

TESTIMONY BEFORE THE BUDGET COMMITTEE ON HUMAN SERVICES

MARCH 9, 2006

Chairman Dever, and members of the committee, I am Maggie Anderson, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding the status of the change in payment procedures for foster care facilities.

In July 2005, the Centers for Medicare and Medicaid Services (CMS) informed the Department that we need to restructure the method by which residential foster care facilities are paid for treatment services. This directive includes payments made to Residential Treatment Centers (RTC), Residential Child Care Facilities (RCCF), and PATH. Currently, facilities are paid a daily or "bundled" rate for Medicaid services. For the RTCs, we will combine the foster care and Medicaid payments into one rate. This entire rate is eligible for federal Medicaid match. For PATH and the RCCFs, we must transition them to bill on a fee for service basis, rather than the daily rate. Last fall, we reported to this committee that we were transitioning providers on January 1, 2006; however, in late December we learned from CMS that they are granting us until June 30, 2006 to finalize all of the necessary changes.

Since learning of the CMS directive last July, the Department has been working with the affected providers and with CMS to ensure the transition to the new payment methodology is as seamless as possible. We have held regular meetings with the affected groups and will continue this through implementation.

The changes require the submission of State Plan Amendments. These amendments have been submitted and last week we received preliminary

feedback from CMS. We will be revising the amendments per their direction and will submit them shortly, for an effective date of July 1, 2006.

The Department has also completed a financial impact analysis, based on time study information submitted by PATH and the RCCF providers. By applying the time study information to the current Medicaid fee schedule, we are certain that the RCCFs and PATH will receive no less reimbursement than they receive today for treatment services. With an implementation date of July 1, 2006, the Department plans to review all payments in November 2006, to ensure the time study information reflects claims submitted.

Over the next several months, we will continue to work with the providers affected by this change to ensure all of their questions are answered and that the necessary actions are taken to ensure a smooth transition on July 1, 2006.

I would be happy to respond to any questions that you may have.