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## WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

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Memo No. 6

TO: MEMBERS OF THE SPECIAL COMMITTEE ON CHILD WELFARE PROVIDER RATE IMPLEMENTATION

FROM: Anne Sappenfield, Senior Staff Attorney

RE: Draft Language for Committee Report of Recommended Principles for Child Welfare Rate Setting

DATE: January 13, 2010

This Memo sets forth draft language for a report of the Special Committee on Child Welfare Provider Rate Implementation setting forth the Special Committee's recommendations to the Department of Children and Families (DCF) regarding principles for child welfare rate setting.

### **DRAFT REPORT LANGUAGE**

2009 Wisconsin Act 28, the 2009-2011 Biennial Budget Act, created a new process for establishing payment rates for services provided by child welfare providers (specifically, residential care centers (RCCs) for children and youth, group homes, and treatment foster homes) that provide out-of-home care to children and youth. As part of that process, Act 28 required the Joint Legislative Council to study the implementation of this new payment system. The Special Committee on Child Welfare Provider Rate Implementation was established by the Joint Legislative Council by a mail ballot dated August 20, 2009, in response to that requirement.

The Special Committee was directed to study the implementation of the child welfare rate regulation system provided under s. 49.343, Stats. The committee was required to advise DCF on the creation of administrative rules for implementing the rate regulation system, including: (a) standards for determining whether a proposed rate is appropriate to the level of services to be provided, the qualifications of a residential care center, group home, or child welfare agency to provide those services, and the reasonable and necessary costs of providing those services; (b) factors for DCF to consider in reviewing a proposed rate; and (c) procedures for reviewing proposed rates, including rate resolution procedures for mediating an agreed-to rate when negotiations fail to produce an agreed-to rate.

The Special Committee included membership from child welfare providers, counties, child advocates, and DCF.

The Special Committee met five times from September, 2009 to January, 2010, and heard testimony from the Secretary of Children and Families and the Director of the Bureau of Permanence and Out of Home Care, DCF. In addition, the committee heard testimony from providers of treatment foster care, group home care, and care in residential care centers for children and youth. Finally, the committee received testimony from foster parents and a former foster youth.

At its January 20, 2010 meeting, the Special Committee voted to recommend the following principles for child welfare rate setting:

- Provide for high-quality individual services for children and families:
  - Support for individualized responses to the unique situations and cultures of children in the system.
  - Support recruitment and retention of experienced and high-quality staff.
  - Assess children's needs in an organized and consistent manner.
- Provide a full continuum of services from in-home family supports to inpatient hospitalization for children in need of protection and services:
  - Support success with the most challenging children by creating incentives for providers to work with them.
  - Collect and maintain robust and high-quality data on children's needs, system capacity, and cost drivers for services and providers.
- Support quality by providing financial incentives for agency efforts to integrate best practices and evidence-based standards:
  - Recognize and pay for measures that contribute to quality, including accreditation by a national accrediting body.
  - Focus on evidence-based practices such as trauma-informed care.
  - Incorporate aftercare in the rate payment amount to recognize the importance of managing transitions.
- Encourage development of new services and new providers:
  - Acknowledge start-up costs for new organizations.
  - Invest in technical assistance for new organizations or organizations with unique contributions to caring for child welfare children.

- Promote accountability for agency performance by developing thoughtful measures that ultimately connect outcomes to agency compensation:
  - Develop a standardized set of performance measures.
  - Identify factors necessary to achieve goals that are within the control of providers.
  - Allow flexibility for agencies to spend dollars in ways that work for them.
- Outline clear roles for the state, counties, and providers in developing reimbursement methodologies and determining accountability for outcomes:
  - Establish clearly defined roles for the state, counties, and providers in setting reimbursement amounts.
  - Establish clearly defined roles for the state, counties, and providers in achieving goals for high-quality services.
- Maximize alternate revenue streams, while preserving state and county financial commitment to support reinvestment in prevention and early intervention:
  - Maximize alternate revenue streams such as Medical Assistance, public health, Wisconsin Works, and education funding.
  - Reinvest savings in out-of-home care into funding for prevention and early intervention services for children and their families so that out-of-home care costs remain lower over the long term.
- Promote financing and rate-setting system integrity by ensuring sufficient administrative support for DCF and for agencies to comply with expectations of the rate-setting process:
  - Funding that fully supports the rate methodology.
  - Funding that reflects state and provider costs to collect and manage data needed to support quality child welfare funding decisions.
  - Funding that reflects DCF and agency costs to implement the new methodology.
  - Funding that reflects historical accounting of providers' cost and agency cost drivers with limits on administration costs and profit.

AS:ksm