

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: District of Columbia**1. Method for Determining Cost Effectiveness of Caring for Certain Disabled Children at Home Instead of an Institution (Katie Beckett Eligibility Group)**

If a child under nineteen (19) years of age is deemed to be ineligible for Medicaid due to being over the income threshold, the child may apply for Medicaid through the Katie Beckett eligibility group by submitting to the Department of Health Care Finance (DHCF): (1) a Care Plan, containing services that the child's physician prescribed or ordered for the child; and (2) Level of Care (LOC) forms and documentation, which support a LOC that is typically provided in a hospital, intermediate care facility, or nursing facility LOC. If a child is found eligible for Medicaid through the Katie Beckett eligibility group, the child will be subject to an eligibility renewal every twelve (12) months. Upon initial application and during annual renewals, DHCF will determine whether the child meets (or continues to meet) a specialty hospital, intermediate care facility, or nursing facility LOC. DHCF will also determine, upon initial application and during annual renewals, whether Medicaid costs of caring for a child outside of an institution exceeds the estimated costs of appropriate institutional care based on the following methodologies:

- (a) DHCF shall employ the following methodology upon a child's initial application to determine cost effectiveness:
 - (1) The annual cost of the services that the child is prescribed or ordered to receive in the Care Plan will be estimated using the established District of Columbia Medicaid Fee Schedule, which shall also factor in the child's acuity level and severity of illness, as supported in the child's Care Plan and LOC forms;
 - (2) The annual cost of services, if those services were provided in an institution, will be estimated by multiplying the current institutional Medicaid reimbursement rates with the number of days in one year. DHCF will use the applicable per-diem Medicaid reimbursement rates of an institution (specialty hospital, intermediate care facility, or nursing facility) enrolled in the DC Medicaid Program that most closely meets the medical needs of the child. The beneficiary's acuity level, severity of illness, and length of stay, as supported in the child's Care Plan and LOC forms, shall be factored into the estimation. This estimate will be the institutional/maximum allowable cost;
 - (3) The annual Care Plan cost identified in (a)(1) will be compared with the institutional/maximum allowable cost identified in (a)(2);

- (4) If a cost effectiveness review using the methodology under (a)(1) – (a)(3) reveals that the estimated annual Care Plan cost identified in (a)(1) does not exceed the institutional/maximum allowable costs identified in (a)(2), the child’s annual cost of care outside of an institution is deemed cost effective; and
 - (5) If the estimated annual Care Plan cost identified in (a)(1) exceeds the institutional/maximum allowable cost identified in (a)(2), the child shall be deemed ineligible for Medicaid coverage under the Katie Beckett eligibility group.
- (b) DHCF shall employ the following methodology during annual renewals to determine cost effectiveness, unless there is a significant change in services prescribed or ordered for a child:
- (1) Calculate the actual or estimated annual cost of care incurred for the child in the preceding year by aggregating the actual monthly costs of care;
 - (2) Compare actual or estimated annual cost determined under (b)(1) with the institutional/maximum allowable costs that was previously determined under (a)(2);
 - (3) If a cost effectiveness review using the methodology under (b)(1) – (b)(2) reveals that actual or estimated costs of care incurred for the child do not exceed the institutional/maximum allowable costs, the child’s annual cost of care outside of an institution is deemed cost effective; and
 - (4) If the cost effectiveness review conducted reveals that a child’s estimated Medicaid cost of care received at home exceeds the estimated Medicaid costs of care received in an institution, the child shall be deemed ineligible for Medicaid coverage under the Katie Beckett eligibility group.
- (c) DHCF shall employ the methodology described under (a)(1) – (a)(3) if there is a significant change to the services prescribed or ordered for a child in the Care Plan that is submitted at annual renewal.
- (d) DHCF shall conduct a new cost effectiveness review using the methodology set forth under (a)(1) – (a)(3) if additional services are prescribed or ordered for the child before the end of the child’s eligibility period.

Definitions

- (a) Acuity level – The intensity of services required for an applicant or beneficiary. An applicant or beneficiary with a high acuity level requires more care; those with lower acuity levels require less care.
- (b) Institutional/maximum allowable cost – the maximum limit of costs to Medicaid using institutional Medicaid reimbursement rates.