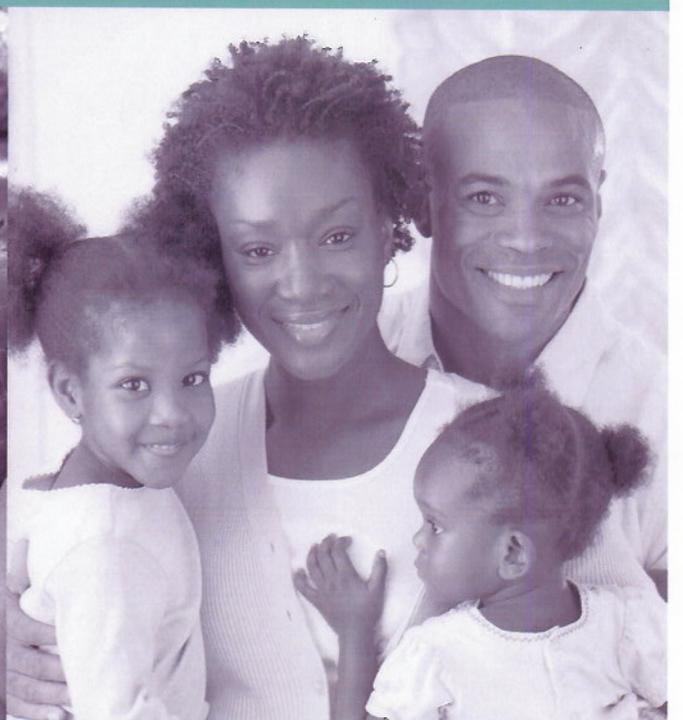
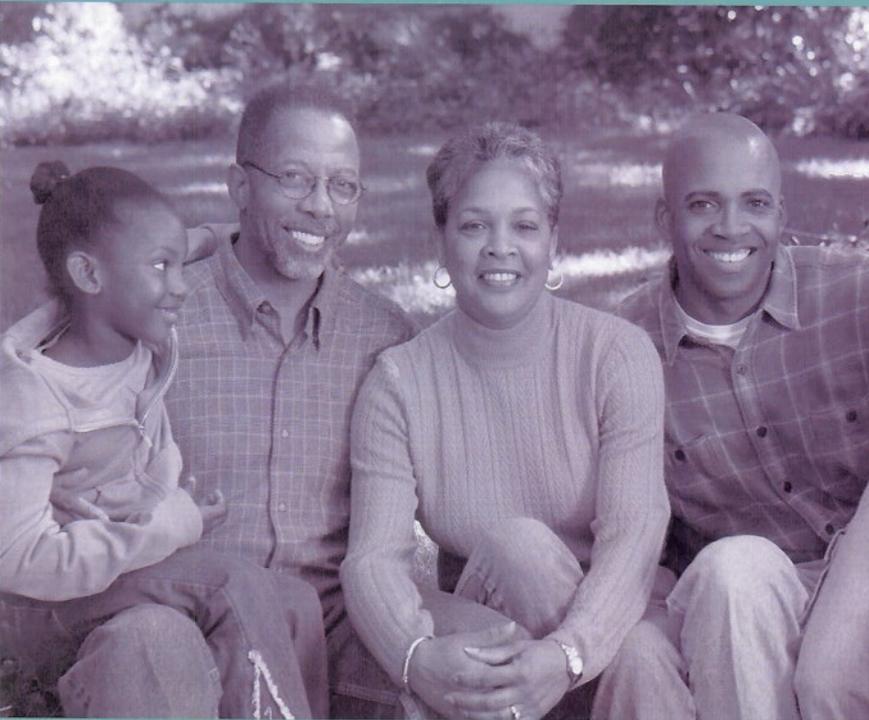


2014 Joint Chairmen's Report

Interagency Rates Committee

October 1, 2013



REPORT REQUIREMENT – JOINT CHAIRMEN’S REPORT

In the Report on the Fiscal Year 2014 State Operating Budget (HB 100) and the State Capital Budget (HB 101) and related Recommendations - Joint Chairmen's Report, 2013 Session, p. 86 - the Maryland General Assembly requested that the Interagency Rates Committee (IRC), with input from residential childcare providers, evaluate the current rate setting process to determine whether changes are warranted.

