MCA 52-2-311: OUT-OF-STATE PLACEMENT REPORT SFY 2025

Children, Families, Health, and Human Services Interim Committee

August 8, 2025

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

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OVERVIEW

The following statutorily required report is completed by the Department of Public Health and Human Services (DPHHS) Children's Mental Health Bureau (CMHB), in coordination with the Child and Family Services Division (CFSD), the Youth Services Division of the Department of Corrections (DOC), and Youth Court or Juvenile Justice (JJ).

The following report is organized according to MCA 52-2-311 reporting requirements by section, with findings under each section.

52-2-311. Out-of-state placement monitoring and reporting.

(1) The department shall collect the following information regarding high-risk children with multiagency service needs:

- *(a)* the number of children placed out-of-state*;*
- *(b)* the reasons each child was placed out-of-state*;*
- *(c)* the costs for each child placed out-of-state*;*
- *(d)* the process used to avoid out-of-state placements*; and*
- *(e)* the number of in-state providers participating in the pool.

(2) *For children whose placement is funded in whole or in part by Medicaid, the report must include information indicating other department programs with which the child is involved.*

(3) On an ongoing basis, the department shall attempt to reduce out-of-state placements.

(4) The department shall report annually to the children, families, health, and human services interim committee concerning the information it has collected under this section and the results of the efforts it has made to reduce out-of-state placements.

DEFINITIONS

"Psychiatric Residential Treatment Facility (PRTF)" means a facility accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), Council on Accreditation (COA), or the Commission on Accreditation of Rehabilitation Facilities (CARF) or any other organizations designated by the Secretary of the United States Department of Health and Human Services as authorized to accredit psychiatric hospitals for Medicaid participation, and which operates for the primary purpose of providing residential psychiatric care to persons under 21 years of age. The youth must meet the Montana Medicaid Serious Emotional Disturbance (SED) criteria for PRTF services. The federal definition of Inpatient Psychiatric Services for Individuals Under Age 21 can be found in the Code of Federal Regulations, Title 42, Part 441, Subpart D, and the specific service requirements for PRTFs can be found in the CMHB Medicaid Services Provider Manual.

"Therapeutic Group Home (TGH)" means a treatment facility providing therapeutic services licensed and under contract with the department as a youth care facility with the supervision and intensity of treatment required to manage and treat up to eight youth who meet the SED diagnosis and functional impairment criteria as determined by the department. The definition of TGH can be found in the Administrative Rules of Montana, Title 37, Chapter 97, subchapter 102, and the specific service requirements can be found in the CMHB Medicaid Services Provider Manual.

PROCESS

This report includes youth whose treatment is paid by all State agencies and divisions, though the report is compiled by the CMHB, which is a Medicaid bureau within DPHHS. The report distinguishes between youth whose treatment is funded solely by Medicaid, those whose treatment is funded by Medicaid, but the CFSD, JJ, or DOC was the custodian and/or had placement authority, and those whose treatment is funded solely by CFSD, JJ, or DOC.

This is the annual report to the Legislature covering SFY 2025 (July 1, 2024, through June 30, 2025), and includes only children who were in treatment out-of-state (OOS) on or after July 1, 2024, and on or before June 30, 2025. During this reporting period, there were youth who received treatment in more than one out-of-state facility. These youth are only counted once, regardless of the number of unique out-of-state facilities.

RESULTS

MCA 52-2-311. OUT-OF-STATE PLACEMENT MONITORING AND REPORTING.

(1) THE DEPARTMENT SHALL COLLECT THE FOLLOWING INFORMATION REGARDING HIGH-RISK CHILDREN WITH MULTIAGENCY SERVICE NEEDS:

(a) THE NUMBER OF CHILDREN PLACED OUT-OF-STATE

The following table represents the total number of youths who received treatment in an out-of-state residential program, by agency, during the reporting period, July 1, 2024, through June 30, 2025, as well as the results from the annual report for SFY 2024 for reference.

