

**TEXAS HEALTH AND HUMAN SERVICES COMMISSION
RATE ANALYSIS DEPARTMENT**

August 26, 2016

**Proposed Payment Rates for
24 Hour Residential Child Care
Foster Care Redesign**

Payment rates are proposed to be effective
September 1, 2016

SUMMARY OF PROPOSED PAYMENT RATES

Effective September 1, 2016

The Health and Human Services Commission (HHSC) will conduct a public hearing at 3:00 p.m. on August 26, 2016 in the Public Hearing Room in the Brown Heatly Building, 4900 N. Lamar Boulevard, Austin, Texas, with entrance through Security at the front of the building facing Lamar Boulevard. Public comments will be received on proposed Foster Care Redesign (FCRD) payment rates for the 24-Hour Residential Child Care (24 RCC) program operated by the Department of Family and Protective Services (DFPS).

HHSC will consider concerns expressed at the hearing prior to final rate approval. This public hearing is held in compliance with Human Resources Code §32.0282 and Texas Administrative Code (TAC) Title 1, §355.105(g), which require public notice and hearings on proposed reimbursements before such rates are approved by HHSC.

PROPOSED RATES

There are three types of Foster Care Redesign rates being proposed: two blended foster care rates and a single exceptional foster care rate ceiling.

HHSC proposes to increase the Region 3b blended rate for Single Source Continuum Contractors (SSCCs). The proposed rate accounts for actual and projected increases in the case-mix of the children served by the SSCC.

HHSC also proposes a blended rate and an exceptional care rate for the SSCCs for the proposed expansion of FCRD into Region 2. The proposed rates will be included in the Request for Proposals (RFP) for the expansion of FCRD for use by entities interested in submitting a proposal.

The blended foster care rates are proposed to be effective September 1, 2016. The rate model for the blended foster care rates is included in Attachment 1.

Proposed Blended Foster Care Rates	
Catchment Area	Proposed Blended Rate
Regions 2 (entire region)	\$73.20
Region 3b (catchment area only)	\$71.70

The exceptional foster care rate ceiling proposed for Region 2 is \$352.70. The exceptional care rate is also proposed to be effective September 1, 2016. When a child requires extraordinary care, the exceptional foster care rate ceiling covers these services for a limited number of days. The exceptional foster care rate ceiling is developed using historical costs of delivering similar services, where appropriate data are available, and estimating the basic types of costs of products and services necessary to deliver services meeting federal and state requirements. The rate model

for the exceptional foster care rate ceiling is included in Attachment 2. The exceptional foster care rate ceiling for Region 3b is not proposed to change.

METHODOLOGY AND JUSTIFICATION

The proposed rates were determined in accordance with the rate setting methodologies codified as 1 TAC §355.7103(r), Rate-Setting Methodology for 24-Hour Residential Child-Care Reimbursements. See General Appropriations Act, 84th Leg., R.S., art. II, at II-45 (DFPS, Rider 42).

Should you have any questions regarding the information in this document, please contact Guerin Heckman, Rate Analyst at (512) 707-6067 or guerin.heckman@hhsc.state.tx.us.

Table 7. 2016-17 DOS Forecast for each level by strata from G:\Rate Analysis\LTC\2016-17 Rates\24 RCC\Midcycle Rates "New - 201601_FCT_TotalPaidDaysbyRegionbyStratabyLOC_dstbn"

Note: Excludes ES since placement type, not level.

	Basic	Moderate	Specialized	Intense	IPTP	Sub-Acute	Total
A - Infants-Age <1	968,272	81,907	79,471	18,998	245	79	1,148,973
B - Age 1-13, Care <2 Years	1,494,889	224,698	149,732	16,190	1,519	491	1,887,521
C - Age 1-13, Care 2+ Years	694,982	528,948	438,565	78,243	10,400	3,364	1,754,501
D - Age 14-17	146,415	76,236	97,182	20,882	2,227	720	343,663
Total	3,304,558	911,790	764,950	134,314	14,391	4,655	5,134,658

Table 8. Standardize CMI to LOC mix

	Basic	Moderate	Specialized	Intense	IPTP	Sub-Acute	Total
DOS (from Table 7)	3,304,558	911,790	764,950	134,314	14,391	4,655	5,134,658
DOS * CMI (from Table 6)	1,977,494	1,000,028	1,393,138	454,806	73,635	41,355	4,940,455
Wtd Ave Index for DOS							0.9622
Standardized Index (Original Index from Table 6 / Wtd Ave Index for DOS)	0.6219	1.1399	1.8928	3.5192	5.3176	9.2337	1.000

Table 9. Calculate wtd ave std cm weight by strata

	Basic	Moderate	Specialized	Intense	IPTP	Sub-Acute	Total	Total / DOS for strata
A - Infants-Age <1 (DOS from Table 7 * index for LOC from Table 8)	602,169	93,366	150,423	66,858	1,302	731	914,850	0.796
B - Age 1-13, Care <2 Years	929,671	256,134	283,413	56,977	8,080	4,538	1,538,812	0.815
C - Age 1-13, Care 2+ Years	432,209	602,948	830,115	275,354	55,303	31,060	2,226,989	1.269
D - Age 14-17	91,055	86,902	183,946	73,488	11,842	6,651	453,885	1.321
Check								1.000

Table 10. Rate by Strata (Index for strata from Table 9 * Wtd. Ave. Blended Rate of \$73.16)

	Rate	Rate * DOS
A - Infants-Age <1	\$58.25	66,927,698.71
B - Age 1-13, Care <2 Years	\$59.65	112,590,600.22
C - Age 1-13, Care 2+ Years	\$92.86	162,922,996.99
D - Age 14-17	\$96.62	33,204,675.11
Total		375,645,971.03
Check (Total / DOS)		\$73.16

Table 11. 2016-17 DOS Forecast for each level by strata from G:\Rate Analysis\LTC\2016-17 Rates\24 RCC\Midcycle Rates "New - 201601_FCT_TotalPaidDaysbyRegionbyStratabyLOC_dstbn"

Region	A - Infants-Age <1	B - Age 1-13 Care <2 Years	C - Age 1-13 Care 2+ Years	D - Age 14-17	Total
1	68,135	135,394	140,334	29,857	373,720
2	48,459	78,360	74,307	13,905	215,031
3a (outside catchment area)	205,436	341,913	246,284	64,299	857,932
3b (catchment area only w/o except days)	102,724	204,724	131,018	43,202	481,667
4	80,269	158,878	106,762	30,099	376,008
5	55,884	105,996	57,140	8,242	227,263
6	227,902	378,467	399,772	74,901	1,081,043
7	147,067	256,131	175,762	57,979	636,939

8	172,263	288,498	321,651	62,794	845,205
9	36,696	60,640	74,013	13,693	185,041
10	15,910	33,876	31,995	9,584	91,365
11	107,997	157,520	191,524	40,050	497,091
Total	1,268,740	2,200,398	1,950,562	448,606	5,868,307

Table 12. Calculate Wtd Ave Rate for Each Catchment Area

	A - Infants- Age <1	B - Age 1-13 Care <2 Years	C - Age 1-13 Care 2+ Years	D - Age 14-17	Wtd Ave Rate	Current Rate
2 (entire region)	48,459	78,360	74,307	13,905	\$73.20	NA
3b (catchment area only w/o except days)	102,724	204,724	131,018	43,202	\$71.70	\$69.94
Statewide Average Blended Rate						\$73.16

Ties back to mix of children by LOC and Placement Type forecast for 16/17.

Updated 3/8/2016 by GH / verified by SH