resolve the initial concerns expressed by the provider group. Nevertheless, Mr. Gray insisted that we meet with HSCSN since they had been waiting in the hall for over an hour.

The HSCSN representatives asked us to convey questions regarding the waiver. In that we had no advance notice that this would be discussed, we were not prepared to provide a comprehensive list of questions. HSCSN took what questions were generated and after two weeks responded in writing. HSCSN did not contact any provider to discuss or further clarify issues during that time. With approximately one day to review HSCSN's responses, we were asked to meet again with Mr. Gray to review the status of the answers. Instead we expressed our original and continuing concerns in a letter (attached).

We wanted to share this sequence of events with you, because it continues to appear that community participation remains token at best. Furthermore, we do not want our attendance at these meetings or our questions to be misinterpreted as meeting the requirements of item 19. If so, we wish to dispel such a notion now. We remain ready to meet with District government officials to plan this waiver application. Should HSCSN be awarded the contract we will also meet with them. But at this point in the process, when the Director of the Department of Human Services and City Council members have indicated that there should be a bidding process, it would be unfair and inappropriate to engage in further discussions. Given the misrepresentation of our participation in the original waiver application, we want to affirm that we continue to be uninvolved in a meaningful way and view HSCSN's responses to our questions as less than satisfactory. They have not demonstrated knowledge of: the array and depth of the day services being currently provided, the continuum of day services that should be offered under the waiver, or an understanding of the impact that their proposal could have on habilitation needs of children.

Thank you for your continued assistance in this matter. We remain available to respond to any request you may have. Should you wish to contact anyone of our organizations, please call (202) 338-3726. Tom Wilds can give you directions on how to contact each of us.

Letter to Steven B. Clauser, Ph.D.
October 18, 1994
page 3

Sincerely,

Thomas F. Wilds
Executive Director
St. John's Community Services

Deborah Carr
Vice President, Program Services
Easter Seal Society

Stanley L. Pryor
Executive Director
United Cerebral Palsy

Dr. Heather McCabe
Executive Director
National Children's Center

Dr. Richard Birkel
President
Lt. Joseph P. Kennedy Institute

cc: Phyllis Nagy
George J. Schieber
Michael Cruse
City Councilmembers



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207 - 5187

DLC - 2 1994

Mr. Thomas F. Wilds
Executive Director
St. John's Community Services
4880 MacArthur Boulevard, N.W.
Washington, D.C. 20007-1557

Dear Mr. Wilds:

Thank you for your recent letter raising concerns over community participation in the development of the District of Columbia's section 1115 waiver application which seeks to establish a Medicaid managed care program for children and youths with disabilities and complex medical needs.

As you note, the grant award to the District specified as part of its pre-implementation activities that the District meet with a significant number of community and provider representatives to allow them an opportunity to express support and/or raise concerns. The District is required to provide evidence that it has responded to these concerns as appropriate in the program development. Over the next few weeks, we will be meeting with District representatives to review their progress in implementing the demonstration. We will share your continuing concerns regarding the participation of the beneficiary and provider community in the development of the demonstration.

Thank you again for the information you have provided regarding community and provider involvement in the development of this demonstration project. We share your concerns about the adequacy of service provision for this very vulnerable group of children, and will continue to work closely with members of the District's Commission on Health Care Finance to address these issues as they seek to finalize their section 1115 waiver project design, and to implement this innovative program.

Sincerely,

Steven B. Clauson, Ph.D.
Director
Office of Research

**NATIONAL CHILDREN'S CENTER, INC.**

HEATHER BENNETT MCCABE, PH. D.
Executive Director

DANNY L. REISIO
President

December 12, 1994

Congresswoman Eleanor Holmes-Norton
1415 Longworth - HOB
Washington, DC 20515

Dear Ms. Holmes-Norton:

Thank you so very much for meeting with us the other week to discuss the difficulty in the development of the Home and Community Board Waiver and our concern about the proposed research and demonstration waiver developed by Health Service for Children With Special Needs Inc., of the Hospital for Sick Children.

Our concerns about the HCHSN medicaid waiver are as follows:

- No parent provider input in development of research and demonstration proposal.
- No research protocol.
- Who is this organization. They have never managed a company.
- Managed care companies (Charter, GWU, etc.) already provide care in the District of Columbia for this population. Why not expand what is already there?
- What evidence is there that this program is needed?
- After 3 years if it is not viable to have managed care, how will services be delivered. What if providers are no longer serving this population.
- No mechanism for systemic coordination across agencies and service delivery system. (No real change to improve system in the long term).



Ms. Holmes-Norton
December 12, 1994
Page Two

- No evidence that there will be cost savings. Who will determine if services are to be delivered in a family-centered manner.
- Will make health care for most vulnerable families more difficult. Parents/family members receive health care from one primary care doctor, special needs child from another, other child from another. What is needed is coordination of health care, not another layer of bureaucracy.
- Problem could be resolved with case management waiver program - advantage will be to coordinate services for each family without overhead of a new organization (HCHSN already has expended \$2 mill on for salaries without ever serving a child).
- Most children who will be served are already involved in care. Have family centered plan, service coordination and social work.

Other important points regarding the Home and Community Based Waiver are:

- The waiver "waives" entitlement to the program. The program is designed to provide a distinct set of services to a finite number of individuals for a discrete amount of funds.
- All of the states, with the exception of Arizona, currently have a Home and Community Based Waiver program.
- Services, such as supported employment, which are currently not reimbursable to providers, may be included under the waiver program. This particular service is highly valued by individuals with disabilities and their families for its ability to foster community integration and independence. It has the ability to assist community members who are currently recipients of tax dollars to become tax payers.
- Other services, such as transportation, which are currently being funded exclusively with local funds may be included under the program. These expenditures then become subject to the federal match.
- Waiver programs must demonstrate that a cost savings will be experienced as a result of the program. This both reduces costs and guarantees control over expenditures in the program.