TABLE 1: NUMBER OF YOUTH WHO RECEIVED TREATMENT IN AN OUT-OF-STATE RESIDENTIAL PROGRAM

REPORTING AGENCY	SFY 24 (07/01/23-06/30/24)		SFY 25 (07/01/24-06/30/25)	
	PRTF	TGH	PRTF	TGH
CMHB (Parent/Guardian Placement)	108	13	121	28
CFSD	67	19	27	7
CFSD & CMHB	0	0	20	8
CFSD & EPSDT	0	0	3	0
CFSD & JJ	1	2	0	0
CFSD, CMHB, & EPSDT	0	0	6	0
CFSD, CMHB, & JJ	0	0	0	1
CFSD, EPSDT, & JJ	1	0	0	0
CMHB & EPSDT (Parent/Guardian Placement)	0	0	2	0
CMHB & JJ	0	0	3	20
DOC	1	0	0	0
DOC & JJ	0	0	1	0
Early and Periodic Screening, Diagnostic and Treatment (EPSDT)	2	1	3	0
JJ	18	21	8	5
Grand Total	**198**	**56**	**194**	**69**

To provide context to these numbers, the CMHB served 20,808 youth in SFY 2024. In addition to receiving mental health services from primary care providers and local qualified health centers, Montana Medicaid youth received the following community-based mental health services:

TABLE 1(A): NUMBER OF YOUTH WHO RECEIVED COMMUNITY-BASED TREATMENT FOR MENTAL HEALTH

SERVICE	YOUTH SERVED
Licensed Professional Counselor (LCPC)	7,208
Licensed Clinical Social Worker (LCSW)	5,137
Comprehensive School and Community Treatment (CSCT)	1,806
Targeted Case Management – Mental Health	3,008
Psychiatrist	1,543
Mental Health Center	1,454
Home Support Services	1,235
Psychologist	936
Therapeutic Foster Care	44

(b) THE REASONS EACH CHILD WAS PLACED OUT-OF-STATE

The CMHB is not a placing agency. Medicaid funding is only available if a youth placed out of state has been determined to meet medical necessity criteria for PRTF level of care *and* has been denied admission by all in-state PRTFs. To meet medical necessity criteria for PRTF, a youth must exhibit behaviors or symptoms of SED of a severe and persistent nature requiring 24-hour treatment under the direction of a physician. In addition, the prognosis for treatment at the PRTF level of care must reasonably be expected to improve the clinical condition/SED of the youth or prevent further regression based upon a physician's evaluation.

Table 2 shows the denial reasons as reported on initial stay requests for out-of-state PRTF placements. The most common reasons youth are denied admission to in-state PRTFs are:

- No beds available (at max capacity, limited staffing)
- Unable to treat current condition (co-occurring medical conditions, maladaptive sexualized behaviors, requires acute care, in need of substance abuse treatment)
- Aggression (physical, verbal, or combination)
- Does not meet age requirement (too young for program, too old for program)
- Not a good fit for the current milieu
- Elopement risk (runs away)
- Has met the maximum benefit for PRTF treatment

The following table displays the reasons noted by each reporting agency as to why the youth needed an out-of-state placement during the reporting period, July 1, 2024, through June 30, 2025. Information in this section is obtained from prior authorization records for Medicaid-funded placements. Reporting agencies using non-Medicaid funding sources did not list denials, as this is not required within their agencies.

TABLE 2: REASONS FOR PRTF OUT-OF-STATE PLACEMENT

IN-STATE DENIAL REASONS	PERCENTAGE OF YOUTH WITH IN-STATE DENIALS IN SFY 2025 (07/01/24-06/30/25)	
	PRTF 1	PRTF 2
At max capacity	36%	42%
Aggression	23%	12%
Not a good fit for the current milieu	18%	10%
Other (special circumstances or needs the facility cannot address and/or meet)	17%	20%
Elopement risk (runs away)	1%	6%
Does not meet age requirement	4%	3%
Has met maximum benefit from PRTF treatment	0%	6%
Limited staffing	0%	1%
Unable to treat current condition (too acute, sexualized behaviors or substance abuse)	1%	0%

*Percentages may not total 100 due to rounding.

(c) THE COSTS FOR EACH CHILD PLACED OUT-OF-STATE

Table 3 displays the average cost per youth for PRTF and TGH for state fiscal years 2024 and 2025.

