

# **Failing to Keep Pace:**

## An Analysis of the Declining Value of Illinois Human Services Reimbursement Rates

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*for*

HUMAN SERVICE

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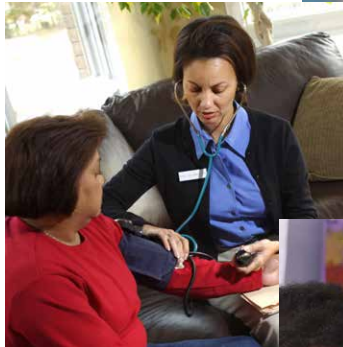
# Executive Summary

Several human services programs receive state funding through reimbursement rates, which are intended to cover the costs of providing services. Service providers in many fields report that current rates fail to keep up with actual costs, which include staff wages and benefits, facility costs, and transportation costs. The purpose of this analysis is to provide insight into reimbursement rates across the human services sector. The report provides a comprehensive review of reimbursement rates and answers key questions: How long have rates remained unchanged? How far behind the cost of living have the rates fallen? What challenges do stagnant rates present for service providers?

The report investigates reimbursement rates in the following human services fields: Substance Abuse Treatment, Senior Services, Child Care, Early Intervention, Residential Child Welfare, Developmental Disabilities Services, and Community Mental Health Services. Using the Consumer Price Index (CPI-U, Midwest Region) as a measure of cost of living, the analysis compares changes in rates over the years to changes in the cost of living within a given time period. The analysis evaluates rates going back as far as 2000.

The study finds that stagnant rates present a number of challenges for service providers:

- Agencies have trouble recruiting and retaining staff due to low wages and rising costs of healthcare benefits.
- With annual turnover as high as 25%, agency managers, already working under tight budgets, must spend additional time and resources training new staff.
- Without rate increases, agencies are often unable to provide annual raises and merit-based salary increases.
- Workers are tasked with carrying larger caseloads, leading to burnout and staff turnover.
- Staff vacancies limit the number of people served, contribute to long waiting lists for services, and limit choices of individuals seeking services.
- Because many reimbursement rates only cover direct services, they often fail to account for administrative and billing costs, and facility costs including utilities, food, rents, insurance, repairs, and general maintenance.
- Reimbursement rates provide no support for programs to expand to meet increased need.



The findings from this analysis illustrate that reimbursement rates in the majority of service areas have failed to keep up with increased cost of living. The only human services field that has experienced regular rate increases is Child Care. The remainder of service rates has fallen behind cost of living. **Table 1** and **Figure 1** present a summary of rate increases compared to cost of living increases. Key findings include the following:

- The current rates for Substance Abuse Treatment (for Level I, II, and III, Adult Recovery Home, Case Management, Psychiatric/Diagnostic, Opioid Maintenance Therapy, and Early Intervention) would need to increase by 27% to adjust for cost of living increases that have occurred since 2000.
- Reimbursement rates for Comprehensive Care Coordination for older adults have generally not increased since 2000. These rates would need to be increased by 38% to adjust for cost of living.
- Early Intervention reimbursement rates have not increased since 2004. The rates would need to increase by 26% to adjust for cost of living.

# Executive Summary

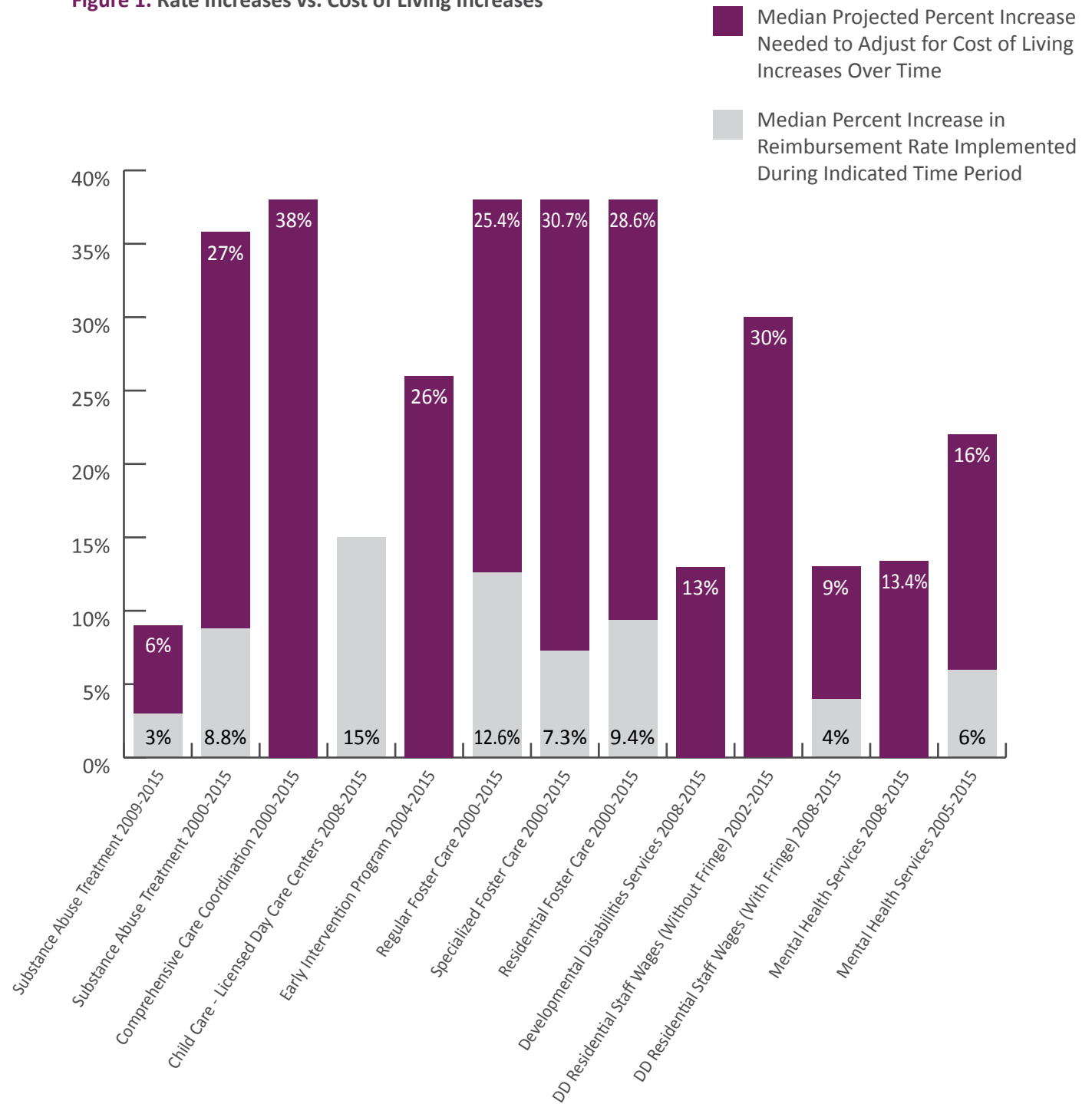
- Foster Care reimbursement rates would need to increase by at least 25% to adjust for cost of living.
- Reimbursement rates for various Developmental Disabilities Services have not increased since 2008, and would need to increase by 13% to adjust for cost of living.
- Wages for developmental disabilities residential support staff have not increased since 2002. These wage rates would need to increase by 30% to adjust for cost of living.
- Community Mental Health Service rates have not increased since 2006. Based on 2005 rates, they would need an increase of 16% to adjust for cost of living.

The implications of this analysis point to the need for a thoughtful examination of rate-setting. Reimbursement rates in several human services fields have not been adjusted in many years. In order to provide appropriate funding for human services, the State must reassess the rate levels needed to cover true costs of services.

**Table 1. Summary of Actual Rate Increases Compared to Projected CPI Adjustments**

Service Program	Median Rate Percent Increase within Indicated Time Period	Total Consumer Price Index Percent Increase within Indicated Time Period	Median Additional Percent Increase Needed to Adjust for Cost of Living
<b>Substance Abuse Treatment</b>			
Services with Rates Available 2009-2015	3%	9.3%	6%
Services with Rates Available 2000-2015	8.8%	38%	27%
<b>Senior Services</b>			
Care Coordination Program 2000-2015	0%	38%	38%
<b>Child Care</b>			
Child Care Assistance Program - Licensed Day Care Centers 2008-2015	15%	13.4%	0%
<b>Early Intervention Program</b>			
Early Intervention Program 2004-2015	0%	26%	26%
<b>Residential Child Welfare</b>			
Regular Foster Care Services 2000-2015	12.6%	38%	25.4%
Specialized Foster Care Services 2000-2015	7.3%	38%	30.7%
Residential Services 2000-2015	9.4%	38%	28.6%
<b>Developmental Disabilities Services</b>			
DD Services 2008-2015	0%	13.4%	13%
Residential Staff Wages (Without Fringe) 2002-2015	0%	30%	30%
Residential Staff Wages (With Fringe) 2008-2015	4%	13.4%	9%
<b>Community Mental Health Services</b>			
Services with Rates Available 2008-2015	0%	13.4%	13.4%
Services with Rates Available 2005-2015	6%	23%	16%

**Figure 1. Rate Increases vs. Cost of Living Increases**



In many human services fields, the state contracts with community organizations and reimburses them for providing direct services – for example an hour of counseling or in-home care. The state sets these reimbursement rates, and in many instances, rates that were set many years ago have not been adjusted to account for cost of living increases such as wages, supplies, and rents. Providers interviewed for this study reported that reimbursement rates fail to cover the true cost of providing services, which in addition to staff wages include associated costs such as accompanying a client to an appointment or making residential building repairs.

Reimbursement rates represent a disturbing trend among overall human services funding in Illinois. The rates have largely been ignored, in some cases with no adjustments in over ten years. Historically, Illinois has cut funding for human services on a regular basis. Between 2002 and 2010, state funding for human services fell by \$4.4 billion in real terms – meaning that after adjusting for inflation and population growth, the state needed to invest \$4.4 billion more in human services in order to maintain FY2002 funding levels.<sup>1</sup> From FY2009 to FY2014, Illinois has cut funding for the largest human services categories by 23%.<sup>2</sup>

Stagnant rates are a major concern for the human services sector because of the strain they place on community agencies. Most service providers have little choice but to accept state contracts that require them to make up the difference between what the State will pay for a service and what the service actually costs to provide. This “take it or leave it” approach leads to comparatively low salaries for workers, which causes high staff turnover. With turnover, organizations lose institutional knowledge and spend resources training new staff, often resulting in waiting lists for services and less consumer choice. These



problems create immense challenges for nonprofit and community organizations.

