

# Guide to Developing a System of Care Expansion Financing Plan

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## Context for Financing Plan

### Requirements in System of Care Expansion Request for Applications (RFA) (*Grantees*)

- The RFA requires a strategic financing plan for how the system of care framework will be brought to scale and sustained.
- The plan must address how the system of care will:
  1. Financially link with other child-serving systems
  2. Use Medicaid dollars
  3. Use other third-party payers
  4. Be connected and integrated with block grants
  5. Be included and integrated with implementation of the Affordable Care Act (ACA)
- There is flexibility in the organization of the plan as there is no required format.

### Context for Plan Components

- Plans should be developed in the context of a rapidly changing environment with opportunities for new partnerships and new financing strategies.
- The plan should be viewed as an initial, dynamic plan that will be refined and revised at regular intervals based on progress, changes in policy, and new opportunities.
- Current opportunities include:
  1. Braiding or coordinating funds across systems for shared financing of services, Medicaid match, etc.
  2. Using Medicaid financing to increase coverage of home- and community-based services and shift funding from inpatient and residential care to community-based care, using new guidance and bulletins (e.g., the joint Centers for Medicare and Medicaid Services [CMS] – Substance Abuse and Mental Health Services Administration [SAMHSA] Informational Bulletin on Coverage of Behavioral Health Services; waivers such as 1915(c); and potential new financing opportunities from CMS)
  3. Leveraging provisions in the ACA to finance home- and community-based services, including health homes, Money Follows the Person, 1915(i) State Plan Amendments, and Medicaid and CHIP expansion
  4. Increasing the use of Mental Health Block Grant funds to fill gaps in services not covered by Medicaid or other sources

### Relationship to System of Care Expansion Objectives in Plan

- The financing plan should be an integral component of the overall expansion plan that is directly linked to the objectives in the strategic plan for system of care expansion. In this context, the plan must address the question “Financing for what?”
- Plans should:
  1. Clarify what financing is needed to achieve expansion objectives
  2. Review the current funding mix
  3. Delineate the most promising and appropriate financing strategies to achieve SOC expansion goals
  4. Establish priorities for financing based on priorities of expansion implementation work
  5. Identify specific action steps to be taken to obtain financing from the specified sources to achieve expansion objectives and timelines for action steps
  6. Identify responsibilities and timelines for implementing action steps and for reviewing progress and refining financing strategies as needed

## Steps in Creating the Financing Plan

### 1. Identify and Enlist an Appropriate Work Group for Plan Development

- Use the existing system of care expansion team to develop the financing plan to ensure a thorough knowledge and understanding of the expansion approach, objectives, and strategies and that the financing plan is based on the objectives and strategies outlined in the overall expansion plan.
- Develop a work group of the system of care expansion team that specifically addresses financing and includes additional resource persons who may have specific knowledge and roles relevant for financing system of care expansion.
- Obtain the commitment of high-level policymakers to the development and implementation of the financing plan to support expansion of the system of care approach.

### 2. Identify and Clarify Objectives

- Identify and clarify the objectives in the system of care expansion plan.
- For each objective, specify the strategies in each of the five core strategy areas needed to achieve the particular objective:
  - Policy and Partnerships
  - Services
  - Financing
  - Training
  - Generating Support
- A worksheet can be used to identify strategies needed to achieve each objective included in the plan in the five core strategy areas. Strategies in each of these areas are needed to achieve expansion objectives.

### 3. Identify and Analyze Financing Needed to Achieve Plan Objectives

- Identify resources needed to achieve plan objectives based on analysis of objectives and strategies. Ensure that the financing plan is not a separate or distinct task, but is designed to obtain financing to achieve the jurisdiction's specific expansion goals and is integral to the expansion planning and implementation process.
- Identify and analyze financing currently being used and strategic opportunities that may exist within current financing (e.g., to redirect funds) by conducting a targeted financial "mapping" analysis based on current expenditures and service utilization.
- Assess gaps between current resources and needs to achieve expansion objectives.
- Identify and analyze potential financing opportunities, including:
  - Opportunities in Medicaid, including Medicaid redesign, waivers, coverage of new home- and community-based services, state plan amendments, etc.
  - Opportunities across systems, including Mental Health and Substance Abuse Block Grants, Child Welfare Title IV-E waivers, Juvenile Justice, Education, Early Childhood, TANF, Housing, Labor, private third-party payers, etc.
  - Opportunities in ACA implementation including health homes, Money Follows the Person, 1915(i) State Plan Amendments, and Medicaid and CHIP expansion
  - Other innovative approaches to increase "income" for systems of care (e.g., new public-private partnerships, tax levies, nontraditional workforce development opportunities, timebanks, etc.)

### 4. Determine Role of System of Care Expansion Grants

- Use expansion grants as "venture capital" and opportunities to lay a foundation for future financing.
- Develop and demonstrate new financing strategies.
- Negotiate cross-system investments (e.g., investments in systems of care by the child welfare or juvenile justice system to serve their populations with the system of care approach).
- Modify what existing financing streams will pay for (e.g., Medicaid).
- Secure commitments to redirect existing funds to more cost-effective home- and community-based services and supports.
- Provide compelling data on return on investment in the system of care approach.

## 5. Develop Strategies for Creating, Modifying, or Realigning Funding for System of Care Expansion

- Determine the most promising and appropriate financing approaches to achieve expansion goals, including:
  - Redeploying existing resources
  - Refinancing to maximize public funds (e.g., pool funds for Medicaid match to maximize federal dollars)
  - Braiding or otherwise coordinating funds across agencies
  - Creating new financing structures or processes (e.g., case rates, rate cells, care management entities, integrated care models, health homes)
  - Raising new revenues
- Determine the financing strategies to be implemented, including specific funding sources.

## 6. Develop Action Steps for Implementing Financing Strategies

- Develop action steps to be taken to obtain financing from the specified sources to achieve expansion objectives.
- Assign responsibilities for implementing action steps.
- Determine the timeline for implementation of action steps.
- Determine the mechanism and intervals for assessing progress and revising financing strategies as needed to achieve expansion goals.

## Content of Plan

The financing plan should include the following components:

### 1. Process for Creating Financing Plan

Summary of the structure and process used to create the financing plan

### 2. System of Care Expansion Objectives and Needed Financing

Delineation of objectives in the system of care expansion plan and the financing needed to achieve objectives

### 3. Assessment of Available Financing and Gaps

Analysis of available funding and identified gaps

### 4. Financing Approaches, Specific Strategies, and Priorities

Identification of promising financing approaches, specific strategies to be implemented to access and leverage financing opportunities, and priority financing strategies

### 5. Action Steps and Timeline

Specification of action steps and timelines for implementation, review of progress, and refinement of financing strategies