TABLE 3: COST PER YOUTH

AVERAGE DAYS AND COST	SFY 24 07/01/23-06/30/24		SFY 25 07/01/24-06/30/25	
	PRTF	TGH	PRTF	TGH
Average days in SFY	146 Days	183 Days	134 Days	158 Days
Average cost per youth per day	$497*	$229*	$542*	$272*
Average cost per youth per year	$75,760	$44,497	$72,434	$42,918

*Average cost per day varies due to variance in daily payment from non-Medicaid funded stay.

TABLE 3A: MONTANA MEDICAID REIMBURSEMENT RATES

SFY 24		SFY 25	
OUT-OF-STATE PRTF	TGH*	OUT-OF-STATE PRTF	TGH*
$458.92	$218.17	$509.81	$224.47

(d) THE PROCESS USED TO AVOID OUT-OF-STATE PLACEMENTS

The CMHB is not a placing agency; however, CMHB has policies in place to reduce out-of-state placements for youth with Medicaid funding. CMHB requires specific utilization review of medical necessity criteria for both in and out-of-state TGHs and PRTFs; review of medical necessity every 30 days for PRTFs; and assigned Regional Care Coordinators and Regional Resource Specialists to each out-of-state PRTF to ensure that youth are being treated in the least restrictive level of care at the earliest possible time in their home communities.

For a youth to be admitted into an out-of-state PRTF:

(1) The provider must request admission from of all Montana PRTFs and be denied admission. The provider must document the denials in the file of the youth.
(2) The Montana PRTFs may deny services for one of the following reasons:
    (a) the facility cannot meet the clinical and/or treatment needs of the youth; or
    (b) an opening is not available.
(3) The Montana PRTFs must specify the reasons the facility is unable to meet the needs of the youth or state when the next bed opening will be available for the youth.
(4) Legal representatives of all Montana Medicaid youth who are admitted to OOS PRTFs must complete an Interstate Compact Agreement before the youth leaves the state as part of the prior authorization process. The form is located on the department's website at: Interstate Compact on the Placement of Children (ICPC).

Reference: Children's Mental Health Bureau Medicaid Services Provider Manual, pg. 18.

COMPLEX CASE QUALIFIED PROVIDER POOL

Pursuant to § 52-2-301, MCA CMHB created a Qualified Provider Pool Pilot (QPP) Project. The goal of the QPP was to increase the capacity of communities to serve high-

risk children with multi-agency service needs in the least restrictive setting. This was accomplished by promoting collaboration and cooperation among the agencies that provide services to children in Montana. Participating agencies demonstrated willingness to meet the significant needs of high-risk children who were currently placed or at risk of being placed out-of-state. Participating providers received incentive payments. The QPP functioned as an additional resource to support Montana youth and families.

- CMHB contracted with The University of Montana Center for Children, Families and Workforce Development (Center) to facilitate monthly case staffing with participating providers.
- Five TGH providers and one PRTF providers participated in the project.
- QPP case staffing process was collaborative; it was anticipated that youth served would require involvement from more than one provider agency.
- Participating providers developed comprehensive, individualized services plans and submitted to CMHB for review and approval.
- Participating providers agreed to deliver services as described in comprehensive, individualized service plans they developed, as well as comprehensive service plans that other pool members have developed.
- Participating providers agreed to regularly share data related to successes and barriers to plan implementation, progress toward discharge, and a summary of project impact.
- The Center is compiling a final report on the project; CMHB will use this information to determine next steps.

REGIONAL RESOURCE SPECIALISTS

CMHB employs two staff, Regional Resource Specialists, whose job duties include communication and collaboration with families, providers, and placing agencies to identify treatment options for Montana youth. The RRS staff work closely with families and providers to identify treatment options, maximize use of in-network Medicaid providers, and remove barriers to care. RRS staff also maintain contact with parents and guardians during the discharge process to facilitate access to step-down services for youth.

PARENT OUTREACH LETTER

In SFY 2022, CMHB began sending letters to parents and guardians when their child began receiving treatment in a PRTF. The letter serves to provide information and resources to family members to help families know what to expect with residential treatment and assist them with services post-discharge. Favorable discharge is one

component that may reduce readmission to PRTF level of care, including out-of-state PRTF.

