Interagency Rates Committee
Residential Child Care & Child Placement Agency
Provider Meeting
FY 2021 Budget & Application Overview

Presented by
Paula Stokes Kearney, M.Ed.
Karen Powell, MS, LCSW-C

November 7, 2019  The Children’s Guild
November 12, 2019  WebEx
November 14, 2019  Community Place

Agenda

› Welcome & Introductions
› Overview
› Budget Submission Requirements
› Review the FY2021 Budget Application
› IRC Rate Review Process
› Technical Assistance
› Questions
Overview

Interagency Rates Committee
FY2021 IRC Rate Review Process

- Focus on the preparation of the FY 2021 Budget 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.
- Rate letters: Providers will receive one rate per budget application.
- Budget forms can be accessed at: IRC Website

DEADLINES

- Forms that require approval by Licensing Agencies are due by December 16, 2019
  - Levels of Intensity Score Sheet
  - Levels of Intensity Checklist
  - Personnel Cost Detail Forms (Budget Forms E2–E6)
  - Narrative justification for any staffing related changes
  - Staffing Pattern Grid
  - Board Rate Computation & Difficulty of Care Forms
    - TFC, TFC–MF, and TMP–TFC Providers ONLY
- Completed FY2021 Budgets Applications are due to MSDE, postmarked no later than February 15, 2020
DHS/OLM Licensed Programs

- Upload documents in Citrix
  - Levels of Intensity Score Sheet
  - Levels of Intensity Checklist
  - Personnel Cost Detail Forms (Budget Forms E2–E6)
  - Narrative justification for any staffing related changes
  - Staffing Pattern Grid
  - Board Rate Computation & Difficulty of Care Forms
    - TFC, TFC–MF, and TMP–TFC Providers ONLY

Contact your Licensing Coordinator for assistance.

NO HAND DELIVERED BUDGET APPLICATIONS

For proof of receipt
- Send the budget application via certified mail
- Use delivery service that can provide proof of receipt
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
- Separate budget application for each approved Type III or Type I General Education school program
- The Agency/Program Name must be included on each budget sheet
  - Parent Organization
  - Program Name

Budget Application Requirements

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

- Download forms & instructions from IRC Website
- Submit completed FY2021 Budget Application Packet
- All forms must be signed and dated by the person authorized to sign on behalf of the Corporation
  - Budget Identification Form
  - Checklist
  - Budget Application (Form A)
- Include two (2) signed hard copies of Budget Application Forms

Electronic Format

TEST TO MAKE SURE EXCEL 2007 OPENS BUDGET APPLICATION
Online Resources

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

› 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

› Provider Instructions
  ◦ Guidance in completing the budget application. Before completing the budget forms, carefully read the instructions

Online Resources continued

› Staffing Pattern
  ◦ Provides instruction for completing the staffing pattern grid for each licensed facility

› 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

› What’s New – FY2021 Tip Sheet
  ◦ Identifies any changes/modifications related to the rate setting process
Checklist Documents

- FY2021 Checklist
- Budget Identification Sheet
- Current License per facility
- Child Placement Agency Programs
  - Required contract pages
- Level of Intensity Score Sheet Form
- Lease/Mortgage Summary
  - Supporting documentation
- FY2021 Budget
  - Form A – Form E6
- Staffing Pattern Grid
- Program Description
- FY2019 Annual Audited Financial Statement

TFC Program Checklist Documents

- 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

- Supplemental forms include:
  - TFC Difficulty of Care
  - TFC Board Payment
Required Forms

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
Formatting Changes…

- Save each document with program name
- Fillable Word templates

- Fillable Excel templates

<table>
<thead>
<tr>
<th>Budget Identification Form</th>
<th>Checklist</th>
<th>Levels of Intensity Score Sheet</th>
<th>Program Description Form</th>
</tr>
</thead>
</table>

**Budget Application Form**

- Provide program income and expense information and other identified program details required in the rate setting process

The yellow cells are locked.
The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

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

Two signed copies of all budget pages are required for submission with completed budget application packet.
Identify the type of budget submitted to the IRC

Fillable Template

FY 2021
Budget Identification Form
(SUBMIT WITH BUDGET PACKAGE)

ORGANIZATION: Click here to enter text.