Handwritten note: *Handwritten note: "Handwritten note" written vertically along the right margin.*

Ms. Holmes-Norton
December 12, 1994
Page Three

Again, we appreciate your attention concerning this matter and look forward to working with you and Ms. Alma Henderson toward a resolution which is beneficial to all, especially for the children.

Sincerely,



Heather Bennett McCabe
Executive Director

cc: Ms. Genni Sasnett, St. John's Community Services
Mr. Rob Romagna, NCC
Mr. Randy Nunemaker, NCC

HBM/ms

The D.C. Coalition for Community Services
4880 MacArthur Blvd., N.W. Washington, D.C. 20007 (202) 338-3726

April 26, 1995

Mr. Vernon Hawkins
Director, Department of Human Services
Building 801 East
2700 Martin Luther King Avenue, S.E.
Washington, D.C. 20032

Dear Mr. Hawkins:

On behalf of the Coalition members I want to thank you for your support during these difficult times. I should also note that Ms. Bowic and Ms. Brown have been very helpful as the Coalition has engaged in the various activities that you authorized the Coalition to pursue.

We are requesting another meeting with you to update you on our progress as well as ascertain your progress on related issues. Some of these topics include:

1. Many contracted providers remain unpaid for services. What is the status of future payments and how can we work together to ensure that no consumers lose services due to the current financial crisis.
2. Amendments to D.C. 2-137 have been developed that appear to limit future services. We would like to discuss the rationale and explore other alternatives to prevent waiting lists for services.
3. The Coalition has developed an ICFs/MR cost reimbursement system that we believe contains cost and also makes them predictable. Cost reduction was also a goal that we had some success. We recommend that this proposal be accepted as a package and not be amended without our active participation.
4. In conjunction with the ICF reimbursement system, we have been working on the Medicaid Day treatment Program regulations. We need you to assign representatives from MRDIA, Commission on Health Care Finance, and the Part H office to assist us. We are committed to the concept of active participation from initiation and throughout the development process. To do otherwise merely delays progress. Therefore, we need your active assistance.
- ★ [5. After our last meeting with you, I sent you the Managed Care application submitted by the Health Services for Children with Special Needs as well as the Coalition's correspondence

★ [concerning this proposal. At the time of our meeting, you stated that you were unaware of this one hundred million dollar sole source contract. Now that you have the materials, we would like to discuss it.])) ?

6. The Coalition wants to actively assist your agency in redesigning services so that consumers receive the highest quality of life at costs that are reasonable and affordable to the District. To do so, we need to develop a team approach with the government. Commenting on materials after they have been developed results in delays and or wasted efforts. Working together from the initiation will make for better products with full support from all parties. We would like to discuss your ideas concerning our involvement in future activities.

7. We continue to hear about the medicaid "waiver". First we hear there is no support for it. Then we hear it is already written and MRDDA had full participation. Then again we hear that MRDDA denies ever seeing it. The bottom line is that we want to help write it. The secretive nature of this activity is not helping our relationship nor the quality of life of consumers who need these potential services. Again we would like to discuss our active participation in the development of these needed services which we believe will reduce the government's current spending.

Again I want to thank you for your efforts to include the Coalition in the planning of services related to the cost reimbursement guidelines. The membership is eager to assist you in other ways. Hopefully, our next meeting can be the beginning of that process.

To schedule a meeting, I can be reached at St. John's Community Services, 338-3726. Correspondence can be mailed to 4880 MacArthur Blvd., N.W., Washington, D.C. 20007 or fax to 298-8065.

Sincerely,

Thomas F. Wilds
President

cc: Frances Bowie
A. Sue Brown
Providers

Deana -
Per Email
CHR

**District of Columbia
Proposed Medicaid Managed Care System for Disabled Children
and Youths with Special Needs**

Summary

The District requests a 3-year research and demonstration waiver from the Health Care Financing Administration (HCFA) to implement a Medicaid managed care initiative for approximately 2,600 children and youths with complex medical needs. The District seeks prompt HCFA approval for the following reasons:

- children face many access barriers under the current Medicaid fee-for-service program and, therefore, are not assured of receiving clinically appropriate, quality care;
- no data exists on managed care for this population;
- federal and District funds are being inefficiently spent to finance care for children in a fragmented delivery system;
- no additional federal funds are necessary to implement the District's initiative, which will produce federal and District budget savings; and

Program Description

Children and youths up to age 22 who reside in the District, are Medicaid recipients, and receive Supplemental Security Income disability benefits will be enrolled in this initiative. The District will contract with Health Services for Children with Special Needs, Inc. (HSCSN), a nonprofit managed care company, to serve the children during the demonstration period. HSCSN will arrange for and coordinate all health care and support services for its members. These services will include individualized assessments and care plans, medical appointment and transportation scheduling, and a basic home telephone provision. Care will be provided through a network of community providers who contract with HSCSN.

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Endorsements

Mayor Barry, Representative Norton, and other locally elected officials have endorsed this initiative.

More than 22 national disability advocacy groups have endorsed this initiative (see attached letter).

Over 200 community providers serving children with special needs throughout the Washington metropolitan area have signed contracts with HSCSN, including Howard University Hospital, Greater Southeast Community Hospital, and the Hospital for Sick Children.

Chronology of Major Events

March 17, 1994	District's waiver application submitted to HCFA
April 11, 1994	HCFA informs the District that the review process would take four to six months before a final decision could be made
June 8, 1994	HCFA sends the District a letter outlining more than 70 issues/concerns/questions regarding the waiver application
June 29, 1994	District submits to HCFA responses to the issues/concerns/questions
August 5, 1994	HCFA awards the District a one year, \$150,000 development grant that outlines 10 specific terms and conditions that the District must satisfy before a waiver can be approved
October 14, 1994	District submits "draft" responses to the terms and conditions to afford HCFA an opportunity for input
November 30, 1994	HCFA review team and District staff conduct a site visit to HSCSN
December 30, 1994	HCFA sends the District further issues/concerns/questions
January 31, 1995	District submits to HCFA detailed responses to all issues raised in the HCFA correspondence dated December 30, 1994

**District of Columbia
Managed Care System for Disabled Children and Youths
with Special Needs**

Standards of Performance

- CLINICAL
- CONTINUUM OF CARE
- MEMBER RIGHTS AND RESPONSIBILITIES
- QUALITY IMPROVEMENT
- MEMBER EDUCATION
- UTILIZATION MANAGEMENT
- MEDICAL RECORDS
- CREDENTIALING
- CLAIMS PROCESSING

CLINICAL

Standard of Performance: All pregnant members will receive prenatal care within the first trimester.

