STATEMENT OF THE VIRGINIA COALITION OF PRIVATE PROVIDER ASSOCIATIONS (VCOPPA)

Senate Finance Subcommittee on Health and Human Resources
January 24, 2011

VCOPPA serves as the unified voice for private providers to advocate for a quality system of services for children and families with special needs and challenges. Our members represent over 300 facilities around the Commonwealth that serve over 20,000 children and their families. [A full list of member associations and individual members is attached at the end of this statement.]

While some outcomes of the "Children's Services Transformation" have been positive and providers have taken a critical look at their service offerings and delivery, many of the policies enacted, especially the fiscal disincentives on residential placements, resulted in an "over-correction" in the system, which has endangered the very existence of residential care in Virginia, a vital component in the continuum of children's services.

We are not seeking a repeal of the Transformation. But we are asking for a carefully crafted course, by reassessing what has happened so far and plotting a well thought out plan for the future, clear of any political or policy axe to grind, with meaningful input from ALL stakeholders.

Office of Comprehensive Services

1). End fiscal disincentives to localities for all residential placements of children.

We are here once again to ask that you end the fiscal disincentive to localities for residential placements of children. Continuing to apply this policy to localities is no longer necessary, as the placement behavioral change sought by the Transformation is occurring. Further implementation of the disincentive could cause the loss of a needed component in the treatment of at risk children, the impact of which will be seen in increased future intake into the Juvenile Justice system and the Adult Correctional system. We ask that placement decisions be based, as they are supposed to be, solely on what is in the best interests of the child and not on an artificial fiscal consideration that may actually be a barrier to less restrictive placement opportunities in the long run.

2). Remove proposed reclassification of therapeutic foster care as a "residential service".

The rationale for the attempt to apply the same fiscal disincentive to therapeutic foster care is that there had been more utilization of these services and the total costs have risen for this service. Well, of course it has. As localities are forced to use residential services less, therapeutic foster care becomes one of the next viable options, so it is logical that these services are being utilized more. Therapeutic foster care has served as a less costly and less restrictive alternative to residential placements, so to now try to classify it as a "residential service" is a curious approach.

3). Remove proposed elimination of funding for non-mandated services through the Comprehensive Services Act.

These funds have been a useful tool, especially through the juvenile justice system, to provide services to children who might have otherwise have fallen through the cracks of the service delivery system. It has been a good investment and should be retained.

Department of Medical Assistance Services

Although the subcommittee discussed the budget actions related to DMAS last week, there were a few items we wanted to bring to your attention.

1). Rescind 4% reduction in Medicaid reimbursement rate for residential psychiatric facilities, scheduled for July 1, 2011.

2). Rescind 4% reduction in Medicaid reimbursement rate for therapeutic day treatment services, scheduled for July 1, 2011.

3). Remove proposed additional reduction in Medicaid reimbursement rate for residential Level A and B services scheduled for July 1, 2011.

We feel that these items, along with other rate cuts enacted last Session in areas such as intensive in-home services, must be addressed for a number of reasons:

- TRUE AND LASTING system wide cost savings can be achieved through better utilization review and prior authorization to manage costs – NOT by cutting provider rates!
- These cuts could force private providers to go out of business. Others will also be faced with closing some of their programs and laying off staff, as well as other agency or program service closures.
- If providers cut more staff, they run the risk of not being in compliance with Medicaid rules and regulations. If they lose their Medicaid eligibility, this will create a major problem system-wide.
- The Transformation Initiative encouraged the development of community based services but Medicaid cuts will cause private providers to withdraw those same services:
    - Intensive In Home (IIHS) and Therapeutic Day Treatment Services (TDTS) are community-based services that are at the core of the Transformation.
    - Last year’s 14% cut in IIHS and the scheduled 4% in TDTS will mean that organizations will not only be unable to expand these services to new communities when requested, but will be forced to close programs in communities due to the inability to cover costs and provide the service at a quality level.

Virginia Coalition of Private Provider Associations (VCOPPA)

Member Associations:

- The Association of Community Based Service Providers
- Foster Family Based Treatment Association, Virginia Chapter
- Virginia Association of Children's Homes
- Virginia Association of Independent Specialized Education Facilities
- Virginia Association of Licensed Child Placing Agencies

Individual Sustaining Members:

- The Bair Foundation
- Braley & Thompson, Inc.
- Brookfield, Inc.
- Commonwealth Catholic Charities
- Elk Hill
- Extra Special Parents, Inc.
- Family Preservation Services
- Hallmark Youthcare, Inc.
- Institute for Family Centered Services
- Intercept
- Kids In Focus
- Phillips Programs
- Presbyterian Homes & Family Services, Inc.
- United Methodist Family Services
- Universal Health Services
- Virginia Home for Boys & Girls
- Youth For Tomorrow