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ISSUE BRIEF

The Role of Specialized Managed Care

In Addressing the Intersection of Child Welfare Reform and Behavioral Health Transformation

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Introduction

Children are in crisis nationally at levels never seen before. In every community, children are languishing in emergency departments (EDs) and child welfare offices because too few beds are available to treat them. As a response, in federal fiscal year (FFY) 2023, the Substance Abuse Mental Health Services Administration (SAMHSA) awarded Transformation Transfer Initiative (TTI) funding to states and territories focused on implementing and expanding 988 access and crisis services for children and adolescents.

This is one of the top issues facing the TTI projects focused on children and adolescents this year. State child welfare, Medicaid, and behavioral health agencies often serve the same children, youth, and families in crisis. Given the increased need for services for children and youth with high acuity conditions or serious emotional disturbance, it is important that child welfare, Medicaid, and behavioral health collaborate effectively. Yet these three systems are siloed at the governance, service array, and financing levels, leading to poor outcomes.

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Health Management Associates (HMA) developed this series of issue briefs to give technical assistance to these TTI projects to improve the need for child welfare, Medicaid, and behavioral health systems to better work together to tackle these issues.

This issue brief explains how specialized managed care plans can ensure better alignment between child welfare and behavioral healthcare services. The role of special needs plans for the delivery of coordinated care is emphasized. State and county leaders are advised.

Highlights

- Children and youth at the greatest risk for suicide and with the most acute needs are being admitted to emergency departments and residential care facilities at an unsustainable rate because of a dearth of community-based services.
- Specialized managed care plans can help fill the void by incentivizing the provision of more well-coordinated child welfare and behavioral healthcare services.
- Three states—Washington, Arizona, and Ohio—can serve as exemplars of how Medicaid special needs plans can be implemented.
- States are advised to start with a clearly defined, limited population and scale up at a pace that allows them to make necessary adjustments over time.

Background

The needs of children who have complex behavioral health conditions demands the attention of state Medicaid, behavioral health, and child welfare leaders. In 2021, the American Academy of Pediatrics (AAP) declared youth mental health to be a national crisis,[1] and the US Surgeon General issued a formal public health advisory.[2]

Suicide is now the second leading cause of death among children, adolescents, and young adults (ages 10−24),[3] and overdose death rates have skyrocketed 500 percent among adolescents and young adults ages 15 to 24 since 1999.[4] Over the past decade, child and youth emergency department use for mental health reasons has doubled, and visits related to suicide attempts have increased fivefold.[5] Recently published research found that children with Medicaid coverage were twice as likely to experience psychiatric boarding when such admissions surged during the pandemic, though ED boarding rates had been rising since 2001.[6]

Though 80 percent of children and youth in foster care experience significant mental health issues, only one in three turns to community-based behavioral health services,[7] and 10 percent of the national foster care population has been placed in institutional settings—places they often describe as "prison-like and punitive" and "traumatic."[8] Such programs account for an outsize proportion of Medicaid spending that can be reallocated to improved community-based care delivery. Indeed, children and teens ages 3−17 who have mental health conditions account for 19 percent of the total Medicaid population and 55 percent of all Medicaid spending.[9]

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[1] American Academy of Pediatrics. AAP-AACAP-CHA Declaration of a National Emergency in Child and Adolescent Mental Health. October 2021. Available at: https://www.aap.org/en/advocacy/child-and-adolescent-healthy-mental-development/aap-aacap-cha-declaration-of-a-national-emergency-in-child-and-adolescent-mental-health/. Accessed September 26, 2023.

[2] US Surgeon General. Protecting Youth Mental Health: The U.S. Surgeon General's Advisory. December 2021. Available at: https://www.hhs.gov/sites/default/files/surgeon-general-youth-mental-health-advisory.pdf. Accessed September 26, 2023.

[3] Centers for Disease Control and Prevention, National Center for Health Statistics. National Vital Statistics System, Mortality 2018-2021 on CDC WONDER Online Database, released in 2023. Data are from the Multiple Cause of Death Files, 2018-2021, as compiled from data provided by the 57 vital statistics jurisdictions through the Vital Statistics Cooperative Program. http://wonder.cdc.gov/mcd-icd10-expanded.html.

[4] National Center for Drug Abuse Statistics. Drug Use Among Youth: Facts & Statistics. Available at:

https://drugabusestatistics.org/teen-drug-use/#:~:text=21.3%25%20of%208th%20graders,illicit%20drugs%20in%20one%20year. Accessed September 26, 2023.

