



# Interagency Rates Committee FY 2017 Residential Child Care & Child Placement Agency Provider Meeting FY 2017 Rate Setting Process

Hosted by:  
The Interagency Rates Committee

Rice Auditorium  
Spring Grove Hospital Center  
November 13, 2015

# AGENDA & HIGHLIGHTS

## Agenda:

- Welcome & Introductions
- Rate Reform Overview – the work to date
- Status Update in Context of Recommendations
- Next Steps – Revising the Rate Process
  - Short-Term
  - FY 2016
  - FY 2017
- Revised Application for FY 2017
- FY 2017 Rate Setting Timeline
- Follow Up Meetings – Forms (December 17 & 18)

# 2014 JOINT CHAIRMEN'S REPORT REQUEST

- The Joint Chairmen's Report, 2013 Session, requested that the Interagency Rates Committee (IRC), with input from residential child care providers, "evaluate the rate setting process to determine whether changes are warranted."
- Process:
  - The Departments of Human Resources and Juvenile Services convened an internal workgroup comprised of IRC member agencies
  - On July 16, 2013, the IRC sponsored a stakeholder round table that included provider agencies, advocates, IRC and other State Agencies

# July 16, 2013 Round Table Process

- 5 Questions:
  - What are the strengths of the current rate setting process?
  - What are the challenges?
  - What are the strengths / advantages of the presented models from other states?
  - Are there other models that should be considered?
  - What are top recommendations?

# July 16, 2013 Round Table Process

## 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

# RECOMMENDATIONS

- **Overall Recommendation:** *Maryland should rethink the current rate system in order to better align service needs with an appropriate rate structure.*
  
- **2 Recommendations were developed and approved by the Children's Cabinet Agencies and included in the Response to the Joint Chairmen's Report Response:**
  - **Recommendation 1: Develop a new Rate Structure.** The State should design a rate model that includes the following components:
    - Allows for flexibility and innovation in order to meet the needs of children placed within the programs
    - Establishes a link between the rate and performance based outcomes of the program and individual children
    - Maximizes federal financial participation
  
  - **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.
    - Review the current statutory and regulatory requirements
    - The rate setting process should remain housed within a neutral agency

# STAKEHOLDER & ELEMENT WORKGROUPS

The work accomplished:

- examined different aspects of the system to gain an understanding of the current process;
- reviewed approaches used in other states to gain knowledge about best practices;
- reviewed statutes and regulations to determine if revisions were necessary in order to make modifications to the process;
- reviewed Levels of Intensity and how it fits in the rate development process;
- determined that the new process should:
  - connect rates, contracts, funding, and outcomes;
  - include a payment system that sets a flexible rate;
  - utilize appropriate outcomes measures for each provider type;
- recommended that a long-range resource development plan be developed; and
- suggested that the rate model be restructured to either repackage the current bundled rate to isolate and standardize components for direct services, administrative costs, room and board, and physical plant or develop a model that includes a base rate and a program/services rate that may be Medicaid reimbursable.

Recommended utilizing a consultant with expertise in developing rate processes and methodologies to inform the rate reform effort

# FRAMEWORK

## System Reform framework

- Innovative service delivery reform
- Drives the rates process
- Includes developing new rate structure and rate setting process

# RATES REFORM WORKGROUP

- The Rates Reform Workgroup
  - Membership
    - *Interagency Rates Committee Member Agencies*
      - Department of Juvenile Services
      - Department of Human Resources
      - Department of Budget & Management
      - Department of Health & Mental Hygiene
      - Maryland State Department of Education
      - Governor's Office for Children
    - *Providers – sign up!*
  - Partners
    - Casey Family Programs
    - Maryland Medicaid
    - Office of Health Care Quality

# STATUS OF RECOMMENDATIONS

- ***Recommendation 1: Develop a new Rate Structure.*** The State should design a rate model that includes the following components:
  - Allows for flexibility and innovation in order to meet the needs of children placed within the programs
    - *Unbundling of clinical and family support services will allow for a more flexible service array not tied to specific bed*
  - Establishes a link between the rate and performance based outcomes of the program and individual children
    - *Will be key component of what is learned from other states*
  - Maximizes federal financial participation
    - *Unbundling will allow for Medicaid billing of clinical and family support services as appropriate*

# STATUS OF RECOMMENDATIONS

- ***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.
    - *New algorithm will be developed based on best practices from other states*
  - Review the current statutory and regulatory requirements
    - *This was completed and the methodology can be altered without a regulation change*
  - The rate setting process should remain housed within a neutral agency
    - *This continues to be housed in MSDE*

# NEXT STEPS – short term

Unbundle clinical and family support services from room, board and supervision:

