



**Transition of Medically
Dependent Children
Program Waiver
Recipients to STAR
Kids**

**As Required by
Senate Bill 7, 83rd Legislature,
Regular Session, 2013**

**Human and Health Services
Commission**

December 2018



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Table of Contents

| | |
|--|-------------------------------------|
| Executive Summary | 3 |
| 1. Introduction | Error! Bookmark not defined. |
| 2. Background | 6 |
| 3. Enrollment and Eligibility Data | 7 |
| Enrollment..... | 7 |
| Eligibility Denials and Fair Hearings | 8 |
| 4. Medical Necessity Determinations | 11 |
| 5. Enhanced Member Protections | 14 |
| 6. Service Planning and Utilization | 15 |
| 7. Quality Measurement | 21 |
| 8. Conclusion | 25 |
| List of Acronyms | 26 |
| Appendix A. Medically Dependent Children Program Denials – Annual Reassessment Cases..... | 1 |

Executive Summary

The 2018 *Transition of Medically Dependent Children Program Waiver Recipients to STAR Kids* report is submitted in compliance with Section 2.12 of Senate Bill (S.B.) 7, 83rd Legislature, Regular Session, 2013. S.B. 7 requires the Health and Human Services Commission (HHSC) to evaluate outcomes related to transitioning children and young adults enrolled in the Medically Dependent Children Program (MDCP) into the STAR Kids capitated managed care program.¹ S.B. 7 requires HHSC to submit a report annually, by December 1, on the transition of MDCP members to STAR Kids. This requirement expires in 2021.

This report includes eligibility, enrollment, and utilization data through 2017, information regarding changes made to MDCP during the five-year MDCP waiver renewal, which became effective September 1, 2017, and ongoing quality improvement efforts.

In fiscal year 2017, MDCP enrollees began receiving their acute care and long-term services and supports (LTSS) through STAR Kids. STAR Kids provides all of the benefits offered under the MDCP waiver to eligible individuals, as well as any medically necessary or functionally necessary Medicaid service. STAR Kids is designed to improve outcomes, coordination of care, and access to services, while reducing administrative complexity and unnecessary institutionalization.

There was a slight decline in overall MDCP enrollment in fiscal year 2017. Potential reasons for disenrollment from the program include changes in medical necessity, waiver participants who aged out of MDCP and transitioned into another program such as a Medicaid 1915(c) intellectual and developmental disabilities (IDD) waiver or the STAR+PLUS Home and Community-Based Services (HCBS) program, and member deaths. In addition, HHSC postponed fair hearings on a case-by-case basis to ensure families had ample time to request an appeal, which delayed MDCP interest list slot allocations.

There was an increase in the medical necessity denial rate in fiscal year 2017, based on comparing data from the Department of Aging and Disability Services (DADS) to data from HHSC. However, the systems and methodologies used by

¹ As established under Texas Government Code, Section 533.00253.

HHSC to provide this data are different from those used by DADS, which creates issues with comparing current and historical data. In addition, the STAR Kids program uses a different assessment than the one used by DADS for MDCP medical necessity determinations. STAR Kids uses the STAR Kids Screening and Assessment Instrument (SK-SAI), which was designed specifically for the STAR Kids program and child populations.

In fiscal year 2018, HHSC implemented and planned for improvements to the STAR Kids model, including for children in MDCP. These improvements address assessments, medical necessity determinations, service utilization, and program quality.

HHSC is currently evaluating changes to optimize the functionality of the SK-SAI. The SK-SAI is used to assess children and young adults for STAR Kids, nursing needs, personal care needs, Community First Choice (CFC) eligibility, and MDCP waiver eligibility. In December 2017, Texas A&M University (TAMU) Health Science Center completed an evaluation of the SK-SAI and published the *Optimizing the STAR Kids Screening and Assessment Instrument Final Report*. Based on this report and stakeholder input, HHSC is determining improvements to the SK-SAI.

HHSC also provided additional training to MCOs on completing the SK-SAI in April 2018. Over 1,200 MCO services coordinators and assessors participated in these trainings.

To help families understand the operational changes to the MDCP program, HHSC developed educational materials for MDCP participants and their families, which are posted on HHSC's STAR Kids webpage. These materials provide information on program services, eligibility processes, and medical necessity denials.

HHSC monitors and analyzes service utilization data to determine whether STAR Kids members are receiving medically necessary services. Analysis of data related to the utilization of Private Duty Nursing (PDN) and Personal Care Services (PCS) in the months before and after the STAR Kids implementation indicate that utilization of these services was relatively stable. However, HHSC has observed a decrease in therapy service utilization among STAR Kids in late fiscal year 2017 which corresponds with the end of continuity of care provisions for children who transitioned from fee-for-service. HHSC has begun projects to improve oversight of managed care, including specific workgroups to focus on improving service coordination and clinical oversight, and expanding HHSC's utilization review of services to include members in MDCP.

HHSC is currently evaluating post-implementation quality data for the STAR Kids program from the state's External Quality Review Organization (EQRO). The EQRO will issue a final post-implementation report in May 2019. To have complete data to evaluate program outcomes at least 18 months must pass. With implementation of the STAR Kids managed care model in November 2016, the first year of quality measure results are now available and are currently being analyzed. While it will take additional time to assess the impact of STAR Kids, HHSC is currently working with the EQRO to refine quality measures and implement quality monitoring and improvement efforts for the STAR Kids program, such as report cards and Pay-for-Quality.

1. Background

HHSC implemented the STAR Kids program on November 1, 2016, and contracts with 10 managed care organizations (MCOs) to operate the program. Enrollment in STAR Kids is required for children age 20 and younger who:

- Receive Supplemental Security Income (SSI);
- Receive SSI and Medicare;
- Live in a community-based, intermediate care facility for individuals with an intellectual disability or related condition, or a nursing facility;
- Receive services through a Medicaid Buy-In program; or
- Receive services through any of the following 1915(c) Medicaid waiver programs:
 - MDCP²;
 - Community Living Assistance and Support Services;
 - Deaf Blind with Multiple Disabilities;
 - Home and Community-based Services;
 - Texas Home Living; or
 - Youth Empowerment Services.

The STAR Kids program's goals are to:

- Provide benefits tailored to meet members' health care needs;
- Improve coordination of care, access to care, and health outcomes;
- Improve coordination with long-term care providers for members receiving LTSS outside of their MCO;
- Achieve cost containment and cost efficiency and reduce administrative complexity of delivering care;
- Reduce incidence of unnecessary institutionalization and potentially preventable events by ensuring access to appropriate services and care management; and
- Require a health home³.

