

Rate Setting Reform- Element 1: Model Development Working Team Updates

Meeting Dates: March 20, 2014 & April 3, 2014

Participants:

- Providers: Pressley Ridge, Concern, Children's Guild, Catholic Charities, Arrow, Second Family, Tutties Place, Challengers Independent Living, and Jumoke
- Organizations: MARFY and Myers & Stauffer LC
- State Agencies: GOC, DHR, DHMH, DJS, and MSDE

Working Team Overview

- Focus: To look at other State's models and compare with Maryland. May use specific components, design a new model or stay with the same model and make modifications.
- Our goal is to develop a common understanding of the current process in order to develop a system that is
 - Is equitable
 - Allows placing agencies to purchase the services that youth need
 - Allows for provider Flexibility for meeting needs
 - Is Performance based system—shift to reward good performance/outcomes (incentives)
 - Includes a process for negotiating rates
 - Maximizes Federal funds

Maryland: General Discussion

- The current structure/overall process is good and should be kept.
- The original 1997 process included a methodology to fully funded programs but never materialized
- The 1997 process includes a negotiated rate system so providers could negotiate child by child but veered away from that process
- 2006 JCR report began the discussion on an Implementation of an outcome component of the rates but was not implemented
- Daily Rate vs. Package Rate vs. Funding
- Currently have a Bundle Services Rate. Level of Intensity used more to categorize whether a provider was preferred or not.
 - If we keep the bundled rate maybe some services should be unbundled. Some services will be the same for all providers, but having rates for different/ extra services would allow more flexibility. That would allow negotiating on a child by child basis. Standardize a cost for various levels?

- Unbundling the rates may also allow for more opportunity to maximize funds. We must look at programs vs. services vs. geographical location.
- Occupancy rates vs or utilization rates
- The following elements have to be aligned: **Rates...contracts...funding**
- Remove the Preferred/Non-preferred Status
- Levels of Intensity should be used to determine the level of services a provider has in order to make appropriate recommendations for placement by placement agencies. Standardized LOI's and Standardized Youth Assessments (CANS/MCASP) should be utilized together to determine placements. LOIs can also be used to justify provider costs for services/staffing.
- Budgets should be approved for 2-3 year period or whatever timeline would be aligned with placement contracts. The IRC should review documents that should be submitted annually (cost reports/audits) and there should be a mechanism for cost of living increases.
- Budget submissions need to more in line with the State's budget calendar. Better timing would mean better forecasting.

Other State Models

- Philadelphia: Explore the possibility of using a lead entity design. A capitated rate is provided to a provider who acts as the care manager for the youth in their care. The provider has the flexibility to use the \$\$ to meet the needs of the youth in their care. The bottom line goal is to meet the youths expected outcomes.
- Lead Entity Approach using capitated rates by region. Example: Philadelphia: "community umbrella". State would do the Case Management
- Texas: Has clear performance based outcomes that providers have to meet in order to remain in business. Providers are provided with the flexibility to do that. Incentives are built in and linked to performance based contracts. There is a predetermined \$\$ a provider will earn for meeting specific outcome measures.
- California: Has a flat rates process that uses a Rate Classification Levels system that assigns a specific rate to each of the different service intensity levels

Next Steps Recommendations

- Long Range Plan for shift from the current system to a performance based outcomes model
- Short Term Plan for revisions to the current system that will allow for more flexibility and alignment with current practices.