

**Interim Budget Committee on Human Services
HB 1012 – Section 15
December 14, 2005**

Chairman Dever and members of the Interim Budget Committee on Human Services, I am Paul Ronningen, Director of the Children and Family Services Division of the Department of Human Services. I am here today to provide comment on Section 15 of HB 1012, which authorizes the study of the services provided by residential foster care providers by and payments for residential foster care providers in the state. I have been asked to give an update on the change in payment procedures for foster care providers required by the federal government.

On July 28, 2005, I reported that the Department of Human Services had just been notified by the Centers for Medicare and Medicaid Services (CMS) in Denver that the Medicaid dollars used for the rehabilitation portion of our reimbursement to residential providers and PATH need to be adjusted. In essence, the changes CMS is requiring of us is to move to a 15-minute fee-for-service billable unit for the rehab services versus our current method of reimbursing on a daily rate.

In order to accommodate this directive, the Department continues to meet with each of the three provider groups (Residential Treatment Centers,

Residential Child Care Providers, and PATH) that will be impacted. Our discussions have produced the following strategies:

- a. Four of the six Residential Treatment Centers are currently accredited allowing them to become Accredited Residential Treatment Centers (ARTCs). The accreditation allows them to bill a bundled rate reimbursable by Medicaid, which includes both rehabilitation and maintenance. This new rate began November 1, 2005. Once all the RTC providers have switched to ARTC status, Medicaid will pay for the entire package of services provided. The remaining two RTCs are seeking accreditation and are focused on completing the 12-18 month process as quickly as possible. However, the Department has been notified by CMS that the expenditures of these two facilities will not be allowable for Medicaid reimbursement after June 30, 2006 under the current process. Thus, accreditation is critical for Medicaid funds to flow after July 1, 2006. Finally, the Department is facilitating an IVN meeting with ARTCs on December 20, 2005, to continue our resolution of the issues associated with this conversion.**
- b. The RCCF providers will begin billing Medicaid for the rehabilitation and case management services they provide on a 15-minute unit basis beginning January 1, 2006. Because of this change required by the federal government, the providers will be paid the Medicaid rate for the specified service instead of the historic daily rate. Unfortunately the department will not be able to increase the maximum reimbursement per child by \$15 per day, which was legislative intent because we can no longer pay “per day.” Providers will still be compensated for the services they provide – just by a different method. Again, the Department will hold an IVN with the RCCF providers on December 20, 2005,**

to continue working on the issues associated with this change in reimbursement.

- c. **PATH provides therapeutic foster care services in the state. The two issues that impact therapeutic foster care services are: 1) No Medicaid dollars will be allowed to pay for foster parent services as we currently do and 2) the social work time will again need to be billed on a 15-minute basis. As with the RCCF providers, the daily rate paid by Medicaid will not be allowable and thus PATH will be billing on a 15-minute basis for case management and therapeutic services. Again, the federal representatives in Denver have approved a January 1, 2006, starting date. Finally, the Department will be meeting with PATH representatives on Friday to continue work on the transition to the new reimbursement model.**

When all the providers have submitted their time studies and the fees have been established for the provision of these services, the Department will complete a financial analysis.

This concludes my presentation. Maggie Anderson, Director of Medical Services, or I would be happy to respond to any questions.