² MDCP members receiving services through STAR Health are excluded from STAR Kids.

³ Texas Government Code, Section 533.00253(a)(2) defines health home.

2. Enrollment and Eligibility Data

Enrollment

Table 1 shows MDCP total enrollment for fiscal years 2014–2017. Total enrollment numbers are unduplicated, point-in-time counts. It is possible for total enrollment data to change depending on each individual’s enrollment status. For example, the following enrollment statuses may contribute to overall program enrollment decreases:

- Medical necessity denial;
- Member age-out of MDCP into another program, such as the STAR+PLUS HCBS program or an intellectual and developmental disabilities waiver program; and
- Member death.

Table 1. MDCP Member Enrollment - Fiscal Years 2014-2017

| Fiscal Year | Members Enrolled |
|--------------------|-------------------------|
| 2014 | 6,455 |
| 2015 | 6,623 |
| 2016 | 6,750 |
| 2017 | 6,348 |

In addition, HHSC postponed fair hearings on a case-by-case basis to ensure families had ample time to request an appeal. Extended fair hearings delayed MDCP interest list slot allocations. The prolonged fair hearing process ended May 31, 2018. The agency is actively working with MDCP families and MCOs to improve the notification to applicants or enrolled members regarding medical necessity denials and increase the number of interest list releases.

Eligibility Denials and Fair Hearings

In addition to meeting the financial eligibility requirements for STAR Kids or MDCP, MDCP members or applicants must also meet medical necessity criteria for admission to a Texas nursing facility.⁴ Members or applicants are denied eligibility when they do not meet the criteria.

Table 2 shows final medical necessity denial rates for MDCP clients reassessed for fiscal years 2014-2016, while MDCP operated under the fee-for-service (FFS) model. Data includes cases appealed in fair hearings that were denied. For more details, see Appendix A.

Table 2. Reassessment Medical Necessity Denial Rates for MDCP - Fiscal Years 2014-2016

| Fiscal Year | Denial Rates |
|-------------|--------------|
| 2014 | 9.2% |
| 2015 | 2.6% |
| 2016 | 3.1% |

Table 3 shows medical necessity denial rates for MDCP managed care members for fiscal years 2017-2018. These rates were calculated using point-in-time data. Some cases may still be in process and may not have a final determination yet. For more details, see Appendix A.

⁴Texas Administrative Code, Title 40, Part 1, §19.2401 General Qualifications for Medical Necessity Determinations.

Table 3. Reassessment Medical Necessity Denial Rate for MDCP - Fiscal Years 2017-2018

| Fiscal Year | Denial Rate |
|-------------------------|--------------------|
| 2017⁵ | 14.3% |
| 2018⁶ | 8.3% |

The systems and methodologies used by HHSC to provide fiscal year 2017 and 2018 data differed from those used by DADS for fiscal years 2014 through 2016. DADS calculated a denial rate that represented final reassessment medical necessity denials as a percentage of total MDCP enrollment. HHSC’s methodology calculates the denial percentage rate by dividing the number of individuals with a denied reassessment by the total individuals with a reassessment in any status (approved, denied, or pending), which provides a lower denominator for the rate percentage calculation. The significantly lower denominator of total reassessments was primarily the result of HHSC extending individual service plans (ISPs) for all MDCP recipients transitioned to STAR Kids on November 1, 2016, whose reassessment would have been due November 1, 2016, through April 30, 2017. These individuals did not need an MDCP medical necessity reassessment until fiscal year 2018. In addition, the data on reassessment statuses are point-in-time and change as decisions are made through the reassessment medical necessity determination and fair hearings processes.

When members dispute a medical necessity denial and request a fair hearing, the state conducts a fair hearing to review findings and additional documentation. Fair hearing cases can have the following dispositions:

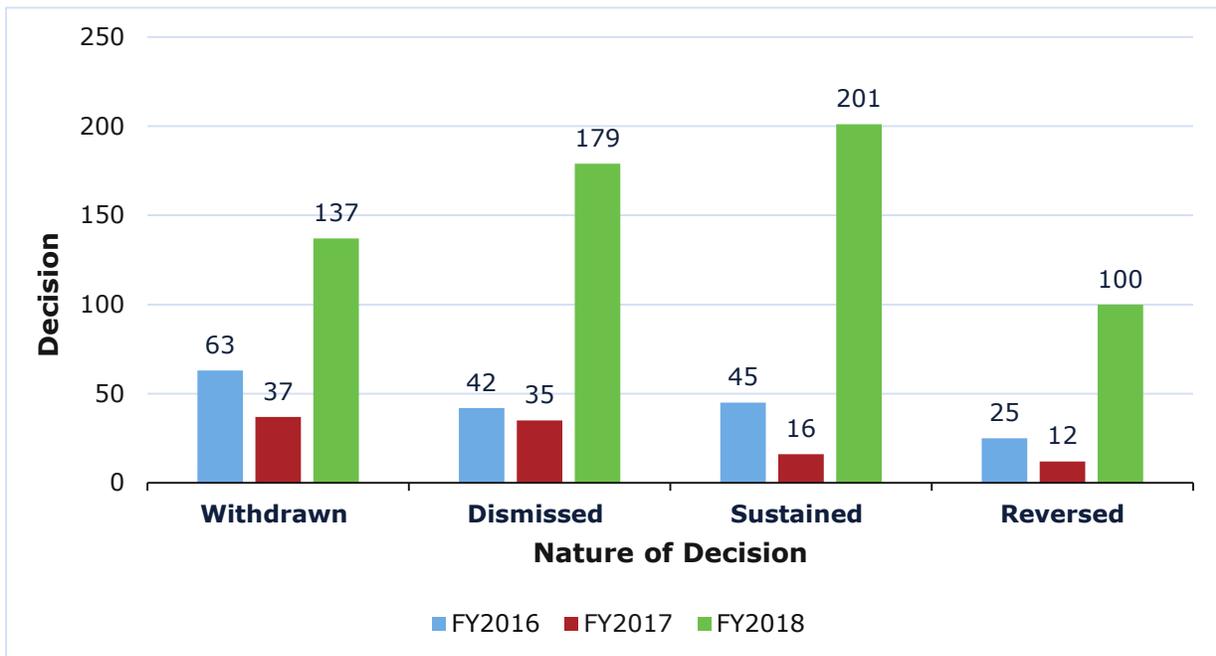
- Withdrawn: a hearing was scheduled, but the appellant withdrew it.
- Dismissed: the appellant did not appear for the hearing.
- Sustained: the hearings officer agreed with the agency’s action.
- Reversed: the hearings officer did not agree with the agency’s action.