WARM HAND-OFF POLICIES

CMHB has a policy that allows Home Support Services and Targeted Case Management to be delivered concurrently with residential treatment to support families and youth in successful discharge from residential care prior to discharge. Community-based services provided concurrently with residential care must be coordinated with the TGH or PRTF and directly involve the youth's parents or guardians.

GUIDEHOUSE STUDY – PROVIDER RATE INCREASES

The 2023 Legislative Session authorized significant provider rate increases for many children's mental health services. Because of these rate increases, we anticipate growth in community-based services. Increasing access to community-based services is a critical component in reducing residential care and out-of-state residential treatment. On July 1, 2024, the reimbursement rates for all youth mental health services, including residential services, were aligned with the Guidehouse-recommended reimbursement rates.

Additionally, parallel to the Guidehouse Rate Study, CMHB worked with Guidehouse to identify other policy or reimbursement changes to support the goal of reducing reliance on out-of-state residential programs. In the proposed Mega Rule, which implements the SFY2023 provider rate increases, CMHB proposed aligning the reimbursement rates of in-state and out-of-state PRTFs.

BEHAVIORAL HEALTH SYSTEM FOR FUTURE GENERATIONS (BHSFG) RESIDENTIAL GRANT NEAR-TERM INITIATIVE (NTI)

The BHSFG Commission awarded over $15 million to congregate community living providers who primarily serve individuals with a serious mental health or developmental disability diagnosis. Over $5.5 million was awarded to youth mental health providers. The goal of the grants is to stabilize or increase residential service provision as needed across the state and build sustainable capacity. As identified in this report, providers being at max capacity were the number one reason for youth requiring treatment out-of-state in SFY24 and SFY25. These awards will support CMHB service providers to build capacity to serve youth within Montana. To date, five children's behavioral health projects have been completed, resulting in 22 new beds and 10 maintained beds.

Children's providers have received $1.6 million of the $5.5 million awarded to youth behavioral health providers.

BHSFG RECOMMENDATION #17: YOUTH RESIDENTIAL RATE REDESIGN

To reduce reliance on out-of-state youth behavioral health care providers, the BHSFG Commission recommended that the CMHB implement an acuity-based rate model for in-state therapeutic residential services. This work is currently in the planning phase and is not reflected in this report; we anticipate implementation on January 1, 2027.

The redesign will feature tiered rates, with increased reimbursement for higher acuity, to improve the facilities' capacity and willingness to align with varying levels of need. This rate structure is expected to allow Montana's PRTFs and TGHs to fund necessary resources—such as higher staffing ratios—to provide the most appropriate, least restrictive level of care for youth within their home state.

The rate redesign also aims to bolster smaller settings, such as four-bed models. With expanded reimbursement for higher acuity Medicaid members, these facilities will be better equipped to provide tailored support than is currently available in higher-capacity settings.

(e) THE NUMBER OF IN-STATE PROVIDERS PARTICIPATING IN THE POOL

See list of provider pool in **Appendix A**.

For children whose placement is funded in whole or in part by Medicaid, the report must include information indicating other Department programs with which the child is involved.

Table 4 represents the number of youths placed in an out-of-state placement and which agency funded whole or in part for the reporting period of July 1, 2024, through June 30, 2025.

TABLE 4: FUNDING SOURCE

FUNDING SOURCE	SFY 24 07/01/23-06/30/24		SFY 25 07/01/24-06/30/25	
	PRTF	TGH	PRTF	TGH
Parent or Guardian placement authority with Medicaid Funding	108	13	131	32
Parent or Guardian placement authority with EPSDT single case agreement funding	4	1	11	0
CFS placement authority with Medicaid Funding only or Medicaid and CFS funding	41	14	13	4
DOC placement authority with Medicaid Funding	0	0	0	0
JJ placement authority with Medicaid Funding	12	11	3	21
Child & Family Services Only	24	4	27	7
DOC Only	1	0	0	0
Juvenile Justice Only	6	10	8	5
Both CFS and either JJ or DOC involvement, funding by Medicaid	0	0	0	0
Placed by and funding with both CFS and either DOC or JJ	2	3	0	0
JJ placement authority with DOC Funding	0	0	1	0
Total	198	56	194	69

Table 5 displays the instances of SED diagnosis for youth being treated in out-of-state residential programs. The primary diagnosis is found in either the Qualitrac database operated by Telligen, in claims data, or as reported by the placement agency.

