



## WISCONSIN LEGISLATIVE COUNCIL

### Special Committee on Child Welfare Provider Rate Implementation

#### **NON-LEGISLATIVE RECOMMENDATIONS**

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 RCCs. Finally, the committee received testimony from foster parents and a former foster youth.

Throughout the course of the committee's deliberations, witnesses shared information that pointed to strengths and weaknesses in Wisconsin's current out-of-home care continuum. The committee determined that the design of a new child welfare rate-setting methodology presents an opportunity to preserve what is working and to promote positive change in areas in need of

improvement. In addition, the committee identified a number of related policy issues that impact child welfare funding and system operations that are beyond the scope of the committee's charge, yet worthy of future study.

### **Child Welfare Provider Rate-Setting Principles**

As the committee considered the most effective way to inform DCF's rate-setting process going forward, the committee identified a series of core principles, drawn from the committee members and testimony, that should guide future discussions of child welfare rate setting. These principles include both general recommendations for child welfare service delivery system, including residential care, and more specific recommendations for factors affecting the rate-setting process. In a mail ballot dated February 2, 2010, the Special Committee voted to recommend the following:

- Provide high-quality individual services for children and families:
  - Support 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.
  - Categorize providers based upon the services they offer and the profile of the clients they serve.
  - Provide clear and consistent policy expectations to all providers based upon the type and level of services they offer.
- 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 measures that contribute to quality, including accreditation by a national accrediting body that has developed child welfare standards.
  - Focus on evidence-based practices such as trauma-informed care.
  - Recognize the importance of managing transitions through services such as aftercare.

- Encourage development of new services and new providers that will address identified needs in services or capacity:
  - 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.
- 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 rate-setting system integrity by ensuring sufficient administrative support for DCF and for agencies to comply with expectations of the rate-setting process:
  - Support funding that reflects state, county, and provider costs to collect and manage data needed to support quality child welfare financing decisions.
  - Support funding that reflects DCF, county, and agency costs to implement the new methodology.
- Promote efficient expenditure of child welfare dollars, while using data and outcomes reporting to support funding necessary to deliver quality, individualized services to all children served by the out-of-home care system:
  - Advocate for funding that fully supports the rate methodology.
  - Support funding that reflects historical accounting of providers' costs and agency cost drivers with limits on administration costs and profit.
  - Advocate for funding to support implementation of best practice.
- Promote accountability for agency performance by developing performance-based contracting measures that ultimately connect outcomes to agency compensation:
  - Research and articulate models for implementing performance-based contracting.
  - 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.

### **Additional Issues for Future Legislative Study and Action**

In addition to discussions regarding rate setting, the Special Committee also received testimony and discussed issues that impact child welfare funding and the provider continuum that were deemed beyond the scope of the Special Committee. Of those items, the committee recommends further consideration of the following issues by DCF, stakeholders, and policymakers:

- *Education funding.* Under current law, education services provided in residential care are funded by counties. Possible modifications to RCC education funding include: taking dollars off the top of the school aids formula to fund residential care educational funding and Federal Individuals with Disabilities Act (IDEA) education for youth ages 4 to 21; and require Medical Assistance to fund speech and occupational therapy especially as related to IDEA education.
- *Role of group homes.* Members of the committee and providers presenting testimony concurred that there should be further study of the role of group homes in the care continuum.
- *Stabilization.* Recent changes to the funding of services provided by mental health institutes presents a need to modify statutes and administrative rules to allow for improved and more diverse community-based crisis services.
- *Certificate of need.* The change in rate setting has implications for all elements of child welfare provider business administration. One element raised for further consideration is modification to the current certificate of need process to increase flexibility in the ratio of in-state to out-of-state children to more readily accommodate requests for care that are cost neutral to the state or allow for increased state revenue.

### **Requests for Information from DCF**

In committee discussions with DCF, DCF offered to provide the following information to the legislative standing committees that have jurisdiction over child welfare issues. The committee requests that DCF provide the following information to the standing committees by December 31, 2010:

- Information on proposed changes in statute, administrative rule, or policy to address the quality of services provided by group homes.

- A written report of DCF's findings regarding per diem rates and supplemental payments for contracted out-of-home care services in each general service provider category.
- The service provider levels DCF proposes to create along with each level's per diem and supplemental payments.
- The indicators and outcomes DCF proposes for performance-based contracting.
- An outline of training DCF proposes to offer county staff and provider concerning levels of care, reimbursement rates, and performance-based contracting.

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