



Missoula Youth Homes Inc.

Testimony – January 27, 2005

For the record my name is Geoff Birnbaum and I am the Executive Director of Missoula Youth Homes and also operate the Partnership for Children with Intermountain Children's Home. Together these two organizations serve over 230 children each day in a variety of out of home settings, from foster care to treatment homes to adoption. We employ over 190 folks and utilize close to 100 full time foster families.

But it is as President of Montana Children's Initiative, the State Association of Children's Mental Health Providers that I stand before you to talk about rates. I am here to tell you we need your help in a few ways. First, we need you to agree to raise rates for the 1st time in many years. Second, we need you to consider support of a bill that would establish an independent rate commission. Third, we would love you to ask the State to develop a rate system that would clarify how and when rates would be adjusted.

I am here to tell you we have been through a lot regarding rates and we have run out of magic. There are no more creative solutions. We have cut back and combined as much as we can cut back and combine things. Our administrative costs are down to under 9% and demands on us to be more accountable make that a difficult level to maintain. There is no more money to shift and there are many more needs to address with the children we meet in our care.

Let me share an example and a chart.

During the last session, the Department (DPHHS) cut rates on January 15th, 2003. For ICHS, our Campus Group Home rate was cut 10% from \$130.97 to \$117.87, a daily loss of \$13.09 per kid for nearly 6 months. This works out to be a loss of \$2,357 *per child* for that 6-month period.

On July 1, 2003 our rates were re-instated to the pre-January 15th level and given a 1% increase (by the legislature) to the current rate of \$132.28. This 1% works out to be an increase of \$474.50 *per child* per year.

So, with that 1 % increase on July 1, 2003... it will take Intermountain 4.9 years (till July 2008) *per child* to recoup the 10% that was cut during the first 6 months of 2003.

If the legislature give us a 5% increase *effective July 1, 2005*...ICHS will recoup our 2003 losses by August 1, 2006. Of course none of this great math considers the CPI.

I realize this is all water under the bridge but I bring it up for two reasons. The department has few tools to restrict the growth of an entitlement program. When the system becomes unaffordable for whatever reason, clients, rates, and services will be cut and providers will suffer an incredible financial setback. As we have discussed, we individually and collectively have

responsibility somewhere in that equation. Secondly, when we talk to the legislature about rates, let's remember that at our current rate, we have 3 ½ more years before we recover from the last cuts.

If you will look at the chart – I just want to point out a few additional facts:

1. Rates, even in FY 96 were not based upon an actual cost of providing the care and treatment required and was far below private rates for such care.
2. Rates for community-based treatment have risen only 2-5% during the past decade while the cost of living has risen over 26% in the same period.
3. The results are an increased daily shortfall in the past decade of from \$ 17.06 (therapeutic foster care) to \$ 43.83 (campus treatment homes) per day or \$6,227 to \$15,998 per child per year.
4. Meanwhile, compared to fees going up 2-5% - health insurance is up 225%; gasoline is up 62%; liability insurance is up 320%, utilities are up 81% and the starting wages in care are up 33%. If I just took the lowest costs of these that are not in my control, gasoline, and adjusted rates by that amount (62%) then the current rates would be \$102.92 per day short or \$70,416 per year per child.

Well, enough with the numbers. It's all pretty dry but it is important. Because all these numbers add up to the stability and security that caretakers need in order to pass that stability and security on to children who have lived in chaos, maybe never known true safety, often never started and finished school in the same year in the same school and definitely deserve staff who are qualified, talented and there as long as the child will be. For this to happen we, as caretakers, need the resources to do our job and for that I am asking for your reasonable help.

Thank you.

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