


Schedule 13


Department of Human Services

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-16 Child Welfare Provider Rate Increase

Dept. Approval By:  Supplemental FY 2019-20

OSPB Approval By:  Budget Amendment FY 2020-21

X Change Request FY 2020-21

Summary Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$1,617,117	\$0	\$1,622,454	\$2,549,481	\$2,549,481
FTE		2.0	0.0	2.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$1,205,149	\$0	\$1,210,486	\$1,223,751	\$1,223,751
	CF	\$0	\$0	\$0	\$509,896	\$509,896
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$411,968	\$0	\$411,968	\$815,834	\$815,834

Line Item Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$1,617,117	\$0	\$1,622,454	\$2,549,481	\$2,549,481
05. Division of Child Welfare, (A) Division of Child Welfare, (1)	FTE	2.0	0.0	2.0	0.0	0.0
Division of Child Welfare - Foster and Adoptive Parent Recruitment, Training, & Support	GF	\$1,205,149	\$0	\$1,210,486	\$1,223,751	\$1,223,751
	CF	\$0	\$0	\$0	\$509,896	\$509,896
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$411,968	\$0	\$411,968	\$815,834	\$815,834

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Human Services Prioritized Request Interagency Approval or Related Schedule 13s: No Other Agency Impact

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Department Priority: R-16
Request Detail: Child Welfare Provider Rate Increase

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	FY 2020-21	FY 2021-22
Total Funds	\$0	\$2,549,481	\$2,549,481
FTE	0.0	0.0	0.0
General Fund	\$0	\$1,223,751	\$1,223,751
Cash Funds	\$0	\$509,896	\$509,896
Federal Funds	\$0	\$815,834	\$815,834

Summary of Request:

The Department requests \$2,549,481 in total funds, including \$1,223,751 General Fund, \$509,896 cash funds, and \$815,834 federal funds in FY 2020-21 and ongoing in order to implement the provider rate increase as the result of a salary survey and actuarial analysis directed by HB 17-1292. The cash funds are local county funds and the federal funding source is Title IV-E. This is an increase of less than 1% over the Child Welfare Services FY 2019-20 appropriation.

Current Program:

The Department's Division of Child Welfare (Division), through county departments of human or social services, provides services to protect children from harm and assists families in caring for and protecting their children. The Division's programs comprise Colorado's efforts to meet the needs of children who must be placed, or are at risk of placement outside of their homes for reasons of protection or community safety.

Problem or Opportunity:

Senate Bill 16-201 (SB 16-201) mandated the Department convene a group of representatives from the State, counties, the provider community, and the Joint Budget Committee to review the rate setting process for provider compensation. The group was directed to provide the Joint Budget Committee with a report that recommended whether any changes to the rate setting process for provider compensation were advisable and, if so, a process or methodology recommendation.

House Bill 17-1292 (HB 17-1292) directed the Department to contract with an independent vendor to conduct a salary survey and an actuarial analysis of the delivery of child welfare services, and to develop a new rate setting methodology for out-of-home placement providers. Public Consulting Group (PCG) was awarded a contract through a Request for Proposal solicitation process.

The salary survey and actuarial analysis were used to develop a report defining the rate setting methodology, including the process through which the daily rate is determined by the Colorado Department of Human Services. The report was submitted to the Joint Budget Committee on April 2, 2018, as required by HB 17-1292. The report recommended that CDHS should adjust the rate structure first provided in order to comply with the passage of Family First (for more on Family First, see next page).¹

One month later, Senate Bill 18-254 (SB 18-254) was passed. SB 18-254 states that counties are not allowed to negotiate rates below the base anchor rates established by the Department. It also requires that the rate increases should be done incrementally, but be fully implemented on or before June 30, 2022, subject to available appropriations (SB 18-254 Section 6(g)). At present, the Department has fully implemented one of these increments (Phase 1) and has received an appropriation for the second increment (Phase 2) in FY 2019-20. This current request for FY 2020-21 (Phase 3).

The incremental increases of the provider rates were developed with certain program goals in mind. For example, the residential child care facility (RCCF) rate is intended to ensure that an intense level of service is utilized appropriately and for a limited amount of time. Similarly, the

¹ "Child Welfare Services Salary Survey & Actuarial Analysis: Rate Proposal." Public Consulting Group, Inc., March 27, 2018 (p. 20) "7. CDHS should adjust this rate structure and related policies to comply with the Families First Act. The Family First Prevention Services Act was signed into law as part of the Bipartisan Budget Act on February 9, 2018. PCG/L&E has provided some guidance on this recommendation but CDHS will need to take a critical look at its child welfare system to ensure compliance with the Families First Act."

family foster care rates are intended to better support foster families and the children and youth in their care, as well as to ensure children and youth are placed, when necessary, in the most family like and least restrictive setting. The goal is for Colorado to recruit more foster families and adequately support children and youth in their care, so that provider-based out-of-home settings, such as RCCFs, are used more sparingly and are more in line with their intended therapeutic purpose.

Family First Prevention Services Act

Also in early 2018, the Federal government passed the federal Family First Prevention Services Act (Family First) that requires the Department to make significant changes to Colorado’s child welfare system, including regulatory and practice changes around the use of congregate care. Family First emphasizes the importance of children and youth growing up in families and reforms the way child welfare is practiced so that children and youth can safely stay with their families and avoid the traumatic experience of entering foster care. In cases where foster care is needed, Family First helps ensure that children and youth are placed in the least restrictive, most family-like setting appropriate to their identified needs.