The purpose of this report is to provide insight into current reimbursement rates and the challenges they present for community providers in order to spur thoughtful discussion about adequate funding for human services. The report presents the rate levels across key fields within the human services sector, demonstrating how far rates have fallen behind the cost of living and indicating the need for systemic change in the funding of quality human service provision in Illinois.

<sup>1</sup> Center for Tax and Budget Accountability. (February 2010). *Special Report: Illinois State Funding for Human Services in Context*. Retrieved from <http://www.law.uchicago.edu/files/files/FINAL%20CTBA%20Human%20Services%20Report%202.24.2010.pdf>

<sup>2</sup> Human Service Program Cuts FY09-FY14: Selected Human Services Program Cuts, General Revenue Fund Grant, including DHS, DCFS, DPH, and DoA. (2014, April 29). Fiscal Policy Center at Voices for Illinois Children. [Data Set].

Practitioners helped to identify the key State reimbursement rates in each field where rates are critical elements of provider payment:

- Substance Abuse Treatment
- Senior Services
- Child Care and Early Childhood Intervention
- Residential Child Welfare
- Developmental Disabilities
- Mental Health Community Services

The expert knowledge shared through these interviews with providers in each service area provided insight into challenges associated with the current reimbursement levels and the implications of using rates in practice.

Rate information was gathered from documents and rate tables published on the websites of the Illinois Department of Human Services, Illinois Department of Healthcare and Family Services, Illinois Department of Children and Family Services, and Illinois Department on Aging. Any rate information not available online was requested from each agency through the Freedom of Information Act (FOIA). Rates were requested for FY2000, or the next available year thereafter, in order to show change over time. The rates presented throughout the report include the earliest available information acquired at the time of this writing.

Cost of living increases were calculated using the Consumer Price Index– All Urban Consumers (CPI-U) for the Midwest Region, all items including utilities and medical care costs (hereafter referred to as CPI).<sup>3</sup> Calculations were made using the year-to-year average. Because CPI was available only through October 2015 as of this writing, the 2015 CPI was calculated by taking an average of the monthly CPI from January-October 2015. Tables throughout the report reflect projected reimbursement rate increases needed to adjust for cost of living based on CPI. **Table 2** lists the CPI percent changes between 2000 and 2015.

**Table 2. Average Annual CPI Percent Change, 2000-2015**

2000	3.4%	2008	3.7%
2001	2.7%	2009	-0.6%
2002	1.2%	2010	2.0%
2003	1.9%	2011	3.2%
2004	2.4%	2012	2.0%
2005	3.2%	2013	1.4%
2006	2.4%	2014	1.5%
2007	2.7%	2015	-0.46%
<b>Total CPI Percent Change 2000-2015</b>			<b>38%</b>

Source: Bureau of Labor Statistics. Consumer Price Index: All Urban Consumers, Midwest, All Items

<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics. Consumer Price Index: All Urban Consumers, Midwest, All Items, Year-to-Year Average. CPI data retrieved from: [http://www.bls.gov/regions/midwest/data/consumerpriceindexhistorical\\_midwest\\_table.pdf](http://www.bls.gov/regions/midwest/data/consumerpriceindexhistorical_midwest_table.pdf)



# Substance Abuse Treatment

The Illinois Department of Human Services (DHS) Division of Alcoholism and Substance Abuse (DASA) sets rates for reimbursable services that are considered “reasonable and necessary for the diagnosis, care, treatment or rehabilitation of addiction related disorders” as defined in 77 Ill. Adm. Codes 2060. Those services include early intervention (pre-treatment that addresses risk factors associated with substance use), outpatient clinical treatment, intensive outpatient/partial hospitalization, inpatient residential treatment with clinical services, and medically managed intensive inpatient services.<sup>4</sup> Other services such as admission and discharge assessments, case management, psychiatric/diagnostic, toxicology, and HIV testing and counseling are also reimbursable. The rates for these services are billed to the closest quarter hour, and are shown in **Table 3**.

The DASA service rates are reimbursable through Medicaid for eligible patients up to the established Medicaid reimbursement limits. Services not covered by Medicaid (i.e. prevention programs, case management, early intervention, residential extended care recovery homes, or opioid maintenance therapy<sup>5</sup>) are reimbursed through the provider’s contract with DHS. In general, the rates are uniform, but providers may negotiate with DHS for a different rate. However, providing a justification for a different rate does not mean that it will be approved.

There are limitations on the number of service hours per patient that the State will reimburse within one year. For example, no more than nine days can be reimbursed for medically monitored detoxification per adult patient per year; no more than 30 days of day treatment services can be reimbursed for an eligible adult client per year; and no more than 25 hours of outpatient counseling may be reimbursed for an eligible adult client per year.<sup>6</sup> However, in general the number of services and length of care per person are left up to the provider, as long as the need for the services can be medically justified. This gives providers some flexibility, provided that they bill for reimbursement within the total amount stated in their contract with DHS.

## Data

While DASA rates have increased over the years, those increases have been small – less than 9% between 2000 and 2015. **Table 3** presents the rates from FY2000-FY2015. The rates remained the same between FY2009 and FY2014, but received a slight increase for FY2015. Since 2000, these rates have received a median increase of 8.75%. **Table 3** also demonstrates the FY2000 rates in 2015 dollars after adjusting for CPI. The rates would need an increase of 27% to keep up with cost of living.

**Table 4** presents DASA rates for services that were unavailable prior to 2009. Since FY2009, these rates have increased by 3% (with the exception of HIV Testing and Counseling – 10.5%). Even with the 3% increase, the rates would need to be increased by an additional 6% to keep up with cost of living.

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Since 2000,  
reimbursement rates  
for substance abuse  
treatment have  
increased by less than  
9%, and would need  
an additional increase  
of 27% to hold equal  
value today.

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<sup>4</sup> Ill. Administrative Code 77, Chapter X, Subchapter d, Part 2060, Section 2060.401

<sup>5</sup> Illinois Department of Human Services, Division of Alcoholism and Drug Abuse. (1999, July 1). *DASA Contractual Policy Manual, Fiscal Year 2000*.

<sup>6</sup> Ill. Administrative Code 77, Chapter X, Subchapter g, Part 2090, Section 2090.40

**Table 3. Reimbursement Rates for Substance Abuse Treatment, FY2000-FY2015**

Service <sup>1</sup>	Service Unit	Rate - FY2000	Rate - FY2009-2014	Rate - FY2015	Percent Change in Rate FY2000-FY2015	FY2000 Rate Adjusted for 2015 CPI	Percent Increase Needed to Adjust FY2015 Rate for CPI
Level I and II (Individual)	Hour	\$57.12	\$60.30	\$62.12	8.75%	\$78.83	27%
Level I and II (Group)	Hour	\$21.56	\$22.80	\$23.48	8.91%	\$29.75	27%
Level III.1 (Residential)	Daily	\$61.43	\$64.86	\$66.81	8.76%	\$84.77	27%
Recovery Home - Adult	Daily	\$44.19	\$46.65	\$48.05	8.74%	\$60.98	27%
Case Management	Hour	\$44.20	\$46.68	\$48.08	8.78%	\$61.00	27%
Psychiatric/Diagnostic	Per Encounter/ Per Day	\$74.77	\$78.94	\$81.31	8.75%	\$103.18	27%
Opioid Maintenance Therapy	Weekly - less than 105 patients per site	\$80.84	\$85.35	\$87.91	8.75%	\$111.56	27%
	Weekly - more than 104 patients per site	\$64.67	\$68.28	\$70.33	8.75%	\$89.24	27%
Early Intervention (Individual)	Hour	\$57.12	\$60.32	\$62.12	8.75%	\$78.83	27%
Early Intervention (Group)	Hour	\$21.56	\$22.80	\$23.48	8.91%	\$29.75	27%

Sources: Illinois Department of Human Services, Division of Alcoholism and Drug Abuse, DASA Contractual Policy Manual, Fiscal Years 2015, 2014, 2012, 2009, and 2000

**Table 4 . Reimbursement Rates for Substance Abuse Treatment, FY2009-FY2015<sup>1</sup>**

Service	Service Unit	Rate - FY2009	Rate - FY2015	Percent Change in Rate FY2009-FY2015	FY 2000 Rates Adjusted for 2015 CPI	Percent Increase Needed to Adjust FY2015 Rate for CPI
Admission and Discharge Assessment	Hour	\$63.36	\$65.28	3%	\$69.28	6%
Community Intervention	Hour	\$45.56	\$46.92	3%	\$49.66	6%
Child Domiciliary support	Daily	\$48.71	\$50.17	3%	\$53.09	6%
HIV Counseling and Testing	Hour	\$56.24	\$62.12	10.50%	\$61.30	-1%
Recovery Home - Adolescent	Daily	\$118.45	\$122.00	3%	\$129.11	6%

<sup>1</sup>The rates shown in this table only include service rates that were not available prior to FY2009.

Sources: Illinois Department of Human Services, Division of Alcoholism and Drug Abuse, DASA Contractual Policy Manual, Fiscal Years 2015, 2014, 2012, 2009, and 2000

## Challenges with Current Rates



The DASA rates do not cover the full cost of providing each service – which DASA acknowledges. The DASA Contractual Policy Manual states, “The applicable rate may not always cover the actual cost of the service. When this occurs, DASA expects that providers will demonstrate how the remainder of the cost will be supplemented.”<sup>7</sup> The total cost of providing treatment services includes staff salaries, utilities, rents, food, maintenance, insurance, and other administrative costs. Service providers must make up for the uncovered costs through copayments charged to clients and other funds such as grants and private donations.

**Consider one example:** A provider of Level III.1 residential treatment reported that its total cost for providing residential services per day per person is at least \$90. The daily reimbursement rate is \$66.81. That means that the provider must make up \$23.19 through other means.

Another major problem for agencies is staff retention. **Although rates have increased since 2000, the rate at which they have risen has failed to keep up with cost of living increases and restricts the ability of agencies to increase wages while personnel requirements have intensified.** Some staff positions require a Master’s Degree, but providers report being unable to pay competitive salaries that reflect workers’ credentials and merit. This results in staff leaving the nonprofit sector for the private sector for higher salaries.

While demand for treatment services has increased, funding for addiction treatment has decreased, which limits providers’ ability to expand their programs and provide effective treatment. A Roosevelt University study found that from 2007-2012, state general revenue funding for addiction treatment dropped by nearly 30 percent and Medicaid funding dropped by 4 percent, leaving Illinois third from the bottom nationwide in per capita funding for addiction treatment.<sup>8</sup> It is unrealistic to expect organizations with inadequate funding to keep up with the need for services. Instead, nonprofit organizations are forced to provide services to fewer people, creating service cut-offs and waiting lists.