[5] JAMA.2023;329(17):1469-1477.doi:10.1001/jama.2023.4809

[6] Herrera CN, Oblath R, Duncan A. Psychiatric Boarding Patterns Among Publicly Insured Youths Evaluated by Mobile Crisis Teams Before and During the COVID-19 Pandemic. *JAMA Netw Open*. 2023;6(7):e2321798. doi: 10.1001/jamanetworkopen.2023.21798.

[7] National Conference of State Legislatures. Mental Health and Foster Care. 2019. Available at https://www.ncsl.org/human-services/mental-health-and-foster-care. Accessed September 26, 2023.

[8] Fathallah S, Sullivan S. Away From Home: Youth Experiences of Institutional Placements in Foster Care, Think Of Us. https://assets.websitefiles.com/60a6942819ce8053cefd0947/60f6b1eba474362514093f96_Away%20From%20Home%20-%20Report.pdf

[9] Doupnik SK, Rodean J, Feinstein J, Gay JC, Simmons J, Bettenhausen JL, Markham JL, Hall M, Zima BT, Berry JG. Health care utilization and spending for children with mental health conditions in Medicaid. *Academic Pediatrics*. 2020;20(5):678–686.

Common Limitations and Barriers to Community-Based Care and Services

Overreliance on hospital and residential care for the growing population of children and youth with acute needs correlates to limitations in community-based systems of care. Children and youth with multiple and complex behavioral healthcare conditions and their families often experience untenable circumstances, which impede their ability to access needed services and supports. Children and youth who are at risk of or are experiencing a serious emotional disturbance, as well as young people who may have co-occurring physical health needs or developmental disabilities, are increasingly experiencing the adverse consequences of living without a robust, coordinated, and well-integrated system of services and supports.

As a result, these most-in-need children and youth are being admitted to EDs and residential care facilities because of a dearth of community-based services that will keep them safe and with their families. They rely solely on EDs in crisis situations or become engaged in the juvenile justice system. In addition, families may have to relinquish custody so their children can access the healthcare benefits or other services they need by becoming wards of the state.

Also, limited foster home options for children who have complex needs and who demonstrate challenging behaviors often is related to the lack of available intensive home-based services and supports. Residential treatment placements often become the de facto option when foster care beds are unavailable, even when residential treatment is unwarranted.

The Federal Family First Prevention Services Act of 2018 reinforced the importance of adequate family foster homes and placed legal limits on federal payment for placements in congregate settings, with few exceptions. It also set new standards for Qualified Residential Treatment Programs, requiring that they meet accreditation standards, use trauma-informed practices, meet new criteria for staffing, and offer routine assessments to measure progress toward meeting individualized goals and confirming that care continues in the least restrictive setting.[10]

The rising rate of children in crisis and the national behavioral health workforce shortage complicates the ability of states to meet these mandates and simultaneously address gaps in community-based services. In 2022, the American Academy of Child and Adolescent Psychiatry announced a severe shortage of child and adolescent psychiatrists. The current national average ratio is 14 psychiatrists per 100,000 children,[11] and more than 50 percent of US counties lack a psychiatrist.[12] Behavioral health organizations report difficulty hiring and retaining behavioral healthcare providers.[13]

[10] US Department of Health and Human Services Children's Bureau. Title IV-E Prevention Program Description. June 23, 2023. Available at: https://www.acf.hhs.gov/cb/title-iv-e-prevention-program. Accessed October 5, 2023.

[11] American Academy of Child and Adolescent Psychiatry Severe Shortage of Child and Adolescent Psychiatrists Illustrated in AACAP Workforce Maps. 2022. Available at: https://www.aacap.org/aacap/zLatest_News/Severe_Shortage_Child_Adolescent_Psychiatrists_Illustrated_AACAP_Workforce_Maps.aspx. Accessed October 5, 2023.

[12] Weiner S. A Growing Psychiatrist Shortage and an Enormous Demand for Mental Health Services. *Association of American Medical Colleges News*. August 9, 2022. Available at: https://www.aamc.org/news/growing-psychiatrist-shortage-enormous-demand-mental-health-services. Accessed October 5, 2023.

[13] National Council for Mental Wellbeing. Nearly 80% of National Council for Mental Wellbeing Members Say Demand for Treatment Has Increased Over the Past Three Months. *Morning Consult*. Available at: https://www.thenationalcouncil.org/news/nearly-80-of-national-council-for-mental-wellbeing-members-say-demand-for-treatment-has-increased-over-the-past-three-months/. Accessed October 5, 2023.