Monitor: Annually, audit member records for referrals, encounter forms, and follow-up visits to obstetrician services (60% compliance in the first year and 80% within 18 months or two years).

Standard of Performance: All sexually active or over 18 years of age female members will receive annual pap smears, pelvic exam, STD screening (including gonorrhea, chlamydia, and syphilis) and will be encouraged to get HIV screening.

Monitor: Audit member records, including claims records, of all sexually active or over 18 years of age female members for referrals and follow-up visits to gynecological services (80% compliance).

Standard of Performance: All members requiring non-oral feeding methods will have a nutrition consult semi-annually.

Monitor: Audit member records for referrals and completion of nutrition consults (90% compliance).

Standard of Performance: All members with cerebral palsy will receive a physical therapy evaluation semi-annually.

Monitor: Audit member records for referrals and completion of physical therapy evaluation (90% compliance).

Standard of Performance: All members with seizure disorders will receive a neurology consult semi-annually.

Monitor: Audit member records for referrals and completion of neurology consult (90% compliance).

Standard of Performance: All members discharged with a major affective disorder will have a follow-up visit within 30 days from discharge.

Monitor: Audit member records and check claims for mental health follow-up visits within 30 days from discharge (80% compliance).

Standard of Performance: All members discharged from acute care institutions will be seen by their primary care physician within 2 weeks.

Monitor: Audit hospital claims for discharge dates and encounter forms for follow-up visits (90% compliance).

Standard of Performance: Members will not be rehospitalized within 30 days of discharge.

Monitor: Audit claims for discharge and admission records (90% compliance).

Standard of Performance: All members with moderate or severe asthma will receive appropriate sub-specialty evaluation (pediatric pulmonologist or allergist).

Monitor: Audit members records for evaluations (95% compliance).

Standard of Performance: All members with diabetes mellitus (Type I) will receive a hemoglobin A1C at least 3 times a year.

Monitor: Audit member records for evidence of testing and results (80% compliance).

Standard of Performance: All members with sickle cell disease will receive pneumococcal vaccination and penicillin prophylaxis.

Monitor: Audit member records for encounter forms (80% compliance).

CONTINUUM OF CARE

Standard of Performance: A detailed, specific and individualized member assessment will be completed by a care manager on every child as they enroll into the program and at regular intervals of at least every six months.

Monitor: Monthly random auditing of the Enrollment Process Documentation form will be completed and signed by each member/family documenting completion of the member assessment (100% compliance).

Standard of Performance: Each member will have an individualized plan of treatment which reflects needs identified in the member's assessment. The plan is developed by a multidisciplinary team and is formally reviewed by this team at least every six months.

Monitor: Monthly random auditing of member records to assess that each member will have an individualized plan of treatment that reflects needs identified in the assessment and that is developed and signed by a multidisciplinary team within 60 days of enrollment and at least every six months thereafter (100 % compliance).

Standard of Performance: Each member will be assigned a care manager based on medical acuity and complexity of care coordination required as defined in the Care Management Assignment Policy.

Monitor: Member record audits will be conducted monthly for review of assignments based on the policy (100% compliance).

Standard of Performance: Each member will have an individualized plan of treatment that reflects the member's unique problem list, individual outcomes, needed services, and the care management monitoring plan.

Monitor: Audit of random member records will reflect that each member's plan of treatment will be developed within 60 days of enrollment, formally reviewed and modified at least every 6 months or with significant changes in health status, and monitored by the care manager at intervals prescribed in the plan (100% compliance).

Standard of Performance: Each member's health care treatment and services will be identified in the individualized plan of treatment, concurrently coordinated and monitored by the assigned care manager.

Monitor: Audit of random members plan of treatment will demonstrate the member's individualized plan of treatment reflects integration of services throughout the network and monitored for compliance by the care manager (100% compliance).

MEMBER RIGHTS AND RESPONSIBILITIES

Standard of Performance: As part of the enrollment and in home assessment process, Care Management staff will discuss the member's rights and responsibilities with the family. A printed copy of these rights and responsibilities will also be left with the member/family for future reference following the in-home assessment.

Monitor: A semi-annual random review of the Enrollment Process Documentation form will demonstrate receipt and review of appropriate materials by the member/family (100% compliance).

Standard of Performance: All members/families will receive copies of the member handbook detailing policies and procedures as they apply to member rights and responsibilities.

Monitor: The Enrollment Process Documentation form will be completed by the Care Management staff member and signed by the member/family (100% compliance required). Monthly report produced by the Care Management staff and reviewed by the Assistant VP for Care Management.

Standards of Performance: Upon enrollment and annually, care managers explain confidentiality policy and Release of Information (ROI) form.

Monitor: Member files will be audited for retained original ROI forms and a new ROI is signed annually (100% compliance).

Standard of Performance: HSCSN Care Management Department will send a satisfaction survey to 10% of members every 3 months and contact 100% of respondents answering any question "not satisfied" or "extremely dissatisfied" to begin resolution of the dissatisfaction via the concern policy.

Monitor: Surveys and responses will be audited monthly by a subcommittee with representation from Medical Affairs, Provider Affairs, and Care Management for dissatisfaction responses with resolution (100% compliance).

QUALITY IMPROVEMENT (PERFORMANCE ASSESSMENT AND IMPROVEMENT PROCESS - PAI)

Standard of Performance: The written PAI process description is reviewed and if needed,

revised by the PAI committee on an annual basis. The medical director will submit a report to the Board of Directors within one month of the PAI committees review.