<sup>7</sup> DASA Contractual Policy Manual, Fiscal Year 2015. Illinois Department of Human Services, Division of Alcoholism and Drug Abuse.

<sup>8</sup> As heroin crisis escalates, State of Illinois falls to 3rd worst in providing treatment. (2015, August 11). Roosevelt University Illinois Consortium on Drug Policy.

The Illinois Department on Aging (DoA) administers a Community Care Program (CCP) that provides in-home and community-based services to senior citizens, which enable seniors who might otherwise need nursing home care to remain in their own homes. Services provided under the Community Care Program include:<sup>9</sup>

- **Adult Day Service**, which provides health monitoring, medication supervision, personal care and recreational or therapeutic activities for individuals in need of daily care;
- **In-Home Service**, which provides assistance with household tasks such as cleaning, preparing meals, laundry, and running errands; and
- **Emergency Home Response Service**, which is a 24-hour two-way voice emergency communication system for older adults with health and safety needs and mobility limitations.

Another service provided for seniors and funded by reimbursement rates is Comprehensive Care Coordination. Through this program, a statewide network of Case Coordination Units (CCUs) operated through social service agencies or community-based senior centers serve as central access points for older adults who have intensive long term care needs. CCUs can help coordinate housekeeping assistance, home-delivered meals, personal care, and other services. Through this process, care coordinators assess and monitor an individual's needs, determine program eligibility, develop care plans, and arrange for an array of supportive services and referrals.<sup>10</sup>

## Data

A review of the Community Care Program reimbursement rates for Adult Day Services, In-Home Services, and transportation is provided below:

- **Adult Day Service** – The last rate increase occurred in 2009, and has since remained \$9.02 per hour.<sup>11</sup> The rate would need to increase by 9% to \$9.86 in order to adjust for cost of living.
- **In-Home Care** – The last rate increase occurred in 2010, and has since remained \$17.14 per hour.<sup>12</sup> The rate would need to increase by 10% to \$18.85 in order to adjust for cost of living.
- **Transportation** – The last rate increase occurred in 2007, and has since remained \$8.30 for each one-way trip to or from Adult Day Service.<sup>13</sup> The rate would need to increase by 16% to \$9.66 in order to adjust for cost of living.

***The Emergency Home Response Service and Care Coordination rates have remained the same since 2000.*** The Illinois Department on Aging set a fixed rate for Emergency Home Response Service which reimburses providers for a \$30 one-time installation fee and a \$28 monthly maintenance fee per client.<sup>14</sup>

<sup>9</sup> Community Care Program. Illinois Department on Aging. Retrieved from <https://www.illinois.gov/aging/CommunityServices/Pages/ccp.aspx>

<sup>10</sup> Community Care Program Care Coordination Units. Illinois Department on Aging.

<sup>11</sup> Based on data provided by the Illinois Department on Aging in response to FOIA request.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> Emergency Home Response Service, Application for Certification. Illinois Department on Aging. Retrieved from [https://www.illinois.gov/aging/PartnersProviders/Documents/Procure\\_EHRS\\_application.pdf](https://www.illinois.gov/aging/PartnersProviders/Documents/Procure_EHRS_application.pdf)

Community Care  
Program rates would  
need to increase by  
at least 9% to keep  
up with cost of living  
adjustments since  
their last rate  
increases.

**Table 5** presents Comprehensive Care Coordination reimbursement rates. These rates have not increased since 2000 except for a few exceptions including the introduction of new services in 2006. *The rates would need to increase by 38% to make up for cost of living increases that have occurred between 2000 and 2015.*

### Challenges with Current Rates:

A major challenge resulting from stagnant rates for service providers is recruiting and retaining staff. Providers assert that the current rates make it difficult to pay competitive salaries that attract and retain quality staff, which leads to constant turnover. Additionally, each year as costs rise, caseworkers must carry larger caseloads, leading to burnout and staff turnover.

**Table 5. Reimbursement Rates for Comprehensive Care Coordination, FY2000-FY2015**

Service	Rate - FY2000	Rate - FY2015	Percent Change in Rate FY2000-FY2015	FY2000 Rate Adjusted to 2015 Dollars*	FY 2000 Rate Adjusted for 2015 CPI	Percent Increase in FY2015 Rate Needed to Adjust for CPI
Care Coordination/Service Monitoring (Case Management)	\$12.83	\$12.83	0.00%	\$17.72	\$17.71	38%
Initial Determination	\$142.73	\$142.73	0.00%	\$197.13	\$196.97	38%
Initial Determination with Translation	\$167.73	\$167.73	0.00%	\$231.66	\$231.47	38%
Redetermination	\$107.07	\$107.07	0.00%	\$147.88	\$147.76	38%
Redetermination with Translation	\$132.07	\$132.07	0.00%	\$182.41	\$182.26	38%
Face to Face Prescreen	\$88.08	\$89.53	1.65%	\$121.65	\$121.55	36%
Non Face to Face Prescreen	\$19.23	\$19.55	1.66%	\$26.56	\$26.54	36%
Face to Face Prescreen with Translation	\$113.08	\$114.95	1.65%	\$156.18	\$156.05	36%
Presumptive Spousal Impoverishment	\$142.73	\$142.73	0.00%	\$142.73	\$196.97	38%
Presumptive Spousal Impoverishment w/ Translation	\$167.73	\$167.73	0.00%	\$197.13	\$231.47	38%
Deinstitutionalization	\$248.08	\$248.08	0.00%	\$342.64	\$342.35	38%
Presumptive Eligibility (RFI)	N/A	\$142.73	N/A			
Presumptive Eligibility (RFI) w/ Translation	N/A	\$167.72	N/A			
Money Management Services	\$22.81	\$22.81	0.00%	\$31.50	\$31.48	38%
Money Management Redetermination	\$107.07	\$107.07	0.00%	\$147.88	\$147.76	38%
Money Management Assessment or Redetermination	\$107.07	\$107.07	0.00%	\$147.88	\$147.76	38%
Money Management Assessment or Redetermination w/ Translation	\$132.07	\$132.07	0.00%	\$182.41	\$182.26	38%
Intensive Casework*	N/A	\$190.32	N/A	N/A	N/A	N/A
Intensive Monitoring*	N/A	\$118.95	N/A	N/A	N/A	N/A

N/A = Not Available

\*Did not start until 2006

Note: Table does not include Adult Protective Services.

Source: Illinois Department on Aging (FOIA Response)

The Illinois Child Care Assistance Program (CCAP), operated under the Illinois Department of Human Services, subsidizes child care costs for low income families by paying child care centers and home-based child care providers a daily rate for services. CCAP reimburses the provider at the established state rate, which is determined by geographic location, the child's age, and the type of provider. Parents are entitled to choose the provider that best fits the needs of their family. Families are required to pay part of the cost of care through a sliding scale co-payment that is based on family size and income.<sup>15</sup>

This section looks at reimbursement rates for licensed child care centers only. Home-based child care is excluded because the focus of the report is the impact of rates on community agencies.

## Rate Setting Methodology

The Child Care field is unique from other human services in that reimbursement rates receive regular increases. Regulations under the Child Care and Development Fund (CCDF Final Rule, 45 CFR Parts 98 and 99) require that state agencies take a market-based approach to determining child care subsidy rates to ensure equal access and consumer choice. The CCDF requires that states conduct a local market rate survey every other year, which is used to determine if assistance rates are adequate to ensure subsidy recipients equal access to, and choice among, potential child care providers.<sup>16</sup> Child care markets vary by geographic region, the age of the child, and the type of care (family child care or center child care).

*Market rate surveys only capture data on the price charged for child care, not on the actual cost of providing child care in a given market.* The price of care is the fee per child paid by non-subsidized families for child care services or, when serving a family receiving assistance, the subsidy payment rate plus the family's co-payment. For a variety of reasons, the cost of child care may actually exceed price.<sup>17</sup>

## Data

**Table 6** presents the rates for child care centers from FY2008 to FY2015.<sup>18</sup> Licensed child care center rates have received a 15% increase since 2008. By comparison, cost of living has increased by 13% since 2008.



<sup>15</sup> Illinois Action for Children. (October 2015). *Policy Brief: Survey Confirms Devastating Impact of Child Care Changes on Children and Working Families*.

<sup>16</sup> Garnier, P. & Hickman, L. (February 2009). *Market Rate Survey of Licensed Child Care Programs in Illinois, FY2008*. Prepared by the Department of Human and Community Development at the University of Illinois at Urbana-Champaign for the Illinois Department of Human Services.

<sup>17</sup> Wiley, A., Powers, E., & Whitehead, J. *Market Rate Survey of Licensed Child Care Programs in Illinois, FY2012*. Prepared for the Illinois Department of Human Services

<sup>18</sup> Because the focus of this report is on agencies that provide direct services, this analysis does not include rates for Child Care Home Providers.

**Table 6. Child Care Reimbursement Rates for Licensed Day Care Centers, FY2008-FY2014**

Age of Child	Rate - FY2008	Rate - FY2015	Percent Change in Rate 2008-2014:	FY2008 Rate Adjusted to 2015 Dollars	Percent Increase in FY2015 Rate Needed to Adjust for CPI
<b>Licensed Day Care Center in Urban Counties</b>					
Under Age 2 - Full Day	\$40.50	\$46.49	15%	\$45.77	0%
Under Age 2 - Part Day	\$20.25	\$23.25	15%	\$22.88	0%
Age 2 - Full Day	\$34.20	\$39.26	15%	\$38.65	0%
Age 2 - Part Day	\$17.10	\$19.63	15%	\$19.32	0%
Age 3 and older - Full Day	\$28.50	\$32.72	15%	\$32.21	0%
Age 3 and older - Part Day	\$14.25	\$16.36	15%	\$16.10	0%
School Age - Day	\$14.25	\$16.36	15%	\$16.10	0%
<b>Licensed Day Care Center in Counties with At Least One Urban Area</b>					
Under Age 2 - Full Day	\$40.50	\$46.49	15%	\$45.77	0%
Under Age 2 - Part Day	\$20.25	\$23.25	15%	\$22.88	0%
Age 2 - Full Day	\$32.00	\$36.73	15%	\$36.16	0%
Age 2 - Part Day	\$16.00	\$18.37	15%	\$18.08	0%
Age 3 and older - Full Day	\$24.00	\$27.55	15%	\$27.12	0%
Age 3 and older - Part Day	\$12.00	\$13.78	15%	\$13.56	0%
School Age - Day	\$12.00	\$13.78	15%	\$13.56	0%
<b>Licensed Day Care Center in Rural Counties</b>					
Under Age 2 - Full Day	\$29.20	\$33.53	15%	\$33.00	0%
Under Age 2 - Part Day	\$14.60	\$16.77	15%	\$16.50	0%
Age 2 - Full Day	\$24.80	\$28.46	15%	\$28.02	0%
Age 2 - Part Day	\$12.40	\$14.23	15%	\$14.01	0%
Age 3 and older - Full Day	\$20.70	\$23.77	15%	\$23.39	0%
Age 3 and older - Part Day	\$10.35	\$11.89	15%	\$11.70	0%
School Age - Day	\$10.74	\$11.89	11%	\$12.14	2%