The Role of Specialized Managed Care Plans for Children

Specialized managed care plans for children often have varying levels of responsibility based on the specific needs of the state in which the plan is being implemented. These responsibilities often include:

- Ensuring a robust network of providers
- Expanding the range of services
- Implementing creative solutions for individuals and their families
- Coordinating enhanced care services
- Facilitating services across other managed care providers and state and local systems with which children and their families may be engaged

Specialized managed care plans have been a mechanism for advancing expanded access to standardized screenings and assessments, such as the child and adolescent needs and strengths (CANS) tool, which can be used in mental health, child welfare, and juvenile justice settings to inform care planning and level of care decisions. Such plans are also a mechanism for coordinating an array of federal and state services, including new services delivered via 1115 waivers and other state-funded programs.

For states that are considering or struggling to implement a systems of care approach or wraparound models for comprehensive, child-centered care and planning, specialized managed care plans can provide a means of scaling up and providing support. Specialized managed care plans also can support the adoption of value-based contracting and support providers to implement new quality improvement practices and measure outcomes. Because statewide specialized managed care plans have unlimited geographic reach statewide, they also can facilitate functional regional planning and maximize service availability beyond that of individual communities.

Specialized managed care plans also can assist in recruiting, retaining, and training the behavioral health workforce. Plans can offer their network providers creative incentives for clinicians and paraprofessionals to serve their members and remain in their service areas. Furthermore, specialized plans can bring training, technical assistance, and other expertise to their networks to ensure that providers are delivering evidence-based or evidence-informed care, such as high-fidelity wraparound, multi-systemic therapy, functional family therapy, or other models for intensive home-based treatment.

States with Special Needs Plans for Children

Nationally, an increasing number of states have pursued the special needs plan (SNP) option. This report from the National Academy for State Health Policy provides a 50-state analysis. Table 1 on the following page highlights several examples.

Table 1. State-Level Special Needs Plans for Children

	Washington	Arizona	Ohio
State Oversight and Managed Care Organization Approach	State healthcare authority (integrated behavioral and physical healthcare) contracts with the single statewide integrated foster care SNP	State Medicaid agency contracts with the Department of Child Safety for a single statewide comprehensive health plan for children in its custody	State Medicaid agency the lead with single, statewide MCO
Contract Requirements	Healthcare services, including behavioral healthcare High-fidelity wraparound (WISe) First episode psychosis programming Medication assisted treatment (MAT) services Inpatient hospitalization Pharmacy services Primary and specialty healthcare	System of care principles Peer and family involvement at every level: plan, provider, and community support 72-hour response after removal from the home All children assessed and referred for BH services for a min of 6 months 24/7 staff to address issues Care management program	Manage all existing BH services except ED for BH Intensive and Moderate Care Coordination 1115 Waiver funded services, intensive home-based treatment (IHBT), psychiatric residential treatment facility (PRTF), BH respite, flex funds, mobile response stabilization services (MRSS
Assessment Used	CANS for WISe	Comprehensive Assessment plus a strengths, needs, and culture discovery	Child and adolescent needs and strengths (CANS)
Approach to Cross-System Engagement & Collaboration	Systemwide collaborative agreements, required to have an adequate contracted provider network to meet the needs of youth in program through contracts	Collaboration with system stakeholders (extensive list) must develop memorandums of understanding (MOUs) and joint collaborative agreements	Shared governance model that is inclusive of other state agencies and systems, such as child welfare, behavioral health, juvenile justice, intellectual/developmental disabilities, education, and health
Approach to Care Coordination	Complex care coordination provided by care managers at health plan, collaborates closely with members, their families, and care team	Delivered by provider organizations	Tiered care coordination, including moderate and intensive care coordination through regional care management entities
Enhanced Services	Intensive care coordination available based on chronic conditions or high needs, Harvest Bucks, Healthy Kids Club, rewards incentive program, Boys and Girls Club membership, cell phone program, Start Smart for Your Baby	Integrated care coordination and intake assessment, rapid response crisis stabilization services, ongoing BH services for at least 6 months, therapeutic foster care	Intensive and moderate care coordination IHBT PRTF BH respite MRSS
Intended Outcomes	Reduce out of state placements, increase coordination and continuity of care for youth and transition aged youth in foster care, improve health outcomes for youth in foster care	Monitoring of avoidable ED, 24 post-ED report, length of time in ED	Improve access to treatment and supports Enhanced service offerings More meaningful collaboration across child services systems Maintaining children safely in their communities Preventing custody relinquishment

Critical Managed Care Features

When selecting a single statewide Medicaid managed care health plan, states are encouraged to prioritize managed care organizations (MCOs) that have demonstrated quality service delivery for the state's targeted population of high-need children and youth. Ideally, the identified MCO(s) will have experience coordinating and delivering services based on the systems of care principles and leveraging wraparound, if not direct experience operating a SNP for children and youth. Because every state and its Medicaid, behavioral health, and child welfare system is unique, it is critical that the MCO be prepared to adapt its model, however well-established it may be, to align with the unique needs of the targeted population, the service system, and the environment.

