



COMMONWEALTH of VIRGINIA
Office of the Governor

William A. Hazel, Jr., MD
Secretary of Health and Human Resources

October 31, 2016

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee
General Assembly Building, Room 326
Richmond, Virginia 23218

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee
General Assembly Building, Room 626
Richmond, Virginia 23218

The Honorable Christopher S. Jones
Chairman, House Appropriations Committee
General Assembly Building, Room 948
Richmond, Virginia 23218

Dear Chairmen:

Item 285 (M) of Chapter 780 of the 2016 Virginia Acts of Assembly (the Appropriation Act) directs the State Executive Council (SEC) for Children's Services to "continue to review and develop a robust set of options for (i) increasing the integration of children receiving special education private day treatment services into their home school districts, including mechanisms to involve local school districts in tracking, monitoring and obtaining outcome data to assist in making decisions on the appropriate utilization of these services, and (ii) funding the educational costs with local school districts for students whose placement in or admittance to state or privately operated psychiatric or residential treatment facilities for non-educational reasons has been authorized by Medicaid."

This work is now complete and the State Executive Council has approved the options at its September 15, 2016 meeting. This report is respectfully submitted for your review. Please contact my office should you have any questions regarding any aspect of the information contained in the report.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. Hazel, Jr.", with a stylized flourish at the end.

William A. Hazel, Jr., M.D.

Office of the
Secretary of Health and Human Resources

Increasing Integration of Children Receiving
Special Education Private Day Treatment
Services into their Home School Districts

and

Funding Educational Costs for Students Placed
in Psychiatric or Residential Treatment
Facilities for Non-Educational Reasons

Report to the Chairmen of the House Appropriations and
Senate Finance Committees pursuant to Item 285 (M) of
Chapter 780 of the 2016 Acts of Assembly.

November 1, 2016

This page intentionally left blank

Authority

This report has been prepared and submitted to fulfill the requirements of Item 285 (M) of Chapter 780 of the 2016 Acts of Assembly. This provision requires the State Executive Council (SEC) for Children's Services to continue to review and develop a robust set of options for (i) increasing the integration of children receiving special education private day treatment services into their home school districts, including mechanisms to involve local school districts in tracking, monitoring and obtaining outcome data to assist in making decisions on the appropriate utilization of these services, and (ii) funding the educational costs with local school districts for students whose placement in or admittance to state or privately operated psychiatric or residential treatment facilities for non-educational reasons has been authorized by Medicaid. The SEC shall continue its review with the assistance of relevant stakeholders, including representatives of the Department of Education, the Department of Medical Assistance Services, the Office of Comprehensive Services, the Department of Behavioral Health and Developmental Services, local school districts, local governments, and public and private service providers. The SEC shall present a robust set of options and recommendations that include possible changes to policies, procedures, regulations and statutes, including any fiscal impact for consideration by the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2016.

Table of Contents

Executive Summary	1
Private Day Education Services for Students with Educational Disabilities	3
<i>Background.....</i>	3
<i>Options</i>	5
Funding Educational Costs for Students Placed in Psychiatric or Residential Treatment Facilities for Non-Educational Reasons.....	12
<i>Background.....</i>	12
<i>Developments since the 2015 Report and Recent Stakeholder Group Process.....</i>	12
<i>Options</i>	13
Appendix A	18
Appendix B	19
Appendix C	20

Executive Summary

The 2016 Appropriation Act required the State Executive Council (SEC) for Children's Services to provide options to address two issues. First was to identify options to increase the integration of students with disabilities who are receiving educational services in private day educational programs into their home school districts. The SEC was also asked to address mechanisms for collecting and utilizing data to better inform the delivery of these private day educational services. This issue had not previously been addressed by the State Executive Council. Secondly, options were requested regarding funding of educational costs for students whose placement in or admittance to state or privately operated psychiatric or residential treatment facilities for non-educational reasons has been authorized by Medicaid. This issue was previously addressed and recommendations made and identified as RD241, submitted in September 2015. As the two sets of issues are distinct, the current report addresses them as such.

Private Day Educational Placements

With regard to private day educational placements, a representative group of stakeholders¹ including the Virginia Association of School Superintendents (VASS), Virginia School Board Association (VSBA), the Virginia Association of Counties (VACo), the Virginia Municipal League (VML), the Virginia Council of Administrators of Special Education (VCASE), the Virginia Association of Independent Specialized Education Facilities (VAISEF), the Virginia Board for People With Disabilities (VBPD), and parents of students with disabilities met on three occasions. The group received presentations from the Virginia Department of Education (VDOE), the Office of Children's Services (OCS) and VAISEF regarding the utilization and outcomes of private day educational placements and offered an array of options to the SEC. The SEC reviewed and modified these options which fall into four broad areas:

1. Restructuring the Children's Services Act and Virginia Department of Education funding of special education services, specifically private educational services.
2. Defining and measuring outcomes for students in private special education settings.
3. Increasing attention to the successful transition/reintegration of students with disabilities from private settings to public school settings.
4. Supporting and enhancing the ability of public schools to serve students with disabilities in the least restrictive environment.

Specific options in each of these four areas are presented, along with a number of other considerations identified by the stakeholder group and the SEC.

¹ The full listing of participants in this stakeholder group is found in Appendix A.