Sources: Illinois Department of Human Services Market Rate Survey of Licensed Child Care Programs in Illinois, FY2008; Illinois Department of Human Services, Child Care Payment Rates for Child Care Centers, Effective July 1, 2014

## Challenges with Current Rates

Rate increases for child care centers occur more frequently than in other human services fields. Despite these regular increases, providers report challenges with rising costs of providing services. Based on data from the Illinois Network of Child Care Resource and Referral Agencies, the average annual cost of full-time child care in Illinois rose between 25% and 32% from 2004 to 2012,<sup>19</sup> surpassing the pace at which reimbursement rates increased. According to the CCDF, subsidy rates are intended to cover 75% of child care prices; but assistance rates in Illinois generally do not reach this goal.<sup>20</sup> Inconsistencies exist in how adequately rates cover costs depending on the type of rate and the geographic market area. Assistance rates provide better coverage for children less than 6 years old in family child care homes than they do for children in child care centers. Child care providers in rural and semi-urban regions are better reimbursed than providers in urban regions.<sup>21</sup>

While expectations of child care providers have continued to rise, the ability to improve the quality of childcare has stagnated. As a result of these challenges, some agencies become more selective about the children they enroll by turning down families that are paying for child care through subsidies, or by requiring higher co-payments that families are unable to pay. Child care providers often supplement reimbursement rates with other funding such as federal Head Start programs or State Board of Education funding for services like preschool, supportive services, and after school programs that can be integrated with subsidized child care.

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While CCAP rates  
have risen 13% in  
recent years, the cost  
of providing child care  
is estimated to have  
risen more than 25%.

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<sup>19</sup> Variation in percent increase is due to age of child and type of child care center. Calculations were made by Illinois Action for Children and reported in: Illinois Action for Children. (2012). *The Cost of Childcare*. Retrieved from [http://www.actforchildren.org/site/DocServer/The\\_Cost\\_of\\_Childcare\\_\\_2012\\_.pdf?docID=3421](http://www.actforchildren.org/site/DocServer/The_Cost_of_Childcare__2012_.pdf?docID=3421)

<sup>20</sup> Wiley, A., Powers, E., & Whitehead, J. *Market Rate Survey of Licensed Child Care Programs in Illinois, FY2012*. Prepared for the Illinois Department of Human Services.

<sup>21</sup> *Id.*



Early Intervention is a program for children from birth to age 3 meant to identify special needs at an early age in order to prevent the need for further special education services at an older age. There are 16 service areas that fall within early intervention:

- |  |   |
|--|---|
| 1. Assistive Technology Devices and Services               | 9. Occupational Therapy                         |
| 2. Audiology, Aural Rehabilitation and Related Services    | 10. Physical Therapy                            |
| 3. Developmental Therapy                                   | 11. Psychological and Other Counseling Services |
| 4. Family Training and Support                             | 12. Service Coordination                        |
| 5. Health Consultation                                     | 13. Social Work and Other Counseling Services   |
| 6. Medical Services for Diagnostic and Evaluation Purposes | 14. Speech Language Therapy                     |
| 7. Nursing   | 15. Transportation                              |
| 8. Nutrition   | 16. Vision Services                             |

## Data

Reimbursement rates for the vast majority of these services have not increased since 2004 (which was the earliest available data for this report).<sup>22</sup> Audiology and group vision were the only services that received reimbursement rate increases between 2004 and 2009. **Table 7** presents the rates between 2004 and 2015, and the adjustment needed for the rates to hold equal purchasing power in 2015. To make up for cost of living increases since 2004, the rates would need to increase by 26%.

Early intervention rates have not increased since 2004, and would need an increase of 26% to keep up with cost of living.

**Table 7. Reimbursement Rates for Early Intervention Services, 2004-2015<sup>1</sup>**

Description	Unit of Service	Rate - 2004	Rate - 2009-2015	Percent Change 2004-2015	2004 Rates Adjusted to 2015 Dollars	Percent Increase in 2015 Rate Needed to Adjust for CPI
<b>Developmental Therapy (DT)</b>						
Evaluation/Assessment - onsite	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
Evaluation/Assessment - offsite	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
IFSP Development	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
IFSP Meeting	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Individual DT - onsite	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
Individual DT - offsite	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Group DT	15 minutes	\$2.68	\$2.68	0%	\$3.38	26%

*continued on page 18*

<sup>22</sup> Illinois Department of Human Services, Community and Health Prevention, Bureau of Early Intervention. (2004 and 2009). *Early Intervention Service Descriptions, Billing Codes and Rates - Provider Handbook*.

**Table 7. Reimbursement Rates for Early Intervention Services, 2004-2015<sup>1</sup>** (continued from page 17)

Description	Unit of Service	Rate - 2004	Rate - 2009-2015	Percent Change 2004-2015	2004 Rates Adjusted to 2015 Dollars	Percent Increase in 2015 Rate Needed to Adjust for CPI
<b>Occupational, Physical, and Speech Therapy</b>						
Evaluation/Assessment - onsite	15 minutes	\$14.11	\$14.11	0%	\$17.78	26%
Evaluation/Assessment - offsite	15 minutes	\$17.61	\$17.61	0%	\$22.19	26%
IFSP development	15 minutes	\$14.11	\$14.11	0%	\$17.78	26%
IFSP meeting	15 minutes	\$17.61	\$17.61	0%	\$22.19	26%
Individual therapy - onsite	15 minutes	\$14.11	\$14.11	0%	\$17.78	26%
Individual therapy - offsite	15 minutes	\$17.61	\$17.61	0%	\$22.19	26%
Group therapy	15 minutes	\$7.65	\$7.65	0%	\$9.64	26%
<b>Psychological and Other Counseling Services</b>						
Evaluation/Assessment - onsite	15 minutes	\$16.87	\$16.87	0%	\$21.26	26%
Evaluation/Assessment - offsite	15 minutes	\$20.94	\$20.94	0%	\$26.38	26%
IFSP development	15 minutes	\$16.87	\$16.87	0%	\$21.26	26%
IFSP meeting	15 minutes	\$20.94	\$20.94	0%	\$26.38	26%
Individual treatment - onsite	15 minutes	\$16.87	\$16.87	0%	\$21.26	26%
Individual treatment - offsite	15 minutes	\$20.94	\$20.94	0%	\$26.38	26%
Group treatment	15 minutes	\$4.21	\$4.21	0%	\$5.30	26%
<b>Social Work/Counseling</b>						
Evaluation/Assessment - onsite	15 minutes	\$11.25	\$11.25	0%	\$14.18	26%
Evaluation/Assessment - offsite	15 minutes	\$13.54	\$13.54	0%	\$17.06	26%
IFSP development	15 minutes	\$11.25	\$11.25	0%	\$14.18	26%
IFSP meeting	15 minutes	\$13.54	\$13.54	0%	\$17.06	26%
Individual treatment - onsite	15 minutes	\$11.25	\$11.25	0%	\$14.18	26%
Individual treatment - offsite	15 minutes	\$13.54	\$13.54	0%	\$17.06	26%
Group treatment	15 minutes	\$2.81	\$2.81	0%	\$3.54	26%
<b>Family Training and Support</b>						
IFSP development	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
IFSP Meeting	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Single family training and support - onsite	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
Family training and support - offsite	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Group family training and support	15 minutes	\$2.68	\$2.68	0%	\$3.38	26%
<b>Health Consultation</b>						
Health/Physician to EI Provider	N/A	\$35.02	\$35.02	0%	\$44.13	26%
<b>Medical Service for Diagnostic/Evaluation Purposes</b>						
Medical Diagnostic Evaluation	N/A	\$201.46	\$201.46	0%	\$253.84	26%

continued on page 19

**Table 7. Reimbursement Rates for Early Intervention Services, 2004-2015<sup>1</sup>** (continued from page 18)

Description	Unit of Service	Rate - 2004	Rate - 2009-2015	Percent Change 2004-2015	2004 Rates Adjusted to 2015 Dollars	Percent Increase in 2015 Rate Needed to Adjust for CPI
<b>Nursing</b>						
Evaluation/Assessment- onsite	15 minutes	\$11.39	\$11.39	0%	\$14.35	26%
Evaluation/Assessment - offsite	15 minutes	\$14.36	\$14.36	0%	\$18.09	26%
IFSP development	15 minutes	\$11.39	\$11.39	0%	\$14.35	26%
IFSP meeting	15 minutes	\$14.36	\$14.36	0%	\$18.09	26%
Nursing services - onsite	15 minutes	\$11.39	\$11.39	0%	\$14.35	26%
Nursing services - offsite	15 minutes	\$14.36	\$14.36	0%	\$18.09	26%
Group Nursing services	15 minutes	\$2.85	\$2.85	0%	\$3.59	26%
<b>Nutrition</b>						
Assessment - onsite	15 minutes	\$21.29	\$21.29	0%	\$26.83	26%
Assessment - offsite	15 minutes	\$26.27	\$26.27	0%	\$33.10	26%
IFSP development	15 minutes	\$21.29	\$21.29	0%	\$26.83	26%
IFSP meeting	15 minutes	\$26.27	\$26.27	0%	\$33.10	26%
Nutrition services - onsite	15 minutes	\$21.29	\$21.29	0%	\$26.83	26%
Nutrition services - offsite	15 minutes	\$26.27	\$26.27	0%	\$33.10	26%
Group Nutrition services	15 minutes	\$5.31	\$5.31	0%	\$6.69	26%
<b>Audiology</b>						
Hearing aid assessment	N/A	\$66.69	\$68.69	3%	\$84.03	22%
Hearing Screening	N/A	\$55.62	\$57.29	3%	\$70.08	22%
Aural rehabilitation assessment - onsite	15 minutes	\$14.11	\$14.53	3%	\$17.78	22%
A/R assessment - offsite	15 minutes	\$17.61	\$18.14	3%	\$22.19	22%
A/R IFSP development	15 minutes	\$14.11	\$14.53	3%	\$17.78	22%
A/R IFSP meeting	15 minutes	\$17.61	\$18.14	3%	\$22.19	22%
A/R services - onsite	15 minutes	\$14.11	\$14.53	3%	\$17.78	22%
A/R services - offsite	15 minutes	\$17.61	\$18.14	3%	\$22.19	22%
Group A/R services	15 minutes	\$7.65	\$7.88	3%	\$9.64	22%
<b>Vision Services</b>						
Optometric examination	N/A	\$29.27	\$29.27	0%	\$36.88	26%
Dispensing fee	N/A	\$12.33	\$12.33	0%	\$15.54	26%
Assessment - onsite	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
Assessment - offsite	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
IFSP development	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
IFSP meeting	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Vision services - onsite	15 minutes	\$10.71	\$10.71	0%	\$13.49	26%
Vision services - offsite	15 minutes	\$13.50	\$13.50	0%	\$17.01	26%
Group vision services	15 minutes	\$2.60	\$2.68	3%	\$3.28	22%

N/A = Not Applicable IFSP = Individualized Family Service Plan

<sup>1</sup>2004 rates were earliest available from DHS.

