

## **Family Services Funding for Residential Services**

FSD funds residential services for children and youth in custody in a few ways depending, in part, on the type of care and the rules governing the setting. The costs of all residential programs are divided between treatment and room & board costs. Some programs also have an educational component that is included in the rate. Treatment costs are paid through Medicaid. Room & board costs are paid using a combination of general funds and Title IV-E funds (for IV-E eligible youth). Education costs are paid by the Agency of Education for state placed children.

### **Private Non-Medical Institutions (PNMI)**

Many of the residential programs in Vermont fall in the PNMI system. Their rates are set by the DVHA Division of Rate Setting using the Medicaid rules governing PNMI programs; *Methods, Standard, and Principles for Establishing Payment Rates for Private Nonmedical Institutions Providing Residential Child Care* ("V.P.N.M.I.R."). According to the rules, all allowable program costs are allocated to three service categories (treatment, room & board and education) and administration services. To determine total allowable program costs, the administration category is re-allocated to the three service categories. V.P.M.N.I.R. § 5.3.

Rate Setting uses time studies submitted by each program to determine the portion of time employees spend on treatment, room and board, education, or program administration duties in order to allocate salary costs. Non-salary costs are assigned to the appropriate category based on the type of expense. Costs in the program administration category are then re-allocated to the three service categories, treatment, room & board and education, based on the total costs of each of service category.

### **Residential Services Provided by Designated Agencies**

There are some small residential programs that are run by Designated Agencies, which are not subject to the PNMI rules. The treatment portion of the cost is paid through the DMH case rate to the DA. The room & board costs are paid through a contract directly with FSD.

### **Out of State Residential**

FSD has contracts with a number of residential programs out of state because of a lack of capacity or specialty in our in-state programs. Many of these programs have their rates set by their own state's rate setting body, like our own Division of Rate Setting. FSD then pays that state's determined rate. These rates are also broken down into treatment, room & board, and educational costs. As with in-state programs, Medicaid funds the treatment portion, room & board is funded through state general funds and Title IV-E (for IV-E eligible children/youth), and education costs are charged directly to the Agency of Education.

Some out of state programs are considered *Psychiatric Residential Treatment Facilities* (PRTF). These are the only type of facility where the rate is not broken down between treatment and room & board costs. Because of the high intensity level of care, the room & board portion is considered part of the treatment and the whole cost of the daily rate is paid by Medicaid. These programs may still include an educational rate that is charged directly to the Agency of Education.