

**TESTIMONY**  
**DEPARTMENT OF HUMAN SERVICES**  
**HUMAN SERVICES COMMITTEE**  
**JEFF DELZER, CHAIRMAN**  
**OCTOBER 16, 2008**

Chairman Delzer, members of the Human Services Committee, I am Karen Larson of the Department of Human Services. I am here today to provide information regarding funding and ratesetting for the Department of Human Services' Infant Development program.

- Funding for the Infant Development program is provided from the state general fund, federal Medicaid, and federal Part C. The following schedule compares funds available for the Infant Development program with projected needs for the 2007-09 biennium:

	2007-09 Funds Available		2007-09 Projected Needs *	
General Funds	\$3,892,327	36%	\$3,600,395	34%
Federal Medicaid Funds	6,910,638	63%	6,696,909	63%
Federal Part C Funds	82,164	1%	267,840	3%
<b>Total</b>	<b>\$10,885,129</b>	<b>100%</b>	<b>\$10,565,144</b>	<b>100%</b>

\* 2007-09 Projected Needs equals expenditures through August 2008 plus anticipated expenditures for the remainder of the biennium per the August 2008 Developmental Disabilities Grants spenddown table.

- The Department of Human Services reimburses licensed Infant Development providers on the basis of reasonable cost. Reported allowable costs are included in determining the interim and final rate. The method of finalizing the reimbursement rate per unit is through the use of the retrospective ratesetting system.
- Retrospective ratesetting requires that an interim rate be established for the upcoming fiscal year. Providers are required to submit a statement of budgeted costs to the department annually so an interim

rate may be determined. The provider is reimbursed throughout their fiscal year based on the interim rate. The determination of a final rate begins with the reported cost of the provider's operations for that fiscal year. Once it has been determined that reported costs are allowable, reasonable, and client-related, those costs are compared to the reimbursements received through the interim rate. Settlement is made through either a refund paid to the department by the provider if overpayment occurred, or an additional payment to the provider from the department if the provider was underpaid for the year. Interim rates currently paid to Infant Development providers range from \$18.48 to \$27.61 per day. Each provider's rate is unique and is dependent on the provider's allowable costs.

I would be happy to answer any questions you may have.