Monitor: Review of minutes of quarterly PAI committee meetings as well as the Board of Director meetings (held bi-monthly) to confirm changes made in the review of the written PAI Plan (100% compliance).

Standards of Performance: The PAI committee members are solicited from the health care community, the DC Department of Human Services and HSCSN staff members are recognized for their congruence in medical care practice philosophies and advocacy for child health and safety.

Monitor: Credentials of committee members will be reviewed for compliance with HSCSN standards for committee membership annually (100% compliance).

Standard of Performance: A committee will be designated and approved by the Board of Directors to provide continuous oversight of PAI activities in accordance with the PAI process description.

Monitor: The designation and approval of an oversight committee will be documented in meeting minutes and reviewed annually (100% compliance).

Standard of Performance: PAI activities will be coordinated with other performance monitoring activities and collective findings and conclusions reported to the PAI committee quarterly will be utilized in recredentialing, recontracting, and annual performance evaluations.

Monitor: Quarterly monitoring of the committee meeting minutes and annual audit of the provider files (100% compliance).

Standard of Performance: Quality of clinical care review includes provider compliance with EPSDT screening standards outlined in the Periodicity Schedule, Immunization Schedule as recommended by the American Academy of Pediatrics.

Monitor: A statistically significant sample of member records will be reviewed semi-annually for documentation regarding EPSDT and should reflect the following compliance:

- Members will be up-to-date on EPSDT examinations and immunizations six months from the effective date with the plan.(50% compliance)
- Members will be up-to-date on EPSDT examinations and immunizations 12 months from their effective date of the plan.(80% compliance)
- Individual providers or provider groups will demonstrate up-to-date EPSDT examinations and immunizations of member in 18 months from the start up date of the plan (80% compliance).

Standard of Performance: Members/families will demonstrate participation in prescribed plan of treatment.

Monitor: Semi-annual review of random sample of member records will demonstrate member/family participation in prescribed plan of treatment (80% compliance).

Standard of Performance: Transportation services coordinated by HSCSN will be timely and reliable enabling members to access prescribed medical services.

Monitor: Quarterly audit of a random sample of transportation episodes arranged by HSCSN will demonstrate on time arrival of members to appointments (90% compliance).

Standard of Performance: Member Satisfaction Surveys will be reviewed on a quarterly basis and forwarded to the PAI committee for their discussion concerning appropriate areas for quality review.

Monitor: Survey findings will be summarized and reflected in the PAI committee minutes (100% compliance).

Standard of Performance: Members and their families will have ongoing access to health promotion endeavors through health brochures, a quarterly newsletter and community education seminars produced by HSCSN.

Monitor: Telephonic patient satisfaction surveys will be conducted by member services randomly on 10% of the population on a quarterly basis. In addition, attendance sheets of community education seminars will be maintained by member services (100% compliance).

EDUCATION AND COMMUNICATION

Standard of Performance : All members will be educated how to access the network and HSCSN procedures.

Monitor: In conjunction with information system assessments, quarterly random member telephone surveys will be done by Member Services to further assess network understanding and utilization (100% compliance).

Standard of Performance : Incoming calls will be categorized to assess areas in which members request additional information (i.e. provider access, transportation, recertification, etc.).

Monitor: Monthly reports of incoming calls will be reviewed to assess areas which members require more complete information (100% compliance).

Standard of Performance : Quarterly newsletters will be sent to the members.

Monitor: Member responses to the newsletter, via calls and/or mail, will be logged in the information system. The members' input will be reviewed monthly to assess areas in which members require more information (100% compliance).

UTILIZATION MANAGEMENT

Standard of Performance: All concurrent review and preauthorization decisions are

supervised by care management team leaders who are qualified and experienced registered nurses.

Monitor: All concurrent review and preauthorization decisions are documented by a supervisor (100% compliance).

Standard of Performance: All requests for services not meeting approval criteria will be pending to the medical director for review and denial determination.

Monitor: Medical director review request forms will be completed whenever a medical director review is needed (100% compliance).

Standard of Performance: The medical director will review unresolved requests for services (i.e. when the requesting provider does not agree with the denial to authorize a specific service) with a designated physician consultant who practices the same specialty as the requesting physician and who is certified by the applicable American Board of Medical Specialties.

Monitor: All initially unresolved requests will include documentation regarding specialty physicians consulted (100% compliance).

Standard of Performance: All concurrent review and preauthorization decisions are determined according to the referral and preauthorization policies and procedures.

Monitor: Concurrent review and preauthorization decisions will be documented and randomly sampled for compliance with policies and procedures (100% compliance).

MEDICAL RECORDS

Standard of Performance: HSCSN assesses the medical record documentation of all patient care services including ancillary services through HSCSN's PAI process. These standards will include the elements listed on the Medical Record Documentation Standards as minimal requirements.

Monitor: Random medical record review will be performed at regular intervals as determined by HSCSN PAI committee (100% compliance).

Standard of Performance: HSCSN conducts periodic review and collects data regarding compliance with medical record documentation standards. Corrective action will be initiated once definitive concerns have been identified by the PAI committee.

Monitor: The PAI committee will analyze data obtained from the studies to identify concerns and situations where corrective action is necessary. This data will be measured against standards (100% compliance).

CREDENTIALING:

Standard of Performance: HSCSN policies and procedures outline those types of

practitioners who fall under the scope of the credentialing committee authority. The policies and procedures follow the guidelines of the District of Columbia and are reviewed and approved on an annual basis by the credentialing committee.

Monitor: Policy and procedures will reflect annual committee review and approval (100% compliance).

Standard of Performance: HSCSN staff utilizes the credentialing process and the HSCSN information system to perform reviews of initial verification and timely reverification of all credentialing elements.

Monitor: HSCSN staff will review reports concerning the credentialing elements and letters of notification to participating practitioners (100 % compliance).