⁵Fiscal year 2017 does not include September and October 2016 as this was prior to STAR Kids implementation.

⁶Fiscal year 2018 data is still subject to change as individuals who have been initially denied may request fair hearings and final determinations are pending.

Figure 1 shows the number of fair hearings HHSC conducted for all MDCP medical necessity denials and the final disposition of cases. Fair hearings issued decisions on 175 MDCP cases in fiscal year 2016, 100 MDCP cases in fiscal year 2017, and 617 MDCP cases in fiscal year 2018. The increase in 2018 may be due to the expiration of member protections that were in place in the first year of the program.

Figure 1. MDCP Medical Necessity Fair Hearing Disposition - Fiscal Years 2016-2018



3. Medical Necessity Determinations

With the implementation of the STAR Kids program, HHSC began using the SK-SAI to assess children and young adults for STAR Kids, nursing needs, personal care needs, CFC eligibility, and MDCP waiver eligibility. The SK-SAI is a comprehensive, holistic, person-centered pediatric assessment, which more accurately and objectively captures information needed to make medical necessity determinations for children and young adults.⁷

The SK-SAI was created and tested by TAMU through two major project phases:

1. Phase One (2013-2016): TAMU developed the SK-SAI, tested it, and determined it was a scientifically valid and reliable instrument for use on the STAR Kids population prior to implementation.
2. Phase Two (2017): TAMU conducted further testing of the SK-SAI in a real-world setting after STAR Kids implementation, and made recommendations to optimize it.

The Phase Two TAMU report indicates that the SK-SAI is a scientifically valid and reliable assessment instrument. However, the Phase II report also identified opportunities for improvement. Recommendations to HHSC include:

- Clarify certain CFC items to improve functionality of those items;
- Update all SK-SAI training materials, based on the results of Phase Two, to provide additional clarification on items that proved to be confusing or difficult to administer;
- Address issues around information dissemination and understanding of the SK-SAI through public outreach and additional SK-SAI trainings for MCO assessors;
- Encourage MCOs to improve assessment processes by: pre-populating medical records from claims data where possible; sharing SK-SAI with caregivers and their members in advance of assessments to collect additional pertinent information; and coordinating with primary care providers, if needed;
- Develop the next version of the SK-SAI based on the results of Phase Two, taking into account, not only CFC validity testing and full effectiveness reliability testing, but also feedback from the process evaluation; and

⁷ The instrument used before the transition to STAR Kids, the Medical Necessity and Level of Care (MN/LOC) assessment, was designed primary for an adult population, leaving more room for subjective interpretation in its use with children.

- Reduce SK-SAI assessment burden by addressing over-triggering of Nursing Care Assessment Module and Personal Care Assessment Module by performing a retrospective analysis of SK-SAI data to determine trigger item functioning and removing items that unnecessarily trigger additional modules.

In fiscal year 2018, HHSC initiated a project to optimize the SK-SAI in response to this report and other stakeholder feedback. The project will consider ways to reduce assessment burden on families and MCOs, make the assessment more actionable, reduce potential for error, and improve data integrity and reporting.

In addition to using a new assessment tool, changes were also made to the processes for assessments and medical necessity determinations with the implementation of STAR Kids. SK-SAI assessments are completed by MCOs, instead of legacy DADS nurses, and medical necessity determinations are made by HHSC's claims administrator (Texas Medicaid & Healthcare Partnership (TMHP)).

To validate medical necessity determinations, HHSC conducted desk reviews of a sample of MDCP members' reassessment during the month of July and August 2017. Of the sample of 124 reviewed, HHSC agreed with 122 or 98 percent of the cases. The two cases that HHSC disagreed with both went to fair hearings, where one was overturned and one was sustained. The member that was denied medical necessity did not lose Medicaid, but was transitioned to STAR.

In April 2018, HHSC provided additional training to MCOs on completing the SK-SAI. Over 1,200 MCO services coordinators and assessors participated in these trainings.

Other actions HHSC is taking to ensure accurate and efficient medical necessity determinations include:

- Requiring MCOs to enhance their member portals in order to increase access to: explanation of benefits; prior authorization requests and determinations; results from SK-SAI; individual service plans; provider search; and contact information for assigned service coordinator, technical support, and fraud, waste, and abuse hotline;
- Conducting continuous, phone-based outreach to families following medical necessity denials occurring during a reassessment to ensure they are aware of their fair hearing rights;
- Extended fair hearings related to denials of MDCP benefits on a case-by-case basis to allow families additional time to prepare for the hearing or provide information they believe is relevant to eligibility;

- Continuing to improve and simplify the MDCP medical necessity denial notification process;
- Drafted additional education materials for families about MDCP, medical necessity eligibility, and the fair hearing process; and
- Updating SK-SAI training materials to clarify items with lower reliability.

4. Enhanced Member Protections

Across fiscal years 2016 through 2018, protections were applied to promote continuity in services and providers for children who transitioned to the STAR Kids program.

Service Continuity

HHSC extended medical necessity eligibility and ISP dates by one year for MDCP members with ISPs ending between August 31, 2016, and April 30, 2017. For all other individuals, MCOs were required to assess all members within six months of the implementation date, or to extend LTSS for unassessed members if assessments were delayed at no fault of the members.

HHSC also allowed MDCP members, if eligible for STAR Kids, to remain in FFS until their 21st birthdays, as long as they scheduled to transition to an adult program between November 1, 2016, and January 31, 2017. This allowed continuity of MDCP services until participants were eligible to apply for the STAR+PLUS HCBS program.

Significant Traditional Provider

STAR Kids MCOs were allowed to contract with providers outside of their designated service areas to maintain member continuity of care through multiple contracting options, such as single-case agreements.

To ensure MDCP members could continue to receive services through established providers after the transition to STAR Kids, MDCP significant traditional providers were given the opportunity to be part of the contracted MCO provider network.

Unless MCOs could demonstrate good cause for early termination to HHSC's satisfaction, MCOs were not allowed to terminate a network provider agreement with a significant traditional provider through October 30, 2017.

5. Service Planning and Utilization

Person-Centered Planning

Person-centered planning training is a requirement for STAR Kids service coordinators. To be in compliance with federal home and community-based services settings regulations, all service coordinators working with clients receiving community-based services, including MDCP services, must be trained in person-centered practices and person-centered plan facilitation.⁸ As of August 2018, 89 percent of STAR Kids service coordinators required to take a person-centered planning training had completed the training.

