QUESTIONS AND ANSWERS
TO THE
APPLICATION FOR PARTICIPATION

Procurement of
Specialty
Prepaid Health Plans

PART III
February 7, 2002

This is the third and last in a series of answers to questions received in response to the Application for Participation issued by the Michigan Department of Community Health on January 3, 2002. Any corrections to this document will be posted on the MDCH web site.

General Information on Application Requirements

1. Will the MDCH commit to the fact that they approve pooling of GF and Medicaid from three affiliates with capability for common settlement (i.e., affiliation can settle as one entity)? Will the three affiliates jeopardize their status as CMHSPs (i.e., will the MDCH still consider each affiliated board as a legal CMHSP if we pool and settle Medicaid and GF commonly)? Will the MDCH add to or recommend this as boilerplate contract language and, if so, when?

MDCH is curious how a funding arrangement would jeopardize the legal status of a CMHSP. The Mental Health Code identifies the status of a CMHSP and financing is not part of that status. The Application for Participation and contract do not create pooled funding for affiliations, nor do we believe MDCH has the authority to do so. We do, however, believe that the legal arrangements that CMHSPs use in creating affiliations can provide a basis for shifting funds and responsibility to a Prepaid Health Plan, and this would seem to be a form of pooled funding, and capable of achieving the benefits of pooled funding. The contract will be with the Prepaid Health Plan, and settlement will occur with and be the responsibility of the Prepaid Health Plan.

2. The conflict between the applicability of GASB 10 and our ability to comply with it (i.e., Insurance Code regulations) - It is not possible for the PHP to be certified by the Insurance Commissioner of the State of Michigan, and thus we are not able to comply with GASB 10. Also, it is our understanding that we are not currently, by state law, allowed to pool risk with other CMH boards.

Statement 10 does not establish an expectation that Prepaid Health Plans are licensed or certified under the Insurance Code. Governmental Accounting Standards Board Statement 10 also covers risk pools that do not involve any transfer or pooling of risk among pool participants. Comments should be placed in the "narrative" portion of the response which reflect how management or legal counsel interprets agreements, Mental Health Code, and the applicability of Statement 10, where appropriate.

3. Are we required to be able to send and accept all other ASC X12 health care transactions? If so, please specify which of the other eight transactions will be required, and the due date for each.

CMHSPs and Coordinating Agencies will receive further clarification regarding electronic formats in official Medical Services Administration communications.

4. **3.10.9 (also relates to 3.11.8) - Will MDCH please clarify the exact requirements for UBP compliance, by answering the following questions and providing any other pertinent details and dates?**

   CMHSPs and Coordinating Agencies will receive further clarification regarding electronic formats in official Medical Services Administration communications.

5. **Will the PHP be allowed to "subdivide" the ISF between substance abuse and mental health, as they do now? (Total ISF combined would not exceed 7.5 percent.)**

   There continues to be a requirement to maintain substance abuse and mental health risk reserves separately.

6. **The AFP requires applicants to comply with the terms and conditions of the Draft Self-Determination Policy. As part of this policy, applicants are required to provide consumers the option of permitting consumers to be "Employer of Record" under the Choice Voucher program. Although we support self-determination, we question whether the department can mandate this provision as part of the AFP process, particularly if it is unknown whether CMS has sanctioned this. Has CMS given the department approval to permit consumers to serve as Employer of Record under the 1915(b) and (c) waiver authorities? Although the Mental Health Code permits the use of vouchers, Medicaid law preempts state law as it pertains to the Medicaid State Plan and waiver programs. If CMS approval has not been obtained, we recommend that this particular item in the AFP be removed.**

   MDCH has submitted these materials to CMS for review. CMS asked questions to clarify their understanding of these documents. At this point, CMS has no additional questions or concerns.

7. **In the third box for 3.12.1, on page 78, reference is made to "with support from all existing agencies". To whom does this specifically refer? The CA and Area Affiliations? Local substance abuse providers? Others?**

   Public Act 368 of 1978, as amended, requires approval of any Coordinating Agency designation by the department. Therefore, support from those counties to be included in the designation are vital. Other groups whose support is of importance, but not mandated, should include, but are not limited to, impacted Coordinating Agencies, substance abuse providers,

multi-purpose collaborative bodies, advocates, community groups, local public health agencies, the criminal justice system, family independence agencies, and consumers.