This report is hereby submitted in response to the 2014 Joint Chairmen’s Report (N00B00.04-page 86), which states:

“The budget committees request that the Interagency Rates Committee (IRC), with input from residential childcare providers, evaluate the rate setting process to determine whether changes are warranted. IRC should submit a report to the budget committees by October 1, 2013, that provides a plain language explanation of the current rate setting process and the findings from evaluation of the process.”

HISTORY

Prior to 1998, the Rates Unit of the Governor’s Office for Children, Youth, and Families (now the Governor’s Office for Children⁵) administered the rate-setting process for providers of private residential child care programs. To encourage the efficiency of the rate-setting process, as well as the development of additional resources through payments to providers, the Maryland General Assembly enacted legislation in 1998 (Senate Bill 426/Chapter 609 of 1998) requiring the Departments of Health and Mental Hygiene (DHMH), Human Resources (DHR) and Juvenile Services (DJS), in consultation with the Office for Children, Youth, and Families, to redesign the rate setting structure for private residential and nonresidential child care programs and nonpublic general education schools licensed or approved by the agencies. Senate Bill 426 further designated the Maryland State Department of Education (MSDE), as the fiscal agent of the Subcabinet Fund for Children, Youth, and Families (now the Children’s Cabinet Interagency Fund⁶), to be the lead agency in redesigning the rate setting structure and developing an implementation plan.

⁵The Office for Children, Youth, and Families began as the gubernatorial Maryland Commission for Children, Youth, and Families established in 1968. The commission was responsible for identifying issues affecting children and youth and focusing attention on new programs and approaches to address those issues. In July 2005, the Office for Children, Youth, and Families was formally reorganized as the Governor’s Office for Children.

⁶ Senate Bill 294/Chapter 243 of 2006 renamed the former Subcabinet for Children, Youth, and Families Resource Fund to be the Children’s Cabinet Fund. The Subcabinet for Children, Youth, and Families expired by sunset of the enabling statute on June 30, 2005. In its place, the Governor authorized, by Executive Order, the Children's Cabinet, in June 2005 (Executive Order 01.01.2005.34). The renaming of the Children’s Cabinet Interagency Fund corresponds with the creation of the Children’s Cabinet.

In compliance with the legislative mandate of Senate Bill 426, the five State agencies that collaborated to develop the “Plan for Implementing the Redesigned Rate Setting Structure” (Plan) in 1998 formed the State’s first Interagency Rates Committee (IRC).

The following year, the Maryland General Assembly codified into law § 8-417 of the Education Article of the Annotated Code of Maryland. The legislation, Senate Bill 291/Chapter 541 of 1999, required the MSDE to implement the Plan on a pilot basis in preparing the State Budget for FY 2001 and to fully implement the Plan by FY 2002. The MSDE was statutorily charged with administering and implementing the redesigned rate setting process with participation from the other IRC members comprised of the five original 1998 IRC agencies and the Department of Budget and Management.

As an administrative measure, the legislature further mandated that all positions and funds formerly appropriated to the Rates Unit within the Office for Children, Youth, and Families be transferred to the Maryland State Department of Education.

BACKGROUND⁷

Since 1999, the Maryland State Department of Education (MSDE), as the designated fiscal agent of the Children’s Cabinet Fund under the Human Services Code, Title 8, Subtitle 5, of the Annotated Code of Maryland, has administered a rate setting process for nonpublic general education schools, residential child care programs, and nonresidential child care programs. (Article – Education, § 8-417)

The Interagency Rates Committee (IRC) is the entity that reviews and approves rate applications for residential and nonresidential child care programs. The IRC is comprised of representatives of the Departments of Budget and Management, Education, Health and Mental Hygiene, Human Resources, Juvenile Services, and the Governor’s Office for Children. The IRC is staffed by the MSDE.

The individual State Agencies that comprise the IRC retain the sole authority to license, monitor, sanction, reimburse and audit child care programs that receive a rate through the IRC. The Agencies also independently contract for services from the programs using the rates developed by the IRC. Programs that contract with the Agencies must meet all licensing and contractual requirements of those Agencies.