- Will provide the foundation for a more flexible service array, as well as maximizing federal revenue
- Requires changes to current cost report format/budget forms
- New format and technical assistance to be provided in December
- Requires changes to invoicing / payment process (room, board, supervision remains per child per day, clinical / family support services TBD)
- Unbundled rates effective July 1, 2016

# NEXT STEPS – FY 2016

## Implementation Steps:

- Reconvene Element 3 workgroup – ASAP
- Decision points
  - Develop algorithm from research on other state's best practices and update database
  - Redesign method of payment, invoicing at State agencies
  - Redesign budget and finance, procurement, billing, contracts and monitoring process at State agencies
  - Train providers on new structure and process
  - Train State agency fiscal, contracting, and monitoring staff on new process

# NEXT STEPS – FY 2017

## Implementation Steps:

- Implement unbundled rates July 1, 2016
- Work with providers to maximize Medicaid revenue and prepare for full Medicaid billing July 1, 2017
- Develop defined service array so that services can be better tailored to meet needs of children served regardless of placement
- Develop utilization management protocols
- Consider incentives tied to outcomes
- Continue to provide technical assistance to providers

# UNBUNDLING & the REVISED 2017 APPLICATION

- Add section for clinical / family support services that do not meet Title IV–E Foster Care definition of room, board, supervision
- Per 45 CFR 1455.20, “to cover the cost of...
  - *food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence”*
- Per 45 CFR 1356.60, “do not include costs of
  - *social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions”*

# Examples for residential settings – room, board, supervision

- **Staff functions**
  - Direct supervision and immediate supervisors
  - Housekeeping
  - Maintenance / facility management
  - Dietary
  - Intake / Discharge planning
  - Staff required to meet supervision ratios
  - Transportation
- **Other staff related costs**
  - Taxes, benefits
  - Travel
  - Training, conferences
- **Non-staff costs**
  - Rent, depreciation
  - Utilities
  - Household supplies
  - Vehicle expense

## Examples for non-residential settings – room, board, supervision

- **Direct payments to foster parents**
- **Staff and related costs for the following functions**
  - **Foster parent recruitment, training**
  - **Licensing functions**
  - **Family Support workers assisting with transportation**
- **Foster parent mileage reimbursement**

## Clinical and Family Support Costs – All settings

- **Psychiatrists, psychologists**
- **Licensed Mental Health Counselors**
- **Behavior Management Specialists not providing direct child care**
- **Family Support workers providing foster parent support (this is a grey area)**
- **Therapists**

# FY 2017 RATE SETTING TIMELINE

## COMAR

- Budget instructions and applications shall be provided by **December 31, 2015**
- Budgets are due no later than Monday, **February 15, 2016**
- Providers notified of their approved rate not later than **June 15, 2016**

## POLICY

- Providers shall submit the following forms (if applicable) to their licensing agency by **January 15, 2016**:
  - Levels of Intensity Score Sheet
  - Personnel Cost Detail Forms
  - Board Rate Computation Form and Difficulty of Care Computation Form
  - Staffing Pattern Grid
- Note:
  - Programs that file a complete budget by Monday, February 15, 2016 will receive a FY 2017 rate prior to July 1, 2016
  - Existing programs that file a renewal rate application after February 15, 2016, but before May 1, 2016, will be held to the FY 2016 approved rate
  - Renewal rate applications filed on or after May 1, 2016 will not be issued a rate for FY 2017 prior to the expiration of the FY 2016 rate on June 30, 2016

- **A program must have a current rate to contract with Maryland State Agencies and Local Management Boards.**
- Any changes to the financing of programs as a result of the actions of the General Assembly will be posted on the IRC website

# DECEMBER PROVIDER MEETINGS

## FY 2017 Rate Setting Application (Forms & Instructions)

- 2 meetings will be held in December to review the Budget Application Packet and related forms and instructions
  - Thursday, December 17, 2015 @ 10 AM  
Associated Catholic Charities  
2600 Pot Spring Road, Timonium, MD 21093
  - Friday, December 18, 2015 @ 9 AM  
MPRC Auditorium, Spring Grove Hospital Center  
55 Wade Avenue, Catonsville, MD 21228

Budget forms, when available, may be accessed at:  
[marylandpublicschools.org/MSDE/divisions/earlyinterv/IRC.html](http://marylandpublicschools.org/MSDE/divisions/earlyinterv/IRC.html)

# QUESTIONS?



# PLEASE ASK US

## **IRC and Budget & Application Process:**

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## **Rate Reform Workgroup:**

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Budget forms, when available, may be accessed at:  
[marylandpublicschools.org/MSDE/divisions/earlyinterv/IRC.html](http://marylandpublicschools.org/MSDE/divisions/earlyinterv/IRC.html)