



Health Home Services for Medicaid Enrolled Children with Medically Complex Conditions

Children with medically complex conditions (CMC) rely on a variety of services both in and outside of the health care system. Comprehensive care planning, assuring access, and coordinating these services for CMC is critical for their well-being. The Centers for Medicare and Medicaid Services (CMS) created state plan options for Health Homes that provide a comprehensive system of care coordination for individuals enrolled in Medicaid. Medicaid Health Homes employ a “whole-person” philosophy that integrates services and supports across the health care system to treat the whole person.¹

There are currently two options for states interested in establishing Health Homes for Medicaid beneficiaries. The first is Section 1945 of the Social Security Act (SSA) which was established by Section 2703 of the 2010 Patient Protection and Affordable Care Act (ACA). The second is Section 1945A of the SSA which was established by the Advancing Care for Exceptional (ACE) Kids Act which passed in 2019.

Section 1945A establishes a state plan option for Health Homes specifically for CMC. State implementation of this option became available on October 1, 2022. The purpose of this policy explainer is to describe the details of the 1945A State Plan Option and current CMS guidance to interested state agencies, including state Title V and Medicaid programs.

Health Homes Compared to Medical Homes

Although both Health Homes and Medical Homes are interested in providing patient-centered, comprehensive, and coordinated care, they are not interchangeable. The term medical home has been around since the late 1960s when the American Academy of Pediatrics (AAP) published standards for child health care. In 2007, the American College of Physicians, the American Academy of Family Physicians, the American Osteopathic Association, and the AAP adopted Joint Principles of the Patient-Centered Medical Home. The Health Home is a new provision in Medicaid that was authorized by the Affordable Care Act of 2010. In contrast to a Medical Home, a Health Home is specifically for Medicaid beneficiaries.²

The goals of the 1945A Medicaid Health Home Program include:³

1. Coordinate prompt care for children with medically complex conditions
2. Develop a comprehensive family-centered care plan for each child
3. Work with children and families in a culturally and linguistically appropriate manner
4. Coordinate access to sub-specialized services and programs and palliative care services
5. Coordinate care to out-of-state providers

Together, the goals of the 1945A option promote a whole-person orientation and encourage states to use health homes as the foundation for a comprehensive system of care for CMC and their families. In addition to these objectives for person-centered care, the reporting requirements of this state plan option move states toward identifying and quantifying need, the nature and capacity of their service delivery system, the services provided, and efforts to measure their effectiveness.

Beneficiary Eligibility Criteria

In a [letter to state Medicaid directors published August 1, 2022](#), CMS established eligibility criteria for health home programs in states that choose to implement the 1945A state plan option. In order to be eligible, a child must:

- Be under 21 years of age
 - Be enrolled in Medicaid through any pathway (including waiver programs)
 - Have either:
 - One or more chronic conditions that cumulatively affect three or more organ systems AND severely reduces cognitive or physical functioning AND also requires the use of medication, durable medical equipment (DME), therapy, surgery, or other treatments⁴
- OR**
- One life-limiting illness or rare pediatric disease as defined in [Section 529\(a\)\(3\) of the Federal, Food, Drug, and Cosmetic Act \(21 U.S.C. 360ff\(a\)\(3\)\)](#).

A chronic condition is defined in the law (Section 1945A(i)(2) as, “a serious, long-term physical, mental, or developmental disability or disease.” Having a chronic condition alone does not guarantee eligibility for services under this Health Home state plan option. Any child who meets the above criteria is eligible to receive Health Home services.

Health Home Providers and Services

The statute describes three types of providers from which a child can receive health home services:⁵

1. Designated providers: defined as including but not limited to a physician, children’s hospital, clinical practice, rural clinic, prepaid health plan, community health center, or home health agency
2. A team of health care professionals that is operating with a designated provider: defined as a team including physicians, nurses, dietitians, social workers, behavioral health professionals, physical and occupational therapists, speech pathologists, nurse care coordinators, community health workers, and any professionals approved by the state and the Secretary of Health and Human Services through the SPA.
3. A health team: as defined in [Section 3502 of the Patient Protection and Affordable Care Act \(42 U.S.C. § 256a-1\)](#).

Services provided by a Health Home as defined in the CMS guidance include:

- Comprehensive care management
- Care coordination
- Comprehensive transitional care
- Patient and family support
- Referrals to community and social support services
- Use of health information technology to link services

Financing a Health Home for CMC

State expenditures on health home services are eligible for the federal match at the state’s FMAP. There is an increased FMAP of 15 percentage points (total FMAP not to exceed 90 percent) available to states for expenditures during the first two fiscal year quarters that the health home is in effect.

States must specify the payment methodology for health home services in their [State Plan Amendment \(SPA\)](#). States are allowed to create a tiered payment structure that “accounts for the severity or number of a child’s chronic conditions, life-threatening illnesses, care professionals operating with the designated provider, or health team.”⁶ Payment methodologies are not limited to per-member per-month payments; CMS allows states to propose alternative payment models.

Out-of-State Care

Out-of-state care can be a critical issue for CMC. Receiving care from out-of-state providers can help improve access to services for CMC by addressing geographic barriers, limited availability of sub-specialty providers, and other factors. Coordinating out-of-state care and streamlining protocols and procedures for care provided out-of-state are crucial for ensuring CMC receive the right care in the right place at the right time. In October 2021, the Centers for Medicare and Medicaid Services (CMS) released a [bulletin](#) providing guidance on coordinating care delivered by out-of-state providers for children with medically complex conditions.