Source: Illinois Department of Human Services, Community and Health Prevention, Bureau of Early Intervention, Early Intervention Service Descriptions, Billing Codes and Rates, March 2004 & September 2009

The Department of Children and Family Services (DCFS) sets foster care rates to cover expenses to agencies that provide residential foster care or that visit foster homes to provide services such as case management, counseling, and therapy. Key reimbursement rates paid to agencies that provide foster care services and residential child welfare services are:

- **Traditional Foster Care** – supports provided to foster children and their non-relative foster families within the foster home, such as counseling and case management.
- **Specialized Foster Care** – medical and mental health services for children with an acute health diagnosis, including intensive case management, comprehensive mental health services, medical, dental, optometric, developmental, and educational services specific to the child’s needs.
- **Residential Treatment** – residential services for foster children, including behavior management and psychiatric treatment.
- **Transitional Living Program** – living arrangement in a supervised group setting for older adolescents age 17-21.
- **Independent Living Program** – apartment living arrangement for 18-21 year olds who are phasing out of the foster care system to help them acquire the life skills necessary for successful independent living.

Foster care rates are standardized and reimbursed on a per diem basis, with a portion paid to the family and a portion paid to the agency providing foster services and case management. There is no mechanism to raise rates on a regular basis. DCFS indicates that the intent in rate setting is for annual rate increases to maintain the cost of care for foster children based on the cost of living. However, limited state funding has resulted in few cost of living adjustments and rate increases.<sup>23</sup> Rates have only been revised periodically to reflect rates of inflation. The last adjustment for inflation took place in 2009.<sup>24</sup>

## Data

**Table 8** presents the percent increases in foster care and residential rates that have occurred since FY2000. Since FY2000, rate increases have occurred irregularly – in FY2000, FY2001, FY2007, and FY2015. Foster care reimbursement rate adjustments have not kept up with cost of living increases. ***In order to keep up with the increased cost of living since 2000, reimbursement rates for regular foster care agencies would need to increase by 25.4%, reimbursement rates for specialized foster care agencies would need to increase by 30.7%, and reimbursement rates for agencies providing residential foster services would need to increase by 28.6%.***

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Foster care and residential program rate increases occur infrequently. Since 2000, rates have increased three times – in FY2001, FY2007, and FY2015.

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<sup>23</sup> Child Trends. (2013.) *Casey Child Welfare Financing Survey: Family Foster Care Provider Classifications and Rates (Section 3: State family foster care rate profiles)*. Retrieved from <http://www.childtrends.org/wp-content/uploads/2013/05/2013-19FosterCareReimbursement3.pdf>

<sup>24</sup> Personal communication with DCFS staff, October, 29, 2015.

**Table 8. Percent Increase in Foster Care and Residential Rates, FY2000-FY2015**

Fiscal Year	Total Percent Change FY2000-FY2015	Percent Increase Needed to Adjust FY2015 Rate for CPI
Regular Foster Care Agencies	12.6%	25.4%
Specialized Foster Care Agencies	7.3%	30.7%
Residential (Group Home, Independent Living, and Transitional Living Program)	9.4%	28.6%

Source: Illinois Department of Children and Family Services, Data Set (Calculations made based on data provided by DCFS in response to FOIA request)

**Table 9** demonstrates the average reimbursement rates for foster care and residential care. It is important to note that the *fluctuations in rates over the years* (i.e. from FY2010-FY2015 in **Table 9**) *do not signify increases or decreases in the actual rates*; rather, these fluctuations represent changes in the level of need served by each program. The rates fluctuate year to year because foster children often move from one program to another, transitioning between high and low cost programs. While the rate calculation follows a standard model, part of the actual cost is unique to each program. For example, a more intensive residential program will require a larger number of staff. Therefore, these fluctuations represent shifts in the patterns and extent to which various programs are being used. The result is that programs end up with their own rates based on the level of need of foster cases being handled by an agency. *The only rate increase that took place between FY2010 and FY2015 occurred in FY2015.*

**Table 9. Average Per Diem Reimbursement Rates for Foster Care and Residential Services, FY2010-FY2015**

Foster Care Services	Average Rate - FY2010	Average Rate - FY2011	Average Rate - FY2012	Average Rate - FY2013	Average Rate - FY2014	Average Rate - FY2015	Percent Change in Rates FY2010-2015	Percent Increase in 2015 Rate Needed to Adjust for CPI
Specialized Foster Care	\$119.45	\$121.06	\$120.94	\$121.01	\$121.20	\$120.88	1%	9%
Traditional Foster Care	\$36.20	\$36.18	\$36.30	\$36.19	\$36.45	\$38.32	6%	4%
All Other Codes	\$14.54	\$14.56	\$14.74	\$14.07	\$13.66	\$13.51	-7%	17%
Total Foster Care Average	\$52.00	\$51.78	\$51.43	\$51.08	\$50.56	\$50.86	-2%	12%
<b>Institution &amp; Group Home Services</b>								
PBC Residential	\$312.07	\$311.22	\$312.22	\$313.71	\$313.69	\$318.40	2%	8%
Non-Performance Institution/Group Home	\$353.69	\$388.84	\$327.84	\$331.07	\$344.75	\$367.92	4%	6%
Independent Living Program	N/A	\$115.94	\$114.46	\$113.72	\$113.31	\$115.90	0%	10%
Transitional Living Program	N/A	\$215.25	\$217.02	\$220.41	\$224.03	\$231.02	7%	3%
Independent/Transitional Living Combined	\$175.42	\$179.83	\$181.04	\$181.54	\$182.38	\$187.61	7%	3%
Shelters	\$581.85	\$525.62	\$483.19	\$460.66	\$504.21	\$495.24	-15%	25%

N/A = Not Available PBC=Performance Based Contracting

Note: Table does not include rates paid to foster care families; only those paid to agencies that provide foster care services.

Source: Illinois Department of Children and Family Services, "Big 3" Average Costs FY15

## Challenges with Current Rates:

One of the biggest challenges experienced by residential and foster care service providers is the ever-increasing cost of staff salaries and healthcare benefits. Currently, most youth care staff entering the residential workforce are severely underpaid, earning between \$9 and \$11 per hour. The result is staff turnover rates of 25% to 30%.<sup>25</sup> There is no mechanism to adjust for cost of living increases on an annual basis, yet agencies still must account for staff and facility costs, including building maintenance, repairs, and upkeep, transportation and gas, food, and utilities.

<sup>25</sup> Child Care Association of Illinois. (March 2015). *Illinois Child Welfare Reform Strategy*.

# Developmental Disabilities

A few of the key services provided to individuals with developmental disabilities that are funded by reimbursement rates from the Illinois Department of Human Services (both home and community-based waiver and entitlement services) are:

- **Home-Based Supports**, which include caregiver training and counseling, treatment plans, nursing, and transportation.
- **Day Services**, which include developmental skills training, employment and job coaching, and adult day care.
- **Residential Supports:**
  - **Community Integrated Living Arrangements (CILA)** are homes for 8 or fewer adults (age 18 and older) with developmental disabilities, who receive personal support services from a local community developmental services agency.
  - **Intermediate Care Facilities (ICF)** provide 24-hour residential care and active treatment for individuals with developmental disabilities and can provide a nursing facility level of care. These facilities are licensed by the Illinois Department of Public Health as ICFs/DD (up to 16 beds and 17 beds or more) and are certified for Medicaid participation by HFS.
  - **Residential staff** who work within CILAs, ICFs, and children's group homes provides home-based services to fulfill a treatment plan for the individual receiving services. Residential staff positions include Direct Support Person (DSP), Qualified Intellectual Disabilities Professional (QIDP), Licensed Practical Nurse (LPN), Registered Nurse (RN), and residential supervisors.



## CILA Rate Setting Methodology

Since 1994, the reimbursement rates paid by DHS to service provider agencies for CILA placements have been determined by a CILA Individual Rate Model, which bases the rate on a specific individual's needs and the conditions in which the CILA supports are being provided. The differentiation will take into account adaptive behavior, personal living skills, problem behaviors, the county where a person will live, the number of people living in the CILA, and the level of mobility, which taken together are used to calculate the person's Inventory for Client and Agency Planning (ICAP) score. The rates are calculated by adding base residential supports (e.g., room and board, program, transportation, and administration costs) and non-base individual supports (e.g., nursing, dietician services, counseling, therapy) referred to as the Topline Individual CILA Rate; less third party payments (i.e. income such as wages, Supplemental Security Income, or Social Security) referred to as the Bottomline Individual CILA Rate.<sup>26</sup> Incentives (floors) and disincentives (caps) are implemented to control the environments in which services are provided.

<sup>26</sup> More information can be found in the CILA Individual Rate Determination Model: [https://www.dhs.state.il.us/page.aspx?item=16043#a\\_toc13](https://www.dhs.state.il.us/page.aspx?item=16043#a_toc13)

Based on the rate model, every person receiving developmental disabilities services has his or her own individual rate that is reimbursed to the community service provider. The average Topline and Bottomline Individual CILA Rates fluctuate based on the changing needs of individuals served. While changes over time may appear to be increases in average rates, they are due to the increasing needs of individuals. For example, the average Topline Individual CILA Rate increased by a range of 9% for an eight bed home to 64% for a one bed home. This increase in need is due in part to the shift to deinstitutionalize individuals with disabilities, relocating them from large intermediate care facilities or nursing facilities to smaller community homes.

## Residential Staff Rates

The Base hourly wage rates for residential staff have not been increased since FY2002. Effective January 1, 2002, wage rates were increased by \$1 per hour, and those rates have remained the same since.<sup>27</sup> Table 10 presents the residential staff base wage rates and the adjustment that would be needed for the FY2002 rates to hold equal purchasing power in 2015. The rates would need to increase 30% to keep up with the cost of living.

