



**Colorado Association of Family  
and Children's Agencies**

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Dear members of the Medicaid Provider Rate Review Advisory Committee:

On behalf of the Colorado Association of Family and Children's Agencies (CAFCA), thank you members of the committee for your work in establishing Medicaid rates that ensure provider retention, client access and quality treatment services.

CAFCA is a broad-based alliance of agencies and providers that are committed to developing the best care possible for Colorado's children and their families. We believe that quality residential treatment is a critical component of the treatment continuum and provides certain children the best chance for healing and long-term adjustment.

While this review only pertains to qualified treatment services at a Residential Child Care Facility (RCCF) or Psychiatric Residential Treatment Facility (PRTF), a variety of factors must be taken into consideration when determining the appropriateness of Medicaid's reimbursement rates for treatment in a RCCF or PRTF.

Since 2003, the number of youth RCCF placements has decreased by 64.54%. The reductions in use of residential care, when paired with expansion of community-based services, is a very positive step in the evolution of treatment services. That being said, for those children where past treatment programs have not been effective, the reduction of residential treatment facilities is harmful and creates a barrier to receiving the necessary treatment.

Many of the children placed in our member agencies have a long history of unsuccessful previous placements, having repeatedly failed in foster care, kinship placements and adoptive homes. Over 46% of the children that come to our agencies have a previous history of psychiatric hospitalization and average 5 or more out of home placements prior to being referred to their current treatment program. In a Residential Outcome Study, the Colorado Health Foundation found that 80% of youth in residential treatment facilities have experienced 4 or more adverse childhood traumatic events, including parental rights terminations, delinquency, runaway behavior, suicide attempts, substance abuse and sex offending behavior. Youth placed in out of home care require greater supervision, more treatment services, greater psychiatric oversight and more medical services. Given the high acuity rate in out of home care, it is essential that RCCF and PRTF rates do not interfere with provider retention or a child's access to the appropriate treatment.

In the last 10 years, over 23 residential programs have closed. When the State of Colorado published the state vendor list of providers in July of 2017, it listed 33 providers of RCCF services. Only 21 of these facilities are still operating. 2 of these closures occurred in the last 2 months. One of the primary reasons for RCCFs and PRTF closures is inadequate funding. In 2018, funding for residential treatment providers reportedly covered less than 78% of audited costs.



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The lack of adequate funding for residential treatment is becoming an even greater issue as strengthened regulatory oversight and licensure compliance requirements add on to the cost of treatment in RCCFs and PRTFs. Following the recent passage of the federal Family's First Prevention Services Act, residential treatment programs will need to obtain national accreditation, medical and behavioral health staff and trauma informed programming to receive federal funding. The national accreditation requirement alone has caused several facilities already operating on a slim profit margin to close their doors.

Additionally, as is reflected in the chart below, provider rate adjustments have not kept pace with the Consumer Price Index (CPI) inflationary rate. In the last 14 years we've lost 23.16% to inflation.

History of Rate Adjustment for Child Welfare Services				
Year	Adjustment	CPI	Lost to inflation	
SFY 2003-04	No adjustment	1.40%	1.40%	1.40%
SFY 2004-05	No adjustment	2.10%	2.10%	2.10%
SFY 2005-06	2.0% added	2.70%	0.70%	0.70%
SFY 2006-07	3.25% added	4.10%	0.85%	0.85%
SFY 2007-08	1.5% added	3.30%	1.80%	1.80%
SFY 2008-09	1.5% added	2.30%	0.80%	0.80%
SFY 2009-10	No adjustment	5.80%	5.80%	5.80%
SFY 2010-11	2.0% reduction	0%	2.00%	2.00%
SFY 2011-12	No adjustment	0%	0%	0%
SFY 2012-13	No adjustment	3.60%	3.60%	3.60%
SFY 2013-14	1.5% added	1.70%	-0.20%	-0.20%
SFY 2014-15	2.0% added	1.50%	0.50%	0.50%
SFY 2015-16	1.7% added	3.00%	1.30%	1.30%
SFY 2016-17	1.4% added	2.51%	1.11%	1.11%
SFY 2017-18	1.4% added	3.40%	2.0%	2.0%
14 Year History	14.25% added	37.41%	23.16%	23.16%

Another notable pressure on RCCF and PRTF providers is that Colorado is experiencing record low unemployment rates which makes it more difficult to be competitive in hiring, especially when Colorado's minimum wage has increased 115% from \$5.15/hr in 2000 to \$11.10/hr in 2019.

In closing, we encourage MPRRAC to consider all these factors when performing your review of RCCF and PRTF provider rates. An increase in these provider rates will create stability for RCCF and PRTF providers and in the end improve the access and quality of treatment for children and youth in Colorado.

Sincerely,



Jenise May  
Executive Director