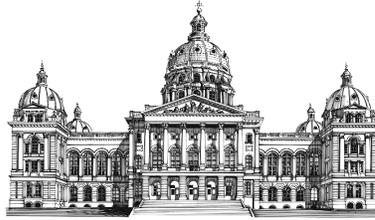

Iowa Legislative Services Agency Fiscal Services



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Shelter Care

ISSUE

This *Issue Review* examines the service of shelter care and recent initiatives to manage utilization and ensure access and availability across the State.

AFFECTED AGENCIES

Department of Human Services (DHS)
Juvenile Courts
Counties

CODE AUTHORITY

Sections 232.20-22, 232.44, Code of Iowa
441 Iowa Administrative Code, Chapter 105

BACKGROUND

Shelter care is a child welfare and juvenile justice service that provides temporary, emergency care placement for children. The placement is intended to be short-term, usually 30 days or less. Placements, other than by court order, are limited to 48 or 72 hours, depending on the circumstance. Placement is required to be in the least restrictive facility available that serves the best interests and special needs of the child. The profile of children placed in shelter care is 55.0% male and 45.0% female, with 90.0% age 12 and older.

A child may be placed in shelter care by the DHS in response to a child abuse report, a Juvenile Court may order the placement, or placement may occur if a Juvenile Court Officer believes the child has violated a dispositional order. After being an adjudicated delinquent, a child is not "sentenced," they receive a disposition from the court, which involves either probation or placement. A child in a delinquency disposition is given and must comply with a rehabilitative plan that is usually not time limited.

Law enforcement may also place a child in shelter care if the child is believed to be a runaway, has committed a delinquent act, or it is necessary to hold the child for transfer to

another jurisdiction. Statewide, 70.0% of referrals are made by the DHS, 26.0% from Juvenile Court Services, and 4.0% from law enforcement.

A child cannot be placed in shelter care until it is confirmed there is no parent, guardian, custodian, responsible adult relative, or other adult approved by the Court to provide proper care and supervision, unless there is a need to hold the child until such individual is contacted. If no suitable adult is available, family foster care must be considered before shelter care placement unless the child has problems that require specialized service or supervision that cannot be provided in foster care.

FUNDING AND PROVIDER PAYMENTS

Shelter care is funded with a combination of State, federal, and county funds. State funding is provided through an allocation from the Child and Family Services appropriation in the annual Health and Human Services Appropriations Act. The combined State and federal budget is an estimated \$9.1 million for FY 2007.

Federal funds for children eligible for Title IV-E will cover 16.0% of the estimated State expenditure for shelter care in FY 2007. It is estimated that 25.58% of children in shelter care will be IV-E eligible at a federal match rate of 62.39%.

Currently, there are 459 licensed shelter care beds in the State and 410 are distributed among 22 providers that have contracts with the DHS to provide shelter care. The DHS is required to guarantee payment for 273 beds daily statewide. Guaranteed means the beds are paid for by the State whether used or not. **Attachment A** provides the licensure capacity, as well as the number of guaranteed beds for each contracted provider for FY 2007.

The General Assembly sets both the daily maximum payment and the State share of the maximum payment that may be paid to shelter care providers for each bed in the annual Health and Human Services Appropriations Act. For FY 2007, the daily maximum payment is set at \$135.44 or a provider's actual and allowable cost, whichever is lower. The State share of that maximum rate is \$88.79 or a provider's actual and allowable cost, whichever is lower. If a provider's actual daily cost per child is \$88.79 or lower, the State pays the full actual cost. If the actual and allowable costs exceed \$88.79, providers may bill counties for the remaining cost up to \$46.65 per day. Examples of two hypothetical scenarios for this follow.

For the first example, if a provider's actual daily cost per child was \$120.00, the State would pay \$88.79 of the cost, and the provider could bill the county for the unpaid difference of \$31.21 to cover the full amount of the actual cost of \$120.00, which is less than the set maximum. A second example is if a provider's actual daily cost per child was \$150.00, the State would pay \$88.79; however, the provider could only bill the county for \$46.65 of the remaining cost of \$61.21 because the set maximum is \$135.44 and cannot be exceeded.