The IRC conducts rate reviews, rate assignments, and reconsideration requests in accordance with the Code of Maryland Regulations (Title 14 Independent Agencies, Subtitle 31 Office for Children, Chapter 05 Licensing and Monitoring of Residential Child Care Programs), and with the published rate methodology that is sent to each residential child care provider as part of the rate letter notification.

⁷The “Background” and “Rate Setting Process” sections of this report were written by Steve Sorin, chair of the IRC. Steve Sorin was an integral part of the history and present status of the rate setting process. It was under his leadership that the charge to the IRC has been met. Steve was unable to participate in the final aspects of the workgroup but his presence was felt and his information was shared with all that participated. Steve Sorin passed away August 15, 2013. The state agencies and stakeholder community are forever grateful for the contributions he has made on behalf of the MSDE to the IRC and residential provider community.

RATE SETTING PROCESS

The IRC establishes rates for over 180 residential child care programs and maintains a process to set rates for nonresidential child care programs. **The IRC uses a peer comparison process to review rate requests for the residential child care programs annually.**

Programs are grouped into one of thirteen program type categories based on the children served (age, gender, behavioral needs), the services provided and the level or intensity of the services. Program type categories include; Alternative Living Units, Diagnostic Evaluation Treatment Programs, Education, High Intensity Group Homes, Regular Group Homes, Independent Living, Medically Fragile, Shelter, Treatment Foster Care, Medically Fragile Treatment Foster Care, Therapeutic Group Home, Teen Mother Program, and a Miscellaneous category. **Program groupings are determined by the IRC based on the knowledge and expertise of the licensing Agencies.**

Process for assigning renewal rates

The rate process incorporates four major steps.

1. In the first step, providers submit program budgets to the MSDE Rate staff for review.

The MSDE Rate staff reviews individual line items to assure that unallowable costs are not included and for the reasonableness of allowable expenses. If necessary, the MSDE Rate staff will contact a provider to advise that certain budget/line items are excessive compared to other programs. In order to maintain the confidentiality of proprietary budgetary information, providers are never told the names or actual budget amounts of other providers. Final budget adjustments are made if necessary.

2. In the second step, each program's budget is compared to the average of the final budgets of all other providers in the same program type category.
3. An intensity score is calculated for each program budget. The intensity score is a measure of the extent and intensity of services provided to children placed in a program. **The guidelines for intensity scores are developed under the guidance of the Governor's Office for Children with input from the IRC member agencies and residential child care providers.** Programs that serve children with greater needs have higher intensity scores than programs that serve children with lesser needs.

Each program self-rates its intensity score. **The program's licensing agency reviews and approves the intensity rating. If the licensing agency disagrees with the provider's self-rating, the licensing agency and the provider confer to arrive at a final intensity rate.**

Each provider's intensity score is compared to the average of the final intensity score of all other providers in the same program type category.

Programs are assigned a designation of "preferred provider" or "non-preferred provider" based on a comparison of the program's budget and intensity scores.

Non-preferred provider means a provider whose rate or rates, when grouped by service type and, when appropriate, capacity, falls or fall outside an allowable variance.

Preferred provider means a provider whose rate or rates, when grouped by service type and, when appropriate, capacity, falls or fall within an allowable variance.

4. In the fourth step of the rate setting process, the Interagency Rates Committee applies a set of rules, the Rate Setting Methodology, to each program to determine the final rate. The rules include, in part, a program's preferred/non-preferred status and the relation of the requested rate of an individual program to the mean requested rate for all programs in the program type category. Following the determination of the final rate, the preferred provider analysis is conducted comparing each program's final rate with the final rate of all programs in the same program type category. The result of this preferred provider analysis is included in the individual program rate letters.

A reconsideration and appeal process is available.

Timing

The annual rate process begins in November of the year prior to the rate Fiscal Year. For FY 2014 (July 1, 2013 through June 30, 2014), the rate process began in November of calendar year 2012 with the annual provider meeting. During this meeting, providers are given the budget application forms and any information relative to changes in the rate process.

Budgets are due by February for the upcoming Fiscal Year. For FY 2014, budgets were due February 2013.

The MSDE/IRC staff conducts its reviews and analysis between February and May. The IRC reviews and votes on the rates in May and releases the rates by the second week in June.

