

**June 25, 2009**

**TO: DPH, DMH/DD/SAS, DSS and Aging**

**FROM: Tara Larson**

**RE: Request for Input for Budget Reduction in Case Management**

As you are aware, there is a reduction in funds for Medicaid Case Management services in the proposed state budget. As of 6/24 @ 9:45 pm, the cut is \$53,730,905 in state dollars. That means that we must realize actual savings of \$153,516,871. There is an additional reduction of \$417,825 (state dollars) in HIV case management.

DMA staff were instructed to work on identifying issues relevant to consolidating services to produce efficiencies in the system. They have been instructed to reach out to their counterparts in other Divisions to get input on potential impacts to the various programs. We are in the process of identifying strengths and weaknesses of current programs, as well as potential opportunities and pitfalls of fulfilling the mandate to decrease costs.

DMA does not have a predetermined plan of what the consolidation will look like. The only decision that has been made is that care coordination and outcomes shall be improved. We recognize that areas of case management specialization are very important; however, there are numerous examples of recipients who receive case management but have no coordination between their behavioral health care and physical health care. We also know from our data that many of the high cost recipients have case managers. Silo management that results in hospital readmissions, lack of medication reconciliation, inadequate discharge transition and lack of timely follow up care all contribute to increasing costs. We need to identify ways to be more efficient and effective in addressing the needs of the recipient.

Our charge is to focus on recipients and provide services in a person-centered, not provider-centric, manner. We recognize there will be provider impact.

The goal of today's meeting is to bring together Division partners to identify ways to improve efficiency and effectiveness of the various case management services, while minimizing negative impacts to recipients. A follow up meeting with external stakeholders is scheduled for July 8<sup>th</sup> at 9AM in the Wake County Commons Building.

Our goal is to be inclusive and transparent in this entire process. We will produce notes from our meetings which will be posted on the DMA website under our Budget Reduction Activities. I look forward to collaborating on this important issue.