

# Bulletin

January 28, 2008

Minnesota Department of Human Services -- P.O. Box 64941 -- St. Paul, MN 55164-0941

**OF INTEREST TO**

- County Human Service Directors
- Tribal Human Service Directors
- County Human Service Fiscal Supervisors
- Tribal Human Service Fiscal Supervisors

**ACTION/DUE DATE**

Please read.

**EXPIRATION DATE**

January 28, 2010

## DHS to release Targeted Case Management Contingency Reserve funds

**TOPIC**

Distribution of targeted case management \$32,667,000 contingency reserve funds to county and tribal human service agencies.

**PURPOSE**

Inform county and tribal human service agencies of their respective payment amounts and usage requirements.

**CONTACT**

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**SIGNED**

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## **Background**

In 2007 the Minnesota Legislature set aside \$32,667,000 in state funds as a contingency reserve for counties and tribes. These funds were to be distributed in the event of reductions in federal Medicaid revenue for targeted case management (TCM) due to restrictions imposed by the federal government.

The legislation states that distribution of these funds to counties and tribes is triggered by either:

- 1) Publication of the final regulations implementing the targeted case management provisions of the federal Deficit Reduction Act of 2005 (P.L. 109-171), or
- 2) The issuance of a TCM federal audit disallowance by the federal Centers for Medicare and Medicaid Services (CMS).

The Department of Human Services (DHS) must estimate and certify the amount by which the federal regulations (or federal disallowance) will reduce targeted case management Medicaid revenue over the 2008-2009 biennium.

It also states that distribution of the lower of the amount of the certified estimate or \$32,667,000 must be made to counties and tribes no later than sixty days after one of the two trigger events occur.

## **Federal Regulations**

On December 4, 2007, the CMS published interim final regulations implementing the targeted case management provisions of the federal Deficit Reduction Act of 2005. These regulations are complex and will require significant restructuring of Minnesota's case management system. One clear aspect of the regulations is that child welfare-targeted case management in its current form will no longer qualify for Medicaid federal financial participation after March 3, 2008. Further instructions concerning implementation of these regulations will be issued separately.

## **Determination of Loss**

DHS has estimated that the loss of federal revenue associated with this regulation for the seventeen-month period between the regulation effective date of March 3, 2008 and the end of fiscal year (FY) 2009 will be at least \$60.9 million. This estimate is based solely on the loss of child welfare-targeted case management federal financial participation. It is likely the total loss in federal revenue will exceed this amount, but we cannot quantify a total amount at this time given the complexity of the regulation.

This estimated loss clearly exceeds the threshold outlined in Minnesota Laws of 2007, Chapter 147 of the Health and Human Services Omnibus bill, Article 19, Section 3, Subd. 4 (1); therefore, the entire \$32,667,000 will be released to counties and tribes by February 3, 2008.

## **Expenditure Requirements**

The legislation authorizing the targeted case management contingency reserve account also stipulates use of these funds. Counties and tribes shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act under Minnesota Statutes, chapter 256M.

## **Potential Audit Disallowance**

The federal Office of Inspector General (OIG) has recommended to CMS that Minnesota refund \$3,759,338 to the federal government based on an audit of Minnesota's TCM expenditures. As of the date of this bulletin, CMS has not acted on this matter.

Counties and tribes should be aware that DHS does expect that CMS will issue the disallowance and ask for this amount to be repaid. In that event, counties and tribes will be responsible for repayment.

## **Contingency Reserve Distribution Details**

The legislation authorizing the targeted case management contingency reserve account directs that DHS distribute the funds proportionate to each affected county or tribe's targeted case management federal earnings for calendar year 2005. Attachment A to this bulletin lists each county and tribe's percent of calendar year (CY) 2005 TCM earnings and the amount of the contingency reserve account they will be receiving.

Payments will be issued the last week of January 2008. The Invoice Field Code on the payments will read as follows:

For county payments – 71.TCMCONTINGRE05.SFY8.F.STATE

For tribal payments – TRIBAL TCM CONTINGENCY RESERVE

## **Legal References**

Laws of 2007, Chapter 147, HHS Omnibus Bill, Article 19, Section 3, Subd. 4 (1).