IRC Goal

The goal of the IRC rate methodology is to provide a uniform and consistent process applied to all programs equally. It allows programs with rate requests within a normative range to get rate increases that approximate the Consumer Price Index.

STATUS REPORT: EVALUATION

The current rate setting process for residential child care has been in use in Maryland for many years. Over the last five years Maryland's child serving agencies have worked hard to move Maryland forward and enhance the system of care for the children being served. As those changes have taken place the needs for residential child care services have also shifted, however the rate setting process has gone unchanged. The current rate setting system must be evaluated in order to determine if revisions are necessary for it to be aligned with current practice.

In order to evaluate the current process the IRC developed a workgroup and facilitated a Stakeholder Round Table Discussion. The focus of the evaluation process was to provide an opportunity for the IRC and Stakeholder Community to collaboratively review the strengths and challenges of the current rate setting system; review other states' models and rate setting practices; and develop recommendations for changes to Maryland's Rate Setting System for residential child care programs.

The Stakeholder participants included private residential child care providers, private treatment foster care and independent living providers, The Maryland Association of Resources for Families and Youth (MARFY), and members of the IRC. The participants were provided with an overview of the current rate setting process in order to ensure the group had the same basic understanding of Maryland's current model. An overview of the three state rate setting models (see appendix A for rate model summary chart) was also presented to provide participants with examples of other states' rate setting models.

After the overviews the participants were divided into smaller groups and instructed to record responses to the following five questions:

1. What are the strengths of the current rate setting process?
2. What are the challenges of the current rate setting process?
3. What are the strengths/advantages of the presented models from the other states?
4. Based on your experience, are there other rate setting models or example states that should be considered? Please be as specific (including state or model) as possible.
5. Based on the discussions and information you heard today, what are your top recommendations for revisions to the current rate setting process?

The information below represents the consensus responses from questions 1 and 2 from the IRC and Stakeholder Community. The detailed evaluation notes from the round table discussion and list of participants can be found in Appendix B.

Evaluation

Strengths of the Current System

- The process is uniform and consistent for all programs/providers
- The process is neutral and predictable
- It is an interagency facilitated process
- Like services are compared
- Turn-around time is timely / feasible

Challenges of the Current System

- Rate structure
 - Not tied to performance or individual child outcomes
 - Does not take into consideration continuum of care
 - Does not capture the dynamic of the child
 - Doesn't allow for innovation or collaboration
 - Tied to licensing category instead of services
 - No regard for location
 - No regard for cost of living
 - Bundled vs. unbundled rate which doesn't allow for the purchase of individualized services needed to meet the child's identified needs
 - Lacks performance incentives
- Rate process
 - Peer comparison process
 - Rate setting time table not in sync with state budget process
 - "Preferred" vs. "Non-Preferred" status is misleading
 - Link between of the intensity of services and the rate

RECOMMENDATION

Based on the IRC workgroup and the Stakeholder Round Table it is the overall recommendation for the State to radically rethink its current rate system in order to better align service needs with an appropriate rate structure. In order to do this the following recommendations should be considered.

Recommendation 1: Develop a new Rate Structure. The State should design a rate model that includes the following components:

1. Allows for flexibility and innovation in order to meet the needs of children placed within the programs;
2. Establishes a link between the rate and performance based outcomes of the program and individual children; and
3. Maximizes federal financial participation.⁸

Recommendation 2: Re-design the Rate Setting Process. The State needs to re-examine the current process in order to be aligned with the new rate structure model. This will include reviewing the current statutory and regulatory requirements. There was a consensus among providers that the rate setting process should remain housed within a neutral agency.

These recommendations would bring Maryland in line with many other states that have modernized their rate setting approach. Through these recommendations and best practice approaches (Appendix A) these states have seen fiscal benefits, improved service delivery, and increased performance outcomes that benefit the state, the children served, and residential providers as a result.

