EXHIBIT 7
DATE 2/16/07
HB 98

Testimony of Department of Public Health and Human Services
Before the House Appropriations
February 16, 2008

RE: HB 98 - "AN ACT ESTABLISHING A CHILDREN'S SYSTEM OF CARE ACCOUNT TO REDUCE OUT-OF-HOME PLACEMENTS OF HIGH-RISK CHILDREN WITH MULTIAGENCY SERVICE NEEDS; AMENDING SECTIONS 52-2-301 AND 52-2-308 MCA; AND PROVIDING AN EFFECTIVE DATE."

The purpose of HB 98 is to allow DPHHS, and other agencies that are already part of a multi-agency collaboration charged with developing community based services, to voluntarily allocate some portion of their budgets to manage high-risk cases on a child-by-child basis. This bill does not request new funding for these children, it allows the agency to have the authority to take the general fund portion of what we would have spent for example on a Medicaid-covered child and say to the community - if you can serve him for $X amount we will provide you with the funding.

The reason that a bill is needed is that a vehicle is needed (the system of care account) to allow agencies a means of funding multi-agency children. Agencies at the state level and in communities have worked well together but we need a central account where we can pool money and pay for services that cannot be paid for under existing programs. HB 98 gives the involved agencies the authority to transfer money into and out of an account at DPHHS in the narrow circumstances described in the bill and the authority to write rules governing what services will be funded, how services will be authorized, etc. It is our intent that all expenditures from this account will be pre-authorized based on an individual plan of care for a specific child.

Theoretical Example: A youth is placed at XYZ residential treatment center in Texas and the Medicaid per diem rate is $480/day. The average length of stay is 200 days. His treatment costs will be $96,000 for the residential treatment center portion alone. The Department would like to be able to say to his home community that if they can serve him for no more general fund than we would spend in Texas, which would be approximately $29,386 - that we would guarantee up to this amount of general fund for the youth. In this example, the community could use a mixture of funds - both Medicaid reimbursable services like therapeutic aides, individual or family therapy, medications, etc. and match these with Medicaid so they actually have more than $29,386 to spend. But this mythical child might also need something not covered by Medicaid - such as respite so the parents could get away for a weekend, or day care for a sibling so that the parent can spend x hours of time at school with the child, or hiring an "awake" person to spend the night in the home because the child roams or sneaks out - anything that is not Medicaid reimbursable. As long as the general fund portion of the treatment plan in its totality was no more than we would have spent, the state would authorize a treatment plan and give the community the authority to serve the child through a combination of

Medicaid and non-Medicaid covered services (including if they can secure them, volunteer services).

The need for multi-agency cooperation was recognized by the legislature in 2003 when a bill was passed authorizing multiagency service placement plans for a child "under 18 years of age who is seriously emotionally disturbed, who is placed or who imminently may be placed in an out-of-home setting, and who has a need for collaboration from more than one state agency in order to address the child's needs." DPHHS, other agencies serving children, and our community partners have actively pursued in-community treatment. HB 98 creates a vehicle, through the system of care account, to further the goal of multi-agency collaboration.

There are several benefits to serving the SED child in his or her community. These include:

- maintaining contact with friends, family members and other support networks
- familiar treatment professionals
- less restrictive, familiar environment
- more personalized treatment services
- assistance with special needs
- reducing or eliminating emotional trauma resulting from change of residence, school, caregivers, etc.

This bill will help us to better serve these children. It is cost neutral. Any funds not expended at the end of the biennium revert to the general fund.

I will be happy to answer any additional questions you might have.

Respectfully submitted,

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