Standard of Performance: Site visits will be made to all potential primary care physicians, obstetricians and other high volume specialists. Completed applications and information from the site survey will be reviewed by provider affairs and the medical director within two weeks of application for privileges.

Monitor: Semi-annual random review of provider file for documentation of completion of the site survey and application (100 % compliance).

CLAIMS

Standard of Performance: Claims will have an accurately computed payment amount.

Monitor: Weekly random audit of claim (99% compliance).

Standard of Performance: Complete claims will be settled within 30 days of their receipt.

Monitor: Daily tracking of reports of log time of claims processing (99% compliance).

District of Columbia Managed Care System for Disabled Children and Youths with Special Needs

Description of Program Oversight

Summary

The Commission on Health Care Finance will contract with an independent management consulting firm to provide administrative and financial oversight and performance monitoring. The contractor would act as the Commission's agent in carrying out key functions and would furnish the Commission with all reports in accordance with District and federal requirements for this waiver program. The \$150,000 grant would be used to fund the contract.

Contractor Availability

Several firms in the metropolitan area have the experience and knowledge of project management, regulatory compliance, and quality assurance and monitoring as they relate to Medicaid managed care. These firms include Lewin-VHI, Inc., Ernst & Young, William Mercer and Company, and Enquist, Pelrine, and Powell. The Commission expects that these firms will respond to the planned request for proposal.

Contractor Responsibilities

The contractor will ensure the following:

- o District and Health Services for Children with Special Needs, Inc. (HSCSN) compliance with standards of performance (e.g., quality indicators) submitted to and approved by the Health Care Financing Administration;
- o District and HSCSN compliance with administrative and financial requirements of the approved District/HSCSN contract; and
- o District and HSCSN compliance with applicable federal regulations including those regarding Medicaid and the Americans with Disabilities Act.

Standards of Performance

The contractor will receive from HSCSN, no more than twenty (20) days after the end of the first month in which children are enrolled and each month thereafter, a status report on each standard of performance. Each report will be quantified and accompanied by appropriate documentation. In those instances where a standard is not met, the report will include an explanation of the reason(s) for noncompliance. The contractor will analyze these reports and, non later than thirty (30) days after receipt, will prepare a summary document on HSCSN's performance. The summary will identify specific items that require action by HSCSN. This summary will be sent to the Commission on Health Care Finance and HSCSN.

The contractor will make announced and unannounced site visits to HSCSN and offices of providers participating in HSCSN's network. The contractor will review files and records, observe the offices, and converse with office staff. Files and medical records will be examined on a random selection basis or in regards to identified problem areas. Within thirty (30) days, the contractor will send a report detailing the findings of the prior month's site visit to the Commission on Health Care Finance, HSCSN, and/or the participating provider.

On a monthly basis, the contractor will review all member, family and provider complaints and grievances filed either with HSCSN or the Commission. The review will examine the nature of the complaints and the adequacy and appropriateness of the District's and/or HSCSN's responses and corrective actions. If additional intervention or investigation is required, the contractor will be authorized to take appropriate action. No later than the end of the following month, the contractor will prepare a summary report on complaints and grievances. This report will then be sent to the Commission and HSCSN.

Using a random sample method, the contractor will also telephone members and parents/guardians to question them on selected areas of performance. The sample findings will be incorporated into a monthly summary report.

Contract Administration

The contractor will develop a reporting system to monitor both the District's and HSCSN's performance under the approved contract. The District and HSCSN will be required to maintain internal records in order to furnish monthly reports to the contractor. The reports will summarize program data so that the contractor can evaluate compliance.

The contractor will conduct periodic audits of the District's and HSCSN's files and records. For example, the contractor will review HSCSN's internal files to determine if enrollees are in fact given the opportunity to file grievances. These files will contain written documentation of grievance hearings.

On a monthly basis, the contractor will furnish a summary report identify reporting requirements or standards that have not been met. The report will also indicate steps taken by the contractor to resolve outstanding issues.

Regulatory Oversight

The contractor will work with the Commission and HSCSN to identify relevant federal regulations governing this program. The contractor will then prepare a check list for the Commission and HSCSN detailing specific requirements. The contractor will monitor these requirements on an ongoing basis. If a requirement is not met, the contractor will immediately contact the Commission and HSCSN. A corrective action plan will be prepared by either HSCSN or the Commission and sent to the contractor for review and monitoring.

April 7, 1995

DC Waiver for Disabled Children

- o Request received March 1994
- o Would contract out managed care for disabled children with a non-profit organization "Health Services for Children with Special Needs, Inc." (HSCSN)
- o DC government's inability to answer questions about the program raised serious questions about their ability to administer the program
- o HCFA awarded the District a \$150,000 planning grant in August so that they can further refine their proposal
- o HSCSN generates negative press about the delay in approving the waiver, including a Washington Post editorial. HSCSN argues it may pull out of the waiver because it is losing money on the investment it has made so far.
- o HCFA and the District exchange questions and answers about the program.
- o In February, a group of disability advocates endorse the plan.
- o After some confusion about whether the District government was still supporting the waiver, the Mayor wrote a strong endorsement in March.
- o A Washington Post editorial writer interviewed Bruce Vladeck this week.

Questions:

- o What are HCFA's concerns about the waiver?
- o If the concern is that the District government is incapable of administering the program well, should we rely on HSCSN to do a better job with disabled children than the current system is doing today?
- o What would the District government have to do to make the waiver approvable?
- o What are the risks to disabled children if the waiver were approved?

4/7/95

DC - Prim care docs, connect to specialty, fin info
ADA compliance issues - told them how to fix

4 layers

Hosp for Sick Children - removed $\frac{1}{2}$ Bd.

Rehab hosp - premier facil - 1 yr.

Natl Ch Med Ctr.

- advocs favor

Post

CR - just LTC?!

→ List → for non-A

→ make it comprehensible to public

→ Advocates reach out

Children's uneasy?

POWERS, PYLES, SUTTER & VERVILLE, P.C.