Service Plans and 1915(c) Measures

While MDCP services are now delivered through STAR Kids under the authority of the 1115 demonstration waiver, MDCP continues to operate as a 1915(c) waiver. MCOs delivering MDCP waiver services are held to federal requirements to complete ISPs at least annually or as a member's needs change. MCOs are required to show compliance with performance measures relating to service plans through self-reported data collected and analyzed by HHSC on a quarterly and annual basis. Additionally, HHSC received approval of additional staff resources to conduct face-to-face utilization reviews. HHSC plans to renew face-to-face utilization reviews in MDCP which will include review of the service plans. HHSC is developing a timeline for hiring and training new staff and determining details about how the review process will be conducted.

At the time of STAR Kids implementation, the MDCP 1915(c) waiver required each member receiving MDCP to utilize one service per month to maintain waiver eligibility. In September 2017, this requirement was changed in the MDCP waiver renewal in an effort to be more responsive to the respite needs of recipients.

In lieu of the previous requirement, if an MDCP STAR Kids member does not utilize an MDCP service for one month, the MCO must provide monthly monitoring by

⁸ 42 CFR Section 441.301(c)

making contact with the member or member's legally authorized representative by the end of the following month to ensure the member is receiving any medically necessary services. Per federal requirements, this flexibility cannot be granted to certain participants who are eligible for waiver services through Medical Assistance Only (MAO)⁹ and receiving CFC.¹⁰ Individuals with MAO type Medicaid must receive a waiver service monthly.

Utilization of Private Duty Nursing, Personal Care Services, and Physical, Occupational, and Speech Therapy

HHSC examined trends in the utilization of PDN, PCS, and PT/OT/ST among individuals receiving services in STAR Kids before and after the program's statewide implementation in November 2016.

Summary of Findings for Private Duty Nursing and Personal Care Services

To monitor access to services, HHSC evaluated the utilization of PDN and PCS services by individuals who received these service(s) both pre-STAR Kids implementation (between November 2014 and October 2016) and post-STAR Kids implementation (between November 2016 and October 2017).

Figure 2 shows that an average of 5,751 individuals per month received PCS services in the 12 months since STAR Kids was implemented, compared to 6,064 in the 12 months prior to rollout (a decrease of five percent). An average of 4,416 individuals per month received PDN services in the 12 months since STAR Kids began, compared to 4,249 in the 12 months prior to rollout (an increase of four percent).

⁹MAO is defined as a person who qualifies financially and functionally for Medicaid assistance but does not receive Supplemental Security Income benefits, as defined in 1 TAC Chapters 358, 360, and 361, of this title (relating to Medicaid Eligibility for the Elderly and People with Disabilities, Medicaid Buy-In Program and Medicaid Buy-In for Children Program).

¹⁰ 42 CFR Section 441.510(d)

Figure 2. Texas Medicaid Individuals Receiving PDN/PCS Services in STAR Kids (November 2016 to October 2017) and also from November 2014 to October 2016

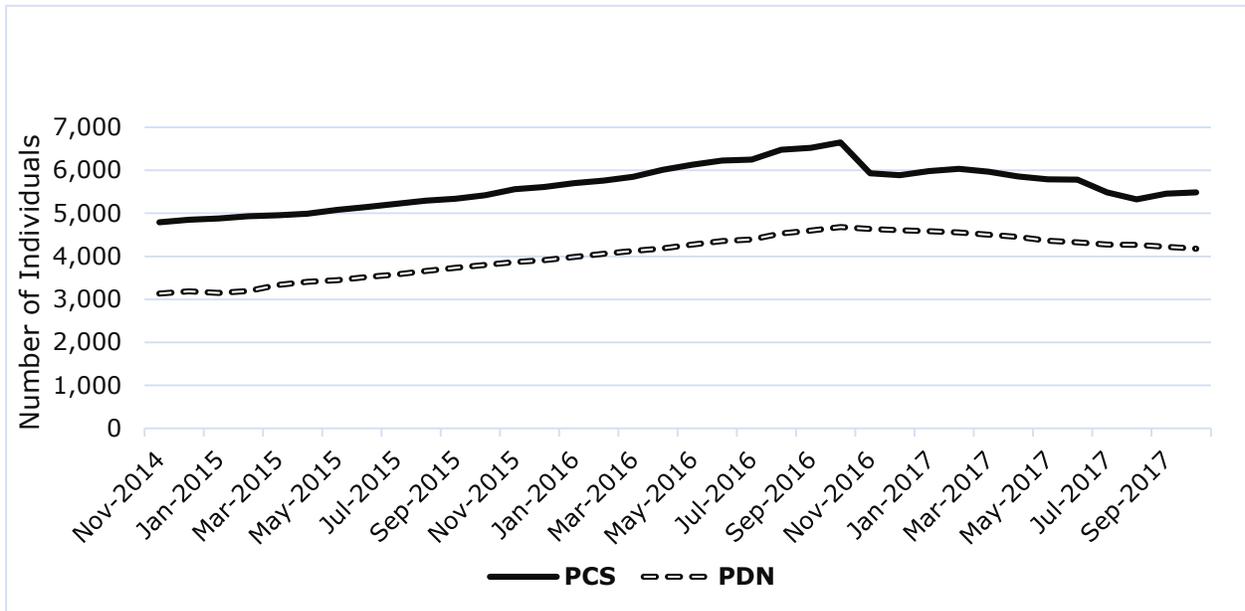


Figure 3 shows the average number of PCS hours paid per individual per month decreased by one percent, from 90 to 89 hours, but increased by seven percent, from 286 to 305 hours, for PDN services during the same time period.

Figure 3. Texas Medicaid Paid Hours per Individual for PDN/PCS Services, Individuals enrolled in STAR Kids (November 2016 to 2017) and Also Receiving Service(s) November 2014 to October 2016