## **Special Needs**

This information is available in other forms to people with disabilities by contacting us at (651) 431-3777 (voice), or through the Minnesota Relay Service at (800) 627-3529 (TDD), 7-1-1 or (877) 627-3848 (speech-to-speech relay service).

MN Department of Human Services  
\$32M Targeted Case Management (TCM) Contingency Reserve Account Distribution

County			County		
	Percent of CY2005 TCM Earnings	Contingency Reserve Account Amount		Percent of CY2005 TCM Earnings	Contingency Reserve Account Amount
Aitkin	0.19%	61,868	Marshall	0.15%	50,419
Anoka	5.22%	1,703,753	Martin	0.27%	88,536
Becker	0.63%	205,810	Meeker	0.22%	72,958
Beltrami	0.55%	180,238	Mille Lacs	0.26%	84,267
Benton	0.30%	98,896	Morrison	0.33%	108,295
Big Stone	0.12%	40,410	Mower	0.56%	181,864
Blue Earth	1.53%	499,703	Murray	0.06%	18,851
Brown	0.49%	161,235	Nicollet	0.54%	177,375
Carlton	0.84%	275,556	Nobles	0.26%	85,552
Carver	1.16%	378,830	Norman	0.07%	21,861
Cass	0.33%	109,017	Olmsted	4.20%	1,372,023
Chippewa	0.21%	68,303	Otter Tail	0.77%	250,041
Chisago	0.91%	298,074	Pennington	0.15%	48,113
Clay	1.82%	594,134	Pine	0.38%	124,644
Clearwater	0.20%	66,906	Pipestone	0.05%	16,800
Cook	0.07%	21,661	Polk	0.75%	244,624
Cottonwood	0.19%	63,345	Pope	0.16%	51,759
Crow Wing	0.84%	274,082	Ramsey	15.05%	4,915,820
Dakota	4.06%	1,327,072	Red Lake	0.08%	25,270
Dodge	0.13%	43,160	Redwood	0.12%	39,402
Douglas	0.35%	113,211	Renville	0.33%	106,172
Faribault	0.17%	56,242	Rice	0.51%	166,001
Fillmore	0.16%	51,119	Rock	0.10%	33,769
Freeborn	0.56%	184,073	Roseau	0.14%	46,246
Goodhue	0.30%	99,286	St. Louis	5.82%	1,900,032
Grant	0.06%	19,797	Scott	0.81%	262,980
Hennepin	31.43%	10,267,776	Sherburne	0.64%	210,493
Houston	0.27%	89,285	Sibley	0.20%	66,108
Hubbard	0.12%	38,374	Stearns	1.20%	392,549
Isanti	0.44%	143,488	Steele	0.64%	208,856
Itasca	1.13%	368,011	Stevens	0.18%	59,321
Jackson	0.13%	42,966	Swift	0.11%	37,310
Kanabec	0.14%	46,201	Todd	0.28%	90,146
Kandiyohi	0.88%	287,897	Traverse	0.07%	21,954
Kittson	0.06%	18,681	Wabasha	0.18%	59,379
Koochiching	0.22%	70,847	Wadena	0.30%	99,281
Lac Qui Parle	0.11%	34,856	Waseca	0.32%	105,916
Lake	0.18%	59,499	Washington	1.60%	521,758
Lake of the Woods	0.07%	23,086	Watsonwan	0.14%	45,372
Le Sueur	0.34%	109,886	Wilkin	0.11%	37,071
Lincoln	0.07%	21,364	Winona	1.02%	333,241
Lyon	0.44%	143,852	Wright	1.06%	347,225
McLeod	0.28%	91,297	Yellow Medicine	0.15%	48,722
Mahnomen	0.13%	43,596			
			Sub-total counties	98.19%	\$32,075,119
Tribe			Tribe		
Bois Forte	0.09%	28,909	Red Lake	0.22%	70,549
Fond du Lac	0.11%	37,331	Upper Sioux	0.01%	3,669
Leech Lake	0.38%	125,554	White Earth	0.42%	138,458
Mille Lacs	0.57%	187,411			
			Sub-total tribes	1.81%	\$591,881
			Total	100.00%	\$32,667,000