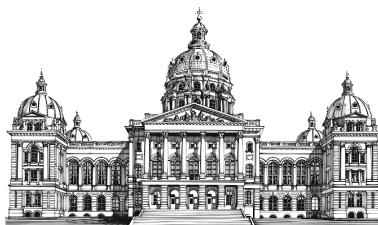

Iowa Legislative Fiscal Bureau

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Child Welfare Services: Status Report

ISSUE

An update on implementation of the major changes in child welfare services and the progress of committees the General Assembly established to study issues that were unresolved during the 1994 session. A subsequent *Issue Review* will discuss issues related to services for delinquents, including the new community and school-based services and "boot camps."

AFFECTED AGENCIES

Department of Human Services

Judicial Department

CODE AUTHORITY

Senate File 2313 (Human Services Appropriations Bill)

BACKGROUND

A number of changes in child welfare services were approved during recent legislative sessions.

- The number of children in group foster care was limited, and regional planning groups were established to coordinate services.
- Family preservation and other counseling services were substantially expanded, reducing the need for group foster care.
- Clinical Assessment and Consultation Teams (CACT) were established to review the need for counseling and residential services.
- Most child welfare services were qualified for Medical Assistance funding, allowing Iowa to qualify for millions of dollars in additional federal funding.

Several child welfare issues were still unresolved at the end of the 1994 session. These include:

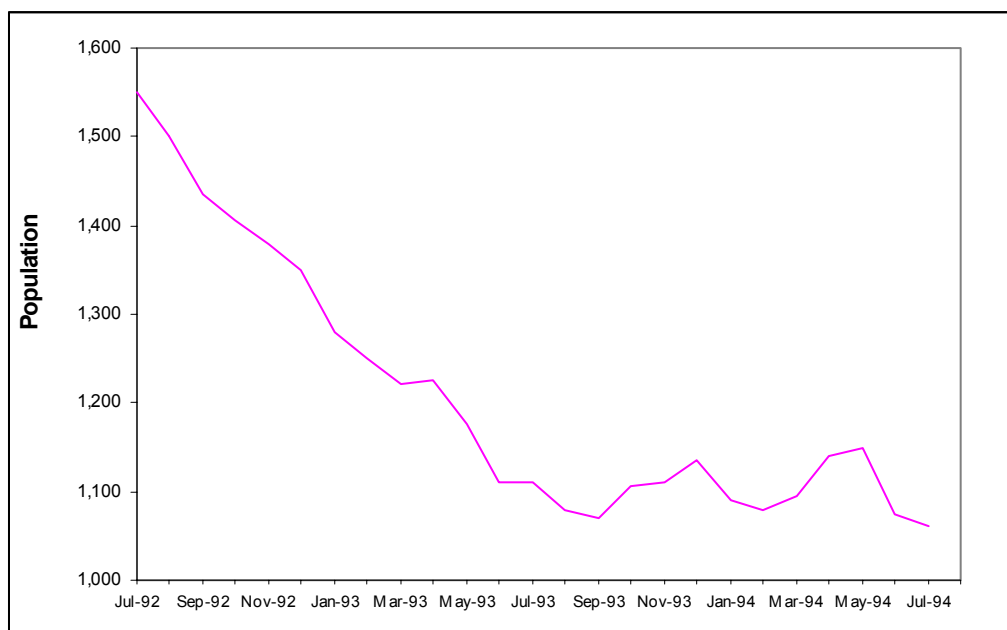
- Defining the appropriate peer review process for children in Psychiatric Medical Institutions for Children (PMICs).
- Streamlining the paperwork that services providers must complete to receive reimbursement from the Medicaid Program.

CURRENT SITUATION

RECENT CHANGES IN CHILD WELFARE SERVICES

Group Foster Care Cap: The maximum number of children who could be placed in group foster care during FY 1994 was 1,350. The average actual number of placements during this period was 1,097, 253 (18.7%) less than the statutory maximum. This continues the trend started in FY 1993: the cap that year was 1,405, and the average actual number of placements was 1,312, 93 (6.6%) less than the maximum allowed. The number of placements has been stable since June 1993, remaining close to the 1,100 level. Information provided by staff of the Judicial Department and the DHS indicates there are not significant numbers of children adversely affected by the cap.

