

Budget Unit Briefs

FY 2017



Adoption Subsidy

Background

The Adoption Subsidy Program is administered by the [Department of Human Services \(DHS\)](#). The Adoption Subsidy Program is a financial support provided to families that adopt special needs children. When courts terminate the parental rights of abused or neglected children, the DHS strives to find permanent adoptive families as quickly as possible.

Populations Served

Of all children placed for adoption through the DHS, approximately 95.0% receive an adoption subsidy or are eligible for the subsidy. Subsidies are paid to eligible families until the adopted child reaches age 18, or age 21 if there is a disability. Subsidies are available if:

- The child has a special need (including a diagnosed physical, mental, or emotional disability), is harder to place due to age, is a member of a sibling group of three or more children, or is at risk of developing a diagnosed condition; and
- The state is unable to place the child for adoption without the subsidy; and
- The child was in the guardianship of the DHS or a licensed child-placing agency prior to the adoption.

Children eligible for an adoption subsidy are categorically eligible for Medicaid. The majority of children adopted through the DHS are under age six. As of July 1, 2015, 10,023 children were eligible for an adoption subsidy. This number represents a 3.6% increase in the number of cases from July 2012.

Services Provided

The Adoption Subsidy Program provides a monthly payment to parents of eligible children. Adoption subsidy rates are negotiated with families, but cannot exceed the rate the child received or would have received in foster care. Adoption subsidy and foster care rates are designed to be nearly the same in order to eliminate a disincentive by foster parents to adopt. Families may also receive:

- Up to \$500 per child to pay legal fees to finalize the adoption.
- Supplies and equipment to meet a child's needs.
- Outpatient therapy for providers not paid through Medicaid.
- Additional insurance premium costs when adding a child to private insurance.
- Up to \$500 per child when adopting a sibling group of three or more.
- Post-adoption support services.

Funding

The Adoption Subsidy Program General Fund appropriation is included in the Health and Human Services Appropriations Act, and has averaged \$37.2 million annually for the five-year period from FY 2011 to FY 2015. Federal Title IV-E of the Social Security Act, as amended, provides matching funds for the subsidy. In FY 2015, 77.0% of children whose families receive adoption subsidies were eligible for the federal match. The federal match is based on the [Federal Medical Assistance Percentage \(FMAP\)](#) used for Medicaid. The FMAP for FFY 2015 was 55.54%, but has decreased to 54.91% in FFY 2016. The adoptive family's income cannot be considered when negotiating subsidy supports. In FY 2015, the average per diem subsidy was \$21.13, which is a \$0.90 increase from the average per diem subsidy in FY 2012. Additionally, in FY 2015, the annual average cost of providing an adoption subsidy was \$7,710 per case.

Related Statutes and Administrative Rules

[441](#) Iowa Administrative Code

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More Information

Department of Human Services: <http://www.dhs.state.ia.us/>

Iowa General Assembly: <https://www.legis.iowa.gov>

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