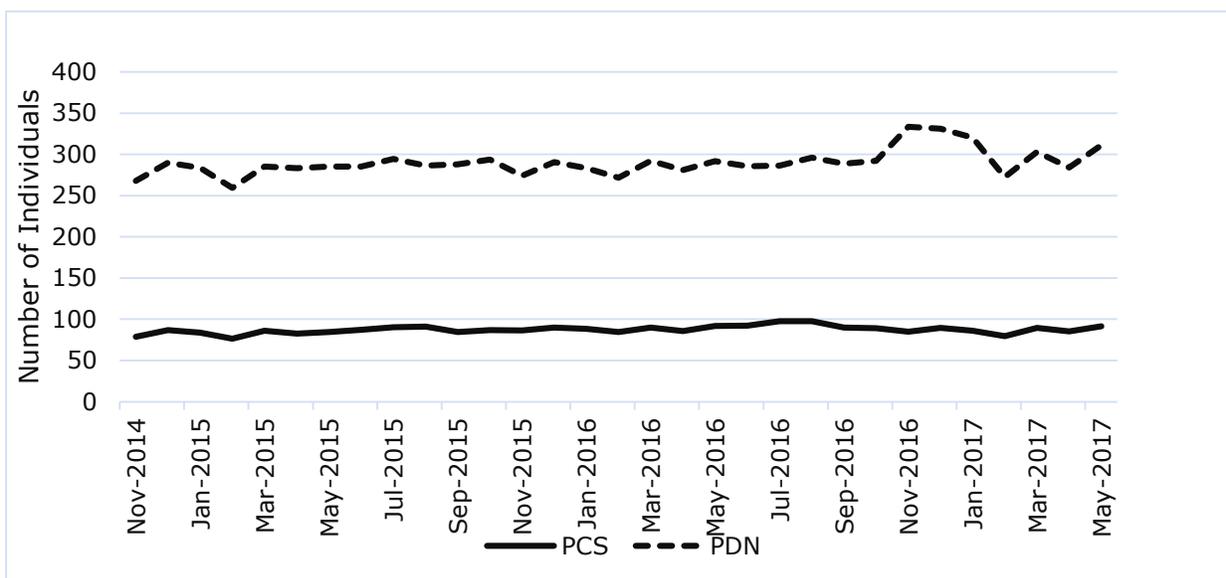
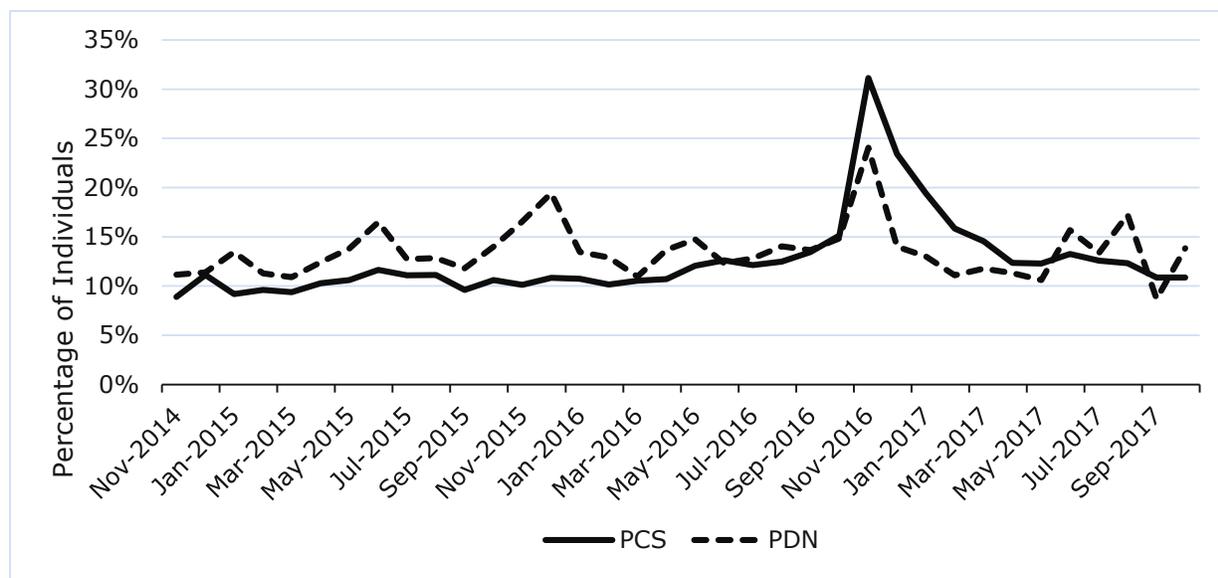


Figure 4 shows the percentage of individuals with denied claims for a PDN or a PCS service for individuals who received paid service(s) in STAR Kids (November 2014 through October 2016) and also from November 2016 to October 2017).

For PCS, the percentage increased 34 percent post STAR Kids implementation, from 12 percent in the 12 months prior to STAR Kids to 16 percent in the 12 months following STAR Kids. For PDN, the percentage remained constant (14 percent) over the same time period, although the percentage increased in the months coinciding with the implementation of STAR Kids. The denial percentage has since decreased to levels more comparable with pre-STAR Kids implementation.

The percentage for PCS decreased from 15 percent to 11 percent from October 2016 to October 2017. The percentage for PDN decreased from 15 percent to 14 percent over the same time period. The October 2017 percentages for both PDN and PCS were equivalent to their October 2015 values.

Figure 4. Percentage of Texas Medicaid Individuals with Denied Claims for Individuals Receiving Services in STAR Kids (November 2016 to October 2017) and also from November 2014 to October 2016



