Background:
1. The Medicaid managed care capitation rates do NOT include funds for enhanced services. Therefore, enhanced services are provided by managed care organizations and by VONM out of their own funds. These services are not part of the Medicaid state plan and are not services required to be funded nor are Medicaid clients entitled to these services.
2. Managed care organizations and VONM are required to provide some enhanced services, but no specific services are required and no specific dollar amount is required to be expended.
3. VONM is projected to spend approximately $17.7 million of its own funds for enhanced services during FY07 but for changes proposed for the last quarter of FY07. This amount compares to just under $8 million in enhanced services provided by the Medicaid Managed Care Organizations (MCOs) in FY05, prior to VONM’s contract with the Collaborative beginning in FY06.
4. VONM is required by contract to provide 3% of the managed care capitation payments as community reinvestment. This requirement is also not figured into the capitation payment calculation. This community reinvestment requirement is part of the general obligation to provide enhanced services. The Collaborative has required VONM to conduct a process and follow certain guidelines about the expenditure of these community reinvestment monies.
5. In FY06, VONM spent about $5 million on NEW community reinvestment projects in addition to enhanced services expenditures exceeding $8 million. VONM’s FY07 community reinvestment obligation is approximately $6 million.
6. As part of the enhanced services changes recommended by VONM, the Collaborative agreed in January that VONM could utilize up to $4.5 million in community reinvestment obligation dollars to pay for a portion of the enhanced services provided during FY07.
7. VONM has received approximately $12 million in community reinvestment project requests for FY07. None have yet been approved or funded for FY07 pending decisions about the enhanced services.
8. The Collaborative has been informed by VONM that some enhanced services are being continued, at least through the end of FY07. These include:
   a. Transitional Living Services
   b. Substance Abuse Intensive Outpatient
   c. Psychiatric ER at UNM
   d. Residential Substance Abuse for Women at Milagro
   e. Selected Inpatient and Ambulatory Detox
   f. School-based Enhanced Service
   g. Electroconvulsive Therapy (ECT) in Selected Approved Situations for Refractive Depression
   h. Telemedicine for Psychiatric Billing
   i. Limited Crisis Services Non-PSR
9. Four enhanced services are being continued by shifting billing to Medicaid state plan amendment services, as follows:
a. Family Stabilization through case management and/or family, individual or group therapy (and CCSS once approved by CMS)
b. Psychiatric Intensive Outpatient through psychosocial rehabilitation, day treatment or partial hospitalization
c. Early Childhood through case management and/or family, individual or group therapy (and CCSS once approved by CMS)
d. Psychosocial Rehabilitation for Children through case management and/or family, individual or group therapy and behavior management services (and CCSS once approved by CMS)

10. Only four enhanced services are being eliminated at this time. These services are:
   a. Days Awaiting Placement (DAP) for Adults Over Age 21
   b. Environmental Interventions
   c. Interpretation of Results
   d. Activity Therapy

11. Based on a temporary restraining order (TRO) issued by a court, notices of these service eliminations will be provided to the clients receiving these four eliminated services.

12. $2.3 million in state General Fund (GF) was requested by the Governor’s office to pay for two of the enhanced services (early childhood and respite for children) for all of FY07 and to continue those services through FY08.

13. Without additional funding, early childhood and respite services for children previously paid for by VONM as enhanced services will have to be eliminated, except to the extent these services can be funded through alternative billing as an existing Medicaid state plan service or through community reinvestment funds.

14. For FY08, the Collaborative will have to take into account the enhanced services being provided at the end of FY07 and determine which of these should be continued during FY08 utilizing community reinvestment dollars.

**Motion:**
In light of the failure of the NM State Legislature to approve the request for supplemental and on-going funding to continue the enhanced early childhood and respite services for children, I move that the BH Collaborative authorize VONM to utilize the remainder of its community reinvestment obligation for FY07 (approximately $1.5 million) to continue these two services through June 30, 2007, to the extent they are not fundable through other sources (e.g., Medicaid service billings for eligible clients through Medicaid certified providers). VONM may also utilize its remaining community reinvestment obligation for FY07 to pay for enhanced services that are being eliminated but are required by a court order to be continued until notice of termination is given to affected individuals. To the extent that there are additional community reinvestment dollars available for FY07 after these authorized expenditures, VONM shall make decisions about the expenditure of those dollars based on the criteria adopted by the Collaborative in September 2006, targeting those projects most likely to move the NM behavioral health system toward the Collaborative’s goal of support for recovery and resiliency in community-based settings.
## Enhanced Services Being Continued by Shifting Billing to Available Medicaid Codes

<table>
<thead>
<tr>
<th>Enhanced Service</th>
<th>Old Enhanced Service Code</th>
<th>Available Medicaid Code</th>
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| Family Stabilization                                  | S9482 U6, S9482           | • Case Management – T1017 HE (for adults diagnosed SMI) or T1017 HK (for children/adolescent diagnosed SED)  
|                                                       |                           | • Individual Therapy – 90804, 90806  
|                                                       |                           | • Family Therapy – 90846, 90847  
|                                                       |                           | • Group Therapy – 90853  
|                                                       |                           | • CCSS – H2015 (once approved by CMS) |
| Psychiatric Intensive Outpatient (IOP)                 | S9480 or S9480 U6         | • Psychosocial Rehabilitation (PSR) – H2017 (for adults)  
|                                                       |                           | • Partial Hospitalization – 0912, 0913  
|                                                       |                           | • Day Treatment – H2012 (for children/adolescents) |
| Early Childhood                                       | T1027 or T1027 U6         | • Case Management – T1017 HE or T1017 HK  
|                                                       |                           | • Individual Therapy – 90804, 90806  
|                                                       |                           | • Family Therapy – 90846, 90847  
|                                                       |                           | • Group Therapy – 90853  
|                                                       |                           | • CCSS – H2015 (once approved by CMS) |
| Psychosocial Rehabilitation (PSR) for Children under 18 years | H2011 U2, H2011 U3, H2017 HQ, H2017, H2011 U8, H0031, H0031 U8, T1007 U8, T1007, 90853 U8, 90857 U8, 90899 U8, 90862 U8, 90804 U8 through 90815 U8 | • Case Management – T1017 HE or T1017 HK  
|                                                       |                           | • Individual Therapy – 90804, 90806  
|                                                       |                           | • Family Therapy – 90846, 90847  
|                                                       |                           | • Group Therapy – 90853  
|                                                       |                           | • Behavioral Management Services (BMS) – H2014  
|                                                       |                           | • CCSS – H2015 (once approved by CMS) |