

**441—185.106(234) Establishment of reimbursement rates.** Rates shall be established on the basis of net reasonable and necessary cost per unit of service as reported on the financial and statistical report and adjusted by the department's fiscal consultant.

**185.106(1) Calculation of cost per unit.** Costs per unit of service will be calculated as follows:

- a. Aggregate, reasonable and necessary costs as defined in subrules 185.105(1) to 185.105(13).
- b. Less non fee-for-service revenues, and certain contributions for services provided to certain individuals.
- c. Divided by effective utilization described in 185.106(2) "a."
- d. Multiplied by the inflation factor as described in 185.106(2) "b," as applicable to costs and cost categories which are not limited or subject to a prospective index.

**185.106(2) Adjusting factors.** Cost-based rates shall be established by applying the following adjusting factors.

a. The effective utilization level shall be 80 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program except for group care, which shall be as follows. The following effective utilization applies to all rates established on or after July 1, 1995, and shall be used to adjust rates established prior to July 1, 1995, for payment of services provided on or after July 1, 1995.

The effective utilization for group care facilities certified to provide community residential treatment and licensed pursuant to 441—Chapter 116 or 481—Chapter 57 or 63 shall be 95 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program.

EXCEPTION: The effective utilization for the service portion of the per diem rate for group care facilities certified to provide community residential treatment and licensed pursuant to 441—Chapter 116 or 481—Chapter 57 or 63 shall be 85 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program.

The effective utilization for all other group care facilities certified to provide community residential treatment and group care facilities certified to provide comprehensive residential treatment or enhanced residential treatment shall be 90 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program.

EXCEPTION: The effective utilization for the service portion of the per diem rate for all other group care facilities certified to provide community residential treatment and group care facilities certified to provide comprehensive residential treatment or enhanced residential treatment shall be 85 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program.

The effective utilization for all services provided by group care facilities certified to provide a highly structured juvenile program, including both the service and maintenance portion of the per diem rate, shall be 90 percent or actual (whichever is greater) of the licensed or staffed capacity (whichever is less) of the program.

However, subsequent to the report submitted pursuant to 185.103(1) "b," when the provider has failed to achieve a utilization rate of 70 percent during a cost report period, the subsequent rate shall be calculated on the basis of 100 percent of licensed or staffed capacity, whichever is less. This penalty shall be applied to cost reports due on or after December 1, 1994.

b. The applicable inflation factor is the percentage which shall be applied to costs for which prospective indices or other limits have not been established. The inflation factor is intended to overcome the time lag between the time period during which the rates will be in effect. The inflation factor shall be the amount by which the Consumer Price Index for all urban consumers increased during the preceding calendar year ending December 31.

(1) The inflation factor shall not be applied to prospective, budgeted costs or when the rate is established based on the report of costs incurred for less than 12 months.

(2) In no event shall the inflation factor cause the occupancy or administrative caps to be exceeded.

c. Rates established at reasonable and necessary cost per unit of service, net of related revenue, shall be subject to 185.106(4).

*d.* When a ceiling has been authorized by the legislature, the reimbursement rate shall be established by determining on a per unit basis the necessary and reasonable cost plus the current inflation factor subject to the maximum allowable cost ceiling.

*e.* The indices cited in subrules 185.105(1) to 185.105(4), 185.105(6), and 185.105(8) shall be reviewed and adjusted at the beginning of the state fiscal year and shall be applied to the first actual or the annual cost report due on or after that date. Adjustments shall be based on the most current data available on July 1.

**185.106(3) Rate limits.** Providers will be subject to the following rate limits:

*a.* Group care floor. For fiscal year 1994, combined service and maintenance components of the reimbursement rate paid to a group care provider shall not be below the rate in effect for that provider on October 31, 1993, or \$76.61 per day when a 360-day year is used, whichever is less. The floor shall be \$75.56 per day or the rate in effect for that provider on October 31, 1993, when a 365-day year is used.

*b.* Rates for new providers and for providers adding a new program to an existing contract under 441—Chapter 152. Payment rates for new providers and for providers adding a new program to an existing contract under 441—Chapter 152 shall be established according to the methodology described at 185.106(1)“*a*” to “*d*,” not to exceed the lower of:

(1) Budgeted cost per unit of service as computed under 185.106(1)“*a*” to “*d*.”

(2) The seventy-fifth percentile of rates for similar programs as computed at the beginning of the calendar year, beginning January 1, 1995. Rates established pursuant to projected budgets shall not be included in the percentile ranking.

*c.* Interruptions in a program will not affect the rate. If a provider assumes the delivery of program from another provider, the rate shall remain the same as for the former provider. If a provider ceases to contract for and provide a service or program and later decides to again contract for and provide that program or service and has a contract for that service in effect within two years, the rate shall remain the same as previously paid unless this rate would be in excess of a ceiling authorized by the legislature. However, while those providers who resume contracting for and providing a service within two years will not submit a projected budget to reactivate their rate, they will be required to submit a first actual cost report in accordance with 185.103(1)“*b*.” Providers who resume contracting for and providing a service with an interruption of more than two fiscal years shall submit a projected budget in accordance with 185.103(1)“*a*.”

*d.* Rates for public agencies shall not knowingly be established in excess of their actual costs. Public agencies whose rates do exceed their actual costs are required to notify the department within one month of becoming aware of the situation. Once the department or a public provider becomes aware of a situation that will cause a public provider to receive reimbursement in excess of their actual costs, the provider shall request or the department shall cause the provider’s reimbursement rates to be lowered so as to avoid the necessity of a recoupment situation. Recoupment of overpayments, if necessary, will be handled in accordance with 185.122(1).

**185.106(4) Unit of service and unit rates.** For family-centered services, all members of a family shall collectively be considered one recipient of any unit of family-centered service. Service to the family or one or more of its members shall be considered one unit of service. For family foster care and group care, the child shall be considered the recipient of any unit of service.

*a.* The unit of service for family-centered and family foster care services shall be one-half hour of service provided on a face-to-face basis and directed toward the child. Monthly cumulative units shall be rounded up or down to the nearest whole unit.

*b.* The unit of service for family preservation shall be the family.

*c.* The unit of service for the required services provided in group care shall be one day based on a 365-day year. Rates in effect prior to July 1, 1995, shall be adjusted by multiplying them by 360 and dividing the result by 365 to establish the new rates effective July 1, 1995. Rates established on or after July 1, 1995, based on statistical information using a 360-day year shall be similarly adjusted. The unit of service for additional and optional services shall be one-half hour of service provided on a face-to-face basis and directed toward the child.

*d.* When co-therapy is provided, the provider shall bill at the rate for the unit of service for one therapist except as provided for as follows:

(1) When co-therapy is provided, the payment rates shall be determined by dividing the reasonable and necessary cost for the service by the average number of unrelated persons in attendance in the group.

(2) The co-therapy rate may be billed when the group consists of two or more families and four or more children. The rate for co-therapy shall be no more than 150 percent of the rate for group therapy and counseling services using one therapist. When the provider does not have a rate established for group therapy and counseling services using one therapist, 150 percent of the median rate for group therapy and counseling services using one therapist as determined by the department shall be used as the ceiling.

*e.* When therapy and counseling, restorative living skill development, and social or family skill development services are provided as a group service, the payment rates shall be determined by dividing the reasonable and necessary cost for that service by the average number of children or families in attendance at the group service.