Funding Educational Costs for Children Parentally Placed in Pyschiatric Treatment Facilities (PRTFs)

The circumstances leading to this situation have evolved over the past 15 years as the state Medicaid plan allowed for children with significant behavioral health difficulties to be placed in Level “C” psychiatric residential treatment facilities through authorization and reimbursement by Medicaid without involvement of local Children’s Services Act (CSA) structures and processes. The provision of educational services for children placed in these facilities is required by licensing regulations; however, Medicaid does not allow payment for educational services. A “disconnect” therefore exists between the required educational services and the availability of public funds to support such services. In FY2015-2016 an average of 575 children were placed in residential treatment through Medicaid outside of the CSA process and without any state or local funding for educational services.

This problem is complex and potential solutions have significant fiscal and administrative impacts on the state, but especially the local government level. Several task forces and work groups have attempted to address the issue over the past year. These efforts, in combination with extensive public comment resulted a report which was submitted to the General Assembly in 2015 (RD241). Recently the Department of Medical Assistance Services (DMAS) has indicated its intention to utilize its emergency regulatory authority to make significant changes to the process by which Medicaid-eligible children are reviewed for admission into a psychiatric residential treatment facility. While these planned changes do not have a certain and direct impact on the issue under consideration in this report, it is highly likely that these new regulations will result in changes to the landscape with regard to this issue and these changes should be carefully monitored.

In response to the current requirement, a stakeholder group was reconvened to consider and address funding the educational costs for children placed for non-educational reasons in psychiatric residential treatment facilities as authorized by Medicaid².

The SEC reviewed the available alternatives and provides options which fall into three areas of responsibility:

1. Activities by Magellan and DMAS Managed Care Organizations (MCO)
2. Activities by local Children’s Services Act (CSA) Family Assessment and Planning (FAPT) and Community Policy and Management (CPMT) Teams)
3. Activities by local school divisions and/or the Virginia Department of Education

Specific options in each of these areas are presented, along with a number of other considerations identified by the stakeholder group and the SEC.

² The full listing of participants in this stakeholder group is found in Appendix B.

Item 285 (M) (i)
Private Day Education Services for Students with Educational Disabilities

Background

The Code of Virginia (§ 2.2-5211.B.1 and § 2.2-5211.B.2) establishes that “Children and youth placed for purposes of special education in approved private school educational programs ...” and “children and youth with disabilities placed by local social services agencies or the Department of Juvenile Justice in private residential facilities or across jurisdictional lines in private, special education day schools, if the individualized education program indicates such school is the appropriate placement” are in the target population for the CSA state pool of funds. § 2.2-5211.C establishes that “The General Assembly and the governing body of each county and city shall annually appropriate such sums of money as shall be sufficient to (i) provide special education services . . . for children and youth identified in subdivisions B 1, B 2, and B 3 and (ii) meet relevant federal mandates for the provision of these services. . . .”

Over the past several years, the number of students with educational disabilities who are placed by local school divisions in private day educational programs under the provisions of the federal Individuals with Disabilities Education Act (IDEA, 2004, P.L. 108-446), regulations (8VAC20-81) promulgated by the Virginia Department of Education (VDOE), and the CSA have increased considerably. Accompanying this has been a marked increase in the costs of such placements. These costs are shared between the CSA state pool of funds and required local matching funds. The following figures illustrate these trends. While FY2016 data is not yet complete, projections indicate similar growth trends as seen in prior years.

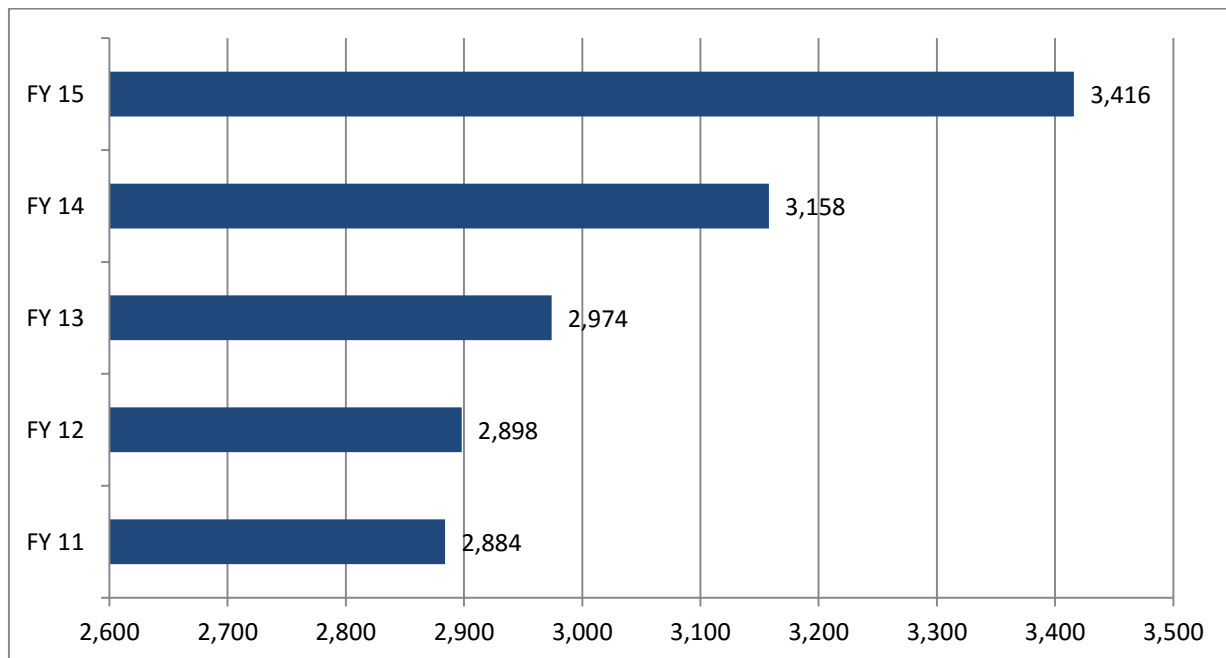


Figure 1. Number of Youth Served through CSA in Private Day School Placements
Source: CSA Data Set Reports