In order to develop a new rate setting system that works for the State the Interagency Rates Committee (IRC) is planning to develop an on-going workgroup that would be comprised of state agencies and a representative sample of providers. The State will be partnering with Casey Family Programs to develop the new rate setting system. This workgroup will work over the next 18 months to develop a new rate structure, process, and implementation plan. This workgroup will explore the data and trends associated with rate setting both nationally and within Maryland in order to make data informed decisions. It is the goal of the IRC to engage in a collaborative process that will enable the State to radically reform the current rate setting system in order to continue to move Maryland forward.

⁸ Medicaid agency staff at the Department of Health and Mental Hygiene will serve as technical advisors to the IRC workgroup in order to provide advice on the permissibility of maximizing federal financial participation (FFP) in a manner that is amenable to approval by the federal Centers for Medicare and Medicaid Services (CMS) without creating an undue risk of subsequent audit findings by the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG), which is becoming more active in audits in topics such as this.

Appendix A

State Rate Setting Model Examples

Overview of State Practices

State	Rate-Setting Process and Description	Strategy
IN	<p>Dept. Child Services sets residential provider rates on a calendar year basis.</p> <p>DCS pays a base rate to all residential providers for services provided to children placed by the department or a probation department.</p> <p>DCS uses the provider's annual cost report based on a single year's actual costs incurred to determine rate.</p> <p>http://www.in.gov/dcs/files/RTSP_Provider_Manual_with_Appendix_no_page_222.pdf</p>	<p>There is a base rate made up of:</p> <ul style="list-style-type: none"> • Maintenance payment (food, clothing, shelter, daily supervision, etc.) • Administrative payment (case work, case management, accounting/finance, etc.) • Payment for costs that are not eligible for Title IV-E reimbursement <p>DCF provides a list of allowable and unallowable costs per category.</p> <p>The rates are reviewed by the Public Consulting Group annually.</p>
CA	<p>All group home providers are classified into 14 Rate Classification Levels (RCL) based on points in three areas:</p> <ul style="list-style-type: none"> • Child Care and Supervision • Social Work Activities • Mental Health Treatment Services <p>http://www.childsworld.ca.gov/res/pdf/Overview-GH_RCLs.pdf</p>	<p>There is a standard rate schedule issued biennially (see attachment for actual rates).</p> <p>“Provisional rates” are established for new providers requesting a RCL or for existing providers requesting a new program or RCL increase.</p>
TN	<p>Like IL, the Department created an entire performance-based contracting program that rewarded providers for three main outcomes per child:</p> <ol style="list-style-type: none"> 1. Decreasing length of stay 2. Increasing Permanent Exists (e.g., reunification, adoption, guardianship) 3. Reducing reentries into foster care <p>A continuum model was developed so that reimbursements were based on a child's needs rather than on the type of setting in which the child was placed. Providers had to develop a continuum of services.</p> <p><i>See excerpt from Children Rights' report, "What works in child welfare reform: reducing reliance on congregate care in Tennessee."</i></p>	<ul style="list-style-type: none"> • Targets Goals. Baselines are established for the outcome measures based on recent historical performance, and then improvement targets are set for each provider. (Baselines and targets are reset every 3 years.) • Annual Evaluation. Providers are evaluated on an annual basis to determine their performance relative to their baseline and whether they have met targets. • Payment Methodology. A “maximum liability” is established based on market rates. Payment rates are detailed to each contractor. The contractor's compensation is contingent on satisfactory completion of service. • Reinvestment Methodology. The State reinvests State dollar savings with

<p>http://www.childrensrights.org/policy-projects/foster-care/what-works-reducing-congregate-care-in-tennessee/</p> <p>http://www.tn.gov/youth/providers/prov_forms.htm</p>	<p>the Contractor based on achievement outcomes.</p>
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Appendix B
Stakeholder Round Table Discussion Notes

Rate Setting Process Roundtable

Hosted by the Interagency Rates Committee (IRC)

Spring Grove Hospital
55 Wade Avenue
Dix Building
Basement Lower Level Conference Room
Catonsville, MD 21228

July 16, 2013

The Interagency Rates Committee (IRC) sponsored a Rate Setting Roundtable for the child welfare and juvenile services providers. The purpose of the meeting was to receive input from the providers regarding the current rate setting process. (See Appendix A for a list of attendees.)

