



DEPARTMENT OF HUMAN SERVICES

Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

October 16, 2024

The Hon. Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

The Hon. Ben Barnes, Chair
House Appropriations Committee
120 House Office Building
Annapolis, MD 21401

Dear Chairs Guzzone and Barnes:

The Department of Human Services (DHS) is responding to the Department of Legislative Services (DLS) recommendation that a \$1,000,000 restriction continue to be withheld in respect to the information request on pages 146-147 of the 2024 Joint Chairmen's Report. We submitted the [report on the new foster care provider rate structure](#) on July 31, 2024. Upon review, the DLS determined on October 2, 2024 that the report submitted by DHS did not include sufficient explanation of all information requested in the budget bill language and therefore recommended against the release of the \$1,000,000 in withheld general funds pending submission of additional information.

We respectfully do not concur with the recommendation and submit the following supplemental information to further clarify the Committees' request to detail the usage and implementation of the new provider rate structure. We request that the withheld funds be released.

1. A breakdown of the proposed fiscal 2025 class rates into both clinical care and direct care components:

Clinical care classes 1, 1b, 2, 2b, 5, and 6 are broken down as follows:

Clinical Class	Description
1	Significant behavioral health services
1b	Significant behavioral health services
2	Intensive or specialty behavioral services
2b	Intensive or specialty behavioral services
5	Youth who have experienced commercial sexual exploitation
6	Highest intensity behavioral health and intensive intellectual and developmental disabilities (I/DD) services

Pre-Qualified Residential Treatment Program (QRTP), I/DD Legacy, Class 3, and Class 4 do not have an intensive behavioral health clinical element in their programs, so there is not a clinical rate for these classes.

Class	Direct Care Daily Per Diem	Clinical Care Daily Per Diem	Total Daily Per Diem Rate
Pre-QRTP- 0	\$433.46	-	\$433.46
IDD Legacy-99	\$606.65	-	\$606.65
1	\$539.33	\$200.55	\$739.88
1b	\$607.62	\$200.55	\$808.18
2	\$656.00	\$236.63	\$892.63
2b	\$749.91	\$236.63	\$986.54
3	\$1313.75	-	\$1313.75
4	\$1581.55	-	\$1581.55
5	\$1608.24	\$388.42	\$1996.66
6	\$1790.00	\$309.80	\$2099.80

2. A direct comparison of the fiscal 2025 class rates under the new rate structure to the provider rates available in fiscal 2024 under the previous provider rate structure:

The Fiscal Year 2024 rates were developed individually, with each provider receiving a specific rate. In Fiscal Year 2025, these rates will transition to one of 10 class rates: 0, 99, 1, 1b, 2, 2b, 3, 4, 5, or 6. Classes 0 and 99 are legacy rates that allow providers time to meet the requirements for a class 1-6 rate. The "b" class rates were created to account for smaller providers, offering additional staffing support to meet the requirement of having two awake staff members on duty at all times. Of the 56 providers, the class designations for FY25 can be seen below:

Class	Count of Providers
0	20
99	1
1	5
1b	2
2	6
2b	3
3	11
4	4
5	2
6	3

Rates were set by developing direct care and clinical standards for residential providers. Each provider will see an individual rate change in fiscal year 2025. The chart below demonstrates the average rate issued in fiscal year 2024 for providers that have been issued a class rate in fiscal year 2025.

Class	Average FY 24 Daily Rate	FY 25 Daily Rate
0	\$271.69	\$433.46
99	\$540.22	\$606.65
1	\$244.21	\$739.88
1b	\$254.39	\$808.18
2	\$505.50	\$892.63
2b	\$543.73	\$986.54
3	\$653.57	\$1,313.75
4	\$902.29	\$1,581.55
5	\$2,442.46	\$1,996.66
6	\$1,541.43	\$2,099.80

While the cost increase this year is significant, the increased potential for Medicaid and Title IV-E claims should cover a significant amount of the investment in future years.

3. A more specific accounting of how fiscal 2025 budgeted funding will be expended:

The chart below presents the total estimated cost by class for rates effective October 1, 2024. These estimates cover the period from October 1, 2024, through June 30, 2025. The total annual estimated cost is calculated by multiplying the per diem rate by 365 days and the number of youth currently placed with providers in each class (Rate * 365 * Number of Youth).

Class	Sum of FY 24 Spend	Sum of Total Direct Care Estimated Cost(FY25)	Sum of Total Clinical Estimated Cost(FY25)	Sum of Difference
0	\$4,465,335	\$7,455,106	\$0	\$2,989,770
1	\$1,266,422	\$2,797,487	\$1,040,268	\$2,571,333
1b	\$208,345	\$497,644	\$164,253	\$453,551
2	\$4,558,873	\$5,014,468	\$1,808,834	\$2,264,428
2b	\$5,310,399	\$7,574,828	\$2,390,244	\$4,654,673
3	\$8,527,415	\$17,215,401	\$0	\$8,687,987
4	\$14,120,305	\$15,543,486	\$0	\$1,423,181
5	\$5,983,158	\$3,951,447	\$954,354	(\$1,077,357)
6	\$3,069,789	\$3,420,684	\$592,032	\$942,926
Grand Total	\$47,510,043	\$63,470,550	\$6,949,986	\$22,910,494

4. Additional detail on the status of the Medicaid State Plan Amendment.

We understand from the Maryland Department of Health (MDH) that they anticipate submitting a draft State Plan Amendment (SPA) to the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services for informal review and feedback in December 2024.

Subject to the FY2026 Maryland budget, we anticipate that MDH will submit the formal SPA in April 2025, with an effective date of July 1, 2025, to add coverage for residential interventions for children in DHS and Maryland Department of Juvenile Services out-of-home placements. This will allow reimbursement for the clinical rates

established by the Interagency Rates Committee (IRC) for residential classes 1, 2, 5, and 6. Medicaid claiming for FY2026 will begin once the necessary Medicaid regulations are promulgated.

Thank you for the opportunity to present additional information. Should you have any further questions, please reach out to Rachel Sledge, Director of Government Affairs, at rachel.sledge@maryland.gov.

In service,

A handwritten signature in black ink, appearing to read 'Rafael López', written in a cursive style.

Rafael López
Secretary