Interagency Rates Committee
Residential Child Care & Child Placement Agency
Provider Meeting
FY 2022 Rate Setting Overview

PRESENTED BY
KAREN POWELL, MS, LCSW-C

Agenda
Overview
Submission Requirements & Deadlines
FY 2022 Rate Application
▪ Forms
▪ Budget Workbook Forms
IRC Rate Review Process
Technical Assistance
Questions
Interagency Rates Committee

Overview
**FY 2022 IRC Rate Review Process**

- Focus on the preparation of the FY 2022 Rate Application.
- Any changes to the financing of programs as a result of the actions of the General Assembly will be posted on the IRC website.
- Providers will receive one rate letter per budget application submitted.
- Budget forms can be accessed at: [IRC Website](#)

**DEADLINES**

- Forms that require approval by **ALL Licensing Agencies** are due by **January 15, 2021**.
  - Levels of Intensity Score Sheet
  - Levels of Intensity Checklist
  - Personnel Cost Detail Forms (Budget Forms E2-E6)
  - Written budget justification for staffing changes
  - Staffing Pattern Grid
  - Board Rate Computation
  - Difficulty of Care Forms
  - Completed FY2022 Rate Applications
    - **MAIL** applications to MSDE
    - Required postmarked no later than **February 15, 2021**
DHS Licensed Programs

Upload All Documents in Citrix

• Levels of Intensity Score Sheet
• Levels of Intensity Checklist
• Personnel Cost Detail Forms (Budget Forms E2-E6)
• Written justification for staffing changes
• Staffing Pattern Grid
• Board Rate Computation
• Difficulty of Care Forms

Contact OLM Licensing Coordinator or SSA Contracts Unit for assistance.

NO HAND DELIVERED BUDGET APPLICATIONS WILL BE ACCEPTED

For delivery confirmation:
• Send the rate application via certified mail
• Use delivery service that can provide proof of receipt

MUST BE POSTMARKED BY FEBRUARY 15, 2021
General Instructions

• Multiple programs with same program type
  ▪ Consolidated budget if identical LOIs & program description
  ▪ Separate application with all requirements

• Multiple programs with different categories
  ▪ Separate application with all requirements

• Submit separate budget application for each approved Type III or Type I General Education school program

• Include Agency/Program Name on each budget spreadsheet
  ▪ Parent Organization
  ▪ Program Name

Submission Requirements & Deadlines
Rate Application Requirements

- Budget Workbook Form
- Budget Identification Form
- Checklist
  - Non-Residential Checklist if applicable
- Lease/Mortgage Summary *(UPDATED)*
- Levels of Intensity Score Sheet
- Program Description Form
- Staffing Pattern Grid *(UPDATED)*
- Board Rate Computation
- Difficulty of Care Computation

TFC Program Requirements

Submit supplemental forms

- Difficulty of Care
- Board Rate Computation

Required for the following program categories

- TFC: Treatment Foster Care
- TFC-MF: Treatment Foster Care Medically Fragile
- TMP-TFC: Teen Mother Program Treatment Foster Care
Non-Residential Requirements

• **FY 2022 Non-Residential Checklist (NEW)**
• Budget Identification Sheet
• Current DJS Evidenced Based Practice Contract
• Lease/Mortgage Summary (UPDATED)
• FY 2022 Budget Workbook
  ▪ Most of EBP staffing should be on Forms E4 & E6
  ▪ Consult with DJS before submitted expensed on other staffing tabs
• Staffing Pattern Grid (UPDATED)
• Program Description
• FY 2020 Annual Audited Financial Statement

Submission Requirements

• Download forms & instructions from IRC Website
• Submit completed FY2022 Budget Application Packet
• All forms must be signed & dated by the person authorized to sign on behalf of the Corporation
  ✓ Budget Identification Form
  ✓ Checklist
  ✓ Budget Application (Form A)
• Include one (1) signed hard copies of Budget Workbook Forms
Electronic Format

- FY 2022 Budget Workbook must be submitted on flash drive or CD
- Label the flash drive or CD case with Parent Organization & Program Name
- Separate electronic format for each program requesting rate
- Use permanent marker to label CD