The meeting began with a general overview of the current rate setting process in Maryland that was developed by Steve Sorin, chair of the IRC. The Interagency Rates Committee reviews and approves rate applications for residential and nonresidential child care programs. The committee is comprised of representatives of the Departments of Budget and Management, Education, Health and Mental Hygiene, Human Resources, Juvenile Services and the Governor's Office for children. The MSDE staffs the committee and follows a 4 step process for assigning renewal rates:

1. The MSDE staff reviews each providers budget
2. The provider's program budget is compared to the average of the final budgets of all other providers in the same program type category
3. An intensity score is calculated for each program budget
4. The IRC applies a set of rules to each program to determine the final rate

For a more detailed overview, please refer to the meeting handout.

Other states' practices were reviewed:

IN – using a base rate with payment for other services added to the base rate

CA – Standard rates are assigned biennially

TN – Performance –based contracting

For a more detailed review, please refer to the meeting handout.

The attendees were divided into smaller groups and instructed to record responses to five questions:

1. What are the strengths of the current rate setting process?
2. What are the challenges of the current rate setting process?
3. What are the strengths/advantages of the presented models from the other states?
4. Based on your experience, are there other rate setting models or example states that should be considered? Please be as specific (including state or model) as possible.
5. Based on the discussions and information you heard today, what are your top recommendations for revisions to the current rate setting process?

MARFY also submitted written responses to the questions (Appendix B).

The Results

1. What are the strengths of the current rate setting process? (Number following comment indicates agreement with the comment.)

- Uniformed process (4)
- Neutral process (6)
- Designated person is accessible
- Updates to Level of Intensity (LOI's)
- Fairly predictable (8)
- Turn-around time is timely / feasible (3)
- Appeal process availability
- Helpful in preparing budgets (MSDE) IRC (Nancy, Steve) (5)
- Interagency process (5)
- Everyone knows the process (2)
- Comparison group of "like" service providers (2)
- Webinar before the start of the next fiscal year (2)
- Process includes non-residential programs (4)
- When properly implemented, takes into account the Consumer Price Index
- Independent of child placing agencies (check and balance)
- Budget forms easy to use

2. *What are the challenges of the current rate setting process?*

- Rate freezes
 - Constrained by fiscal challenge
 - No mechanism to adjust for regulatory requirements
- It's not fully funded (4)
- Forms need work
 - Each program type should have their own forms
- Increases (or not) applied system-wide and not tied to any specific measure
- Poor interagency communication (2)
- Everything pushed to mean (3)
- Assumption that expensive equates to inefficient / non-preferred (4)
- Doesn't allow for innovation or collaboration – thus no Research and development or learning (3)
- Hard to include longer term innovative changes
- Appeal process not clear (no written protocol) (2)
- Not helpful during process (no Technical Assistance) (3)
- Non responsive to providers issues
- Peer comparison process in rate setting
- Tied to licensing category
- No connection to Request for Proposals to rates / rate setting

- Need sufficient MSDE / Other staff to accommodate change
- Group Homes (all programs)
 - No regard for location
 - No regard for cost of living
- Rates
 - Not tied to outcomes (6)
 - Do not take into consideration continuum of care (4)
 - Does not capture the dynamic of the child (characteristics) (3)
 - Doesn't allow for recovery when times are good
- Level of Intensity (LOI) – staffing level by agency (2)
- Original concepts of LOI eroded, intended to be a check / balance but not a reason to deny rate / increase
- LOI is based on group home model – does not work with other categories of care
- Process is 1 size fits all despite business model, different COMAR and fixed costs
- Minority Business Enterprise (MBE) requirement hard to meet 5% requirement
- Out of sync with state budget process. State agencies submitted their budgets previous August (Audrey - or average?) better alignment and better communication / additional services
- No ability to be flexible

3. *What are the strengths/advantages of the presented models from the other states?*

State	Advantages
Indiana <ul style="list-style-type: none"> • Split Components (menu) • Child Specific • Using outside consultant (3) • Plan different rate vs. intensity of child • Rates based on actual cost-based on specialty of program • Base rate is good; paid at 100% capacity with no 10% rate • Independent • Neutral agency • Pay actual cost • “a la carte” • Not an advantage (?) 	
California <ul style="list-style-type: none"> • Predictability • Multiple rates • Level of intensity rate • 2 year rate • Provisional rate 	
Tennessee <ul style="list-style-type: none"> • Continuum of care • Fosters collaboration 	

