



Children, Families, Health, and Human Services Interim Committee

PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

60th Montana Legislature

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RICK LAIBLE
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August 2, 2007

The Honorable Jon Tester
United States Senate
204 Russell Senate Office Building
Washington, D.C. 20510-2604

Dear Senator Tester:

As chairwoman of the Children, Families, Health and Human Services Interim Legislative Committee, I am writing this letter to you on behalf of the committee regarding the federal government's efforts to restrict Medicaid payments for therapeutic group care and therapeutic foster or family care treatment services to eligible children who have mental health needs. The "unbundling" of payment for these therapeutic services could have serious repercussions on not only Montana's budget, but more importantly, on some of Montana's most vulnerable children.

In 11 months of the current fiscal year, Montana has served 789 youth in therapeutic foster care or therapeutic family care. Youth in need of this level of care are either still living at home and receive intensive home-based clinical and support services or they are placed in a therapeutic foster home, where they live with highly trained foster parents and receive a full array of clinical and support services including 24-hour crisis response.

In this same time period, 481 youth were served in four- to eight-bed therapeutic group homes with a structured clinical milieu, where they receive a full array of treatment and support services on a 24-hour basis.

Under Montana's Medicaid state plan, Medicaid currently covers the costs of the therapeutic and support services the children receive, in a daily rate. This practice allows the children to receive the important therapeutic services they need in a setting that allows those services to be provided throughout each day as needed, rather than during specified blocks of time in a provider's office. At the same time, the children are able to remain in a community setting, where they can still attend school and take part in extracurricular activities.

The Centers for Medicaid and Medicare Services (CMS) has already required some states to separate the Medicaid payment for treatment services from the other support services necessary to support children in need of therapeutic care and has notified Montana verbally that this change will be expected to occur starting in October 2007. In Colorado, the first state to be directed by

CMS to stop its practice of bundled rates, the legislature recently approved \$22 million in state general fund to pay for services no longer covered by Medicaid.

If these changes do occur in Montana, the state may either have to reduce these important community-based therapeutic services or significantly change the models. This could result in additional youth going into more restrictive, higher cost, residential settings and may destroy a strong continuum of community-based services.

While we understand that CMS wants to ensure accountability by providers, we believe the Colorado experience shows the approach chosen by CMS may lead to unanticipated consequences that may harm services to children. Thus we respectfully ask that you and other members of the Montana congressional delegation urge CMS to take the following steps before requiring additional states to stop using bundled rates:

- Suspend any further changes until there is time to thoroughly evaluate how unbundling rates has affected the states that have been required to take this approach to date, and
- Provide substantial notice to any additional states that will be asked to unbundle payments, so they can adequately prepare for the significant changes that may result.

Thank you very much for your consideration of this important issue.

Sincerely,

Rep. Edith Clark, Presiding Officer
on behalf of the Children, Families, Health and Human Services Interim Committee

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