**Table 10. Residential Staff Base Hourly Wage Rates, FY2002-FY2015**

Staff Position	Base Wage Rate Prior to January 1, 2002	Base Wage Rate Since January 1, 2002	2002 Rate Adjusted for 2015 CPI	Percent Increase in FY2015 Rate Needed to Adjust for CPI
Direct Care Staff Person (DSP) - Day	\$9.72	\$10.71	\$13.92	30%
Direct Care Staff Person (DSP) - Night	\$6.24	\$7.24	\$9.41	30%
Residential Supervisor	\$12.40	\$13.40	\$17.42	30%
Qualified Intellectual Disabilities Professional (QIDP)	\$14.11	\$15.11	\$19.64	30%
Licensed Practical Nurse (LPN)	N/A	\$14.43	\$18.76	30%
Registered Nurse (RN)	N/A	\$17.93	\$23.31	30%

N/A = Not Available

Source: Illinois Department of Human Services, Division of Developmental Disabilities

Hourly wage rates for residential staff have not increased since 2002. They would need to increase by 30% to keep up with cost of living.

<sup>27</sup> CILA Individual Rate Determination Model. Illinois Department of Human Services. Retrieved from <http://www.dhs.state.il.us/page.aspx?item=16043>

The only change made to wage rates since 2002 was an increase in fringe benefits in FY2013 for residential staff. **Table 11** presents the residential staff wages including fringe from 2008 to 2015. The FY2013 increase allowed for fringe benefits to equal 25% of the staff wage, totaling a 4% increase in wages with fringe (the base hourly wage rate remained the same). In order for the FY2008 rates to hold equal purchasing power in 2015, the wage rates with fringe would need to be increased by an additional 9%.

The hourly residential staff wage rates are averages, so the actual wage rate paid to an employee may vary by geographic location. For instance, while an entry level Direct Service Person (DSP) might earn \$10.71 per hour in one area, a DSP in an area with a lower cost of living might make minimum wage (\$8.25 per hour). A 2011 salary survey of community-based developmental disabilities service providers across Illinois found an average starting wage for DSPs of only \$9.35 per hour.<sup>28</sup>

**Table 11. Residential Staff Hourly Wage Rates with Fringe, FY2008-FY2015**

Staff Position	Wage Rate with Fringe -FY2008	Wage Rate with Fringe -FY2013 - FY2015	Percent Increase in Rate with Fringe FY2008-FY2015	FY2008 Rate Adjusted for 2015 CPI	Percent Increase in FY2015 Rate Needed to Adjust for CPI
Direct Care Staff Person (DSP) - Day	\$12.86	\$13.39	4%	\$14.58	9%
Direct Care Staff Person (DSP) - Night	N/A	\$9.05	N/A	N/A	N/A
Residential Supervisor	\$16.08	\$16.75	4%	\$18.23	9%
Qualified Intellectual Disabilities Professional (QIDP)	\$18.14	\$18.89	4%	\$20.57	9%
Licensed Practical Nurse (LPN)	\$17.31	\$18.04	4%	\$19.63	9%
Registered Nurse (RN)	\$21.52	\$22.41	4%	\$24.40	9%

N/A = Not Available

Source: Illinois Department of Human Services, Division of Developmental Disabilities, DDD FY14 Rates Table and DDD FY08 Rates Table

<sup>28</sup> 2011 Salary Survey, Illinois Association of Rehabilitation Facilities



## Individual Service Rates

Individual supports not included in the residential rate are billed separately for reimbursement to DHS. These supports include the following: Behavior Intervention Planning, Individual and Group Therapy, Individual and Group Counseling, Physical Therapy, Occupational Therapy, and Speech Therapy. Day programs such as developmental training and employment training are billed by client hour, and the number of hours that can be billed for reimbursement per year is limited.<sup>29</sup> The majority of these rates are reimbursable through the Medicaid Home and Community Based Services Waiver Program, which funds services that allow individuals to remain in their own home or live in a community setting.<sup>30</sup>

Like the residential staff rates, these developmental disability (DD) service rates have not increased in many years. With the exception of Adult Day Care, the DD service rates have not increased since FY2008.<sup>31</sup> **Table 12** presents the adjustments needed for the FY2008 rates to keep up with cost of living in 2015. **To make up for cost of living increases since 2008, the DD rates would need a median increase of 13%.**

**Table 12. Reimbursement Rates for Selected DD Programs and Services, FY2008-FY2014**

Therapies	Rate - FY2008	Rate - FY2015	Percent Change in Rate FY2008-FY2015	FY2008 Rate Adjusted for 2015 CPI	Percent Increase in FY2008 Rate Needed to Adjust for CPI
Individual Counseling	\$30.57	\$30.57	0%	\$34.66	13%
Group Counseling	\$10.19	\$10.19	0%	\$11.55	13%
Individual Therapy	\$38.21	\$38.21	0%	\$43.32	13%
Group Therapy	\$12.74	\$12.74	0%	\$14.44	13%
Physical Therapy	\$37.00	\$36.00	-3%	\$41.95	17%
Occupational Therapy	\$37.00	\$36.00	-3%	\$41.95	17%
Speech Therapy	\$37.00	\$36.00	-3%	\$41.95	17%
Day Programs	Rate - FY2008	Rate - FY2015	Percent Change in Rate FY2008-FY2015	FY2008 Rate Adjusted for 2015 CPI	Percent Increase in FY2008 Rate Needed to Adjust for CPI
Developmental Training	\$10.39	\$10.39	0%	\$11.78	13%
Regular Work	\$10.39	\$10.39	0%	\$11.78	13%
Supported Employment (Group)	\$11.63	\$11.63	0%	\$13.19	13%
Supported Employment (Individual)	\$13.03	\$13.03	0%	\$14.77	13%
Adult Day Care	\$8.68	\$12.34	42%	\$9.84	-20%
Other Day Program	\$10.39	\$10.39	0%	\$11.78	13%

Source: Illinois Department of Human Services, Division of Developmental Disabilities, DDD FY14 Rates Table and DDD FY08 Rates Table

<sup>29</sup> Illinois Department of Human Services, Division of Developmental Disabilities

<sup>30</sup> Home and Community Based Services Waiver Programs. Illinois Department of Healthcare and Family Services. Retrieved from <http://www.illinois.gov/hfs/medicalclients/HCBS/Pages/default.aspx>

<sup>31</sup> In response to a FOIA request to DHS for service rates from FY2000 or the next available year thereafter, DHS provided FY2008 rates.

## Challenges with Current Rates

CILA rate setting is inconsistent with day program and home-based support rate setting. While the CILA rate methodology is intended to be based on need, the individual support rates are set at a flat rate, which is not based on need. A significant problem with the CILA rates is that the rate setting methodology contains no mechanism to implement an annual rate increase. Cost of living could be used to adjust rates based on the true changes in the cost of providing services. The CILA rate has not adjusted to reflect the growing costs of utilities, technology and communications (for example, broadband internet), or transportation needs for residents, which is particularly costly in rural areas of the state.

The reimbursement rates for developmental disability services have generally not kept pace with the cost of living. *To make up the 13-year gap in wage increases from when they were set in 2002, rates would need to increase by 32.2%.* Stagnant wages have made it difficult for providers to attract and retain quality staff. **A survey of community providers of developmental disability and mental health services found that agencies in Illinois experience an average staff turnover rate of 25%.<sup>32</sup>**

In addition to a lack of adjustments in rates over the years, the home and community-based services waiver program wage rates do not account for regional markets throughout the State with different costs of living. With the exception of ICF staff, a residential worker in downstate Illinois may earn less than the average wage rate, whereas a worker in Chicago needs to be paid more to account for the higher cost of living. Service agencies must supplement the reimbursement rates with other means of funding in order to pay staff adequately, give raises, and retain staff.

But supplemental resources still do not close the wage gap between nonprofit workers and higher paid government or private sector workers. A 2006 study found that residential developmental disability service workers earned 18% less than those working at State Operated Facilities for individuals with developmental disabilities.<sup>33</sup> Nonresidential staff earned between 28% and 64% less than State Operated Facility staff.<sup>34</sup>

If agencies had the ability to pay staff higher wages and benefits, they could to provide more person-centered services, thus increasing competition and choice for clients who need the services. Currently it is less costly to provide community and residential services than it is for individuals to live in State Operated Facilities; but this is due largely to the lower pay at neighborhood-based providers. Through state employee collective bargaining agreements, staff working at State Operated Facilities receive wage and benefit increases funded through state budget appropriations, while community service providers do not receive the same increases.

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Service providers  
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<sup>32</sup> State total average in 2014 as reported by the 2015 Salary Survey of Employment and Community Support Services, Illinois Association of Rehabilitation Facilities, Inc. This was down 2% from 2012 (27.25% staff turnover). Staff turnover rates by region in 2014 were the following: Metro Chicago – 21.53%, North-North Central – 25.4%, Central – 33.63%, South Central – 25.7%, South – 21.79%.

<sup>33</sup> Powers, E., Powers, N., & Merriman, D. (July 2006). *State Funding of Community Agencies for Services Provided to Illinois Residents with Mental Illness and/or Developmental Disabilities*. University of Illinois Institute of Government and Public Affairs.

<sup>34</sup> *Id.*

There are a number of community mental health services with reimbursement rates set by the Illinois Department of Healthcare and Family Services (HFS). Some core and essential community-based mental health services and supports are funded through provider agreements and grant agreements with the DHS Division of Mental Health, such as permanent supportive housing, crisis, supervised, and residential services. This section will focus on Medicaid reimbursed services that fall under “Rule 132” (59 Ill. Adm. Code Part 132) – also known as Medicaid Rehabilitation Option (MRO).

A major source of funding for mental health services is Medicaid, which is a federal/state partnership that provides funding for medical and health services to low income and disabled individuals and families. The Illinois Department of Human Services (DHS) created Rule 132 under Title 59 of the Illinois Administrative Code, which establishes the eligibility standards, service criteria, scope of services, and the rates of Medicaid reimbursements to service providers based on a minimum standard established by the Federal government.<sup>35</sup>

Rate setting is determined using a calculation based on the average annual direct care wages and salaries for each of the direct care staff classifications – Rehabilitative Services Associate (RSA), Mental Health Professional (MHP), Qualified Mental Health Professional (QMHP), and (Registered Nurse) – which are obtained from the most recent State of Illinois Consolidated Financial Reports.<sup>36</sup> The calculation is the sum of average annual direct care wages and salaries (including paid benefits) and annual per person overhead and administrative costs necessary for direct care staff divided by billable annual direct care staff hours.<sup>37</sup>

## Data

Medicaid reimbursed community mental health services have received no changes in reimbursement rates since FY2008, and very minimal changes since FY2006.<sup>38</sup>

**Table 13** presents the services with rates data available as of FY2008. If these FY2008 rates were to hold equal value in 2015, they would need to increase by 13.4% to keep up with the cost of living.