- Outcome driven
- Based on child needs
- Decreases length of stay
- Case management
- Flexibility to move child to what is needed but low is that rated vs. number of moves
- One group likes this one best
- Flexibility
- Performance
- Longevity with children
- Continuum of care
- Rate based on need

4. *Based on your experience, are there other rate setting models or example states that should be considered? Please be as specific (including state or model) as possible.*

- TN – Performance-based contracting
- DE – Bundling / unbundling services
- DC – (One group disagreed)
- Explore MENTOR foundation multi-state foster care chart book
- Parts of each, but not the whole of any one (2)
- State system as opposed to county jurisdiction
- Keep interagency – not silos
- Would like to see the information on other states
- No cap of TFC (like PA) vendor can serve as many children as there is in need and they can serve rate of reimbursement for state.
- Separating out the costs (Administrative, services, etc.), like IN
- West Virginia – higher rate of reimbursement for state. Separates out cost between services (behavioral and supervision / direct care). State bills Feds for behavioral part.
- Wraparound Milwaukee – rates for 30 different types of services. Can add or subtract depending on what child needs. Rate process has bundled funding source – not just from one agency.

5. *Based on the discussions and information you heard today, what are your top recommendations for revisions to the current rate setting process?*

Rates

- Base rate upfront, then add services
- Negotiate on child specific needs
- Separate costs (Administrative, direct service costs, child specific)
- Fiscal note attached to any changes
- Higher needs of child is higher the rate and reward for good outcomes
- Doesn't drive people to the mean
- Fully funded
- More money

- Back pay from when rates were frozen
- Doesn't assume that expensive = inefficient
- Floor / ceiling rate – more intensive program should have higher rate than group home
- Rates should cover 100% of cost to care for our children (2)
- Unrealistic to have rates set at 90% capacity when referrals are dropping below 90%
- Allows for regional cost differences (2)
- Allows for flexibility and innovation (2)
- Derives / rewards collaboration
- More flexibility – so we can meet individual needs of youth – different rates based on different services / needs provided to the child

Process

- Review and revision not be rushed and done in a comprehensive and systemic way including providers as partners
- Thoughtful planning (2 year process to plan / implement)
- Collaborative process is important
- Well-defined process and timelines included
- Deadline for response by IRC prior to new Fiscal year
- Final approval of process by the contracted providers
- Gradual implementation process
- Greater use of technology (rather than multiple hard copies)
- Allow for different process throughout the year
- Uniform reporting

Independence

- Independent body
- If not as independent body then remain as interagency process (2)
- Neutral state agency (GOC)
- Rate setting body should be a neutral body
- Managed by neutral agency and governed by multi-agency collaborative board

Outcomes

- Tie to outcomes for youth
- Outcome-based system implemented over reasonable amount of time (no band aid Approach)
 - Must include adequate review / shadowing
- Incentive oriented outcomes
- Takes into account both cost and outcomes
- Performance based contracting with incentives (3)
- Develop meaningful outcomes
- Borrows from / incorporates best of other states
- State should start looking at outcomes for the children which should drive rates
- Reinvestment strategy
- License the continuum

Other

- Really like IN model
- Refer to MARFY handout

Next Steps

Attendees

Last Name	First Name	Organization
Arriaza	Patricia	GOC
Berger	Richard	OLM
Brylske	Paul	Kennedy Krieger
Crowder	Shanda	DHR
Curcio	Thomas	The Board of Child Care
Dingle	Zachery	Jumoke
Dockins	Darlene	MENTOR Maryland
Feller	Daniel	GOC
Fenwick	Eric	Aunt Hattie's Place
Fitts	Peter	Progressive Life Center
Fox	Gerard Fox	VisionQuest MSYA
Ham	Darlene	DHR/OLM
Arrolld	Joshua	CCYD
Howe	Steve	The Children's Guild
Hutchins	Stephanie	MENTOR Maryland
Jackson	Shawan	Sheridan Patterson Center
Jasper	Paul	MENTOR Maryland
Jones	Caroline	MHA
Keegan	Kevin	Catholic Charities
Kibret	Netsanet	DHR/OGA
Kinion	Jeannette	Department of Juvenile Services
Knebel	Carrie	CONCERN
Labulé	Joseph	Second Family, Inc.
Lee	Bill	DHR/ OLM
Liggett Creel	Stephen	Hearts and Home
Lucas	Yvette	The Children's Home, Inc