PROGRAM NAME: Click here to enter text.

PROGRAM CATEGORY: Select type of program category

Existing Program
As a currently licensed program with an existing rate issued by the Interagency Rates Committee, are you requesting a FY 2021: (Check One Box Only) – Either Rate Renewal or Rate Modification

RATE RENEWAL: Yes No
RATE MODIFICATION: Yes No

New Program
Is this a rate request for a new program budget (not currently licensed) seeking a license by one of the following licensing agencies (Check One Box Only)

Department of Human Services (DHSS) Residential Child Care Program – Statement of Need Required
Department of Human Services (DHSS) Child Placement Agency – No Statement of Need Required
Department of Juvenile Services (DJS) – Statement of Need Required
Maryland Department of Health (MDH) – No Statement of Need Required

Submit this completed checklist with the Budget Packet

Fillable Template
Lease/Mortgage Summary

- List the address, type of space, capacity and amount of the lease or mortgage and the terms of the agreement
- Must match budget Line Item 14
- Excel Template

Levels of Intensity Score Sheet

- Describe the Levels of Intensity approved by the licensing agency (refer to the Levels of Intensity Score Sheet).
- Fillable Template
Program Description Form

- Description of the residential child care program, child placement agency or school
- Fillable Template

Staffing Pattern Grid

- Description of a typical staffing pattern 24 hour/7 day week.
- Save separate documents to reflect timeframes, if coverage is different
- Select staffing timeframe drop down
- Total should match hours on Form E–3
- Excel Template
TFC Forms – Difficulty of Care

- Compute the proposed rate for DHS approval
- Total must match budget Line Item 6
- Fillable Template

TFC Forms
Board Rate Computation

- Compute the proposed rate for DHS approval
- Regular care Board Rate
  - Infant – age 11 = $887
  - Age 12 & older = 902
- Total must match budget Line Item 7
- Fillable Template
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

Critical requirement to validate each program budget to run the methodology for program category comparisons
Forms E–2 through Form E–6
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 FY2020 approved rate

Form E2

- Complete Forms E2–E6 first. Submit to Licensing Agency for approval
- Each employee should have a unique position number (Column 1)
- 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
- The yellow cells are locked. Enter updates in the other cells. The required information will automatically populate Columns 5 & 6.
Amounts entered on Forms E-2 to E-6 will populate into Form E-1.

Verify that totals match the corresponding categories:
- Annual hours
- Annual salaries
- Change from previous year

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

Verify that the amounts correspond with the information entered on Forms E2–E6.
**Form D**  
**Allocation of Expenses by Function Summary**

- Summarize expenses from Forms E-2 to E-6
  - 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

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<table>
<thead>
<tr>
<th>Form D</th>
<th>Summarize expenses from Forms E-2 to E-6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Line 1a Salaried Employees</td>
</tr>
<tr>
<td></td>
<td>- Line 1b Contractual/Consultant</td>
</tr>
<tr>
<td></td>
<td>Enter all other expenses manually</td>
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<td></td>
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<td></td>
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<td></td>
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<td></td>
<td>- Line 6 Difficulty of Care</td>
</tr>
<tr>
<td></td>
<td>- Line 7 TFC Board Payment</td>
</tr>
</tbody>
</table>

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- Forms will automatically populate information
- Verify amounts match approved SSA forms
- The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.
- 3rd budget form reviewed
- Total expenses in Columns 3 and 9 should equal
- Rent should match the Lease/Mortgage Form
- 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

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### 3rd budget form reviewed

**Rules:**

- Review the Difficulty of Care and TFC Board Rate Forms to make sure amounts on Lines 6 & 7 match the SSA approved forms
- Rent should match the Lease/Mortgage Form
- Total expenses in Columns 3 and 9 should equal
- 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

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**Form D - Allocation of Expenses by Function - SUMMARY**

<table>
<thead>
<tr>
<th>Projected Expenditures FY 2023</th>
<th>Allocation of Allowable Net Expenses (Cal 09)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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- The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.
Forms B1
Operating Statement for INCOME

- Summarizes revenue from all sources
  - Column 1: Actual FY2019 revenue
  - Column 2: FY2020 revenue based on current rate
  - Column 3: Projected FY2021 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.