TEST TO MAKE SURE EXCEL 2007 OPENS BUDGET APPLICATION

Online Resources

**Provider Instructions**
- Guidance in completing the rate application
- Read carefully read before starting the budget workbook

**Cost Guidelines**
- Defines the allowable expenses for the care of children in out-of-home placement

**Staffing Pattern**
- Provides instruction for completing the staffing pattern grid for each licensed facility

**What’s New - FY 2022 Tip Sheet**
- Identifies any changes/modifications related to the rate setting process
Online Resources continued

FY 2016 Levels of Intensity Manual
- Provide definitions of the levels of intensity that will distinguish the capabilities of programs.
- This information will be used to ensure the best possible match between a child’s needs and available service resources.

Levels of Intensity Score Sheet
- Instructions for completing the Levels of Intensity Score Sheet

MD Residential Rehabilitation and Treatment Foster Care Services Description of Provider Type and Service Array
- Reference document to provide guidance in identifying personnel duties and responsibilities for allocation across categories and is referenced in the Provider Instructions

FY 2022 Rate Application
Forms

- Budget Application Forms
- Budget Identification Form
- Checklist
- Lease/Mortgage Summary
- Levels of Intensity Score Sheet
- Program Description Form
- Staffing Pattern Grid
- TFC Difficulty of Care Computation
- TFC Board Rate Computation

Completing Forms...

Save each document with Program Name

- Fillable Word Templates
  - Budget Identification Form
  - Checklist
  - Levels of Intensity Score Sheet
  - Program Description Form

- Fillable Excel Templates
  - Lease/Mortgage Summary
  - Staffing Pattern Grid
Budget Workbook Form

- Foundation for budget used to establish rate
- Provides detailed income & expense information
- Budget foundation for rate comparison
- Signature Required
- Fillable Template
- Licensing Approval
  ✓ Forms E2-E6

Budget Identification Form

- Identify the type of rate application submitted
- Signature Required
- Fillable Template
# Rate Application Checklist

- Submit with the completed application
- Verification all forms submitted with rate package
- Signature Required
- Fillable Template

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# Lease/Mortgage Summary

- List details for property expenses in the budget must match Line 14 (Rent) on Forms B2 & D
- Required Signature
- Excel Template
- Calculates lease terms

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Levels of Intensity Score Sheet

- Describe the Levels of Intensity approved by the licensing agency
- Select drop-down for Program Type/Category
- Required Signature
- Fillable Template
- Licensing Agency Approval

Refer to the Levels of Intensity Score Sheet

Program Description Form

- Brief description program and services
  - Include capacity & FY2022 projected capacity
- Fillable Template
### Staffing Pattern Grid

- Description of a typical staffing pattern 24 hour/7 day week
- Select staffing timeframe dropdown
  - Tab for schedule timeframe
    - 52 weeks
    - 39 weeks
    - 19 weeks
- Total should match hours on Form E3
- Excel Template
- Licensing Agency Approval

### TFC - Difficulty of Care

- Compute the proposed rate
- Total must match budget Line Item 6 on Forms D & B2
- Fillable Template
- SSA Approval
TFC - Board Rate Computation

• Compute the proposed rate

• Regular Care Board Rate
  ▪ Infant - age 11=$887
  ▪ Age 12 & older = 902

• Total must match budget Line Item 7 on Forms D & B2

• Fillable Template

• SSA Approval

Budget Workbook Forms
Order to Complete Budget Forms

1. Forms E2-E6
2. Form E1
3. Form D
4. Forms B1 & B2
5. Form C
6. Form A

INCLUDE ACTUAL EXPENSES

Critical requirement to validate each program budget to run the methodology for program category comparisons

Forms E2 through Form E6
Personnel Details

Request personnel costs based on service continuum for agency

Assign personnel to appropriate category
- Form E2 Management, General & Facility Support
- Form E3 Direct Child Services
- Form E4 Education
- Form E5 Medical
- Form E6 Clinical

Designate each position as SALARIED STAFF (S) or CONSULTANT/CONTRACTOR (C)

Enter unique control number for each position

No more than 2,080 annual hours for any position

Must be approved by licensing agency

Enter the approved hours and salaries based on FY2021 approved rate

Expanded ranges for some Position Numbers

Contact Rate Section for expanded workbook
Complete Forms E2-E6 first. Submit to Licensing Agency for approval.