The statewide average actual and allowable maximum rate for FY 2005 was set at \$130.34, which was no change compared to FY 2004. The rate was increased by \$2.59 to \$132.85 in FY 2006 and again by \$2.59 to \$135.44 in FY 2007. Both of these increases were accounted for by increasing the State share of this maximum allowable payment, while the county share remained constant over this period at \$46.65 in order to hold counties harmless from increases in shelter care costs. According to the DHS, the statewide average and actual cost of shelter care was calculated to be \$150.26 for FY 2007, but this was limited to a total of \$135.44 by language in HF 2734 (FY 2007 Health and Human Services Appropriations Act).

Counties do not pay for any portion of guaranteed beds that are not used. The total amount paid by counties statewide for shelter care beds utilized in FY 2006 was requested for this *Issue Review*; however, because the DHS is not part of the payment process between shelters and counties, the Department does not have access to this information. The Iowa State Association of Counties (ISAC) also was unable to provide this information.

SHELTER CARE UTILIZATION

In both FY 2003 and FY 2004, shelter care expenditures exceeded the amount allocated in the annual Health and Human Services Appropriations Act. The amount allocated in these years was sufficient to fund an estimated daily average of 280 beds; however, actual use was higher than this. The average length of stay was 43 days in FY 2003 even though placement is intended to be 30 days or less.

In FY 2003, a supplemental General Fund appropriation of \$3.0 million was provided for shelter care, and in FY 2004, funds for other child welfare services, such as family-centered services, were reduced to manage the increase in shelter care costs without the provision of additional funds.

Several factors contributed to over-expenditures in these years, including an increase in admissions, as well as an increase in the average length of stay. The increase in utilization was driven by several issues, including a need for better discharge planning and assessments regarding the appropriateness of placement, as well as reductions in community-based alternatives due to budget challenges experienced by the State in these fiscal years that also led to waiting lists for Group Care. There were also longer waiting periods for placement in foster care and Psychiatric Mental Institutes for Children (PMICs).

The 2004 General Assembly and the DHS both initiated policy and practice changes to manage utilization and expenditures. The General Assembly provided an additional \$4.5 million for Group Care in HF 2298 (FY 2005 Omnibus Appropriations Act) to decrease waiting lists that were contributing to increased lengths of stay in shelter care. The DHS focused on better discharge planning and the provision of alternatives to shelter care, including the increased use of diversion programs, such as crisis intervention, day programming, and relative placements.

IMPACT OF POLICY CHANGES

The policy and practice changes implemented to manage shelter care utilization and expenditures beginning in FY 2005 also impacted the shelter care infrastructure, which may have contributed to two shelters closing and others considering closure. One of the shelters that closed was replaced by another provider in the same county.

The 2005 General Assembly and the DHS began to examine additional policy changes for FY 2006, trying to achieve and balance several goals, which included ensuring that shelter care beds be available when placement is necessary and that alternatives be used when appropriate and available; achieving financial stability for shelter providers; responding to the variation in shelter demand; and managing shelter care funds within the allocated amount to ensure efficient use of funds in the overall Child and Family Services budget.

There was legislative support for a DHS proposal to issue a Request for Proposal (RFP) process for contracting with shelter care providers for a certain number of guaranteed payment beds that would be paid for daily regardless of use, giving some financial stability to providers. An additional

number of beds would also be contracted to ensure greater capacity on days of higher utilization; however, these beds would only be paid for when used.

House File 825 (FY 2006 Health and Human Services Appropriations Act) required the DHS to issue the RFP and 22 providers received contracts to provide shelter care for 340 beds statewide, with 246 guaranteed for payment and 94 that would be paid for only when used. The balance between the number of guaranteed and non-guaranteed beds was designed to provide a statewide daily average of 273 beds, with the flexibility to go above or below 273 each day.

