

## Rate Setting Reform Stakeholder Workgroup

Department Human Resources

311 W. Saratoga St.

Baltimore, MD 21201

Conference Room 508

May 13, 2014

Meeting Minutes

### Participants:

WORKGROUP MEMBERSHIP			
LAST NAME	FIRST NAME	AGENCY	5/13/2014
Abed	Sam	DJS	yes
Arriaza	Patricia E.	GOC	yes
Ayer	David	DHR/SSA	yes
Blackwell	Nancy	MSDE	yes
Blake	Angela	Vision Quest/Morning Star Youth Academy	no
Cabellon	Angela	DHR/OPP	yes
Crowder	Shanda	DHR/SSA	yes
Dallas	Ted	DHR	yes
DiLorenzo	Paul	CASEY	no
Ehirim	Godwin	DHR	yes
Feller	Dan	GOC	yes
Francowski	Marcella	MSDE	yes
Goodman	Laura	DHMH/Medicaid	yes
Groves	Barbara	The way home- Mountain Manor	no
Ham	Darlene	DHR/OLM	yes
Howe	Steve	The Children's Guild	yes
Irvine	John	DJS	yes
Jones	Caroline	DHMH/MHA	yes
Keegan	Kevin	Catholic Charities	yes
Kibret	Netsanet	DHR/OGA	no
Kinion	Jeannette	DJS	yes
Leshko	Joe	Arrow	yes
Lyons	Danielle	DHMH/DDA	yes
McEwen	Erwin	CASEY	no
McLendon	Audrey	DHR/SSA	no
McLeod	Kevin	Silver Oak Academy	no
Scott	Mark	GOC	yes
Sexton	Nadia	CASEY	no
Sheridan	Ann	GOC	yes

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Song	Linda	DHMH/Medicaid	yes
Spencer	Shane	DBM	yes
Sterling-Garrett	Ertha	DJS	yes
Stokes-Kearney	Paula	DHMH/OHCQ	no
Thomas	Tennille	DHR/SSA	yes
Tucker	Susan	DHMH/Medicaid	no
White	Carnitra	DHR/SSA	no
Wilkins	Anita	DHR/SSA	yes
Wisner	Lynn	DHR/OLM	yes
Zachik	Albert	DHMH/MHA	yes
GUESTS			
LAST NAME	FIRST NAME	AGENCY	5/13/2014
Knebel	Carrie	CONCERN	yes
Tinney	Shelley	MARFY	yes
Brown	David	Good Sheppard	yes

**I. Welcome & Introductions**

- Secretary Dallas opened the meeting by welcoming everyone and thanking them for coming. He noted that the children’s cabinet would be participating in this Rates Setting Reform meeting.
- The meeting minutes were approved as written and will be posted on the Governor's Office for Children (GOC) website.

**II. Element 1: Model Development Report Out**

- Ms. Crowder commended the work of the Element 1 workgroup.
- The rate setting processes of many States were reviewed.
- One of the goals of the goals of the Element 1 workgroup is to develop a common understanding of the current process in order to develop a system that 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
- Based on research of several other states the workgroup concluded that the fabric of Maryland’s current structure/overall process is good and that modifications could be made within the current system to enhance the rate setting processes.

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- The Element 1: Model Development Working Team Report dated May 13, 2014 was reviewed.

**Model Development Recommendations**

1. Recommendation 1 (long-term plan): Develop an Outcomes Based Rate Setting System
  - The new rate setting system must ensure a connection between the rate, contract, funding, outcomes
  - The System needs to shift from a payment system that sets and pays a per diem bundled rate to a payment system that sets a flexible rate that is packaged to be able to provide services that lead to positive outcomes.
  - The System should be based on appropriate outcomes measures established for each licensed provider type.
  - A long range resource development plan needs to be established and routinely revised
  - Financing strategies and cost neutrality must also be considered
2. Recommendation 2 (short-term plan): Modify the current rate setting system
  - a. Restructure the current rate model
    - Option 1: Repackage the current bundled model in an effort to isolate and standardized components for direct services, administrative costs, room& board, and physical plant.
  - b. Option 2: Unpackaged the current bundled rate to develop a model that has a base rate (administrative costs, room& board, and physical plant) and a program/services rate (which may be Medicaid reimbursable)
    - Remove the preferred and non-preferred status: this distinction is based solely on provider cost in comparison to programs within the same licensing category.
    - Conduct a comprehensive review of the current Levels of Intensity system and process.
    - Utilize the revised LOIs in the rate structure and for clustering to determine average rates
    - Shift to a biannual or triennial budget setting practice with an annual review to determine allowable increases such as cost of living
    - Shift from capacity (occupancy) to utilization as a benchmark for the rate
    - Align the budget submission with state budget development practices
- Discussion:
  - Outcomes aren't the same for every program. It is important to look at all outcomes – not just recidivism.
  - Quality should be recognized. A provider who offers a high level of care should receive a better rate.
  - There was a question regarding data reporting issues. How will reports be developed and reported out?
  - Outcomes are not about getting kids home, they are about keeping them home in the first place. There are fewer youth placed in the foster care system and more staying in their homes and communities.

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- Words of caution regarding unbundling the rates; it needs to be determined how we are going to unbundle the rates. If we go too far in the process of unbundling then billing becomes an issue.
- Secretary Dallas offered that the system needs to be funded properly. A way to get there is to maximize the federal dollars. We might be leaving money on the table. The more we move to billing Medicaid the more services we can provide.
- Though the service providers are for maximizing Federal support, there was concern voiced regarding billing Medicaid directly for services due to the financial risks involved. Specifically for mental health services if they were not part of the bundled rate.
- It is difficult in a bundled rate setting system to see what is working and what is not. In a bundled rate system if a youth needs something that is not included in the bundled rate it might not be a service that can be offered.
- Shanda Crowder clarified that a change in the process of billing Medicaid directly will not immediately happen. It is something that will come after training and when the State is ready to move forward confidently.
- Secretary Dallas offered that with option two the changes do not have to happen at once. As long as the workgroup participants continue to sit at the table we can keep working on this issue and keep it on track.
- Shelley Tinney suggested that having a Medicaid representative at the meetings would be helpful. It is important to let the providers know what is billable and what is not. The concern being that the Medicaid rate might not be enough to pay for the rate of a provided service. As we work toward outcomes they need to be flexible. The objectives and goals must be reached. We should not focus on the exclusively on process.
- There needs to be leeway to provide services that are unique to a youth in placement. The base rate will pay for the overhead and the services provided billed to Medicaid.
- It was suggested that the discussion regarding bill Medicaid directly could continue after the meeting minutes were finalized.

### **III. Announcements**

- A Stakeholders Forum is scheduled for July 23, 2014. The location has not been determined.
- The August 11 meeting start time has been changed to 11:00 AM.
- Carmen Brown is the new Section Chief and she will have an assistant. Nancy Blackwell will continue to provide assistance through the transition.
- Secretary Dallas thanked everyone especially the providers for their participation.

### **IV. Proposed Meeting Dates:**

- June 2, 2014- 2:00-4:00 pm
- July 14, 2014- 2:00-4:00 pm
- August 11, 2014- 2:00-4:00 pm
- September 8, 2014- 2:00-4:00 pm
- October 6, 2014- 2:00-4:00 pm

### **V. Meeting Adjourned**