

CHAPTER 307

(SB 186)

AN ACT relating to child-caring facilities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 199.641 is amended to read as follows:

- (1) As used in this section, unless the context otherwise requires:
 - (a) "Allowable costs **report**" means ***a report from each child-caring facility that contracts with the department for services and includes*** all allowable costs as defined by the Federal Office of Management and Budget circular A-122, "cost principles for nonprofit organizations," ***and other information the department may require***, utilizing cost data from ***each***~~the~~ child-caring facility's most recent yearly audited financial statement;
 - (b) "Child-caring facility" means any institution or group home other than a state facility, or one certified by an appropriate agency as operated primarily for educational or medical purposes providing residential care on a twenty-four (24) hour basis to children, not related by blood, adoption, or marriage to the person maintaining the facility;~~and~~
 - (c) "Department" means the Department for Social Services of the Cabinet for Families and Children;
 - (d) "***Model program cost analysis***" means ***a report based on a time study, the allowable costs report, and other information required by the department from each childcaring facility that contracts with the department for services that determines a statewide median cost for each licensed program category of service provided by child-caring facilities; and***
 - (e) "***Time study***" means ***the process of reporting the work performed by employees of child-caring facilities in specified time periods.***
- (2) ***Subject to the limitations set forth in subsection (4) of this section, when the department***~~for Social Services~~ **chooses to *contract with***~~[place a child in]~~ **a nonprofit child-caring facility for services to a child committed to the department, the department shall *make payments to***~~[reimburse]~~ **that facility *based on the rate setting methodology developed from the model program cost analysis. The department shall also assure that the methodology:***~~[the allowable cost of the child's care, subject to the limitation set forth in subsection (3) of this section]~~
 - (a) ***Provides payment incentives for moving children as quickly as possible to a permanent, continuous, stable environment;***
 - (b) ***Provides children who require out-of-home care or alternative treatment with placements that are as close as possible to their home geographic area; and***
 - (c) ***Provides appropriate placement and treatment services that effectively and efficiently meet the needs of the child and the child's family as close as possible to the child's home geographic area.***
- (3) ***The department shall use the model program cost analysis as a basis for cost estimates for the development of the department's biennial budget request***~~When the Department for~~

~~Social Services chooses to place a child in a nonprofit child-caring facility, the rate of reimbursement for the child's care shall not exceed seventy-five percent (75%) of the average cost in the most comparable residential facility operated by the department. The rate shall be based on actual total facility occupancy for the most recent audited year or ninety percent (90%) of the facility capacity for the audited year, whichever is greater.~~

- (4) The secretary shall, to the extent funds are appropriated, *establish and* implement the *rate setting*~~[reimbursement]~~ methodology *and rate of payment by promulgation of*~~[set forth in this section, or may promulgate]~~ administrative regulations in accordance with KRS Chapter 13A *that*~~[to establish the rate of reimbursement for child-caring facilities which]~~ are consistent with the level *and quality* of service provided *by child-caring facilities. The administrative regulations shall also include the forms and formats for the model program cost analysis.*~~[If funds are insufficient in any given fiscal year to fully fund this provision, rates shall be adjusted by determining the reimbursement schedule and adjusting by the ratio of available funds to estimated full cost.]~~

Approved April 4, 2000