8. **Page 123 talks about the access standards for substance abuse. One of the concerns raised was the fact that there is no control if clients go to treatment within the recommended time frame and CAs were being measured against this. Therefore, the performance indicator standards for this year added the information that an appointment was <u>offered</u> within the 24 hours for urgent situations and 7 days for non-urgent. Will this information be considered when reviewing Access Standards for the PHP? Should this information also be reported?**

   Yes.

9. **Do Appendix have to be in Arial 12 point bold, either legal documents such as the affiliation agreement or narratives such as the vision and values statement in Appendix 1.9?**

   Applicants do not have to convert the margins or font on any existing documents. Simply include the documents as they exist. Any new documents created for the Application for Participation must have a minimum of one inch margins on all sides and must be standard Arial 12 point, single spaced, but need not be in bold print.

10. **In affiliations in which the GF funds will not be assumed by the hub, it is critical that MDCH: a.) Have a contract for the receipt and use of GF funds by each spoke. b.) Allow the portion of the spoke's ISF that is related to the GF risk corridor to be retained by the spoke or transferred to the hub at the discretion of the affiliation. Will the department clarify how it will ensure these two events take place?**

    At this time, MDCH expects to contract with a non-Prepaid Health Plan CMHSP for services to non-Medicaid people if that CMHSP has not given this responsibility to a Prepaid Health Plan. In this situation, and assuming the risk provision remains similar to the current contract, the CMHSP would be able to retain general fund formula funds and corresponding local match that existed in an established risk-related Internal Service Fund, up to the level that the CMHSP could justify according to Governmental Accounting Standards Board Statement 10.

11. **In 3.2.4., what plan does the applicant need to have in place to indicate it meets the standard (and can check the box)?**

    This is really the plan to develop an Independent Facilitation Plan within the next several months. The Independent Facilitation Plan must address the bullets included in section 3.2.4.

The Independent Facilitation Plan is not expected to be developed by the time of application; it must be developed prior to October 1 and have an implementation date of October 1, 2002.

If the applicant checks the box it indicates that a written plan is in place outlining how it will develop the option for independent facilitation. This plan should include information on how a group of consumers, families, and stakeholders (with at least 50 percent of this group being primary consumers) will be involved in the process. Planned activities, including meetings and work product development, including time lines, should be included in the plan.

12. How do I know if I have a PCP policy approved by MDCH?

You can look at your site review reports for the period October 1, 1998, through September 30, 2001, under section C – Person-centered Planning.

13. The instructions refer to margins fixed at 1" all around and Arial 12 point bold font. Is this required for all appendices also?

No. The text boxes within the AFP are preset to Arial 12 point bold to highlight the distinction between questions/statements that are part of the application and responses provides by bidders. In any appendices, you may use any font and point size you wish.

Keep in mind that each appendix page should be clearly labeled as to which question/ statement it supports and do not share -- if you need the same table as part of the response for two items, include it twice. Also keep in mind that small fonts and hard to follow appendices run the risk of hiding the required detail from the scorers. If they cannot read it, they cannot give credit for it. If you get below 8 point font, you probably should reconsider what you have included or how you have constructed the table or diagram.

14. Item 3.10.3 refers to "identifying claims payment rates". Please clarify.

The topic is the rate at which claims are paid. You could work with either the percentage of claims paid within 30/60/90/etc. days or the percentage of claims dollars paid within 30/60/90/etc. days. This question is not about how much you pay for a particular service, but rather it is about how effectively you track your system's ability to process claims. Be wary of systems that refer only to "clean claims paid". Why are the others not clean and what is being done to get better claims? Classifying claims into "clean" and "other" shifts the blame, but does not address the problem.

15. Should the plan be in the appendix or in the AFP next to the question? What if the plan includes a table or chart?

Plans and text belong next to the question in the AFP and in the text box provided. If a particular response requires a table or artwork that cannot be placed in the text box provided, it should be in an clearly labeled appendix. The plan still belongs next to the question. There is a clear, two-page limit on plans for most responses. Placing the plan in the appendix does not get around this limitation. Two pages of text -- in the document, next to the question -- and any charts, tables, graphics in the appendix is pretty clear. Moving the text to the appendix to avoid the 12 point bold Arial limitation is going around the rules rather than following them. Please expect a strict interpretation of the instructions.

16. Some questions indicate that a table or chart should be provided. This seems to conflict with the instruction to either check the box or explain why you cannot check the box.

In these, fairly rare, cases you must include the table or chart, if you check the box indicating that you provided the table or chart. Question 3.10.2 would be an example.