



## MISSOURI FIRST STEPS SYSTEM OF PAYMENTS POLICY

### SYSTEM OF PAYMENTS

*(Title 34 Code of Federal Regulations Section 303.520 and 303. 521; Missouri State Plan Section XVIII; and Missouri Revised Statutes 160.920 and 376.1218)*

In addition to state and federal funds, the First Steps program utilizes family cost participation, private insurance and public insurance (MO HealthNet/Medicaid), thus creating a system of payments to fund the program. The Department of Elementary and Secondary Education (DESE) has in place interagency agreements and state laws establishing financial responsibility for First Steps services.

The *System of Payments* policy is provided to parents before consent is obtained to use private and/or public insurance to pay for First Steps services and before consent is obtained for the provision of First Steps services. This policy explains the monthly participation fee and how parents may contest the imposition of a fee and/or the DESE's determination of the parent's ability to pay a fee. This policy also explains potential costs that parents may have when the parent's private or public insurance is used to help pay for First Steps services.

### FAMILY COST PARTICIPATION (FCP)

DESE implements a system of payments which establishes family participation in the cost of providing First Steps services as mandated in state law. Each eligible child and family participating in the First Steps program is assessed to determine an ability to pay a participation fee.

### Definitions

The following definitions help families understand the collection of information for determining the FCP fee and how the fees are calculated:

#### **Adjusted gross income**

Adjusted gross income means the adjusted income as reflected on the previous year's federal income tax form.

#### **Family cost participation/family fee**

Family cost participation/family fee means the maximum amount the family must pay per month based on the family's ability to pay, considering the family's adjusted income as determined on the previous year's federal income tax form. The fee is based on a family unit, not per individual child.

#### **Family expenses**

Family expenses mean costs paid by the family, including extraordinary medical expenses, which may be considered in assessing financial hardship to determine if an adjustment to the calculated monthly fee is appropriate.

#### **Family unit/household size**

Family unit/household size means the group of individuals in the same household whose information is used to determine family size and financial resources. It could include, but

is not limited to, biological parents, adoptive parents, step-parents, and children (biological and adoptive). For the purposes of determining the size of the family unit, dependency for family members must meet the dependency test applied by the federal Internal Revenue Code.

### **Head of household/financially liable person**

Head of household/financially liable person means the individual who is obligated to pay the calculated monthly fees for participation.

### **Income verification**

Income verification means the process of reviewing family documentation of income and allowable expenses which occurs during the intake process, annual review, or at other times as requested by the family, the System Point of Entry (SPOE), or DESE.

### **Gross annual earned income**

Gross annual earned income means the total income from employment sources before payroll deductions and other withholdings. Examples include salaries and wages, tips, commissions, bonuses and any other income as required in the reporting of federal income tax.

### **Gross annual unearned income**

Gross annual unearned income means the total income from investments and other sources unrelated to employment. Examples include interest earnings, tips, dividends, annuities, rents, pensions, disability/survivor benefits, workers compensation, unemployment, retirement benefits, and any other income as required in the reporting of federal income tax.

The federal income tax return is the preferred method for collecting adjusted gross income and family unit/household size.

### **FCP Fee Schedule**

FCP fees are based on a sliding scale that considers the adjusted gross income for the family and the number of family members. The determination of the parent's ability or inability to pay is made at the initial Individualized Family Service Plan (IFSP), the annual IFSP and at other times as requested by the family. For families assessed a fee, the minimum fee is \$5.00 and the maximum fee is \$100.00 per month. The sliding scale was developed using 200% of the federal poverty guidelines for the year 2005.

The sliding scale is updated annually when changes occur in the federal poverty guidelines. Changes to the calculated amount of the family fees take effect the month following the change. For more information about FCP fees, go to the DESE website for First Steps – For Parents – Family Cost Participation and Insurance.

### **FCP Fee Adjustments and Financial Hardship**

Adjustments to the monthly FCP fee may be increased or decreased at any time, including during the initial fee assessment, for the following situations:

- 1) Change in family unit/household size;
- 2) Change in gross annual income of more than ten percent; and,
- 3) Financial hardship in which unplanned events impact the family's financial situation and expenses (including but not limited to: loss of home, loss of job, extraordinary medical expenses and other events determined appropriate by the SPOE Director).

The parent has 15 working days to report a change to the Service Coordinator. If the parent fails to report the change within the appropriate time frame and a reduction in fee is calculated for the family, the new reduced fee is not retroactive to the time the change occurred.