Mackramat	Ezboreghe	McJoy's Covenant, Inc.
Manning	Terry	The Children's Guild
Marini	Debbie	Baptist Family
Marks	Jeanne	Pressley Ridge
McCabe	Chris	Our House
McLendon	Audrey	DHR
McLeod	Kevin	Silver Oak Academy
McNeil	Walter	Challengers Independent Living
Mittelman	Mark	New Pathways
Nolte	Sherry	The Arc NCR
Norman	Richard	Martin Pollack Project
Nott	Michael	Our House, Inc.
OConnor	Dania	Woodbourne Center
Otts	Bert	CSI
Patterson	Edel	Department of Juvenile Services
Payne	Trina	MARFY
Peirer	Chloe	Hearts and Home
Pendley	Hugh	Second Family, Inc.
Power	Nellie	The Arc Baltimore
Ross	Andrew	Children's Guild
Sakyi	Andrea	Progressive Life Center
Sorin	Steve	MSDE
Sterling-Garrett	Ertha	Department of Juvenile Services
Tinney	Shelley	MARFY
Tran	Loriann	UMMS
Uagbor	Mr Gabriel	Day by Day Residential Services, Inc
Vaughan	Regan	Catholic Charities
Welsh	Jane	Kent Youth, Inc.

White	Carnitra	DHR
White-Norman	Sonya	DJS
Wilkins	Anita	DHR/SSA
Williams, Sr.	Cleveland C.	Williams Life Center, Inc.
Zachik	Albert	MHA

DHMH – Department of Health and Mental Hygiene

DHR – Department of Human Resources

GOC – Governor’s Office for Children

MHA – Mental Health Administration

MSDE- Maryland State Department of Education

OGA – Office of Government Affairs

OLM – Office of Licensing and Monitoring

SSA – Social Services Administration

RATE SETTING PROCESS ROUNDTABLE

July 16, 2013

MARFY COMMENTS

1. Strengths of the Current System:

- a. Interagency process.
- b. Led by neutral agency.
- c. Provides some level of accountability and predictability by using the CPI-U as a guide.
- d. Comparison of like service providers.
- e. Differentiation of service intensity in each of 5 service domains.
- f. Updates to LOIs.
- g. Includes non-residential programs.

2. Weaknesses of the Current System:

- a. Original concept eroded. Levels of Intensity were never intended to restrict rates.
- b. LOIs for TFC and ILP based on residential model that doesn't work for those services.
- c. Rates set for only one non-residential program.
- d. Rate setting time table not in sync with state budget process.
- e. Process ignored in times of economic downturn.
- f. No mechanism to adjust for increased regulatory requirements.
- g. Rates not tied to outcomes.
- h. Rates disconnected from current DHR competitive procurement process.
- i. Licensing approves staffing and LOI.

3. Recommendations:

- a. The review and revision of the rate setting system should not be rushed and must be done in a comprehensive and systematic way that includes providers as partners in the process.
- b. Ideally, rates should be set by an independent body, similar to the Health Services Cost Review Commission, to promote cost containment, access to care, equity, financial stability and accountability.
- c. Absent an independent body as described in (b), rates setting should remain an interagency process and should remain housed in a neutral agency. If the IRC can't remain at THE MSDE, consideration should be given to move it to GOC, with the 2PINS.
- d. Rates must cover 100% of costs.
- e. Develop a rate setting process that is tied to outcome measures for youth.
- f. Develop different methodologies to align with the differing business models of RCC, TFC, ILP and non-residential programs.

- g. Investigate other, more appropriate inflationary measures than the CPI-U.
- h. Review of staffing plans by licensing agency should only be to ensure minimum standards required by COMAR.
- i. Explore the possibility of more flexible rates to accommodate flexible and integrated service delivery models.
- j. Privatize the entire system with capitated rates.
- k. Help state agencies become more informed consumers.