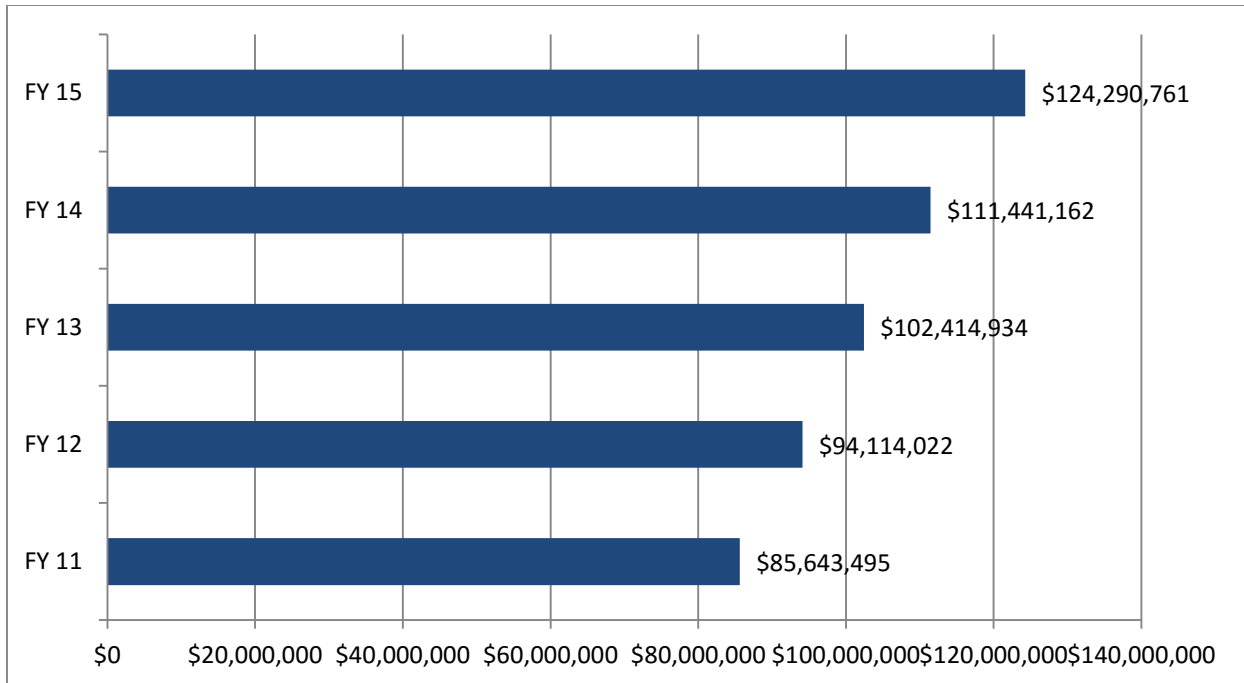


Figure 2. CSA Expenditures (State and Local) for Private Day School Placements
 Source: CSA Data Set Reports

As seen in Figure 3, data from the Virginia Department of Education indicates that students with autism as their primary disability category is the most rapidly growing group of students receiving private day school services. If current trends continue, these students will overtake those with emotional disabilities as the largest single disability category of students served in private placements. This trend is of note as preliminary data presented by the private educational program representatives at the stakeholder group indicated that students with autism represent one of the proportionally smallest groups of students exiting from private placements either through graduation or return to a public school placement (9% in FY2015 as compared to 46% of exits for students with emotional disabilities).