### **Assessment of FCP**

Each eligible child and family participating in First Steps is assessed for a FCP fee and classified as having the ability or inability to pay.

**Ability to pay** refers to the determination of a family's financial ability to contribute to the cost of services provided by First Steps. This determination is based on the family's placement on a sliding fee scale. Placement on the scale at the minimum family participation rate (greater than \$0) as established in state law or by DESE indicates an ability to pay.

According to state law, if the family is determined to have an ability to pay, an increased fee is charged (\$100), but not more than the actual cost of the First Steps services, in the following situations:

- 1) Parent refuses to provide financial information to the SPOE in order to calculate the fee.
- 2) Parent provides false or misleading information.

**Inability to pay** refers to a determination that the family is not able to financially contribute to the cost of services provided by First Steps. Placement on the sliding fee scale at \$0 indicates an inability to pay.

The family is determined to have an inability to pay if the child/family is enrolled in Medicaid (under any state entitlement program), Supplemental Security Income (SSI), Food Stamps or the child is in foster care. Furthermore, participation in First Steps does not reduce medical or other assistance available in the state or alter eligibility under Title V or XIX of the Social Security Act.

If the family is determined to have an inability to pay, the refusal of parental consent to use private insurance may not be used to delay or deny any services. A family determined to have an inability to pay receives all First Steps services at no-cost.

**Failure to pay** refers to a determination that the family had the ability to pay, but has failed to pay the FCP monthly fees. DESE takes action to collect any unpaid amounts due. According to state law, these actions include, but are not limited to, suspension of First Steps services except those provided at no-cost. The family is notified by mail when monthly fees are:

- 1) 30 days past due;
- 2) 60 days past due; and,
- 3) 75 days past due.

On the 75<sup>th</sup> day after non-payment of the calculated monthly fees, the head of household receives prior written notice by mail indicating that First Steps services (except those provided at no-cost) will be suspended on the 90<sup>th</sup> day of non-payment. DESE must also notify the appropriate SPOE when a family is in non-payment status. The data system contains a comment that services were suspended due to non-payment of required fees. A family may not receive services until the reinstatement criteria are met.

### **Reinstatement Criteria**

Services suspended due to non-payment of applicable fees may be reinstated upon full payment of the balance due. If less than three months have passed since the suspension of services, the Service Coordinator must reassess the FCP amount before reinstating services. However, if more than three months have passed since suspension of services, the Service Coordinator must reassess both the FCP amount and the existing IFSP activities before reinstating services. The family is not guaranteed the same provider as was assigned prior to the suspension of services.

### **FCP Statement**

The Central Finance Office sends the family a monthly statement and collects the fees. The monthly fee is due for any portion of a month in which First Steps services are delivered to the family. Families are not charged more than the actual cost of the service (factoring in any amount received from other sources for payment for that service). Families with public insurance or private insurance are not charged disproportionately more than families who do not have public insurance or private insurance.

### **Dispute of FCP Fees**

A parent who wishes to contest the imposition of a fee, or the state's determination of the parent's ability to pay, may do one of the following:

- 1) Participate in mediation.
- 2) Request a due process hearing.
- 3) File a state complaint.
- 4) Use any other procedure established by the state for speedy resolution of financial claims, provided that such use does not delay or deny the parent's rights.

### **No-Cost Services**

The following services are provided at no-cost to all children and families referred to First Steps:

- 1) Child find activities
- 2) Evaluation and assessment
- 3) Service coordination
- 4) Administration and coordination activities (including the development, review, and evaluation of IFSPs and the provision of parental rights)

All First Steps services except the no-cost services are subject to a fee.

### **PRIVATE INSURANCE**

DESE implements a system of payments which establishes private insurance participation in the cost of providing First Steps services. As mandated by state law, private insurance carriers practicing in Missouri are billed according to the annual declaration. Insurance carriers may choose one of the two options below on the annual declaration:

#### **Option 1: Bulk/Percentage Payment**

The insurance carrier pays First Steps by January 31<sup>st</sup> of the calendar year an amount equal to one-half of one percent of the direct written premium for health benefit plans as reported to the Department of Insurance, Financial Institutions and Professional Registration on the health carrier's most recently filed annual financial statement, or five hundred thousand dollars, whichever is less. Individual child or service information is not released to the insurance carrier under the bulk/percentage option and parents are notified of this at the time of parental consent.

