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LME-MCO Communication Bulletin #J180

Date: January 26, 2016

To: LME-MCOs

From: Kathy Nichols, Behavioral Health Manager, Behavioral Health Section, DMA and Mabel McGlothlen, LME-MCO System Management Section Chief, DMH/DD/SAS

Subject: 1915(b)(3) Services

This bulletin addresses questions pertaining to 1915(b)(3) services:

- 1915(b)(3) Service Offering Implications:
 - LME-MCO enrollees are entitled to receive 1915(b)(3) services and may submit appeals for denials by LME-MCOs. 1915(b)(3) services are an entitlement up to the statewide waiver spending limits, which may differ from the LME-MCO's budgets. Beneficiary appeals should be upheld if the services are medically necessary and the waiver spending limit has not been exceeded. Currently, this limit is greater than the statewide average 1915(b)(3) capitation rates.
 - These services are defined in the 1915(b) waiver application; the LME-MCOs are limited to offering 1915(b)(3) services included in this service array.
- Waiver Funding and Reporting:
 - 1915(b)(3) services are financed out of waiver savings on State Plan services and must remain below the funding level approved in the waiver. Waiver savings are not analogous to the LME-MCO's excess of revenue over expenses.
 - LME-MCO's can use any portion of their total (State Plan and 1915(b)(3)) capitation rate to fund 1915(b)(3) services. As spending is realized, projected spending will be reflected in the development of the 1915(b)(3) capitation rate ranges. Note that the State cannot pay above the

waiver projection per member per month (PMPM), thus any additional LME-MCO spending on 1915(b)(3) services above the waiver PMPM cannot be incorporated into the capitation rates. LME-MCOs are required to report their expenses for 1915(b)(3) service quarterly (Schedule I).

- Future Spending Implications:
 - IF LME-MCO's are not utilizing 1915(b)(3) services, the state will eventually lose the capacity to maintain and/or further expand 1915(b)(3) spending/services in the renewal waiver effective August 2018; this would limit the state's ability to increase the 1915(b)(3) capitation rates in the future.

If you have questions, please contact Alfred Greco at Alfred.Greco@dhhs.nc.gov or 919-814-0052.

Previous bulletins can be accessed at: <http://jtcommunicationbulletins.ncdhhs.gov/>

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