Through Family First, there will be a significant workload impact due to the new Qualified Residential Treatment Program (QRTP) requirements in the Act, including requirements for accreditation. Reimbursement requirements for placements in QRTPs will also be strict, as independent assessors are to determine whether or not a child or youth should be in the QRTP placement.

The Department has been preparing for the implementation since 2018, and plans to opt in by January 31, 2020, pending approval of Colorado’s Title IV-E plan by the federal Administration for Children and Families. If at that time, the Department is not compliant, the State will not be able to leverage the new opportunity for reimbursement of Title IV-E funds available through Family First implementation.

The salary survey and actuarial analysis, on which this request is based, recommended that the Department should adjust the rate structure first provided in order to comply with the passage of Family First.²

Proposed Solution:

The Department requests \$2,549,481 in total funds, including \$1,223,751 General Fund, \$509,896 cash funds, and \$815,834 federal funds in FY 2020-21 and ongoing in order to implement the provider rate increase as the result of a salary survey and actuarial analysis directed by HB 17-1292. The cash funds are local county funds and the federal funding source is Title IV-E. This is an increase of 1% over the Child Welfare Services FY 2019-20 appropriation.

Table 1 illustrates the provider rate increase since FY 2018-19.

² “Child Welfare Services Salary Survey & Actuarial Analysis: Rate Proposal.” Public Consulting Group, Inc., March 27, 2018 (p. 20) “7. CDHS should adjust this rate structure and related policies to comply with the Families First Act. The Family First Prevention Services Act was signed into law as part of the Bipartisan Budget Act on February 9, 2018. PCG/L&E has provided some guidance on this recommendation but CDHS will need to take a critical look at its child welfare system to ensure compliance with the Families First Act.”

Table 1: Provider Rate Increase				
	Total Funds	General Fund	Cash Funds	Federal Funds
FY 2018-19 ¹	\$ 19,491,840	\$ 9,356,084	\$ 3,898,367	\$ 6,237,389
FY 2019-20	\$ 10,350,000	\$ 4,968,000	\$ 2,070,000	\$ 3,312,000
FY 2020-21	\$ 2,549,481	\$ 1,223,751	\$ 509,896	\$ 815,834
Total Rate Increase	\$ 32,391,321	\$ 15,547,835	\$ 6,478,263	\$ 10,365,223

¹ Includes supplemental of \$4,908,507

Source: Child Welfare Rate Phase-In Options, Public Consulting Group, July 12, 2018, revised by Department September 27, 2018.

Cash funds are local county match and federal funds are Title IV-E.

SB 18-254 also established a Task Force to ensure appropriate delivery of child welfare services. Two of the purposes of the Task Force is to (1) develop a method through which to incentivize counties for the provision of services and placements required by Family First, and (2) establish performance and outcome measures for placements (Section 8(b-c)). In addition, the Department is required to work collaboratively with the State Board of Human Services to promulgate rules concerning rules governing the methodology by which counties may negotiate rates, services, and outcomes with licensed out-of-home placement providers, as well as incentive payments (Section 6 (a-d)). In addition to the requested increase for Family First compliant providers in FY 2020-21, OSPB recommends evaluating further increases and their alignment to Family First in future years.

Anticipated Outcomes:

The recommended rates better align to program goals and better outcomes for children and youth. Colorado, like many states, has a shortage of foster families to meet the current level of demand. The increased foster family rates are intended to better support children and foster families. Increased rates may encourage more people in Colorado to open their home and become a foster parent, allowing more children and youth to be served in family-based settings, including specialized foster homes, such as treatment foster care homes, for children and youth who have unique needs. When deemed necessary by an independent assessor, highly specialized RCCF settings (QRTP) will be better resourced and therefore available to serve children and youth with higher needs not available in specialized foster family homes.

Assumptions and Calculations:

Using the FY 2018-19 appropriation, PCG developed the rates using a three-year phased in approach to full implementation. However, the Department began using the allocation process with some modifications, including an additional year to implement the full rate increase.³ Table 2 shows past rate increases to specific types of providers.

³ Child Welfare Rate Phase-In Options, Public Consulting Group, July 12, 2018

Service Type	FY 2018-19	FY 2018-19 Supplemental	FY 2019-20	FY 2020-21	Total
CPA, Administration	\$ 776,789	\$ 4,908,507	\$ 5,051,768	\$ -	\$10,737,064
CPA, Child Maintenance	\$ 6,860,844	\$ -	\$ -	\$ -	\$6,860,844
County Foster/Kinship	\$ 3,672,429	\$ -	\$ -	\$ -	\$3,672,429
Group Home	\$ -	\$ -		\$ -	\$0
Group Center	\$ -	\$ -		\$ -	\$0
RCCF, Accredited	\$ 3,273,271	\$ -	\$ 5,298,232	\$ 2,549,481	\$11,120,984
RCCF, Non-Accredited	\$ -	\$ -	\$ -	\$ -	\$0
Total	\$14,583,333	\$ 4,908,507	\$ 10,350,000	\$ 2,257,481	\$32,099,321

The Department will continue to work with stakeholders in order to determine how future rates will be based on performance and compliance with Family First, as recommended in the PCG report.