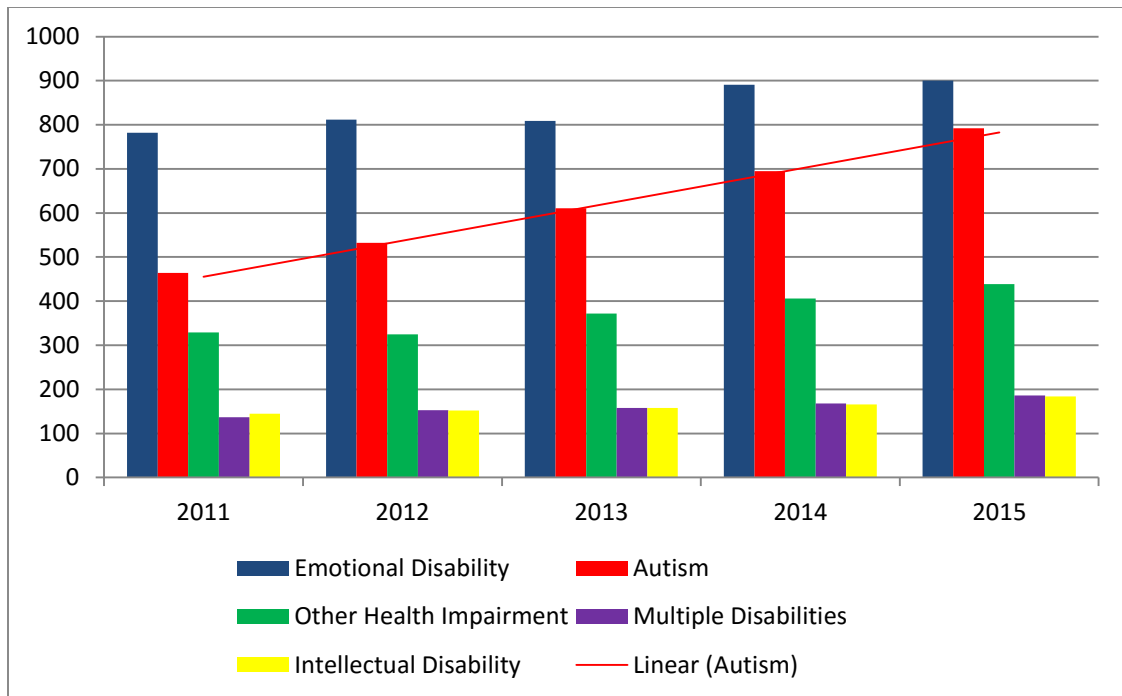


Figure 3. Single Day Point in Time Data: Disability Category for Students in Private Day Placements
 Source: VDOE December 1 Special Education Child Count, 2015

Options

After consideration of this data and the input of the stakeholder group, the State Executive Council provides the following options:

Restructuring Funding of Special Education Services through the Children’s Services Act (CSA) and Virginia Department of Education (VDOE)

The current structure of the CSA provides sum-sufficient funding when “the child or youth requires placement for purposes of special education in approved private school education programs” (§ 2.2-5212, COV). In accordance with the federal IDEA, guidance from the VDOE Superintendent of Public Instruction does not allow the use of CSA state pool funds to provide services to students with disabilities in the public school setting (Superintendent’s Memo #018-10, *Protection of Rights to a Free Appropriate Public Education and Use of Funds Under the Comprehensive Services Act (CSA)*, issued January 29, 2010). According to Memo #018-10, all services and supports which are necessary to provide a Free and Appropriate Public Education (FAPE) must be delineated in the Individualized Education Program (IEP). Funding for such services is required to be provided through the VDOE and the local educational agency (LEA).

Many members of the stakeholder group felt strongly that local school divisions could make meaningful reductions in the placement of students in private day educational placements if they had access to additional fiscal resources. Such resources would be deployed to implement an array of school-based interventions prior to a decision to place a child in a private setting.

Option: Amend the Children’s Services Act to allow funding for services to Students with Disabilities in the public school setting

- Amend the Code of Virginia to extend the CSA sum-sufficient language to include students with disabilities served in the public school setting.

This option was endorsed by a consensus of the stakeholder group with the primary reasons cited as protecting the current sum-sufficient requirements under the CSA while increasing resources for local school divisions to intervene prior to placement in a more restrictive private educational setting. The State Executive Council expressed concerns regarding the appropriateness of this alternative given current legal interpretation from the Virginia Department of Education that this would not comply with the federal IDEA, the governing federal law concerning the provision of services to students with educational disabilities.

Identified Advantages/Opportunities

- Will provide local school divisions with funding and flexibility to implement strategies to maintain students in the least restrictive environment, not possible under current restrictions on use of CSA state pool funds.
- Will maintain this population of children in the CSA multi-disciplinary model.
- Will not jeopardize current state commitment to sum-sufficient funding under the CSA for students with disabilities, resulting in possible “cost shifting” to localities.

Identified Concerns

- Federal law has been interpreted by the VDOE as prohibiting this practice as it requires that all services and supports necessary to provide FAPE to be specified in a student’s IEP. When services and supports are and provided in the public school setting, the financial responsibility lies with the LEA.
- There will be a significant fiscal impact on both the CSA state pool and local matching funds to adopt this option. In the last year when such services were allowable through CSA funding (FY2010), the combined state and local expenditure for services in the public schools was \$19.5 million.
- There is no accountability process that would assure that adoption of this option would actually result in students being served in less restrictive, public school environments.

Option: Request funding for several pilot programs to “implement and test” strategies for increasing the education of students with disabilities in the least restrictive public school setting.

- Request the General Assembly to appropriate funds to the CSA to allow localities to apply for “demonstration grants” to design and implement promising strategies. Strategies would focus on increasing flexibility of CSA and/or other resources made available to school divisions to address the needs of students with disabilities who might otherwise be placed in private educational settings. Such demonstration projects would be distributed through a competitive application process with strict evaluation requirements. At the conclusion of the demonstration projects, results would be presented to the General Assembly in consideration of future policy decisions.
 - The fiscal impact of this option would be contingent on the number and scope of such demonstration projects and any cost accountability mechanisms built into the projects.
 - Consideration should be given to demonstration projects that specifically address the needs of students with autism, the fastest growing subpopulation of students receiving private day education services.

Option: Amend the Children’s Services Act to “carve out” and transfer CSA state pool funding for students with disabilities to the VDOE.

- Amend § 2.2-5211 C., § 2.2-5212.A.3. and other relevant sections of the Code of Virginia to remove this population from the CSA statutory eligibility criteria and sum sufficient funding requirements.

This option was discussed extensively but not endorsed by consensus of the stakeholder group. Primary reasons were concern over the loss of state sum-sufficient funding for this population and removal of these students from the multi-disciplinary CSA process. The State Executive Council also had extended discussion, ultimately deciding that this option should be included as part of this report.

- Determine the full amount of CSA state pool funds expended for this purpose and transfer this appropriation to the VDOE.
- Combine transferred CSA state pool funds with the current/restructured VDOE Regional Tuition Reimbursement Program funds and other appropriate state and federal funding streams for students with disabilities so they may be more equitably distributed across the Commonwealth and with greater accountabilities.