Considerations for State Leaders

As a state moves forward on the path to developing a specialized managed care plan for children, it is important to recognize the limitations of state government, MCOs, and providers. Most states find that they must build capacity over time to ensure that the level of state coordination and collaboration, necessary financing, and appropriate service array are in place.

From the outset, leadership buy-in is critical. Most states that have successfully implemented SNPs for children who have complex needs have benefited greatly from the governor's commitment and buy-in from leaders throughout the delivery system, including leadership at the local government, provider, and advocacy levels. Having a forum that provides input into the design of the program, as well as an ongoing venue to maintain interest and cooperation, is essential. Implementation of a shared governance model across multiple systems and state agencies is one way of ensuring that roles and responsibilities are clear and that shared outcomes are established to best serve children, youth, and families who are engaged with multiple systems. Delegated decision-making is essential to planning and executing implementation of a special needs program and constant ongoing communication is critical across agencies.

In designing the contract requirements, map the flows of information in the current state and how they need to change to improve communication will help ensure better care. Map the child and youth care journey as part of planning for implementation and identify critical information flows that need to be supported to improve care. State and county agencies, juvenile justice, and court information systems can be bottlenecks that constrain improvement, so consider how all systems can best be aligned.

Implementing a SNP requires large-scale, cross-agency transformation, which demands deep investments. States need to assess and account for significant costs and prepare for ongoing financial commitments which may include factors such as the enhanced services and rates necessary to support children and youth with multiple, complex needs to have their needs met in the community. These services may include additional care coordination, flexible funding, intensive services, and respite care. Significant costs associated with infrastructure and technology upgrades also are often necessary to share information or support enhanced levels of care coordination. Changes to IT systems and business processes between government, the managed care plan, and providers are typically required. Providers may need assistance with workforce training to build capacity for new services and supports. They also may require startup funds for the workforce necessary to add new services. In addition, data-sharing agreements with new and different partners may be necessary.

Recommended Approach to Implementation

States are advised to start with a clearly defined, limited population and scale up at a pace that allows for adjustments based on experience over time. It is critical that states:

- Carefully evaluate the eligibility requirements for children and youth who will qualify for enrollment
- Describe any eligibility requirements, such as age limits, as well as specific conditions or functional limitations and how those needs will be assessed
- Determine whether prior service use will be a factor in determining eligibility

An extended implementation period can allow states to better define the supports, services, and systems that best support their communities. When contracting with the SNP, the readiness review stage is critical, as it offers an opportunity to assess capacity and preparedness before implementation begins. It is an opportunity for both the SNP and state leaders tasked with start-up, administration, and oversight to ensure they are ready to deliver coordinated care and that enrollment does not outstrip capacity and inhibit the family and provider buy-in that is essential for success. States should ensure that the review is thoughtfully planned and stringent, with clear expectations on the part of both the SNP and the state leaders to make certain all issues are identified and addressed before going live. Contracted ramp-up provisions that are tied to incentives can be an effective strategy to ensure alignment. Likewise, gradually phased-in enrollment can help to avert problems and reduce future delays.

States are advised to be prepared for unanticipated issues and challenges, especially during the initial stages of implementation. It is important to recognize that the capacity of the specialized plan may look different at start up than it will when it is fully developed. Growing pains are likely but can be mitigated by having a solid program design as an anchor, establishing clear expectations during the procurement and managed care plan contracting process, and having collaborative relationships in place that apply a cross-system approach to serving a shared population.

Conclusion

Some states have used specialized managed care plans effectively to facilitate and support transformation, drive reform, and expand behavioral health services. Their capacity to optimize funding, coordinate new services, and assist providers can add value. However, significant planning and investment are critical to ensure success. Committed leadership, collaborative planning, careful contracting, thorough readiness reviews, and a thoughtful approach to eligibility and ramp up can support success.