Each employee should have a unique position number (Column 1).

The yellow cells are locked. Enter updates in the other cells. The required information will automatically populate Columns 5 & 6.

The maximum number of annual hours for any employee is 2080 hours/year in Columns 3 & 4.

Staff (S) and Consultant (C) designations reflect the actual number of employees supporting delivery of program services. The totals will automatically populate at the bottom of Columns 4 & 5.

Contact Rate Section to request expanded workbook to enter more than 40 different positions.

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**Form E1**

**Personnel Cost Summary**

Amounts entered on Forms E2-E6 will populate into Form E-1.

Verify that totals match the corresponding categories entered on Forms E2-E6:

- Annual hours
- Annual salaries
- Change from previous year
Verify that the amounts correspond with the information entered on Forms E2-E6

The amounts entered on Forms E2-E6 will populate in the yellow cells. There is no need to enter any manual information.

Form D
Allocation of Expenses by Function Summary

Summarize expenses from Forms E2 to E6
- Line 1a Salaried Employees
- Line 1b Contractual/Consultant

Enter all other expenses manually

The amounts in Columns 3 and 9 should equal

The spreadsheet will show warning if the total allocations for the “Allocation of Allowable Net Expenses” (Columns 4-8) do not equal Column 3

For TFC, TFC-MF & TMP Programs check forms
- Line 6 Difficulty of Care
- Line 7 TFC Board Payment
The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

Error warnings will be visible in Column L.

The spreadsheet will show warning if the total allocations for "Allocations of Allowable Net Expenses" (Columns 4-8) do not equal Column 3.

Rent (Line 14) should match the Lease/Mortgage Form.

Review the Difficulty of Care and TFC Board Rate Forms to make sure amounts on Lines 6 & 7 match the SSA approved forms.

Total expenses in Columns 3 and 9 should equal.

**Forms B1**

Operating Statement for INCOME

Summarizes revenue from all sources

- Column 1: Actual FY 2020 revenue
- Column 2: FY 2021 revenue based on current rate
- Column 3: Projected FY 2022 revenue

Leave Column 3 Line 1a “Fees for Services – Fees from Government Agencies” blank until Form C is completed

- Form C Line 5 should be entered into this cell

Enter information into Sections 2 & 3 if applicable.

The spreadsheet will automatically populated Columns 4 & 5 to show variance.
Include written justification for any variance in Columns 4 & 5 that changes by $1,000 (increase or decrease) and/or 4% (increase or decrease) from the previous year.

Enter information into Sections 2 & 3 only if applicable for program.

Columns 4 & 5 are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

4th budget form reviewed along with B-2.

**Forms B2**

**Operating Statement for EXPENSES**

Projected expenses on Form D should be same as amounts on Form B-2:
- Column 3 should be the same as Form D Column 1.

Summarizes all expenses:
- Column 1: Actual FY 2020 expenses
- Column 2: FY 2021 expenses based on current rate
- Column 3: Projected FY 2021 expenses

Include written explanation for any expense in Line 5 “Contracted Services” and Line 28 “Other”.
4th budget form reviewed along with B1

- Column 3 should be the same as Form D Column 1
- Rent should match the Lease/Mortgage Form
- The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.
- Include written justification for any variance in Columns 4 & 5 that changes by $1,000 (increase or decrease) and/or 4% (increase or decrease) from the previous year.