TABLE 5: PERCENTAGE OF INSTANCE OF SED DIAGNOSIS 07/1/24-06/30/25

SED DIAGNOSIS	PERCENTAGE OF YOUTH WITH DIAGNOSIS	
	PRTF	TGH
Disruptive and Impulse Control Disorders	27%	32%
Depressive Disorders	26%	32%
Trauma and Stressor Related Disorders	12%	16%
Autism Spectrum Disorders	7%	3%
Bipolar Disorders	10%	2%
Other / Unknown	15%	13%
Anxiety Disorders	3%	3%
Schizophrenia Spectrum	0%	0%

*Percentages may not total 100 due to rounding.

APPENDIX A

Provider Pool between July 1, 2024, through June 30, 2025
Number of In-State Providers Participating in Pool in SFY 2025

In-State Psychiatric Residential Treatment Facilities:

- Shodair Children's Hospital, Helena, MT
- Yellowstone Boys and Girls Ranch, Billings, MT

In-State Therapeutic Group Homes:

AWARE
- Clark Fork Group Home, Anaconda
- Pintler Group Home, Anaconda
- Washoe Group Home, Anaconda
- Timberline Group Home, Billings
- Whiteway Group Home, Butte
- Ottawa Group Home, Butte
- Renz Group Home, Butte
- Pinski Group Home, Great Falls
- Castle Pines Group Home, Great Falls
- Lost Creek Group Home, Anaconda (serving as DD home for CFS youth)

Intermountain
- Intermountain Children's Home Cottages (two cottages), Helena

New Day
- New Day Inc. (four lodges), Billings

Partnership for Children
- Sunrise Children's Home, Missoula

Yellowstone Boys and Girls Ranch (YBGR)
- S.T.A.R. Group Home, Billings
- Rivers Edge Group Home, Billings
- North Skyline Youth Home, Great Falls

Youth Homes
- Radtke Home for Boys, Missoula
- Talbot Boys Home, Missoula
- Talbot Girls Home, Missoula
- Tom Roy Youth Guidance Home, Missoula

Temporary Closures in SFY24, still closed in SFY25
- Partnership for Children – Gallagher Children's Home, Missoula (March 2023)
- Intermountain Children's Home, (two cottages) (September 2023)
- Aware-Gold Creek Group Home, Anaconda (December 2023)
- Aware-Mount Powell Group Home, Anaconda (December 2023)
- YBGR-Lakeview Group Home, Billings (November 2023)
- YBGR-Choices Group Home, Boulder (February 2024)
- YBGR-New Journey Group Home, Boulder (May 2024)
- YBGR-Rimview Group Home, Billings (March 2024)

- New Beginnings Group Home, Boulder
- Opportunity Group Home, Boulder
- Lewis and Clark Group Home, Helena

Out-of-State Medicaid Enrolled Providers as of 7/1/2024 - 6/30/2025

Out-of-State Psychiatric Residential Treatment Facilities:

- Benchmark Behavioral Health, Woods Cross, UT
- Brooksville Youth Academy, Brooksville, FL
- Children's Home of Reading, Reading, PA
- Coastal Harbor, Savannah, GA
- Copper Hills Youth Center, West Jordan, UT
- Little Creek Behavioral Health, Conway, AR
- Millcreek of Arkansas, Fordyce, AR
- Millcreek of Magee, Magee, MS
- New Beginnings, Draper, UT
- Norris Academy, Andersonville, TN
- Resource Treatment Center, Indianapolis, IN
- Rolling Hills Hospital, Ada, OK
- UHS of Provo Canyon, Inc., Provo, UT
- Sierra Sage, Minden, NV
- Wyoming Behavioral Institute, Casper, WY
- Yellow Rock, Springdale, AR

Out-of-State Therapeutic Group Home

- Falcon Ridge Ranch, Virgin, UT (no longer enrolled as of 6/30/25)
- Lava Heights, Toquerville, UT (no longer enrolled as of 6/30/25)
- Woodward Youth Corporation, Estherville, IA (no longer enrolled as of 6/30/25)
- Youth Health Associates, Clearfield, UT