In the guidance, CMS recommends that states implement the following best practices in structuring their Health Homes for CMC so that children receive “prompt, high-quality care from out-of-state providers when needed.”⁷

1. Person-Centered Service Plan
2. Swift Out-of-State provider screening and enrollment
3. Between state agreements to establish coverage and payment for services by out-of-state providers
4. Arrangements to promote access to out-of-state providers via telehealth services
5. Electronic health records and data interoperability
6. Economic and efficient provider payment rates

Other Regulatory Issues

The statute establishing the Health Home for CMC option allows states to cover services less than state-wide.⁸ This means that the health home option can be implemented by geographical area.

States may not require children with medically complex conditions to enroll in a health home and they also may not limit the child’s choice of qualified health home service providers.⁹ According to the August 1, 2022, CMS letter,

“...there cannot be a closed provider network for section 1945A health home services delivered via managed care and the choice of section 1945A health home providers through a managed care organization cannot be limited.”¹⁰

States may also not reduce or modify the EPSDT benefit for children enrolled in health homes.¹¹

State Reporting Requirements

Health Home services providers are required to report information to the state, and then state is required to report information to CMS. Health Home providers must report the services offered to CMC as well as information on quality measures. As of November 1, 2022, CMS is considering a list of quality measures, but the measures have not yet been finalized. There is currently a Health Home Quality Measures Core Set work-group that is reviewing the measures. CMS will provide more information on quality measures for reporting in the future.

States implementing Health Homes are required to report the following to CMS:

1. Information reported by Health Home providers
2. The number of CMC who have selected a Health Home
3. The nature, number, and prevalence of chronic conditions, life-threatening illnesses, disabilities, or rare diseases that CMC have
4. The type of delivery systems and payment models used to provide Health Home services
5. The number and characteristics of designated providers, teams of health care professionals, and health teams, including out-of-state providers
6. The extent to which CMC who have selected a Health Home receive health care items and services under the state plan
7. Quality measures as mentioned above

State Planning Grants

Planning grants are available to states to support them in exploring the development of health homes for CMC and developing a SPA. States awarded planning grants must contribute their state match rate for each year that the grant is awarded.¹² Information about planning grants can be found at: <https://www.grants.gov/web/grants/view-opportunity.html?oppld=343826>

Opportunities for State Title V Programs

While every state is different, Title V programs have a role in developing, establishing, expanding, and maintaining health home services for Medicaid enrolled Children with Medically Complex Conditions. Below are some of the opportunities for state Title V programs:

- Elevate the Health Home state option in conversations with colleagues in the state Medicaid agency
- Use subject matter expertise on Children with Medically Complex Conditions (CMC) to educate Medicaid about the potential impacts of implementing this option in the state
- Utilize Title V's connection with providers in identifying the need for and value of a health home program for CMC and their families
- Leverage the Title V program history where there is a legacy of helping to develop multidisciplinary health teams to serve CMC
- Facilitate family engagement in the process of evaluating whether to move forward with this option and then, if affirmative, in designing, implementing, and evaluating the 1945A health home state option
- Convene stakeholders, families, providers, and public policy makers, in building a coalition that works to improve the system of care for CMC
- Collaborate with Medicaid on submitting a planning grant application laying out the work to be done to explore the Health Home state option
- Collaborate with Medicaid in determining the children's eligibility criteria for the 1945A option
- Contribute Title V's expertise in providing care coordination and other services to CYSHCN and CMC to the development of a Health Homes state plan amendment
- Support training and technical assistance for care coordination workforce and other providers as appropriate to ensure implementation meets the specific needs of CMC

References

- 1 Health Homes. Centers for Medicare and Medicaid Services. Accessed at <https://www.medicaid.gov/medicaid/long-term-services-supports/health-homes/index.html>
- 2 O'Dell ML. What is a Patient-Centered Medical Home? *Mo Med*. 2016 Jul-Aug;113(4):301-304. PMID: 30228482; PMCID: PMC6139911.
- 3 Presentation by CMS hosted by the Catalyst Center. Medicaid 1945A Health Homes for Children with Medically Complex Conditions. September 20, 2022.
- 4 The statute lists the following conditions as examples of “chronic conditions”: cerebral palsy, cystic fibrosis, HIV/AIDS, blood diseases such as anemia and sickle cell disease, muscular dystrophy, spina bifida, epilepsy, severe autism spectrum disorder, and serious emotional disorder or serious mental health illness. Section 3 (i)(2). Accessed at <https://www.congress.gov/116/plaws/publ16/PLAW-116publ16.pdf>
- 5 Page 6. CMS Letter to State Medicaid Directors. August 1, 2022. Health Homes for Children with Medically Complex Conditions. Accessed at <https://www.medicaid.gov/federal-policy-guidance/downloads/smd22004.pdf>.
- 6 Page 4. CMS Letter to State Medicaid Directors. August 1, 2022. Health Homes for Children with Medically Complex Conditions. Accessed at <https://www.medicaid.gov/federal-policy-guidance/downloads/smd22004.pdf>.
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- 8 Eligibility Criteria for Section 1945A Health Home Services. CMS Letter to State Medicaid Directors. August 1, 2022. Health Homes for Children with Medically Complex Conditions. Accessed at <https://www.medicaid.gov/federal-policy-guidance/downloads/smd22004.pdf>.
- 9 Medicaid Services Investment and Accountability Act. (2019). Public Law 11-16. Section 3. Part h. Rule of Construction. Accessed at <https://www.congress.gov/116/plaws/publ16/PLAW-116publ16.pdf>.
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- 12 Medicaid Services Investment and Accountability Act. (2019). Public Law 11-16. Section 3. Part c. Number 3B. Accessed at <https://www.congress.gov/116/plaws/publ16/PLAW-116publ16.pdf>.