### **Option 2: Direct Claims**

The insurance carrier pays the applicable MO HealthNet/Medicaid rate for each First Steps direct service billed as occupational therapy, speech/language therapy, physical therapy, and assistive technology. Individual child and service information is released to the insurance carrier under the direct option and parents are notified of this at the time of parental consent.

### **Use of Private Insurance**

The family may incur ramifications for the use of the parent's private insurance. Parents are notified of the possible ramifications at the time of parental consent to use private insurance, as follows:

- 1) The use of private health insurance to pay for First Steps services may count towards or result in a loss of benefits due to the annual or lifetime health insurance coverage caps for the child, parents, or family members.
- 2) The use of private health insurance to pay for First Steps services may negatively affect the availability of health insurance to the child, parent, or family members; including being cancelled.
- 3) The use of private health insurance to pay for First Steps services may be the basis for increasing the health insurance premiums for the child, parent, or family members.

In the event the availability of health insurance is negatively impacted due to participation in First Steps, the family should contact the Service Coordinator.

### **Premiums/Co-Pays/Deductibles**

Parents are responsible to pay the premiums for the parent's private insurance plans. First Steps acts as the provider of service and does not impose deductibles or co-payments when private insurance is used to pay for First Steps services. In the event the family is charged a deductible or co-pay, the family should contact the Service Coordinator.

### **Parental Consent for Private Insurance**

The SPOE obtains parental consent before First Steps seeks to use the parent's private insurance to pay for the initial provision of First Steps services in accordance with the IFSP. The SPOE also obtains parental consent before First Steps seeks to use the parent's private insurance to pay for an increase in length, duration, frequency, or intensity to First Steps services in accordance with the IFSP.

Obtaining parental consent for the use of the parent's private insurance means personally identifiable information is released in order to bill private insurance for First Steps services. If the family is determined to have the inability to pay, the refusal of parental consent to use private insurance may not be used to delay or deny any services.

If the parent does not provide consent to use private insurance, no-cost services and any First Steps services listed on the child's IFSP for which the parent provides consent must still be available to the child.

If the family has private insurance, where private insurance is required to pay before public insurance, the family may incur ramifications as described in the *Use of Private Insurance – Option 2: Direct Claims* section.

## **PUBLIC INSURANCE**

DESE implements a system of payments which establishes public insurance participation in the cost of providing First Steps services. Public insurance refers to MO HealthNet/Medicaid funds.

DESE informs families of the public insurance availability but does not require a parent to sign up for or enroll in public insurance as a condition of receiving First Steps services.

### **Use of Public Insurance**

According to the terms of the interagency agreement between DESE and the MO HealthNet Division, MO HealthNet/Medicaid claims for First Steps services are not in violation of the child's or parent's public insurance provisions listed below:

- 1) Decrease available lifetime coverage or any other insured benefit for that child or parent under that program.
- 2) Result in the child's parents paying for services that would otherwise be covered by the public insurance program.
- 3) Result in any increase in premiums or discontinuation of public insurance for that child or that child's parents.
- 4) Risk loss of eligibility for the child or that child's parents for home and community-based waivers based on aggregate health-related expenditures.

### **Notification to Parents**

The SPOE obtains parental consent before personally identifiable information is released to MO HealthNet/Medicaid in order to bill for First Steps services.

If the parent does not provide consent to use public insurance, no-cost services and any First Steps services listed on the child's IFSP for which the parent provides consent must still be available to the child.

Parents may withdraw the consent to public insurance at any time.

Parents are responsible to pay the premiums for the parent's public insurance, if applicable. For families with public insurance, First Steps acts as the provider of service and does not impose deductibles or co-payments.

### **Parental Consent for Public Insurance**

The SPOE obtains parental consent before releasing personally identifiable information to MO HealthNet/Medicaid to enroll the child/parent in MO HealthNet or to use public insurance to pay for First Steps services in accordance with the IFSP. Parental consent for public insurance must also be obtained if a violation of the public insurance provisions occurs as described in the *Use of Public Insurance* section above.

### **Families with Private Insurance and Public Insurance**

If the family has both private insurance and public insurance, where private insurance is required to pay before public insurance, the family may incur ramifications as described in the *Use of Private Insurance – Option 2: Direct Claims* section. Requirements for parental consent for both private insurance and public insurance apply to the family.