**Table 14** presents community mental health service rates between 2005 and 2015.<sup>39</sup> These reimbursement rates received adjustments between July 2005 and January 2006, and then slight adjustments once again in July 2007 (FY2008).<sup>40</sup>

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Community mental  
health services  
have not received  
a significant rate  
increase  
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<sup>35</sup> Community Mental Health Services in Illinois. (n.d.). National Alliance on Mental Illness. Retrieved from <http://namigc.org/documents/Rule132FactSheet.pdf>

<sup>36</sup> Found in Part 132 - Medicaid Community Mental Health Services Program, Section 132.60

<sup>37</sup> Amended 31 Ill. Reg. 9097, effective July 1, 2007

<sup>38</sup> Deduction made based on a comparison of data available for this report from the Illinois Department of Healthcare and Family Services Community Mental Health Service Definition and Reimbursement Guide from July 1, 2007 and September 11, 2014; and the Screening Assessment and Support Services Program Service Definition and Activity Crosswalk from July 2005 and January 2006.

<sup>39</sup> Rates were requested from HFS dating to FY2000, but FY2005 data was the earliest information available.

<sup>40</sup> Community Mental Health Service Definition and Reimbursement Guide, July 1, 2007; Screening Assessment and Support Services Program Service Definition and Activity Crosswalk, July 2005 and January 2006.

While some of the rates received significant increases, some actually decreased. Since July 2005, the median percent change in all Medicaid reimbursed rates for mental health services shown in **Table 14** was 6%. *To keep up with the cost of living, these rates would need a median additional increase of 16%*. Since January 2006, the rates have only increased by 0.4% (median), therefore demonstrating that the mental health service rates have not been adjusted significantly since FY2006.

**Table 13. Reimbursement Rates for Hourly Community Mental Health Services, FY2008-FY2015**

Practice Level	Mode	Place of Service	Rate FY2008-2015	FY2008 Rates Adjusted for 2015 CPI	Percent Increase in FY2008 Rate Needed to Adjust for CPI
<b>Community Support Individual</b>					
RSA	Individual	On Site	\$54.72	\$62.04	13.4%
MHP	Individual	On Site	\$66.60	\$75.51	13.4%
QMHP	Individual	On Site	\$72.08	\$81.72	13.4%
RSA	Individual	Off Site	\$63.48	\$71.97	13.4%
MHP	Individual	Off Site	\$77.24	\$87.57	13.4%
QMHP	Individual	Off Site	\$83.60	\$94.79	13.4%
RSA	Group	On Site	\$13.68	\$15.51	13.4%
MHP	Group	On Site	\$16.64	\$18.87	13.4%
QMHP	Group	On Site	\$24.04	\$27.26	13.4%
RSA	Group	Off Site	\$15.88	\$18.00	13.4%
MHP	Group	Off Site	\$19.32	\$21.91	13.4%
QMHP	Group	Off Site	\$27.88	\$31.61	13.4%
<b>Community Support Residential</b>					
RSA	Individual	On Site	\$54.72	\$62.04	13.4%
MHP	Individual	On Site	\$66.60	\$75.51	13.4%
QMHP	Individual	On Site	\$72.08	\$81.72	13.4%
RSA	Group	On Site	\$13.68	\$15.51	13.4%
MHP	Group	On Site	\$16.64	\$18.87	13.4%
QMHP	Group	On Site	\$24.04	\$27.26	13.4%
<b>Community Support Team</b>					
Team	Individual	On Site	\$72.08	\$81.72	13.4%
Team	Individual	Off Site	\$83.60	\$94.79	13.4%
<b>Case Management - Level of Care Utilization System (LOCUS)</b>					
MHP	Individual	On Site	\$164.16	\$186.12	13.4%
MHP	Individual	Off Site	\$190.44	\$215.92	13.4%
<b>Psychosocial Rehabilitation</b>					
RSA	Individual	On Site	\$54.72	\$62.04	13.4%
MHP	Individual	On Site	\$66.60	\$75.51	13.4%
QMHP	Individual	On Site	\$72.08	\$81.72	13.4%
RSA	Group	On Site	\$13.68	\$15.51	13.4%
MHP	Group	On Site	\$16.64	\$18.87	13.4%
QMHP	Group	On Site	\$24.04	\$27.26	13.4%

Source: Illinois Department of Healthcare and Family Services, Community Mental Health Service Definition and Reimbursement Guide, September 11, 2014 and July 1, 2007

**Table 14. Community Mental Health Services Hourly Reimbursement Rates, 2005-2015**

Practice Level	Mode	Place of Service	Rate Effective July 2005	Rate Effective January 2006	Rate - FY2008-2015	Percent Change FY2005-FY2015	2005 Rates Adjusted for 2015 CPI	Percent Increase in 2005 Rate Needed to Adjust for CPI
<b>Mental Health Assessment</b>								
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
QMHP	Individual	On Site	\$76.16	\$76.16	\$72.08	-5%	\$93.68	30%
QMHP	Individual	Off Site	\$84.60	\$88.36	\$83.60	-1%	\$104.06	24%
<b>Psychological Evaluation</b>								
Licensed Clinical Psychologist (LCP)	Individual	On Site	\$92.20	\$99.68	\$96.48	5%	\$113.41	18%
	Individual	Off Site	\$102.40	\$115.64	\$111.92	9%	\$125.95	13%
Master's Level Psychologist (MCP)	Individual	On Site	\$76.16	\$76.16	\$72.08	-5%	\$93.68	30%
	Individual	Off Site	\$84.60	\$88.36	\$83.60	-1%	\$104.06	24%
<b>Psychotropic Medication Administration</b>								
LPN	Individual	On Site	\$38.40	\$40.84	\$40.84	6%	\$47.23	16%
LPN	Individual	Off Site	\$42.60	\$47.36	\$47.36	11%	\$52.40	11%
APN	Individual	On Site	\$41.80	\$45.20	\$49.20	18%	\$51.41	4%
APN	Individual	Off Site	\$46.40	\$52.44	\$57.08	23%	\$57.07	0%
<b>Psychotropic Medication Monitoring</b>								
Non-APN/MD	Individual	On Site	\$81.80	\$81.80	\$80.08	-2%	\$100.61	26%
Non-APN/MD	Individual	Off Site	\$81.80	\$81.80	\$80.08	-2%	\$100.61	26%
APN	Individual	On Site	\$89.20	\$96.44	\$96.48	8%	\$109.72	14%
APN	Individual	Off Site	\$89.20	\$96.44	\$96.48	8%	\$109.72	14%
MD	Individual	On Site	\$97.80	\$97.80	\$97.76	0%	\$120.29	23%
MD	Individual	Off Site	\$97.80	\$97.80	\$97.76	0%	\$120.29	23%
<b>Psychotropic Medication Training</b>								
MHP	Individual	On Site	\$59.08	\$59.08	\$66.60	13%	\$72.67	9%
APN	Individual	On Site	\$64.36	\$69.56	\$96.48	50%	\$79.16	-18%
MHP	Individual	Off Site	\$65.52	\$68.52	\$77.24	18%	\$80.59	4%
APN	Individual	Off Site	\$71.40	\$80.68	\$111.92	57%	\$87.82	-22%
MHP	Group	On Site	\$25.56	\$25.56	\$22.20	-13%	\$31.44	42%
APN	Group	On Site	\$27.84	\$30.08	\$32.16	16%	\$34.24	6%
MHP	Group	Off Site	\$28.40	\$29.64	\$25.76	-9%	\$34.93	36%
APN	Group	Off Site	\$30.96	\$34.88	\$37.32	21%	\$38.08	2%
<b>Assertive Community Treatment</b>								
Team	Individual	On Site	\$72.36	\$72.36	\$105.84	46%	\$89.00	-16%
Team	Group	On Site	N/A	N/A	\$35.28	0%	N/A	N/A
Team	Individual	Off Site	\$80.32	\$80.32	\$122.80	53%	\$98.79	-20%
Team	Group	Off Site	N/A	N/A	\$40.92	0%	N/A	N/A

continued on page 30

**Table 14. Community Mental Health Services Hourly Reimbursement Rates, 2005-2015** (continued from page 29)

Practice Level	Mode	Place of Service	Rate Effective July 2005	Rate Effective January 2006	Rate - FY2008-2015	Percent Change FY2005-FY2015	2005 Rates Adjusted for 2015 CPI	Percent Increase in 2005 Rate Needed to Adjust for CPI
<b>Treatment Plan Development, Review, and Modification</b>								
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
QMHP	Individual	On Site	\$76.80	\$76.80	\$72.08	-6%	\$94.46	31%
QMHP	Individual	Off Site	\$85.28	\$89.08	\$83.60	-2%	\$104.89	25%
<b>Crisis Intervention</b>								
MHP	Individual	On Site	\$115.24	\$115.24	\$119.88	4%	\$141.75	18%
MHP	Individual	Off Site	\$127.88	\$133.68	\$139.08	9%	\$157.29	13%
Multi Staff	Individual	Off Site	N/A	\$183.68	\$191.08	4%	N/A	N/A
<b>Therapy/Counseling</b>								
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Family	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Group	On Site	\$15.72	\$16.56	\$16.64	6%	\$19.34	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
MHP	Family	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
MHP	Group	Off Site	\$17.48	\$19.20	\$19.32	11%	\$21.50	11%
QMHP	Individual	On Site	\$71.52	\$71.52	\$72.08	1%	\$87.97	22%
QMHP	Family	On Site	\$71.52	\$71.52	\$72.08	1%	\$87.97	22%
QMHP	Group	On Site	\$25.56	\$25.56	\$24.04	-6%	\$31.44	31%
QMHP	Individual	Off Site	\$79.44	\$82.96	\$83.60	5%	\$97.71	17%
QMHP	Family	Off Site	\$79.44	\$82.96	\$83.60	5%	\$97.71	17%
QMHP	Group	Off Site	\$28.40	\$29.64	\$27.88	-2%	\$34.93	25%
<b>Case Management - Client Centered Consultation</b>								
RSA	Individual	On Site	\$54.72	\$54.72	\$54.72	0%	\$67.31	23%
RSA	Individual	Off Site	\$60.68	\$63.48	\$63.48	5%	\$74.64	18%
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
<b>Case Management - Mental Health</b>								
RSA	Individual	On Site	\$54.72	\$54.72	\$54.72	0%	\$67.31	23%
RSA	Individual	Off Site	\$60.68	\$63.48	\$63.48	5%	\$74.64	18%
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
<b>Case Management -Transition Linkage and After Care</b>								
MHP	Individual	On Site	\$62.92	\$66.32	\$66.60	6%	\$77.39	16%
MHP	Individual	Off Site	\$69.80	\$76.92	\$77.24	11%	\$85.85	11%
QMHP	Individual	On Site	\$71.52	\$71.52	\$72.08	1%	\$87.97	22%
QMHP	Individual	Off Site	\$79.44	\$82.96	\$83.60	5%	\$97.71	17%

N/A = Not Available

Sources: Illinois Department of Healthcare and Family Services, Community Mental Health Service Definition and Reimbursement Guide, September 11, 2014 and July 1, 2007; Screening Assessment and Support Services Program Service Definition and Activity Crosswalk, July 2005 and January 2006

## Challenges with Mental Health Service Rates:

Practitioners in the mental health field report a number of challenges related to both the fee-for-service and Medicaid Managed Care reimbursement systems for mental health services.