**Forms C**

Rate Computation

Spreadsheets calculates total allowable costs
- Lines 1-5 populate automatically
- Annual, monthly and daily rate are calculated
- Total # children served
- Total # billable days for last 12 months (Calendar Year 2020)

Enter the following information manually:
- Line 6 Projected Average Daily Census FY2022
- Line 7 Days in Operation
- Line 9 FY2021 Approved State Rate (Refer to rate letter)
- Lines 10a-e Payment Source
- Lines 11a-e Number of Billable Days
- Line 12 Number of New Admissions (Calendar Year 2020)
The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

Refer to FY 2021 Rate Letter for Line 9

Form A
Residential Child Care/Child Placement Agency Operating Budget

Cover sheet for general information
Include the names and email addresses for the Chief Administrative & Chief Financial Officers
The corporate designee must sign and date the cover sheet in BLUE INK
Select appropriate drop-down option for Licensing Agency/Approval Agency
Enter “Capacity” in Section III & # Days in School
The remaining cells will be populated automatically
Only one (1) signed copies of all budget pages is required for submission with completed rate application package.

Last budget form reviewed

Enter the names and contact information for representatives who should be contacted in the Rate Section has questions about the budget.

Select appropriate drop-down option for Licensing Agency/Approval Agency.

The yellow cells are locked. The required information will automatically populate the remaining cells.

Enter manual updates in the other cells.

The authorized program representative should sign and date in blue ink.

**Rounding Budget Figures**

**YEARLY & MONTHLY CALCULATIONS**

Round to the nearest dollar

Equal or less than $0.50

Equal or greater than $0.51

**DAILY CALCULATIONS**

Round to the nearest cent

Equal or less than $0.005

Equal or greater than $0.0051
Budget Justifications

• Include written narrative to explain the variance for any expense items that change by $1,000 and/or 4% (increase or decrease) from the previous year
• Explain any expenses that are not self-explanatory and/or include multiple individual cost items
• Required explanation to include cost breakdown
  ◦ Line 5 Contracted Services (Non-Professional)
  ◦ Line 28 Other
• Describe the reason for any personnel changes (classification, numbers of positions, hours worked, etc.)
• Written narrative must include explanation for salary changes and vacant positions

Budget Application Process

The MSDE Rate Section will review all rate applications for completeness, accuracy and consistency.

The MSDE Rate Section may request additional information on any aspect of the rate application.

The email response from the program will be due no later than seven (7) calendar days from the date the request for additional information is emailed.

Programs with incomplete rate applications will be held to the FY 2021 rate.
Role of IRC

Interagency Rates Committee
Role of Interagency Committee

The rate process incorporates these 3 steps:

1. MSDE Rate Section organizes applications by category type and then reviews the budgets for completeness and accuracy.
2. Programs are compared within categories utilizing Care & Supervision Levels of Intensity (LOI) and direct care costs.
3. IRC applies the Rate Setting Methodology to each program to determine the final rate.

Final rates are subject to adjustments based on the Budget Reconciliation and Financing Act (BRFA) approved by the Maryland General Assembly.

Rate Setting Process

- Rate Application Submitted
- Annual Rates Reconsideration Modification
- Children’s Cabinet Reconsideration Appeals
- Reviews rate applications, answers questions about rates
- IRC
- IRC RATE
- State Agencies Contracts
-鼠科
### Program Categories

<table>
<thead>
<tr>
<th>Alternative Living Unit (ALU)</th>
<th>Non-Residential (NR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnostic, Evaluation &amp; Treatment Program (DETP)</td>
<td>Shelter (S)</td>
</tr>
<tr>
<td>Education (EDUC)</td>
<td>Teen Mother Independent Living (TMP-IL)</td>
</tr>
<tr>
<td>Group Home High-Intensity (GH-High)</td>
<td>Teen Mother Treatment Foster Care (TMP-TFC)</td>
</tr>
<tr>
<td>Group Home (GHS)</td>
<td>Therapeutic Group Home (TGH)</td>
</tr>
<tr>
<td>Independent Living (IL)</td>
<td>Treatment Foster Care (TFC)</td>
</tr>
<tr>
<td>Medically Fragile (MFP)</td>
<td>Treatment Foster Care Medically Fragile (TFC-MF)</td>
</tr>
<tr>
<td>Miscellaneous (MISC)</td>
<td></td>
</tr>
</tbody>
</table>

### Rate Setting Methodology

- Algorithm focuses on the cost to care for children placed in each provider program.
- Program budgets submitted form the basis of applying the methodology to set the rate setting methodology.
- Comparative analysis applied to all programs within a program type.
- This allows for the comparison among "like" providers.
- The two-step process determines the rate and the preference status.
- Each program is reviewed by the IRC and evaluated according to the methodology.
Rate Setting Methodology

- The program budget requests are grouped by category.
- Programs are ranked by the mean rate for each category as well as the standard deviation from the category mean.
- The methodology compares the average standard deviation of costs with the direct service costs for Care and Supervision Level of Intensity (LOI) & a proportion of the management expenses.