The General Assembly with input from appropriate entities, should determine the funding mechanism to meet legal requirements for the education of

students with disabilities to include decisions concerning sum sufficiency and local matching contributions.

- If adopted, this option should be implemented over a several year period to allow for thoughtful study of fiscal and related impacts prior to full implementation.

Identified Advantages/Opportunities

- As with the first option presented in this domain, this option will allow for local flexibility in program development, funding utilization and a potentially greater ability for LEAs to educate students within the public school setting. This approach would allow local school division to design strategies to best meet their unique circumstances, including partnerships with private providers to meet student needs.

Identified Concerns

- Members of the work group expressed considerable concern that any action which placed the current sum sufficient language into jeopardy could result in significant cost shifting from the state general fund to local governments and school divisions.
- While an unknown number of localities currently bypass the multi-disciplinary CSA process for placement of students with disabilities in private educational settings, this option would reinforce that activity and deprive this population of the benefit of the multi-disciplinary CSA process.

Outcomes for Students in Private Special Education Settings

Option: Identify and collect data on an array of measures to assess the efficacy of private special education day school placements.

- VDOE, local school divisions, and the Virginia Association of Independent Specialized Education Facilities (VAISEF) should work together to identify mutually agreed upon, evidence-based definitions of outcome measures applicable and appropriate for the population of children served in private special education day school placements. Outcomes for children served in private residential special education programs should also be included in this process.
- Outcomes and indicators for students with disabilities served in private settings should mirror those already collected and reported on by the VDOE and in some instances, required by the U.S. Department of Education. Potential outcome markers for consideration:
 - Length of stay by disability category and placement

- Virginia Assessment Program scores (e.g., Standards of Learning, Virginia Alternative Assessment Program, Virginia Substitute Evaluation Program, Virginia Modified Achievement Standards Test)
- Transition rates to a less restrictive educational setting
- Graduation rates and diploma status
- Relevant indicators beyond those already collected should be identified and implemented

Once identified, indicators should be reported separately for children served in private special education programs unless doing so would provide personal identifiable student information.

- Defined outcomes, to the extent possible, should be controlled for severity of the disabilities of children served in both public and private educational settings, including regional special education programs funded by VDOE.
- Outcomes measurement and analysis should extend longitudinally to include those beyond the student's discharge from a private or public school setting. The Virginia Longitudinal Data System (VLDS) could serve as a good starting point for such efforts.
- Measurement efforts should consider home and community supports as they impact placement decisions.
- There will be a fiscal impact of enhanced measurement efforts which cannot be determined at this time.

Increase Attention to the Successful Transition/Reintegration of Students with Disabilities from Private Settings to Public School Settings

Option: Identify the resources that will be necessary in order to transition students in private day school settings to a less restrictive environment.

- DOE should convene a work group tasked with exploring the resources necessary for transition as well as currently available funding options to support identified resources. The work group will also identify best practices related to the transition of students from private settings back to public school and will include examination of:
 - incorporating reintegration plans with measurable goals to be achieved in order to successfully return to a less restrictive environment in a student's IEP at the time of placement in a private educational placement
 - school climate interventions
 - parent, teacher and school administrator training

Support and Enhance the Ability of Public Schools to Serve Students with Disabilities in the Least Restrictive Environment

Option: VDOE should continue to provide guidance to LEAs regarding the continuum of services which are necessary to appropriately meet the mandate that students are required to be educated in the least restrictive environment (LRE).

- DOE should ensure that all school divisions have access to resources addressing educating students with disabilities in the least restrictive environment including Positive Behavioral Intervention and Supports (PBIS).
- DOE and OCS should encourage localities to fully utilize the appropriated special education wraparound funds to intervene prior to a student's placement in a private educational program.
- The SEC supports the full implementation (including program fidelity) of the Virginia Tiered System of Supports (VTSS) and other evidence-based approaches being implemented by VDOE and local school divisions and emphasizes the application of such strategies in addressing the needs of students with disabilities.
- DOE should continue its work with the Commonwealth of Virginia's Special Education Advisory Committee (SEAC) in their examination of LRE and how best to serve students with disabilities in the public school setting.
- DOE and other relevant organizations should explore strategies to increase the availability of qualified professionals in various disciplines (e.g., Applied Behavior Analysts, school psychologists) especially in underserved areas. The lack of such professionals has been cited as a barrier to effective intervention efforts in the public school setting.

Other Considerations/Options

- All appropriate parties should educate policy makers as to the significant nature of the challenges presented by students with disabilities, the need for many of them to be educated in more restrictive environments, and the high cost of providing effective educational services to these children.
- The General Assembly and state and local agencies that fund and oversee private educational placements should require those education providers to demonstrate effectiveness, including long-term cost avoidance (e.g., preventing youth from negative long-term outcomes including criminal justice involvement, un/underemployment that are likely sequelae to school failure).
- Local governments and school divisions are encouraged to discuss how the local matching funds for students placed in private educational settings can be best

configured to encourage maintaining students in the least restrictive environment. Of particular interest, preliminary data suggests that localities where school divisions are responsible for the matching funds, as opposed to the general local government budget, have lower rates of private educational placements.

- The Virginia Department of Education should consider seeking a waiver under the IDEA which would allow members of the CSA Family Assessment and Planning Team (FAPT) to participate in the IEP meetings for individual students in order to provide expanded multi-disciplinary input into the education planning process for students with disabilities.
- Current law and practice allows Medicaid-eligible students with disabilities to receive services such as therapeutic day treatment in the public school setting while non-Medicaid eligible students with disabilities cannot access similar publicly funded services in that setting.
- Current law and practice allows CSA funding to be used for services in the public school setting if the child is not identified with a disability.