Summary of Findings for Physical, Occupational, and Speech Therapies

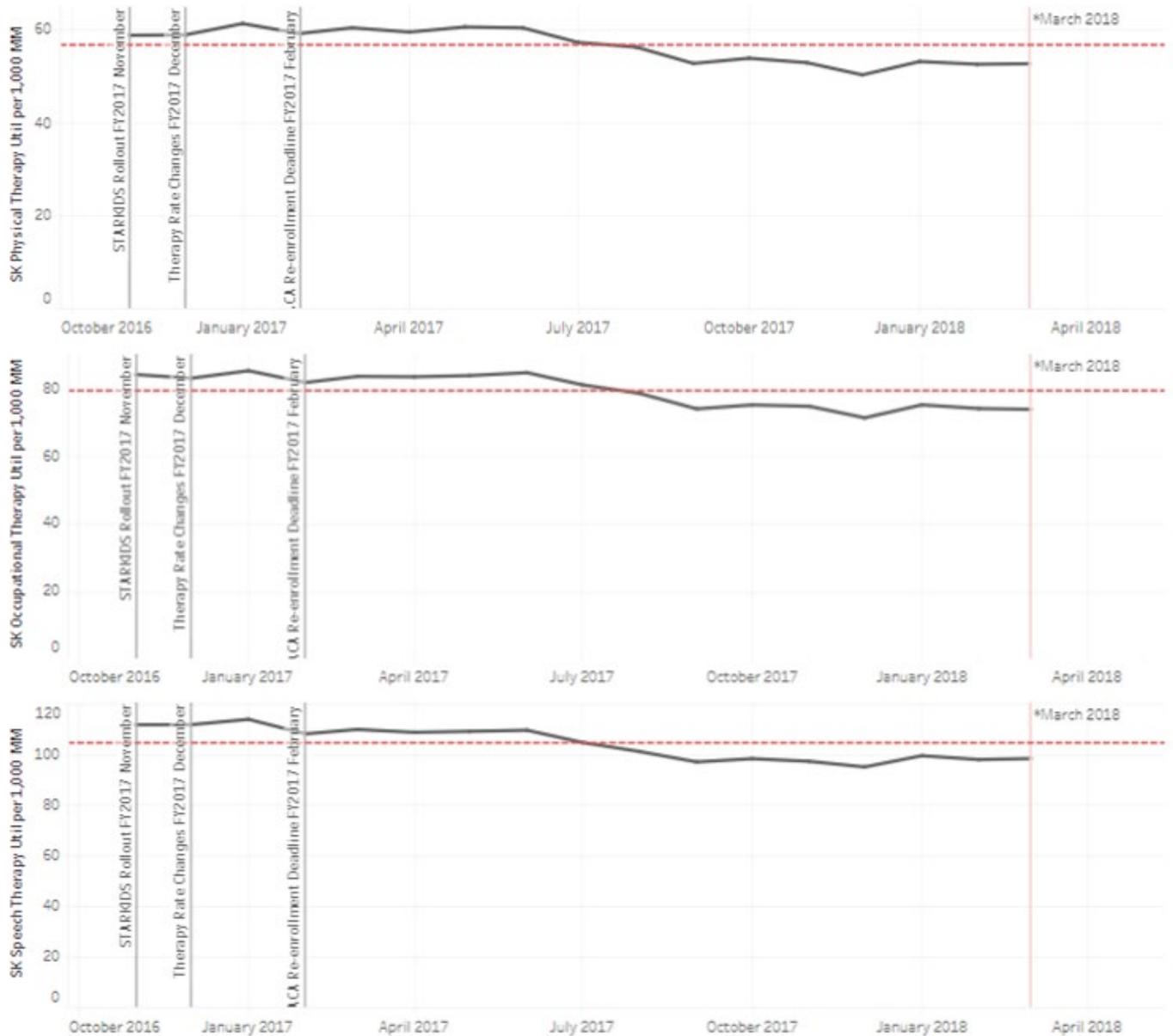
The 2018-19 General Appropriations Act, S.B. 1, 85th Legislature, Regular Session, 2017, (Article II, Special Provisions Relating to All Health and Human Services Agencies, Rider 57), directs HHSC to monitor the utilization of pediatric acute care

therapy services. In the course of monitoring therapy services, HHSC observed a trend unique to STAR Kids and not seen in STAR Health or STAR therapy services for children. From June 2017 to September 2017, the rate of enrollees in STAR Kids receiving speech therapy per 1,000 members per month decreased 12 percent (109 to 97 members per 1,000 members). Similarly, both physical and occupational therapy utilization rates decreased 13 percent. Since then, from September 2017 through March 2018 (the last month for which final data are available), the utilization rates have stabilized.

The timing of the decrease in STAR Kids therapies correlates with when extended prior authorizations ended for clients transitioning to STAR Kids from FFS. When clients in FFS transitioned to STAR Kids, the end date for their prior authorizations that were active on the transition date were extended to ensure the continuity of their care. These extended authorizations ended in late spring 2017. In contrast, the utilization rates for clients under 21 years old in both STAR Health and STAR remained stable during the same time period.

Because this decrease in STAR Kids therapy utilization rates coincided with the end of extended prior authorizations, HHSC is exploring the possibility of increased service denials correlating with the observed service trends. Accordingly, HHSC recently initiated a request of therapy prior authorization data from the MCOs.

STAR Kids Medicaid Therapy Utilization by Therapy Type



* All March 2018 data are preliminary.

Data include STAR Kids clients only. SHARS Excluded. Submitted procedure codes excluded. The Utilization per 1,000 Member Months calculation is based on the point-in-time client eligibility from the MED ID table.

Data sources:

Eligibility: Med_ID_Full_ST/DA_Production.Eligibility_PIT_since_201109, CADS/HHSC
 PTOTST Claims: DM_THERAPY.THERAPY_COMBINED, CADS/HHSC

6. Quality Measurement

In summer 2016, the state's EQRO¹¹ began a multi-year focus study to evaluate the STAR Kids program and develop a set of quality measures for the STAR Kids population. The pre- and post-implementation study will include results specific to MDCP members.

Pre-Implementation Report

The University of Florida's Institute for Child Health Policy (ICHP) conducted a comprehensive review of the academic and policy literature on quality of care measurement for children with special healthcare needs and children with disabilities. Findings were used to develop a set of measures to assess quality of care for the STAR Kids population pre- and post-implementation.

Individuals eligible for STAR Kids were stratified into four service groups:

- MDCP;
- Waiver programs for children with IDD;
- FFS SSI; and
- STAR+PLUS SSI.

ICHP conducted a caregiver survey and used administrative data to provide descriptive findings on utilization, access, and satisfaction of care prior to STAR Kids implementation. Findings were reported by service group.

ICHP produced two technical reports based on this work: the *STAR Kids Program Focus Study Measures Background Report* (February 10, 2017) and the *STAR Kids Program Focus Study Pre-implementation Descriptive Report* (May 26, 2017).¹² Findings were summarized in the *2017 Transition of Medically Dependent Children Program Waiver Recipients to STAR Kids* report.

¹¹ States providing Medicaid through a managed care model are federally required to have an EQRO. The University of Florida's Institute for Child Health Policy (ICHP) is Texas's EQRO.

¹² Report available at <https://hhs.texas.gov/sites/default/files//documents/about-hhs/process-improvement/quality-efficiency-improvement/STAR-Kids-Pre-Implementation-Report-052617.pdf>

Post-Implementation Report

ICHP will complete a STAR Kids post-implementation study by May 2019. The study aims to:

- Assess changes in utilization, quality, and experience of care among STAR Kids members by comparing the pre- and post-implementation findings;
- Provide baseline STAR Kids MCO profiles that present results on member characteristics (i.e., demographics and health status), services groups, utilization, satisfaction, and quality of care in the first year of implementation;
- Refine the set of measurements used to monitor the quality of care for STAR Kids; and
- Develop recommendations for targeting improvements to the delivery and quality of care for Star Kids members, and for the design of regular quality monitoring and improvement efforts.

The post-implementation study will include a follow-up telephone survey of STAR Kids caregivers who participated in the pre-implementation survey and interviews with STAR Kids MCOs. The study will also calculate administrative measures for STAR Kids members using encounter data from calendar year 2017 and assess the quality of SK-SAI and ISP data.