- The yellow cells are locked.
- The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

Leave Column 3 Line 1a blank until Form C Line 5 is completed.

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.
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 FY2019 revenue
- Column 2: FY2020 revenue based on current rate
- Column 3: Projected FY2021 revenue

Include written explanation for any expense in Line 5 “Contracted Services” and Line 28 “Other”

The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.

Rent should match the Lease/Mortgage Form.

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.

Include written justification for any expenses Line 5 “Contracted Services (non-professional) and Line 28 “Other”.

4th budget form reviewed along with B-1
**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 2019)*

- Enter the following information manually:
  - Line 6 Projected Average Daily Census FY2020
  - Line 7 Days in Operation
  - Line 9 FY2020 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 2019)*

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**Form C**

The yellow cells are locked. The required information will automatically populate the remaining cells. Enter manual updates in the other cells.
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
**Rounding Budget Figures**

- Round to the nearest dollar
  - Equal or less than $0.50
  - Equal or greater than $0.51

- 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.)
Budget Application Process

- The MSDE Rate Setting Section will review all budget applications for completeness, accuracy and consistency.

- The MSDE Rate Setting Section may request additional information on any aspect of the budget 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 budget applications will be held to the FY 2020 rate.

Role of IRC
The rate process incorporates these 3 steps:

1. After MSDE Rate Setting Section reviews the budgets for completeness and accuracy, the programs are grouped by category type;

2. Programs are compared within categories utilizing Care & Supervision Levels of Intensity (LOI) and direct care costs; and

3. The IRC applies the Rate Setting Methodology to each program to determine the final rate.
Program budgets submitted form the basis for the application of the rate setting methodology. The rate methodology is a comparative analysis applied to all programs within a program type. This allows for the comparison among "like" providers.

Each program is reviewed by the IRC and evaluated according to the methodology.

- MSDE Rate Section reviews the application for completeness and accuracy.
- Each Excel program budget is validated and then uploaded into methodology spreadsheet according to program type category.
- Within categories, providers are compared by the Care and Supervision LOI and Direct Child Care Costs.
- Cost comparisons also include a PROPORTIONATE PERCENTAGE of costs allocated as management and general.
- The methodology compares the provider costs to the calculations for the average and standard deviations of “like” providers within program type categories.
- Final rates are determined depending on where providers fall in comparison to "like" programs.
- Programs are identified as preferred or non-preferred by comparing each program with the mean value of the category's allocated direct care net expenses.
Rate Setting Methodology continued

- Per the methodology, providers within program type categories are designated as preferred programs and are granted full requested rate when the project allocated direct care rates equal to or below the mean project rate for their Care and Supervision LOI category.
- Preferred programs that fall above the mean for their Care and Supervision LOI category are granted a rate equal to the previous year’s rate plus an amount equal to the federal CPI-U for the previous calendar year.
- Non-preferred programs above one standard deviation from the mean for their Care and Supervision LOI category are held to their previous year’s rate.
- If the methodology identifies a provider as non-preferred, based on the requested budget application, the program will be notified prior to final rate setting and will have the option to re-submit a budget application.
- DHS and DJS representatives (contracting and placing agencies) both report that non-preferred status does not impact individual program contracts or placements.
- Final rates are subject to adjustments based on the Budget Reconciliation and Financing Act (BRFA) approved by the Maryland General Assembly.

