

Closure of Community Alternative Funding System (CAFS) Program FACT SHEET

Program Operation:

The Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD) operates the Community Alternative Funding System (CAFS), also referred to as the Habilitation Center Program, under a federally approved Medicaid state plan. The approved plan defines the requirements for service delivery and coverage. The state implements the state plan through the promulgation of Ohio Administrative Code rules.

The Ohio Department of Job and Family Services submitted a state plan amendment to the federal Center for Medicare and Medicaid Services (CMS). This submission initiated a discussion with the federal Centers for Medicare and Medicaid Services about the program.

History

The CAFS program began in the early 1990's. It was designed as a financing mechanism to draw down federal money into Ohio to help pay for services which were already being provided by County Boards of MR/DD. Eventually it was expanded to include services being provided to some children in Ohio's special education classes. Services to both of these groups are expensive and the need is great. Since it began, CAFS has paid out nearly \$2.5 billion, about \$1.5 billion coming from the federal government.

CAFS pays for three kinds of services:

- day program services for people enrolled on a Home and Community Based Waiver;
- day program services for people who live in Medicaid MR/DD (ICF/MR) facilities;
- and therapy services for children in special education classes in about one third of the public schools in Ohio.

Federal Compliance Concerns:

In August of 2004, CMS sent a document to the Ohio Department of Job and Family Services (ODJFS) that outlined several areas of non-compliance in the structure and processes that are the framework for the Community Alternative Funding System (CAFS) program. The result of these findings is the closure of the CAFS program effective June 30, 2005.

Areas of non-compliance cited by CMS related to the CAFS program include:

- Free Choice of Provider
- Habilitation Center Certification and Contracting Requirements
- Establishing Eligibility Based on a Required Plan of Care
- Cannot Require Plans of Care for State Plan Services
- Comparability- Eligibility Cannot be Limited to Only Those Individuals with MR/DD
- Bundling of Services
- Variations in Rates
- Service Definitions

Closure of Program:

The compliance concerns raised by CMS resulted in the need to either a) substantially expand CAFS, which would require a significant increased expenditures of State funds, or b) end the CAFS program. Fiscal constraints at both the state and local level resulted in the difficult

decision by the State to end the CAFS program. ODMR/DD, ODJFS, OBM and the Governor's Office are in support of the legislative initiative in HB66 to repeal all statutes relating to habilitation centers. ODJFS negotiated with CMS to ensure continued funding of CAFS services through June 30, 2005.

Description of Compliance Concerns :

- **Free Choice of Provider:** Federal law requires that recipients have free choice of any qualified willing provider. CMS asserted that CAFS services in schools limit the recipient's access to services provided by private providers.
- **Habilitation Center Certification and Contracting Requirements:** CMS stated that providers cannot be required to contract with an entity other than the single state agency (ODJFS) prior to billing for Medicaid services.
- **Cannot Require Plans of Care for State Plan Services:** CMS stated that plans of care such as Individualized Service Plans (ISPs) or Individualized Education Plans (IEPs) cannot be a requirement for coverage of Medicaid state plan services.
- **Comparability- Eligibility Cannot be Limited to Only Those Individuals with MR/DD:** CMS stated that states cannot limit state plan services to individuals with a mental retardation or developmental disability (MRDD) diagnosis, nor by disease or condition.
- **Bundling of Services:** CMS stated that states may not bill for services at a bundled rate (such as with Active Treatment & Skills Development and Supports (SDS) services) when there is a discrete HIPAA code that can be utilized.
- **Variations in Rates:** CMS asserted that the variation and range in rates was unreasonable.
- **Service Definitions:** CMS asserted that the inclusion of Active Treatment, SDS, delegated nursing and delegated psychology in the SPA and rules was an unallowable expansion to the program.

Accessing Services:

- Consumers who are residents of an Intermediate Care Facility for the Mentally Retarded (ICF/MR) will continue to be able to receive the Active Treatment service through their ICF/MR after June 30, 2005.
- Consumers who are enrolled in Home and Community Based Services (HCBS) Waivers will continue to be able to receive the Skills Development and Support (SDS) service through certified waiver providers after June 30, 2005.
- Consumers who do not reside in an ICF/MR facility or who are not enrolled on an HCBS waiver may continue to receive professional therapy services through the use of the Medicaid Card. These professional therapy services (e.g. OT, PT, Speech/Language) are those currently available to all Medicaid eligible consumers.
- If you are a consumer receiving professional therapy services through your school, the Department of Job and Family Services is exploring short and long term service options in addition to those professional therapy services already available to all Medicaid eligible consumers.

Consumers who seek services from a Medicaid Provider would need to meet the medical necessity criteria in order for Medicaid to cover the service. Outlined in the chart below are the service and provider types available under Ohio’s Medicaid Program.

| Service | Provider Type |
|------------------------------|---|
| Physical Therapy | Medicaid fee-for-service clinic, a physician, an independent physical therapist, the home health provider or outpatient hospital |
| Occupational Therapy | Home health provider or outpatient hospital |
| Speech Therapy and Audiology | Medicaid fee-for-service clinic, home health provider or outpatient hospital |
| Psychology | Medicaid fee-for-service clinic, community mental health center/clinic, independent practicing psychologist, outpatient hospital. |
| Counseling/Social Work | Physician, outpatient hospital |
| Nursing | Medicaid fee-for-service clinic, physician, Home health provider |

For more information about these services and the respective Medicaid provider qualifications, refer to the “Rehabilitation Services Table” posted at: <http://jfs.ohio.gov/ohp/>.