**The rates do not cover costs.** Illinois pays some of the lowest rates in the country. Illinois ranked 49th out of the 50 states and Washington, D.C. in total Medicaid spending per enrollee as of 2011.<sup>41</sup> Mental health providers indicate that the reimbursement rates are too low to enable a provider to meet need, develop staff, and improve programs. The rates set under Rule 132 do not cover non-direct service costs such as transportation and time spent accompanying clients to appointments, as well as front and back office costs. There are administrative costs associated with the billing process that the rates do not cover.

**Consider one example:** Psychiatrists are integral to mental health services, but providers report that the Medicaid reimbursement rate does not cover the cost of a psychiatry encounter. Depending on the hourly salary paid to a psychiatrist, various providers report that the rate covers only 40%-60% of the cost of the psychiatric service.

In order to make up for uncovered costs, providers need to supplement government funding. But law prohibits providers from subsidizing Medicaid rates with grant funding. The HFS established rate is the maximum allowable rate for each eligible service. Reimbursement of a Medicaid service by a public payer in any amount up to the maximum allowable rate published by HFS is considered payment in full and cannot be supplemented in any way.<sup>42</sup>

Furthermore, Medicaid does not cover several services. Traditional Medicaid fee-for-service does not cover all evidence-based services and supports that aid individuals in recovery. For example, Illinois' Medicaid program does not provide matching funds for housing and residential services and supports.

**The rates discourage program quality and growth.** Ideally, reimbursement for services should enable service providers to offer quality, personalized services and to expand their programs when necessary. But the mental health reimbursement rates do not allow salary increases or account for program startup costs. A provider would need to apply for a grant to pay for start up costs. Rules and low reimbursement rates force agencies to do more with less, often resulting in truncated treatment and a lack of personalized services. This also prohibits prevention efforts to address mental health needs before intensive services are needed.

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Reimbursement rates  
restrain mental health  
service providers  
from providing salary  
increases to staff,  
improving service  
quality, and expanding  
programs to meet  
increased need.

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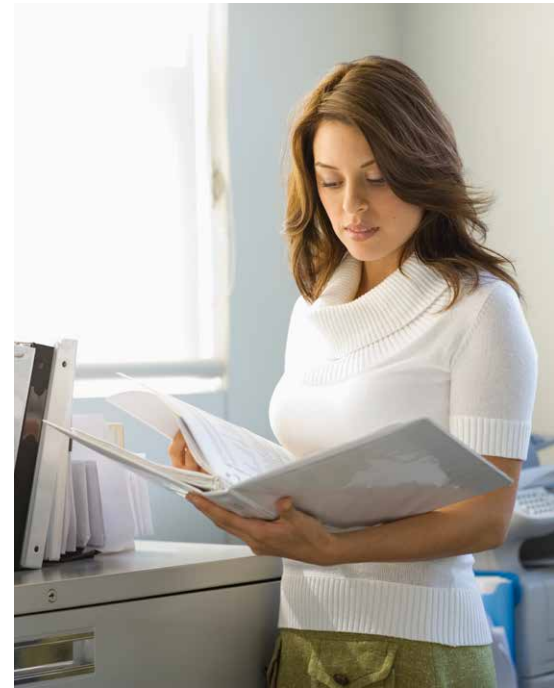
<sup>41</sup> Medicaid Spending per Full-Benefit Enrollee. (2011). Henry J. Kaiser Family Foundation. [Data Set]. Retrieved from <http://kff.org/medicaid/state-indicator/medicaid-spending-per-full-benefit-enrollee/>

<sup>42</sup> Illinois Department of Healthcare and Family Services. (2014, September 11). Community Mental Health Services Definition and Reimbursement Guide. Retrieved from <http://www.hfs.illinois.gov/assets/cmhs.pdf>

While the Affordable Care Act and subsequent expansion of the Medicaid program expanded health coverage for low income Illinoisans, the mental health reimbursement rates were never increased. Because start-up costs are not factored into rates, providers cannot increase staff and grow programs to meet the increased needs of Illinois communities. Funding has supported deinstitutionalization, but has not been invested in fee-for-service or in helping low-income individuals obtain access to mental health treatment services.

**The rates are increased infrequently.** The process for increasing rates is difficult, undertaken infrequently, and can require legislation. The last time mental health services received a real rate increase was in 2006 and the rates were calculated based on salary and overhead costs now outdated.

**Requirements of service providers make it harder to do business with already limited resources.** Reporting and billing requirements necessitate paperwork and staff time— for both fee-for-service billing directly to HFS as well as Medicaid managed care billing to Managed Care Organizations. For example, in order to provide mental health services in Illinois, providers must be accredited by national accrediting organizations such as the Joint Commission. Medicaid managed care has complicated the billing process, so there are now more costs associated with submitting bills. Providers must register all clients every six months and check each individual’s financial status and Medicaid eligibility despite the fact that this step is already taken by Medicaid. This process alone required mental health providers to spend an average of 1,236 hours annually at a cost of \$30,074.<sup>43</sup> These requirements often create duplicative reporting and assessments. The additional time and resources needed to comply with requirements adds an administrative burden while rates remain fixed.



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<sup>43</sup> 2015 Survey of mental health service providers conducted by the Illinois Association of Rehabilitation Facilities.



Providers across the human services sector face similar challenges, including the inability to adequately compensate staff, retain staff, and compete with government and private sectors. Stagnant rates make it very difficult for nonprofit community providers to provide merit pay increases and annual raises. Providers are still operating despite these enormous challenges.

Rate increases in Illinois have generally been a low legislative priority and funding for human services has declined in recent years as a result of fiscal reality. Illinois is in the midst of a fiscal crisis – facing unfunded pension debt, lack of budgets for many human services and a track record of late payments to providers.

The data presented in this report clearly demonstrates that rates as they presently stand are not even close to adequate. The increases in rates that have taken place have not kept pace with the rising cost of living. Many fields lack a rate setting methodology and set rates arbitrarily. Creating a rate methodology to allow for systematic increases based on market costs or economic indicators is one way to ensure adequate funding. With Illinois' limited revenue stream, there is critical need for the State to make a thoughtful assessment about the way that services are funded through reimbursement rates and where funding must be increased.

Failing to support the human services infrastructure will lead to long term consequences. A better understanding of the long-term value of community services will lead to improved and sustainable approaches to funding these services. In order to move forward with reimbursement rates, the State will need to reassess the rates system. When Illinois supports its communities and the service agencies that hold them together, everyone benefits.

## Other Considerations

This report is a limited examination of the issues surrounding state reimbursement rates in Illinois. The analysis simply examines how well rates have kept up with inflation and cost of living and definitively concludes that they have not. There are a number of other factors to consider when discussing reimbursement rates that go beyond the scope of this report. Several consent decrees have affected payments in the areas

of mental health, developmental disabilities, senior services, health care services for children, and child welfare in recent years. The Williams, Ligas, Colbert, B.H., and Memisovski consent decrees are critical to consider because they affect the provision of community services and control the way resources are spent. These consent decrees influence the types of services and service providers that receive funding – in some cases increasing reimbursement rates (such as the Memisovski case) and in other cases pulling resources away from services funded through reimbursement rates for services. For example, deinstitutionalization of individuals with mental health needs pulled the focus away from preventive mental health services.

While not discussed in this report, consent decrees are necessary to consider for a thorough review of the topic of reimbursement rates.

A comparison of Illinois to other states in state spending on human services would contribute valuable insight for a thorough review of reimbursement rates. Such analysis has been conducted in some areas, specifically developmental disabilities and mental health.<sup>44</sup> In Fiscal Year 2013 Illinois ranked 43rd out of the 50 states in per capita spending for community-based developmental disability programs and seventh out of eight Midwest states.<sup>45</sup> That same year, Illinois had the lowest in per capita spending on community-based mental health services.<sup>46</sup>

Comparative analysis would not only shed light on Illinois' priorities and shortcomings in providing human services, but also identify useful methods other states implement when setting reimbursement rates.

Finally, an in-depth analysis of the actual costs of providing human services would help guide policy action on reimbursement rates. Without comprehensive data on true costs, reimbursement rates will only be approximations. A 2006 report on developmental disability and mental health services conducted by the University of Illinois at Champaign-Urbana found that state payments covered 74% to 79% of agency costs to provide services, depending on the program area.<sup>47</sup> An updated comprehensive analysis of service costs in each human services area would greatly improve the understanding of reimbursement rate requirements necessary to cover all costs associated with providing human services in the State of Illinois.

<sup>44</sup> See Braddock, D. & Hemp, R. (2008, June 4). Services and Funding for People with Developmental Disabilities in Illinois: A Multi-State Comparative Analysis. University of Colorado. (Prepared for the Illinois Council on Developmental Disabilities, Chicago & Springfield.)

<sup>45</sup> Expenditures for Community-Based Developmental Disability Services, State Fiscal Year 2013.[Data Set]. Fiscal Policy Center at Voices for Illinois Children; based on data from State of the States in Developmental Disabilities, University of Colorado.

<sup>46</sup> Expenditures for Community-Based Mental Health Services, State Fiscal Year 2013.[Data Set]. Fiscal Policy Center at Voices for Illinois Children; based on data from the National Association of State Mental Health Program Directors.

<sup>47</sup> Powers, E., Powers, N., & Merriman, D. (July 2006). State Funding of Community Agencies for Services Provided to Illinois Residents with Mental Illness and/or Developmental Disabilities. University of Illinois Institute of Government and Public Affairs.





**Illinois Partners for Human Service** is a statewide coalition that works to create a stronger and more stable human services sector in Illinois. This network of more than 800 community organizations representing every legislative district in the state supports civic leaders through education, collaboration, and advocacy. Working with public and private sector leaders across the state, Illinois Partners develops collaborative approaches to support *quality services, adequate funding and measurable results* that are the bedrock of healthy and safe communities.

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