ATTORNEYS AT LAW

THIRD FLOOR

1275 PENNSYLVANIA AVENUE, N. W.

WASHINGTON, D. C. 20004-2404

February 24, 1995

GALEN D. POWERS
JAMES C. PYLES
RONALD N. SUTTER
RICHARD E. VERVILLE
MARY SUSAN PHILP
MARK R. FITZGERALD
THOMAS K. HYATT
ROBERT J. SANER II
STANLEY A. FREEMAN
BARBARA E. STRAUB
D. BENSON TESDAHL
PETER W. THOMAS
REBECCA L. BURKE
CHRISTOPHER L. KEOUGH
IVAN J. WASSERMAN

TELEPHONE
(202) 486-6550
(202) 296-0243

FAX
(202) 785-1756

OF COUNSEL
BRUCE R. HOPKINS
JENNY A. BRODY

DONALD W. AARONSON, M.D.
CHICAGO, ILLINOIS

WILLIAM GRAY BEYER
PHOENIX, ARIZONA

JOE R.G. FULCHER
ALBUQUERQUE, NEW MEXICO

VIA TELEFAX

Lynn Margherio
Senior Policy Analyst
Domestic Policy Council
Old Executive Office Building, Room 222
Washington, D.C. 20500

Re: **District of Columbia's Section 1115 Medicaid Waiver Application for
Children With Disabilities**

Dear Lynn:

It was great seeing you last week at the White House. I'm very glad to see you're involved in disability policy. Please let me know if I can ever be of assistance to you.

Enclosed please find a letter addressed to Bruce Vladeck regarding strong disability/consumer organization support for the District's Section 1115 waiver application for a coordinated care initiative for children with disabilities. This waiver application has been at HCFA for nearly a year. A number of supporters of this waiver application are currently attempting to contact Carol Rasco to seek her support for the District's waiver application.

As a representative of the disability community, I want to be sure that Carol is aware of our perspective on this issue. Would you please consider dropping this letter on her desk or in her mailbox? I hope I'm not being crass or presumptuous by this request, but I want to make sure Carol hears from the disability community on this important issue in a timely manner. Thank you and I look forward to seeing you soon.

Sincerely,



Peter W. Thomas

February 3, 1995

VIA MESSENGER

The Honorable Bruce C. Vladeck
Administrator
Health Care Financing Administration
314G Hubert Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: **District of Columbia Section 1115 Medicaid**
Waiver Application for Children with Disabilities

Dear Dr. Vladeck:

The undersigned national consumer/disability organizations support approval of the District of Columbia's proposed Section 1115 waiver application for a three-year Medicaid demonstration project designed to coordinate health care services for children and adolescents with disabilities and chronic illnesses. This proposed initiative offers the opportunity to assess the efficacy of managed care systems for people with disabilities and chronic illnesses. We, therefore, strongly urge you to approve the District's application at the earliest possible date.

The disability community has long been suspect of the appropriateness of managed care and capitated payment systems for people requiring frequent or exceptional health care services. The District's coordinated care initiative for people with disabilities and chronic conditions, however, goes a long way to addressing many of the most contentious issues in this debate.

For instance, the District's proposed initiative would set a capitation rate per enrollee at a much higher level than the general Medicaid population. This would enable the District to provide an enhanced range of benefits including expanded preventive and primary care, expanded transportation services, care coordination and management, community health education and training, and cost-effective services such as barrier removal in the home to promote community and home-based health care alternatives.

Dr. Bruce Vladeck
February 3, 1995
Page 2

The District's initiative will also enhance access to health care services through individualized assessments of each child in the program and appointment of a primary care physician to monitor each child with an emphasis on care coordination and management of services. Access to care will also be enhanced through expanded office hours by participating providers, installation and maintenance of telephones within the homes of children in the initiative to promote primary and preventative care, and the development of a centralized computer information system to maintain comprehensive medical records on each enrollee to ensure quick and reliable access to vital medical information.

As for consumer choice of health care provider, participation in the District's proposed initiative will initially be open to all current providers serving Medicaid children and adolescents with disabilities as well as providers who are not part of the traditional Medicaid fee-for-service provider network. Thus, children in this program would not be denied access to their current providers unless those providers chose not to participate in the initiative. Due to incentives offered to encourage provider participation, such as the development of prompt payment methods, the establishment of a comprehensive computerized clinical record for each child, and transportation and telephone provisions, the initiative would likely broaden the range of providers available to children in the program.

The quality of care will also be closely monitored through quality screening, peer review, member/provider satisfaction surveys, grievance mechanisms, and most importantly, the establishment of practice guidelines and performance standards for treating the needs of this particular population. Finally, the initiative incorporates ongoing consumer/enrollee participation in the design and evaluation of services provided through the program to children and their families.

As you know, the disability community was firmly behind efforts to reform comprehensively our nation's health care system. With comprehensive reform unlikely in the new Congress, the disability community will seek to accomplish its health reform agenda, at least in part, through the Medicare and Medicaid programs. In this case, we believe the positive aspects of the proposed initiative far outweigh any countervailing concerns. For instance, the disability community is generally opposed to mandatory enrollment in Medicaid managed care plans. This initiative, however, will not deny enrollees access to their current Medicaid providers, will allow plan participants to disenroll from the program after a brief period of time, and uses mandatory enrollment to protect against adverse selection, which could jeopardize the viability of the entire initiative.

Dr. Bruce Vladeck
February 3, 1995
Page 3

We urge you to approve this waiver application with strong beneficiary protections, quality assurance standards and aggressive enforcement of the terms and conditions of the approval at your earliest possible opportunity. This community-based initiative should be given a chance.

If we can be of any assistance in this process, please do not hesitate to contact Peter W. Thomas at (202) 466-6550. Thank you for your consideration.