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
4. IRC Rate
Steps for Rate Methodology continued

PREFERRED OR NON-PREFERRED STATUS

**PREFERRED**
- Projected Direct Care Cost =/< Mean Project LOI
- Requested Rate

**PREFERRED**
- Projected Direct Care Cost > Mean Projected LOI
- FY 2020 Rate + Federal CPI–U previous year

**NON–PREFERRED**
- Projected Direct Care Cost > Above1 Standard Deviation Mean Projected LOI
- Held to FY2020 Rate

Rate Setting Timeline
**IRC Deadlines**

**Renewal Rate Determinations**

<table>
<thead>
<tr>
<th>Postmarked by February 15, 2020</th>
<th>After February 15, 2020 before May 1, 2020</th>
<th>After May 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021 rate before July 1st</td>
<td>Held to FY2020 approved rate</td>
<td>No rate approved prior to the expiration of the FY 2020 rate on June 30, 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Held to the FY 2020 approved rate</td>
</tr>
</tbody>
</table>

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**Reconsiderations**

- File written request with Rate Section within 30 days of notice of FY2021 rate
- Provide detailed information
  - Relief requested
  - Basis of relief
- Within 30 days of receipt of completed request, IRC will provide written notification of decision
Additional Rate Setting Considerations

A program must have a current rate to contract with Maryland State Agencies and 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.

IRC Technical Assistance
What’s New – FY2021 Tip Sheet
- Helpful hints
- Highlights challenges noted with the FY 2020 rate application submissions.
- Please carefully read the instructions before completing the budget forms.
- Please carefully review ALL forms prior to submission.
- Please call Rate Setting Section with any questions when completing the forms.

WE ARE HAPPY TO ASSIST YOU!
Interagency Rates Committee

The Interagency Rates Committee (IRC) is comprised of representatives from the Department of Budget and Management, Department of Health, Department of Human Services, Department of Juvenile Services, Governor’s Office for Children and the Maryland State Department of Education. The IRC is charged with developing and operating a rate process for residential child care and child placement agency programs that is fair, equitable and predictable. The IRC has developed and adopted a rate methodology that can be applied equitably across a broad range of residential child care and child placement agency programs based on peer program comparisons. To assist new and existing providers with the rate application process, we have provided the forms and instructions needed to complete the rate process. All forms must be completed and signed prior to submitting to the Interagency Rates Structure Section at the Maryland State Department of Education.

Announcements and Meeting Information

FY 2021 Annual Provider Meeting

- Overview - IRC Provider Meeting Presentation FY 2021 (COMING SOON)
- What’s New for FY 2021

FY 2021 Rate Setting Links

It is recommended that you download the forms and instructions using Google Chrome. If you have any difficulty downloading any form or instruction document, try clearing your browsing history, refresh the page and try again. If you still experience difficulties, please contact Karen Powell for assistance.

- FY 2021 IRC Description of Forms & Instructions document
- Forms - Download forms to your device. Forms cannot be filled online.

Interagency Rates Committee – Forms

- FY 2021 Budget Application Form
- FY 2021 Lease/Mortgage Summary
- FY 2021 Level of Intensity Score Sheet
- FY 2021 Program Description Form
- FY 2021 Budget Identification Form
- FY 2021 Staffing Pattern Grid
- FY 2021 IRC Forms Checklist
- FY 2021 Treatment Foster Care - Difficulty of Care Calculation
- FY 2021 Treatment Foster Care and Foster Care Medically Fragile Programs Board Rate Calculation

Last Update: 1/25/19

Contact Information

Interagency Collaboration Branch - IRC
Maryland State Department of Education
Division of Early Intervention and Special Education Services
Attention: Karen M. Powell, M.S., LCSW-C, Section Chief
200 West Baltimore Street
Baltimore, MD 21201
For additional information

Karen Powell MS, LCSW-C
Section Chief, Interagency Initiatives
Maryland State Department of Education
Division of Early Intervention/Special Education Services
Interagency Initiatives & Rates Section/Interagency Collaboration Branch

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Fax: 410–333–0298
karen.powell2@maryland.gov

Budget forms may be accessed at:
IRC Website