Item 285 (M) (ii)
**Funding Educational Costs for Students Placed in Psychiatric or Residential
Treatment Facilities for Non-Educational Reasons**

Background

Psychiatric residential treatment facilities (PRTFs) are required by regulation (12VAC35-46-970, 8VAC20-671-420.A.) to enroll and provide residents with educational programming according to standards addressing duration of the school year (days/year) and school day (hours/day). The educational programs in PRTFs are licensed by the Virginia Department of Education (VDOE) and are therefore required to meet these regulatory standards.

Medicaid-eligible children admitted to PRTFs for non-educational reasons with the involvement of the local Children's Services Act (CSA) teams have their facility-based educational services included in the package of CSA approved and funded services. This is accomplished through each locality's routine CSA practices. These children may include those eligible for CSA funded services by virtue of being in the custody of, or entrusted to, or placed through a Non-Custodial Foster Care Agreement with a local department of social services (LDSS). Children remaining in the custody of their parents may also be served through a CSA eligibility determination for children for whom a CSA Parental Agreement is executed.

Medicaid-eligible children, whose parents/guardians arrange for admission to a PRTF without the involvement of the local CSA teams, are entitled to Medicaid funding for the treatment services; however, as Medicaid does not fund education services, there is no mechanism for payment (other than by the parents themselves or waiving of the educational costs by the PRTF). *At present, the only access to public funding for the required educational services is if the local CSA teams are involved in the placement.* In FY2015-2016, an average of Medicaid-eligible 570 children were placed in PRTFs without CSA involvement (*Source: DMAS/ Magellan*).

Beginning in the spring of 2014, the State Executive Council attempted to address this issue. Several work groups were convened, extensive public comment was received, and a report was issued to the General Assembly (RD241, 2015). This report reflected a lack of consensus regarding specific strategies for the long-term resolution of the issue and proposed short-term financing strategies which placed the full burden of funding these services with the state. None of these recommendations were adopted.

Developments since the 2015 Report and Recent Stakeholder Group Process

In the fall of 2016, the Department of Medical Assistance Services (DMAS) announced impending changes to become effective December 1, 2016 (via emergency regulation) to the process by which Medicaid-eligible children are authorized for admission to a PRTF. While this new process is not designed to directly address the issue at hand, it is likely to have some impact, which is unknown at the time of this report. Monitoring the impact is one option presented in this report and will address the

recommendation in RD241 to collect data on the process that results in children being admitted to a PRTF without local CSA team involvement.

Since the 2015 report, an updated fiscal impact assessment of funding the educational costs was developed. This assessment reflects an average of the two most recent years' data (FY2015 and FY2016) and is found in Appendix C of this report. The fiscal impact model is based on an assumption of all children admitted to a PRTF doing so through involvement in a local CSA process (the only present method for funding the educational costs). This fiscal impact analysis is a "worst case scenario" in that it assumes that all children currently admitted without CSA involvement would become CSA-eligible, approved and funded. It is likely that a number of these children would be directed to alternative, non-residential services by the local CSA team or they might be eligible for other sources of funding such as adoption assistance agreements through the Virginia Department of Social Services.

Even under the most optimistic assumptions, the fiscal impact on local CSA programs would be substantial. One reason for this is that in addition to paying the local CSA matching share for the educational services, localities are required to pay a share (average 41.2%) of the state Medicaid match which is 50% of the total allowable cost, with the remaining 50% representing federal financial participation. The estimated annual costs are included in Appendix C.

Options

The stakeholder group convened in response to the current General Assembly directive reviewed all of the previously developed options not adopted by the SEC for RD241, the updated fiscal impact analysis, the potential effect of the recently announced DMAS regulatory changes, and newly identified alternatives. A detailed review of these options was presented to the State Executive Council at its September 15, 2016 meeting. The options are organized to reflect the entity most involved or responsible. For each set of options, the intent of the proposed activity, comments, and identified advantages/opportunities and challenges are provided where appropriate.

Activities by Magellan and DMAS Managed Care Organizations (MCO)

Intent

Provide more seamless and effective care coordination between all public entities involved in the provision of behavior health services to Medicaid members who may potentially require placement in a psychiatric residential treatment facility.

Option: Implement robust care coordination activities between the Magellan Behavioral Health Services Administrator, Medicaid Managed Care Organizations (MCOs), community services boards and local Children's Services Act (CSA) teams to improve outcomes for Medicaid eligible children and families. For Medicaid members admitted to acute psychiatric care facilities, this should include comprehensive discharge planning.

Comment: While this recommendation will not directly address the funding issue, greater collaboration between the entities involved is likely to result in an improved service delivery system and lead to fewer admissions to PRTFs and shorter lengths of stay. This option is being addressed through the recently announced changes to DMAS regulations and requires no further action at this time.

Activities by local Children’s Services Act (CSA) Family Assessment and Planning (FAPT) and Community Policy and Management (CPMT) Teams

Intent

Maximize the value of the multi-disciplinary, locally-based CSA teams through policies and practices which encourage children and families to participate in the CSA process as opposed to admissions to residential treatment facilities without CSA involvement.

Option: Monitor the impact of recently announced changes in the DMAS regulations for obtaining a Certificate of Need for residential placement to determine the impact of those changes on the number of Medicaid-eligible children being admitted to residential treatment without CSA involvement. OCS and local CPMTs should collaborate with DMAS/Magellan on data collection to more fully understand aspects of the process.