Sincerely,

American Foundation for the Blind
American Network of Community Options & Resources
American Parkinson Disease Association
American Rehabilitation Association
Amputee Coalition of America
Center on Disability and Health
District of Columbia Arc (Association for Retarded Citizens)
Epilepsy Foundation of America
Federation of Families for Children's Mental Health
Justice for All
Learning Disabilities Association
National AIDS Policy Center for Children, Youth & Families
National Association of Developmental Disabilities Councils
National Center for Learning Disabilities
National Council on Independent Living
National Head Injury Foundation
National Mental Health Association
National Multiple Sclerosis Society
National Parent Network on Disabilities
Real Health Care for All
Research Institute for Independent Living
Spina Bifida Association of America

• **Solicitor General To File Merits Brief in Babbitt v. Sweet Home Chapter of Commerce:** The Solicitor General will file a brief on the merits in this case on February 21 on behalf of the Secretary of the Interior and the Director of the Fish and Wildlife Service. He will argue that the Supreme Court should reverse the ruling by the D.C. Circuit and uphold the facial validity of a regulation issued by the Secretary elaborating upon the Endangered Species Act's prohibition against the "taking" of an endangered or threatened species.

Department of Health and Human Services

• **Reinventing Government:** The Department's efforts to improve customer service this week included two events: the kickoff of the "Kid's Label Literacy Campaign," and the mailing of the first PEBES (personal earnings and benefit estimate statements): The Kid's Label Literacy Campaign is a private/public effort to promote understanding among young children about the food label, to help them make wise food choices. On February 22, David Kessler and Secretary Shalala will visit a local school to highlight the campaign. The PEBES, which provides estimates of Social Security retirement, disability, and survivors benefits that a worker and his or her family may be eligible for now and in the future, is a financial planning tool that will help American workers plan for retirement. The first PEBES mailing went out yesterday.

• **District of Columbia Seeks to Trim Medicaid Budget:** Representatives of the Department's Health Care Financing Administration plan to meet with District of Columbia staff next week to discuss the impact of D.C.'s financial crisis on its Medicaid program. The Department will propose a technical assistance "SWAT" team approach to help the District identify and categorize their Medicaid program's strengths and weaknesses and to recommend steps to operate the Medicaid program more efficiently.

Bill G: fyi • **Health Education Deadbeats to be Published:** On or about March 1, the Health Resources and Services Administration will again list in the Federal Register doctors, dentists, podiatrists and chiropractors who have not paid back their medical loans under the HEAL -- or Health Education Assistance Loan -- program. Publicity in the past has spurred repayment.

• **Department to Release Guidelines to Encourage HIV Testing During Pregnancy:** From February 22 through February 24, NIH, FDA and CDC will jointly sponsor a conference on HIV infection in women. At the conference, CDC will unveil draft guidelines that call for HIV counseling and voluntary testing for all pregnant women and the use of AZT by HIV-infected women.

Meeting between HCFA and the District of Columbia
April 13, 1995

Introduction

This paper seeks to clarify for the District the major issues that must be resolved before we can approve D.C.'s demonstration proposal. We feel that all other issues are of a lesser magnitude and can be addressed in the process of drafting terms and conditions of the approval. Wherever possible, we have made suggestions as to how the District might address the concerns we have raised.

We are committed to working with the District to finalize the development of this demonstration proposal. However, some significant issues remain, and the resolution of these issues is essential to assuring that disabled children in the District of Columbia receive access to quality health care services. We feel that it is essential, given the particular vulnerability of this population and the fact that HSCSN has little experience with either managed care networks or services to this population, to assure the success of this program.

The Americans with Disabilities Act and Beneficiary Choice

As we have previously expressed, we are very concerned that the District's proposal fails to comply with the Americans with Disabilities Act. This is explained in greater detail below, and possible solutions are offered.

- o In order to demonstrate compliance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act, the District of Columbia must show that a separate program is necessary to provide children who are disabled services that are "equally effective." Based on your representations, we do not believe that this issue should preclude Departmental approval at this point.
- o However, another requirement of the ADA is that individuals with a disability may not be required to accept a specialized service. Reviewing your program, we believe that children who are disabled must be allowed the opportunity to decline participation in a special program. Given this perspective, HCFA requests that the demonstration design be modified to allow disabled (SSI eligible) children the choice of: (1) enrolling in Health Services for Children with Special Needs (HSCSN); or (2) remaining with the District's existing fee for service system. Those SSI eligible children whose families do not exercise their option to choose between either HSCSN or the fee for service system could be assigned to the HSCSN managed care program by default.

vs
other
managed
care

Alice's agent - Lew

3-4 x - many go round

Alice/Carol - Carper

Del - middle time

Vermont

Signal?

JC → letter to Prot

Xyz to do

date wa ~~over~~ vs cash

vol ear → for problems

- o Consistent with the ADA, we do not believe that your enrollment and disenrollment policies can be more restrictive than those that exist under the current Medicaid managed care program. Therefore, HCFA proposes that those children/families choosing to enroll in HSCSN would be allowed the opportunity to disenroll more flexibly. Specifically, families/children who choose to enroll in HSCSN will remain (be locked-in) with the Plan for 6 months. They will be afforded the opportunity to disenroll at any time during the initial 6-month period for good cause, and at any time (and for any reason) thereafter. Those families/children who do not actively choose HSCSN membership, but are assigned to the program by default (failure to make a choice), will be provided the option to disenroll: (1) during the first 45 days of membership for any reason; (2) during the initial 6-month period (inclusive of the preliminary 45-day window) for good cause; and (3) at any time (and for any reason) thereafter. Families choosing to remain in fee for service would be allowed to enroll in HSCSN at any time.

Beyond the provisions of the ADA, we have great concerns about requirements that every special needs child must enroll in this plan. We think it is unreasonable to deny this vulnerable population the choice of continuing with providers who may be serving them well.

Service Delivery

In order to be confident that the proposed health service delivery network for this demonstration project is sufficient to meet the needs of children who are disabled, we need more information from you on the number and type of network providers available to serve these children.