There will be five post-implementation study reports, including an MCO interview report, a measures feasibility study, caregiver survey results, a report on administrative measures findings, and a summary report.

The MCO interview report summarizes themes from interviews with STAR Kids MCOs between August 2017 and February 2018. The interviews included a set of open-ended questions regarding challenges and successes encountered during implementation, resources for care coordination, methods for monitoring enrollment, concerns from parents and disability advocates, network adequacy, and continuity of care. All of the STAR Kids MCOs provided written responses to the questions. ICHP reviewed responses and drafted follow-up questions. The report includes findings from the MCO interviews and ICHP's recommendations based on findings from the interviews.¹³

¹³ Report available at <https://hhs.texas.gov/sites/default/files/documents/about-hhs/process-improvement/medicaid-chip-qei/star-kids-post-mco-interview-report-june-2018.pdf>

The STAR Kids post-implementation survey and the measures feasibility study will be reported to HHSC in November and December 2018. The longitudinal analysis of administrative measures will be reported in February 2019. Findings from these studies will provide a comprehensive view of the implementation of the STAR Kids program, culminating in a May 2019 summary report.

STAR Kids Quality Monitoring

HHSC is also implementing other quality monitoring and improvement efforts for the STAR Kids program. STAR Kids report cards will be available to members beginning in 2019. Report cards are intended to assist potential enrollees in selecting an MCO based on quality metrics. Each MCO in a service area is given a rating between one and five stars on areas of quality relevant to the program population. Report cards are updated annually and posted on the HHSC website and included in the Medicaid enrollment packets.

HHSC administers a medical Pay-for-Quality program which holds three percent of the MCOs' capitation at-risk and provides financial incentives and disincentives based on performance on a set of quality measures. STAR Kids will be added to the medical Pay-for-Quality program in January 2020.

STAR Kids Member and Provider Complaints

HHSC monitors complaints about the STAR Kids program in the aggregate, and the method for tracking complaints does not detail whether a complaint is specifically related to MDCP eligibility or services. Complaints can be submitted and recorded by contacting the MCO directly, HHSC's Medicaid and CHIP Services, or HHSC's Office of the Ombudsman.¹⁴

Since the implementation of STAR Kids, a total of 5,393 complaints have been received for the entire STAR Kids population (approximately 162,098 members¹⁵):

- 1,539 resolved complaints through the Office of the Ombudsman;
- 1,749 resolved complaints through Medicaid and CHIP Services; and
- 1,631 resolved complaints through STAR Kids MCOs.

¹⁴ 42 Code of Federal Regulation (CFR) Section 441.301(c).

¹⁵ The MDCP population is less than five percent of the total STAR Kids population.

HHSC has implemented a process to track MDCP complaints separately from STAR Kids complaints, ensuring the data will be more specific in future reports. HHSC is also improving the complaints process for all members in managed care, by standardizing definitions and categorizations of complaints within HHSC and MCOs; enhancing data analysis to efficiently recognize patterns and promote early issue resolution; and providing greater transparency about complaints. HHSC is applying a no-wrong-door approach to ensure all staff are able to quickly assist clients.

7. Conclusion

Per legislative direction, the STAR Kids managed care program was implemented on November 1, 2016, to provide Medicaid services to children with disabilities, including those in MDCP.

HHSC has made improvements to the STAR Kids program since its implementation and will continue to strengthen the service delivery model and oversight of the MCOs to ensure members, including in MDCP, receive the services they need. Ongoing activities include:

- Evaluating recommendations to optimize the SK-SAI as appropriate and determining an implementation plan for improvements based on results of the evaluation.
- Implementing enhanced MCO member portals effective September 1, 2018 to increase member access to important information on authorizations and approval of services; outcomes of the SK-SAI and ISP; available providers; and contact information for important staff within the MCO, such as their service coordinator.
- Preparing to review a targeted sample of STAR Kids members in MDCP. This review will look at member's assessment, service planning, and service delivery through documentation reviews and home visits.
- Initiating workgroups focused on improving service coordination, complaints processes, and clinical oversight of Medicaid managed care programs, including STAR Kids.
- Evaluating post-implementation quality data for the STAR Kids program from the EQRO, which will be included in a final post-implementation report in May 2019.
- HHSC is working with the EQRO to refine quality measures and implement quality monitoring and improvement efforts for the STAR Kids program, such as report cards and Pay-for-Quality.

List of Acronyms

| Acronym | Full Name |
|----------------|--|
| ACA | Affordable Care Act |
| CADS | HHSC Center for Analytics and Decision support |
| CFR | Code of Federal Regulations |
| DADS | Department of Aging and Disability Services |
| EQRO | External Quality Review Organization |
| FFS | Fee-for-Service |
| HHSC | Health and Human Services Commission |
| ICHP | Institute for Child Health Policy |
| ISP | Individual Service Plan |
| LTSS | Long-term services and supports |
| MCCO | Managed Care Compliance and Operations |
| MCO | Managed Care Organization |
| MDCP | Medically Dependent Children Program |
| MN/LOC | Medical Necessity/Level of Care |
| PCS | Personal Care Services |

PDN Private Duty Nursing

PT/OT/ST Physical, Occupational, and Speech Therapy

SK-SAI STAR Kids Screening and Assessment Instrument

SSI Supplemental Security Income

TAMU Texas A&M University

TMHP Texas Medicaid & Healthcare Partnership

Appendix A. Medically Dependent Children Program Denials — Annual Reassessment Cases

Table 4 shows MDCP medical necessity reassessment denials for fiscal years 2014–2016, while MDCP was under the FFS model and utilizing the MN/LOC assessment tool.

Table 4. Members with Previous MN/LOC on File Who Were Denied¹⁶

| Fiscal Year | Number Denied | Reviewed Medical Necessity | Percentage of Sub-Total Denied |
|--------------------|----------------------|-----------------------------------|---------------------------------------|
| 2014 | 502 | 5,443 | 9.22% |
| 2015 | 127 | 4,872 | 2.61% |
| 2016 | 139 | 4,437 | 3.13% |

Tables 5 through 8 include MDCP members with eligibility expiring (members with ISPs ending) who were reassessed using the pediatric focused SK-SAI assessment tool.

Tables 5 and 6 shows MDCP members with an SK-SAI submitted for MDCP medical necessity reassessment in the indicated month. SK-SAIs submissions, which include both medical necessity and resource utilization group calculations, are considered MDCP reassessments. SK-SAI submissions for significant changes of the member’s condition may not include both of these calculations. Some MDCP members may have more than one assessment submitted in the same month with different statuses. Therefore, the total unduplicated members with an assessment submitted in a given month may be less than the sum of members with assessments in the different status categories.