Comment: Parameters for such data collection are already under discussion between DMAS, Magellan, and the Office of Children’s Services.

Option: Where local CSA teams opt (under the new DMAS proposed regulations) to serve as the entity providing authorization and approval of the admission of Medicaid-eligible children to a PRTF, policy and practice should require the FAPT meet in a “timely manner” to complete an assessment and decision.

Comment: This option is addressed in the new DMAS regulations and requires no further action at this time.

Option: Develop and disseminate a standardized document, informing parents of the process for, and benefits of, accessing the local CSA program. CSA benefits include access to multi-disciplinary planning, a range of community-based services, case management and care coordination, and if approved for admission to a PRTF, coverage of the cost of educational services. Such an informational document would be made widely available to families through distribution to acute care psychiatric hospitals, PRTFs and other community settings.

Option: Explore the use of 2-1-1 VIRGINIA as a resource to provide relevant information about the CSA process to citizens seeking assistance.

Identified Advantages/Opportunities re: CSA Activities

- Encouraging that all children with significant behavioral health needs participate in the locally-based, multi-disciplinary case planning and ongoing care coordination through the CSA is consistent with the system of care model which is accepted as a best practice. This approach will ensure that the widest array of community-based services are brought to bear and that for children whose needs require residential placement, continuity of care in discharge planning is maximized.
- Ensures that all Medicaid-eligible children admitted to psychiatric residential treatment with the approval of the local CSA teams would have the cost of required educational services covered by public funds.
- Collection of data under the newly proposed DMAS regulations will allow more precise understanding of practices that impact the role of the local CSA teams on admissions of children to psychiatric residential treatment. This would however, likely require several years of data collection to provide meaningful insights.

Identified Concerns

- Some local CSA programs have expressed inability to provide “timely” access (in accordance Medicaid requirements) to case decision making (FAPT meetings) regarding issuance of a Certificate of Need and/or FAPT approval of a placement for PRTF placement for parentally placed children. Reasons for this include FAPT meetings at lesser frequencies and lack of administrative funds/resources to manage additional and often complicated cases.
- Management of children who are already admitted to residential placement prior to CSA involvement (direct family placement prior to Medicaid eligibility being established) will potentially make the CSA process adversarial and “re-traumatizing” to children and families.
- Substantial fiscal impact on local governments (see Appendix C)

Activities by local school divisions and/or the Virginia Department of Education

Intent

To identify additional funding and or/ service delivery mechanisms through which educational services for children placed by parents in psychiatric residential treatment facilities for non-educational reasons can be provided.

Option: Explore mechanisms for local school divisions to provide the required educational services within the PRTF.

Option: The Department of Education and local school divisions should consider options for local school divisions to assume at least some of the cost for children placed in PRTF for non-educational reasons, including utilization of Average Daily Membership (ADM) and Standards of Quality (SOQ) funds.

Identified Advantages/Opportunities

- Enhanced local control over educational programming for children placed in residential treatment settings.
- Easier transition back to public school upon discharge from the residential setting.
- Educational continuity to keep students on a graduation/diploma track.

Identified Concerns

- Fiscal impact on local school divisions. This is undetermined at present.
- Would need to clarify whether the responsible local school division is the one where the PRTF is located or the child's permanent residence. Private Residential Treatment Facilities may be a considerable distance from the child's originating school division which would make provision of educational services by the LEA impractical.
- Would require changes to Virginia Department of Behavior Health and Developmental Services regulations (e.g., 12VAC35-46-300) governing requirements of personnel providing services in a PRTF.
- Multiple school divisions could be providing services within the residential setting creating security and logistical concerns at the residential facility.
- Potential liability for residential treatment providers with outside personnel involved in their "on-campus" residential schools.

Activities Related to Community Services Boards (CSBs)

Intent

More fully engage the public behavioral health entities (Community Services Boards) in the care coordination (including discharge planning) of Medicaid-eligible or potentially Medicaid-eligible children with significant psychiatric needs in order to improve outcomes through linkages to needed community-based services and reduce avoidable admissions to residential treatment.

Other Considerations/Options

- In order to establish more equitable state and local cost sharing of the fiscal impact of all Medicaid-eligible children placed in a PRTF through the CSA process, request the General Assembly to explore a waiver of the local Medicaid-match on some subgroup of children placed in a PRTF through the CSA process. Alternatively, reexamine the local Medicaid match rates. This would provide fiscal relief to local CSA programs if they were to accept responsibility for additional placements. The fiscal impact of this option is not determined at this time.
- If a PRTF accepts an admission without provisions for funding of educational services, the PRTF should accept the financial responsibility for those services.
- Defer further action until implementation and assessment of the new DMAS regulations. This will allow time to assess how many children previously admitted to a PRTF without CSA involvement ultimately are funded by CSA.
- Establish policies to maximize the use of Medicaid to pay for supplemental educational services provided in a residential treatment facility and specified in a child's IEP (e.g., speech therapy, occupational therapy, applied behavior analysis) to maximize federal participation.
- Request DMAS to examine the "family of one" eligibility process. This process allows children to become eligible for Medicaid funding regarding of family income after 30 days in placement and allows families to place their children prior to review by Magellan or a local CSA team and then requires an approval process once the child is already in placement. This option would require a change to the state Medicaid plan.
- For families seeking to establish Medicaid eligibility as a "family of one," establish procedures through which the local DSS eligibility staff provide information on the local CSA process and with appropriate consent by the parent, make a referral to the local CSA team.
- If none of the options provided leads to a satisfactory resolution, the General Assembly should consider requesting an independent entity, such as the Joint Legislative and Review Commission (JLARC) to study this issue and report its findings and recommendations.