- o In an earlier response to our questions, you gave us a list of contracted primary care providers (PCPs) which stated that each PCP would be able to serve 100 SSI children. We are concerned that this ratio is not realistic, particularly as some PCPs will also be continuing to serve their current patients. The review team requested in a letter dated December 30, 1994 that the District submit information for each contracted PCP regarding how many SSI-eligible children (the target population) that PCP is currently serving, and how many new children each PCP would be able to accept on her or his patient panel. This will facilitate determination of the availability of PCPs for children expected to enroll in the demonstration. Having reviewed the list you provided, we are also concerned that some of the physicians who would serve as PCPs are somewhat narrow specialists who may not be appropriate PCPs.

- o Both the types of specialists as well as their capacity to provide services to the number of children expected to enroll need to be described. This requirement pertains to the children's diagnostic categories and their need for care by certain types/categories of specialists. To assist in determining the adequacy of the service provider network, it would be helpful if the District could provide a description of the children expected to enroll with respect to their disabling conditions and medical complexities.

HCFA has identified two well-regarded clinical specialists with expertise in caring for this population. We strongly urge the District to use some of its development grant monies to hire one or both of these specialists to help them determine an adequate PCP/Specialist/patient ratio.

Payment/Budget Neutrality

Before the waiver cost estimate can be reviewed and approved, we need additional information and clarification of the payment rates and the budget baseline. There are four primary issues in this area, which are described below:

1. In the course of the development of this proposal, there have been a number of instances of costs being excluded from the demonstration and then included with no change to the capitation rates or the resulting waiver cost estimate. For example, in the first waiver cost estimates and capitation rates, the District excluded the costs of children with HIV/AIDS and with a primary diagnosis of mental illness because they planned to exclude these populations from the demonstration. When the District agreed to include these approximately 200 children in the demonstration (so as to be in compliance with the Americans with Disabilities Act), no adjustments were made to the capitation rate or the with-waiver cost estimate. Similarly, the exclusion then later inclusion of ICF/MR, nursing facility, and inpatient psychiatric care services from the demonstration are not reflected in the District's with-waiver cost estimates.
2. It is our understanding that HSCSN proposes to reimburse providers via a fee schedule for the first year, with the possibility of capitation reimbursement for procedures during the second and third years (providers who have met with HCFA have indicated verbally that the initial payment method could be changed as early as three months into the demonstration). It is likely that these modifications will affect budget estimates, HSCSN's viability, and the adequacy of the provider network. It is therefore essential that we be able to validate your methodology for paying providers in the second and third years of the demonstration before approval of the demonstration.

3. Per 42 CFR 434.23, the District must specify the actuarial basis for computation of the capitation rate, and demonstrate that the capitation fee and any other payments do not exceed the upper payment limits.

HCFA proposes that the District consider engaging the services of an actuary to review and attest that the reimbursement methodology and capitation rate have been developed appropriately. HCFA can assist the District in locating a qualified and acceptable actuary to perform this analysis, and it would be appropriate to use the developmental grant funds for this purpose. HCFA could also provide technical assistance in the development of capitation rates and the demonstration waiver cost estimate, primarily through use of Regional Office audit staff.

4. It is unclear what the base year should be for purposes of budget neutrality, given that the District has only been audited through 1990 and as of 1990 had made significant provider overpayments that need to be reflected in the base. The base, trend factors, and procedures for adjustments required after completion of audits for later years need to be determined for both the waiver cost estimate and the capitation rate. We propose to hold a separate meeting between HCFA financial specialists and representatives of your choice to move forward on this issue.

QA/Monitoring

- o The District has proposed to contract with one or more independent organizations to conduct Quality Assurance monitoring and to provide assistance with required administrative and fiscal oversight, and to use HCFA's developmental grant to fund these contracts. While it is acceptable for the District to contract for these services, these activities should be funded through the District's Medicaid budget, using the administrative match. HCFA believes that these functions are part of the day-to-day operational activities of the demonstration and not part of its development. As such, the District should contribute its share of the cost of these operational functions, as it does with other Medicaid programs. While we recognize the District's current financial situation, the one-time developmental grant will not substitute for an ongoing commitment by D.C. to fund necessary monitoring of the provision of services to disabled children.

- o The District stated in its original proposal that the District's Commission on Health Care Finance must review and approve all subcontracts under HSCSN. However, revised materials submitted by the District propose that once HSCSN has submitted subcontracts for review and approval by the District, the Commission on Health Care Finance has 15 days to respond. If the District/Commission does not respond within 15 days, the subcontract is deemed to be approved. We believe that it is essential for the District to review and comment on the subcontracts, and would object to a deemed approval process. In addition, we have not yet received the update we requested in our December 30, 1994 letter to the District on the District's review of HSCSN's subcontracts.

Services Provided in the Demonstration

Children enrolling in the demonstration, as well as their families need to clearly understand the services covered and any service limitations and exclusions. Therefore, the specific level of services to be provided to HSCSN members (and any limitations and exclusions) must be sufficiently developed, either in the form of an Evidence of Coverage (EOC) or through a strengthened Member Handbook that could serve as an EOC.

The District's most recent submission included a 2-page attachment to the Member Handbook, which provides a brief benefit summary and list of exclusions and limitations. However, in order to provide sufficient information to children enrolling in the demonstration and their families, you need to develop a comprehensive listing of all required Medicaid services, optional services covered by the District's State Plan, all services required under EPSDT, and additional services to be provided by HSCSN as a part of the demonstration.

call Potaski

THE WHITE HOUSE
WASHINGTON

4/10

Joanne Kaufman
Phyllis Nagy HCFA

"prel. discussion"

no timeline

begin ...

no evidence of coverage
- have it!

Not @ liberty

Gave us 1:37, we've had it
since 2/15

meeting
today to
finalize

THE WHITE HOUSE
WASHINGTON

4/13

Kathy Neas

Not great

Worse than current

Care too restrictive

- rehab services

- disenroll → no

reenroll for 6 mos.

- HSC monitors itself

Randy Rutt