Group Care Average Daily Population



The DHS has recommended reducing the group foster care cap in FY 1996 from 1,350 to 1,270. This reduction probably would not have a significant impact upon placement decisions. The number of placements during the first two months of FY 1995 averaged 1,062 children.

Family Preservation Services: These services are available to families with a child who is either at imminent risk of an out-of-home placement, or has been in placement for 60 days or less and could return home with highly intensive in-home services. Eligibility is determined by a CACT.

The number of families receiving these services has substantially increased in recent years. Due to the success of the Medicaid Children's Services Initiative, the amount of State funds spent on

these services will decrease in FY 1996. The following table shows the increase in families served by this Program and the State cost of these services.

<u>Fiscal Year</u>	<u>Families Served (Monthly)</u>	<u>State Cost</u>
1992	246	\$ 3,874,773
1993	302	5,129,177
1994	NA	2,660,888
1995	447	5,499,241
1996	447	3,463,916

Additional CACT for Managed Mental Health Care (MMHC): The DHS requested funding for creation of an eleventh CACT, including an appropriation for child welfare services. However, this new CACT is on hold due to litigation challenging the award of the contract for the MMHC initiative: a District Court ruling has ordered the DHS to redo the process by which Value Health Systems was selected. This ruling will further delay implementation of the MMHC initiative, and delay the need for the additional CACT.

Implementation of the Medicaid Children's Services Initiative: Historically, the child welfare budget has been funded through a combination of State and federal dollars. In FY 1994 the DHS started a project to access federal Medicaid funding through the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program. This project allows the State to bill the Medicaid Program for a wide variety of social work services provided to Medicaid-eligible children.

The Initiative has been very successful at bringing federal Medicaid money into Iowa. This has allowed State funds to be used to accelerate the shift of dollars previously spent on out-of-home placements, while at the same time addressing basic needs that assist in keeping families together.

PENDING ISSUES

Peer Review for PMIC Services: During the 1994 Legislative Session the DHS recommended transferring responsibilities for peer review of the need for PMIC services from the Iowa Foundation for Medical Care (IFMC) to the 10 regional Clinical Assessment and Consultation Teams (CACTs). After considerable discussion this issue was referred to a Committee established by the Legislature. The Committee was charged with advising the DHS Director, who is responsible for making the final decision. The Committee has met three times, and DHS Director Charles Palmer will issue his decision by the November 1 deadline.

Streamlining Paperwork for Providers: The Medicaid Children's Services Initiative implemented in FY 1994 has brought \$45.1 million additional federal dollars into Iowa for expanded child welfare services. However, there has been considerable legislative interest in the additional paperwork burden that the Initiative places upon service providers. A Committee established by the Legislature is working on streamlining the paperwork required of providers. Some changes in forms and administrative rules are expected.

ALTERNATIVES

The General Assembly may wish to consider whether the statutory cap on group foster care should be reduced. This could allow money to be transferred to other areas in FY 1995, and would reduce the appropriation needed in FY 1996. It appears that the cap could be reduced significantly more than the 80 beds the DHS has recommended for FY 1996. Continued close monitoring of group foster care populations and expenditures is recommended.

BUDGET IMPACT

The implementation of the Medicaid Children's Services Initiative has resulted in the receipt of more federal Medicaid dollars than had been budgeted for FY 1994; it is likely that this will also be the case in FY 1995. These additional federal dollars were responsible for an approximately \$3.0 million reversion to the General Fund. The following table shows the actual federal receipts for child welfare services in FY 1993 and FY 1994, and the projected receipts for FY 1995 and FY 1996.

<u>Year</u>	<u>Federal Medicaid Dollars</u>
FY 1993	NA
FY 1994	\$ 14,173,162
FY 1995	\$ 45,122,139
FY 1996	\$ 45,122,139

The group foster care population continues to be substantially below the level upon which the FY 1995 appropriation was developed. Each group foster care placement costs an average of \$37,000 annually. The appropriation for Children and Family Services can be reduced if the FY 1995 population average is 1,100 instead of the 1,270 used in computing the DHS FY 1996 request.

The Legislative Fiscal Bureau publishes a quarterly report on DHS caseloads that provides information on group care placements.

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