Steps for Rate Methodology

1. Care & Supervision LOI & Direct Service Cost
2. Proportionate % Management & General Costs
3. Comparison of average costs & standard deviation of “like” providers

IRC Rate
Rate Setting Methodology

- A program may be given “preferred provider” status if program expenses and Care and Supervision LOIs do not differ significantly from similar programs.
- The “preferred provider” designation demonstrates to purchasing agencies that the program is cost effective in relation to its peers and provides an appropriate mix and intensity of services for the program type.
- A new program will not be issued a rate if the calculation of the provider status is “non-preferred.”
- Each stage agency determines the parameters of contractual standards for providers deemed “preferred” or “non-preferred.”
- The designation is omitted for specialty programs or populations, such as the Miscellaneous (MISC) and Education (EDUC) categories.

Steps for Rate Methodology

PREFERRED OR NON-PREFERRED STATUS

PREFERRED

- Projected Direct Care Cost ≤ Mean Project LOI
- Requested Rate

PREFERRED

- Projected Direct Care Cost > Mean Projected LOI
- FY 2021 Rate+ Federal CPI-U previous year

NON-PREFERRED

- Projected Direct Care Cost > Above 1 Standard Deviation Mean Projected LOI
- Held to FY2021 Rate
Reconsiderations

- File written request with Rate Section within 30 days of notice of FY 2022 rate
- Provide detailed information
  - Relief Requested
  - Basis of Relief
- Within 30 days of receipt of completed request, IRC will provide written notification of decision
- Appeal reconsideration decision to Children’s Cabinet within 30 days of receipt of IRC’s decision

Final rates are subject to adjustments based on the Budget Reconciliation and Financing Act (BRFA) approved by the Maryland General Assembly.

IRC Deadlines

Renewal Rate Determinations

- Postmarked by February 15, 2021
  - FY2022 rate before July 1st
- After February 15, 2021 before May 1, 2021
  - Held to FY2021 approved rate
- After May 1, 2021
  - No rate approved prior to the expiration of the FY 2021 rate on June 30, 2021
  - Held to the FY 2021 approved rate
A program must have a current rate to contract with Maryland State Agencies & Local Management Boards.

A provider may request modifications of existing rates during fiscal year under certain conditions.

Any changes to the financing of programs as a result of the actions of the General Assembly will be posted on the IRC website.

Technical Assistance
What’s New FY 2022 Tip Sheet

• Helpful hints
• Highlights challenges noted with the FY 2022 rate application submissions.
• Please carefully read the instructions before completing the Budget Workbook Forms.
• Please carefully review ALL forms prior to submission.
• Please contact the Rate Section with any questions when completing the forms

WE ARE HAPPY TO ASSIST YOU!

Common Errors

NO CONTACT INFORMATION
Incomplete submissions
Missing supporting documentation
Missing contract pages
Incorrect staff positions & allocation of work hours
Different amounts budget & supplemental forms
Missing licensing approvals
No budget justifications especially variance
Multiple programs on electronic device
Numerical calculations in cells
Additional spreadsheets to workbook
Lack timely response to follow-up inquiries
Technical Assistance
Tuesdays & Thursdays

November 30, 2020 until February 4, 2021
◦ Tuesdays 1:00 pm-4:00 pm
◦ Thursdays 9:30 am-12:30 pm

Schedule appointments online
60-minute sessions with program staff
First come, first serve
Highly recommend technical assistance:
◦ New programs, first rate application
◦ New staff completing rate application
For additional information:

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Budget forms may be accessed at the IRC Website