In October 2005, the Administrative Rules Review Committee received comments from advocates, as well as legislative testimony, regarding the RFP language in HF 825 and the number of guaranteed beds. The Act did not require any specific number of beds be guaranteed; however, the testimony indicated that the intent was for 273 beds to be guaranteed for payment on a daily average basis. The DHS renegotiated the 22 contracts so that a daily average of 273 guaranteed beds could be funded over the course of the fiscal year. This obligated all but \$200,000 of the \$7.4 million allocation for shelter care in FY 2006.

In FY 2006, the State spent \$1.1 million on guaranteed, unfilled shelter care beds. To date, for FY 2007, a total of \$422,374 has been spent on guaranteed, unfilled beds through November 2006. It is anticipated that approximately \$972,000 will be spent on unfilled beds in FY 2007, which is approximately 30 empty beds per day. The average daily number of children in shelter care has been decreasing since FY 2004 from a high of 386 to a low of 242 in FY 2006. The table below shows the daily average number of beds actually used from FY 2003 to estimated FY 2007.

Shelter Care Daily Average Bed Utilization				
FY 2003	FY 2004	FY 2005	FY 2006	Est. FY 2007
355	386	266	242	245

DHS RECOMMENDATIONS

House File 2734 (FY 2007 Health and Human Services Appropriations Act) required the DHS to submit an emergency service plan to the Health and Human Services Appropriations Subcommittee by December 15, 2006, to identify crisis intervention and emergency service alternatives to shelter care, and the number of guaranteed and non-guaranteed shelter beds deemed necessary as determined by the DHS. The Report may be accessed on the DHS web site at:

<http://www.dhs.state.ia.us/docs/>. In summary, the DHS recommendations are as follows:

- The DHS will form analysis groups that include service providers and other key stakeholders to identify and review departmental and other State policies and shelter practices that are barriers to alternatives to congregate shelter care or may create an over-reliance on shelter care when other services are more appropriate. The groups will also assess current licensure requirements.
- The State should continue to maintain the number of beds that provides some fiscal certainty for shelter providers and allows beds to be broadly accessible geographically; however, the number of guaranteed shelter beds should be reduced by a total of 24 over a two-year period, with a reduction of 12 beds in each of 2008 and FY 2009.
- The savings from reducing the number of guaranteed beds may be reinvested in the Child Welfare System to enhance emergency services through the development of new services or the expansion of existing ones.

BUDGET IMPACT

The General Assembly may wish to review the statewide daily shelter care census when making budget decisions for FY 2008 to maximize the use of funds within the Child Welfare budget.

The DHS proposal to reduce the number of guaranteed shelter beds by a total of 24 over a two-year period, or 12 beds each year in FY 2008 and FY 2009, would result in a projected savings of approximately \$400,000 in FY 2008 and \$800,000 in FY 2009. Additional bed reductions could be made in subsequent fiscal years after examining annual shelter care daily census reports.

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<http://www.legis.state.ia.us/lsadocs/IssReview/2007/IRLRB000.PDF>

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ATTACHMENT A

**Shelter Care Provider Contracts
for Guaranteed Beds - FY 2007**

Shelter	Licensure Capacity	Contract Beds
American Home Finding Association, Ottumwa	15	14
Black Hawk County Youth Shelter, Waterloo	15	8
Children's Square, Council Bluffs	22	15
Clarinda Academy Shelter	30	15
Crittenton Center, Sioux City	27	24
Kinsman Family Resources, Davenport	15	11
Foundation 2, Inc., Cedar Rapids	15	11
Four Oaks, Indpendence	21	15
Four Oaks, Iowa City	14	10
Francis Lauer, Mason City	16	10
Hillcrest, Dubuque	23	13
Woodhaven, Lutheran Services in Iowa, Waverly	10	8
Polk County Youth Services, Des Moines	20	18
Quakerdale, Manning	14	7
Quakerdale, Newton	15	10
South Central Youth and Family Services Commission, Indianola	10	8
Rosedale, Ames	15	11
Youth and Emergency Shelter Services (YESS), Des Moines	60	24
Forest Ridge Boys, Estherville	9	7
Forest Ridge Girls, Estherville	10	9
Youth Services of Linn County, Cedar Rapids	14	13
Youth Shelter Care of Central Iowa, Ft. Dodge	20	12
Total	410	273