¹⁶ Assumptions governing MDCP medical necessity denial data: (a) Denials in this data set include fair hearing appeal denials and those not appealed by the individual; and (b) Fiscal year 2013 and fiscal year 2014 denial numbers account for improved communication and practices between DADS and TMHP.

An SK-SAI assessment is categorized as:

- In Process: if it has not yet received an initial approval decision or is pending a fair hearing;
- Approved: if it was initially approved or if an initial denial was overturned; or
- Denied: if it was denied and no fair hearing was requested or if the denial followed a fair hearing decision.

In Tables 5 and 6, data are broken out by denials as a result of fair hearing determinations separately from denials not appealed. Data are subject to change because MDCP members have 90 days to request a fair hearing.

Table 5. STAR Kids MDCP Members with Medical Necessity Reassessments Submitted in Fiscal Year 2017

| Month Reassessment Submitted | In Process Reassessment | Approved Reassessment | Denied Reassessment | Total Reassessment |
|-------------------------------------|--------------------------------|------------------------------|----------------------------|---------------------------|
| November 2016 | 3 | 1 | 0 | 4 |
| December 2016 | 1 | 9 | 1 | 11 |
| January 2017 | 8 | 20 | 1 | 66 |
| February 2017 | 14 | 43 | 11 | 66 |
| March 2017 | 7 | 174 | 26 | 205 |
| April 2017 | 16 | 362 | 62 | 434 |
| May 2017 | 52 | 514 | 84 | 608 |
| June 2017 | 31 | 587 | 100 | 704 |
| July 2017 | 11 | 500 | 84 | 587 |

| Month Reassessment Submitted | In Process Reassessment | Approved Reassessment | Denied Reassessment | Total Reassessment |
|--------------------------------------|--------------------------------|------------------------------|----------------------------|---------------------------|
| August 2017 | 27 | 490 | 77 | 586 |
| Unduplicated Fiscal Year 2017 | 155 | 2593 | 438 | 3057 |

Table 6. STAR Kids MDCP Members with Medical Necessity Reassessments Submitted in Fiscal Year 2018

| Month Reassessment Submitted | In Process Reassessment | Approved Reassessment | Denied Reassessment | Total Reassessment |
|-------------------------------------|--------------------------------|------------------------------|----------------------------|---------------------------|
| September 2017 | 14 | 380 | 614 | 449 |
| October 2017 | 9 | 317 | 55 | 374 |
| November 2017 | 6 | 317 | 43 | 364 |
| December 2017 | 16 | 396 | 62 | 465 |
| January 2018 | 4 | 433 | 66 | 501 |
| February 2018 | 7 | 432 | 37 | 472 |
| March 2018 | 7 | 460 | 40 | 504 |
| April 2018 | 10 | 415 | 16 | 438 |
| May 2018 | 9 | 421 | 13 | 442 |
| June 2018 | 3 | 440 | 9 | 452 |

| Month Reassessment Submitted | In Process Reassessment | Approved Reassessment | Denied Reassessment | Total Reassessment |
|--|--------------------------------|------------------------------|----------------------------|---------------------------|
| July 2018 | 4 | 389 | 15 | 406 |
| August 2018 | 5 | 405 | 4 | 412 |
| Unduplicated Fiscal Year 2018 Total | 89 | 4615 | 418 | 5046 |

In Tables 7 and 8, the total provides MDCP medical necessity reassessment denial rates found by dividing the number of individuals with a denied assessment by the total individuals with an assessment in any status. Some individuals have more than one assessment submitted in the same month with different denial status. Therefore, the total percentage of individuals with denied assessment may be less than the sum of the percentages of individuals with "Denied – Fair Hearing Not Requested" plus "Denied – As a result of Fair Hearing."

Table 7. STAR Kids MDCP Medical Necessity Denials (Annual Reassessments) as a Percentage of Total Reassessments Completed - Fiscal Year 2017

| Month Reassessment Submitted | Denied Reassessments – Fair Hearing Not Requested | Denied Reassessment – As a Result of Fair Hearing | Total Denied Reassessments |
|-------------------------------------|--|--|-----------------------------------|
| November 2016 | 0.0% | 0.0% | 0.0% |
| December 2016 | 9.1% | 0.0% | 9.1% |
| January 2017 | 3.5% | 0.0% | 3.5% |
| February 2017 | 15.2% | 1.5% | 16.7% |
| March 2017 | 9.3% | 3.4% | 12.7% |

| Month Reassessment Submitted | Denied Reassessments – Fair Hearing Not Requested | Denied Reassessment – As a Result of Fair Hearing | Total Denied Reassessments |
|-------------------------------------|--|--|-----------------------------------|
| April 2017 | 8.5% | 5.8% | 14.3% |
| May 2017 | 8.9% | 5.1% | 13.8% |
| June 2017 | 9.2% | 5.1% | 14.2% |
| July 2017 | 8.4% | 6.0% | 14.3% |
| August 2017 | 6.8% | 6.3% | 13.1% |
| Fiscal Year 2017 Totals | 8.9% | 5.6% | 14.3% |

Table 8. STAR Kids MDCP Medical Necessity Denials (Annual Reassessments) as a Percentage of Total Reassessment Completed - Fiscal Year 2018

| Month Reassessment Submitted | Denied Reassessments – Fair Hearing Not Requested | Denied Reassessment – As a result of Fair Hearing | Total Denied Reassessments |
|-------------------------------------|--|--|-----------------------------------|
| September 2017 | 6.7% | 6.9% | 13.6% |
| October 2017 | 7.0% | 7.8% | 14.7% |
| November 2017 | 7.7% | 4.1% | 11.8% |
| December 2017 | 8.0% | 5.4% | 13.3% |
| January 2018 | 7.0% | 6.2% | 13.2% |
| February 2018 | 4.7% | 3.2% | 7.8% |
| March 2018 | 4.6% | 3.4% | 7.9% |

| Month Reassessment Submitted | Denied Reassessments – Fair Hearing Not Requested | Denied Reassessment – As a result of Fair Hearing | Total Denied Reassessments |
|-------------------------------------|--|--|-----------------------------------|
| April 2018 | 1.1% | 2.5% | 3.7% |
| May 2018 | 2.7% | 0.2% | 2.9% |
| June 2018 | 2.0% | 0.0% | 2.0% |
| July 2018 | 3.7% | 0.0% | 3.7% |
| August 2018 | 1.0% | 0.0% | 0.0% |
| Fiscal Year 2018 Totals | 4.9% | 3.5% | 8.3% |