Appendix A
Private Day Education Stakeholder Group Members

Name	Title	Representing
Jim Gillespie	System of Care Director, Fairfax County	Virginia Association of Counties
Teresa Joiner	Augusta County, Virginia	Parents
Becky Silvey	Franklin County, Virginia	Parents
Kim Campbell	Toano, Virginia	Parents
Emily Webb	Director of Government Relations	Virginia School Board Association
Nancy Welch	Superintendent, Mathews County Public Schools	Virginia Association of School Superintendents
Gena Keller	Superintendent, Fluvanna County Public Schools	Virginia Association of School Superintendents
Dr. Scott Baker	Superintendent, Spotsylvania County Public Schools	Virginia Association of School Superintendents
Dr. Jeff Cassell	Superintendent, Waynesboro City Public Schools	Virginia Association of School Superintendents
Dr. Scott Kizner	Superintendent, Harrisonburg City Public Schools	Virginia Association of School Superintendents
Lloyd Tannebaum	Rivermont Schools	Virginia Association of Independent Specialized Education Facilities
Adam Warman	The Faison School	Virginia Association of Independent Specialized Education Facilities
Heidi Lawyer	Executive Director	Virginia Board for People with Disabilities
Mike Murphy	Assistant City Manager, City of Charlottesville	Virginia Municipal League
Becky China	CSA Administrator, City of Virginia Beach	Virginia Municipal League
Michele Jones	Director of Special Education, Newport News Public Schools	Virginia Municipal League
Angie Neely	Director of Special Education, Culpeper County Public Schools	Virginia Council of Administrators of Special Education
Susan Aylor	Director of Special Education Orange County Public Schools	Virginia Council of Administrators of Special Education
Bill Elwood	Executive Director	Virginia Association of Independent Specialized Education Facilities
John Eisenberg	Assistant Superintendent for Special Education and Student Services	Virginia Department of Education
Scott Reiner	Executive Director	Virginia Office of Children's Services

Appendix B
Residential Education Funding Stakeholder Group Members

Name	Title	Representing
Janet Bessmer	CSA Coordinator, Fairfax County	Virginia Association of Counties
Karen Reilly-Jones	CSA Coordinator, Chesterfield County	Virginia Association of Counties
Katie Boyle	Director of Government Affairs	Virginia Association of Counties
Phyllis Savides	Director, Charlottesville Department of Social Services	Virginia Municipal League
Rebecca Vinroot	Director, James City County Department of Social Services	Virginia Municipal League
Lesley Abashian	CSA Coordinator, Loudoun County	CSA Coordinators Network
Mills Jones	CSA Coordinator, Goochland County	CSA Coordinators Network
Pamela Kestner	Deputy Secretary	Office of the Secretary of Health and Human Resources
Rachel Teagle	Children's Services Supervisor, Middle Peninsula-Northern Neck CSB	Virginia Association of Community Services Boards
Jennifer Faison	Executive Director	Virginia Association of Community Services Boards
Bill Phipps	General Manager	Magellan of Virginia
Susie Clare	Policy and Planning Specialist	Virginia Department of Medical Assistance Services
Pat Haymes	Director, Office of Dispute Resolution and Administrative Services	Virginia Department of Education
Janet Lung	Director, Office of Child and Family Services	Virginia Dept. of Behavioral Health and Developmental Services
Mike Triggs	CEO, The Hughes Center	Virginia Coalition of Private Provider Associations
Bill Elwood	Executive Director	Virginia Coalition of Private Provider Associations

Appendix C
Projected Fiscal Impact (Updated August 2016)
Funding Non-CSA Medicaid Parental Placements in
Psychiatric Residential Treatment Facilities (Level C)

Educational Services

	B	C	D	E
	Level C Non-CSA Placements	Average Educational LOS per Youth (Days)	Average Per Diem Education Cost	Educational Cost
FY2015	512	142.6	\$ 160	\$ 11,679,451
FY2016	628	158.9	\$ 160	\$ 15,969,143
			Average Annual Cost	\$ 13,824,297
			State Share @67%	\$ 9,262,279
			Local Share @ 33%	\$ 4,562,018

Column Descriptors and Data Sources

- B # of Level C Non-CSA Placements (Source: Magellan)
- C Average Length of Stay in Facility X .71 (5 education days/week) (Source: Magellan)
- D Average "regular" education, special education and Intellectual Disability Special Education rates (Source: CSA Service Fee Directory)
- E Total Cost Includes Educational Fees Only

Local Medicaid Match

	B	C	D	E
	Level C Non-CSA Placements	Average LOS per Youth (Days)	State Share of Medicaid Per Diem Rate	Local Medicaid Share @41.2%
FY2015	512	199.6	\$ 196.75	\$ 8,284,045
FY2016	628	222.5	\$ 196.75	\$ 11,326,654
			Average Annual Cost	\$ 9,805,349

Column Descriptors and Data Sources

- B # of Level C Non-CSA Placements (Source: Magellan)
- C Average Length of Stay in Facility (Source: Magellan)
- D Maximum allowable daily Medicaid rate
- E Total Local Medicaid Match ((BxCxD) x.412)

Total Average Local Fiscal Impact \$ 14,367,367
Total Average State Fiscal Impact (\$ 543,000)

