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 contacting

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	
• 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	
• Predictability • Multiple rates • Level of intensity rate • 2 year rate • Provisional rate	
Tennessee	
• 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
Arrold	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'sGuild
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

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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.