



Legislative Budget Board Hearing

Texas Department of Family and Protective Services (DFPS)

Legislative Appropriations Request (LAR)

September 22, 2016

I am Nancy Holman, Executive Director of the Texas Alliance of Child and Family Services (Alliance), a statewide association representing organizations that provide services and treatment to children in the conservatorship of the Texas Department of Family and Protective Services (DFPS). I serve with several members of the Alliance Board of Directors on the Public Private Partnership (PPP) Committee which monitors implementation of Foster Care Redesign. The Alliance priorities for additional funding focus on the service delivery system for foster care and include the following exceptional items.

Exceptional Item 7: Further Improve High Quality Care for Children in Foster and Kinship Care (Placeholder)

The Alliance will submit recommendations to adequately fund and structure foster care rates to improve capacity and the quality of care for foster children. We are sharing information with DFPS as we develop a rate package for foster care that will address five categories of need, including:

COMPONENTS OF RATE PACKAGE

1. Improving Capacity and Services to High Needs Children

RESIDENTIAL RATES: Residential treatment center rates at the intense and specialized level are substantially lower than rates paid for those services in other states. We do not believe the current cost data adequately represents the expense incurred to serve this very high need population. We will develop a proposal to improve funding residential treatment centers for the next biennium that stabilizes and improves resources to these facilities. Our goal will be to reduce the escalation in child specific contracts.

EXTEND REVIEW PERIOD: These recommendations will include a request to extend the Youth for Tomorrow (YFT) review period for Intense and Specialized children from 90 days to six months. This is a desk review of the child's file to determine if behavior has improved and usually results in a drop in the service level that results in a substantial drop in the daily rate paid for care.

Extending the review period will stabilize funding for these high risk placements. Other states have similar mechanisms to acknowledge that services and payments should remain intact for a time period, even when behaviors have improved.

FUND PILOTS TO EXPAND SERVICE OPTIONS FOR HIGH NEEDS CHILDREN: DFPS is proposing several new programs to expand options to address the needs of high needs children. These are not revenue neutral proposals and require funding to succeed. The Integrated Case Coordination Program targets the highest need children and vests responsibility for accessing and coordinating care and placements with a single accountable contractor. The Treatment Foster Care Model provides intensive treatment foster care as an alternative to residential treatment settings. This model provides highly skilled intensive care that cannot be met in our existing foster care settings.

Both proposals bring new targeted options to enhance support for this challenging population in foster care. Combining targeted options with improving support for the entire service delivery system will result in improvements for these children.

2. Funding Cost Deficits Documented by Cost Reports and Relative to Foster Care Rates in Other States

The HHSC Consolidated Budget that will be released in October, will provide updated data on the percent of rate change needed to fully fund the foster care rate methodology for all providers and service levels. A proposal to increase base funding for the system will be part of the rate package, and will be developed after the Consolidated Budget is released.

The previous Consolidated Budget noted that a 21.67% rate change was needed to fully fund the methodology for the current biennium for all provider types. There have been additional unfunded requirements placed on providers since that analysis through contract, policy, and regulatory requirements. Consequently, we anticipate the cost report analysis will support a similar continued need for additional funds to adequately address the expense of providing quality services to children in foster care.

We have analyzed funding in other states for Residential Treatment Centers and the retainage rate paid to Child Placing Agencies (CPAs) and that data will be brought forward as well to support our request.

3. Incentive Funding Linked to Contract Outcomes

There is a voluntary demonstration underway in the legacy system of foster care that is testing the use of performance measures in residential contracts. These measures are being carefully crafted to represent those activities exclusive to the contractor's control and responsibility. That limits the scope of what can be measured and we are still grappling with the challenges of consistent data between private providers and the state system.

Despite these challenges, there is a workgroup developing a proposal to link some incentive funding to achieving certain contract outcomes. We believe this funding can be a component of the rate package and will serve to prepare the legacy system for the stronger performance based system that is incorporated in foster care redesign. Given the accelerated timeline proposed by DFPS to rollout out foster care redesign statewide, we believe that is ultimately the best way to move to an effective performance based contracting system that includes financial incentives.

4. Unfunded Federal Mandates from Department of Labor (DOL) and Federal Reform Legislation

HHSC will also submit a package analyzing the cost of implementing the new DOL overtime regulations for all HHSC service providers. This regulation will have substantial financial impact on foster care providers and we urge the leadership to address the issue if the regulation takes effect on December 1, 2016.

In addition, Federal reform legislation would impose substantial additional cost on qualified residential treatment programs as defined in the legislation. If the legislation passes, these costs would also need to be addressed.

5. Revise Rate Methodology

The Alliance also recommends a rider be included in the upcoming budget that reviews and revises the rate methodology used to establish rates for 24 hour residential child care. The methodology has not had a comprehensive review for 15 years. There has been a substantial increase in requirements and responsibilities over that time period that may not be properly reflected in the current cost reporting/methodology. A review of the level of service, including a possible transition to the CANS system for leveling and reviewing children should be included in the study.

Exceptional Item 4: Strengthen and Expand High-Quality Capacity and Systems in the Foster Care System

Each component of this exceptional item is critical to addressing the capacity crisis in Texas. They include the following:

EXPAND FOSTER CARE REDESIGN TO 8 NEW CATCHMENT AREAS: The accelerated rollout of Foster Care Redesign will signal a commitment to the project to create a community based system of care that is accountable for quality outcomes which are achieved through enhanced contractor authority. The SSCC is charged with developing the capacity necessary to meet the needs of every child referred to him for placement in the catchment area. In addition, the SSCC maintains the placement capacity for children from that catchment area. This management of capacity is a substantial change from existing placement practice and is key to a successful transformation in Texas from scattered placements to community placements. We strongly support funding this exceptional item request.

ENHANCE PROVIDER PLACEMENT CAPACITY BY DEVELOPING REAL-TIME TRACKING PORTAL AND IMPROVE DATA SHARING CAPABILITY: Information regarding placements, including occupancy and need, is critical to assist providers in building capacity where it is needed. The real-time tracking portal will assist with the efforts to improve information sharing about placement need.

The funds to improve data sharing capability are critical to transforming to a successful performance based system. Conflicted data undermines the accuracy of measures and the drive toward quality. Improving interoperability of state and private data systems will improve efficiency and reduce the cost of data sharing.

PURCHASE RESERVED BED CAPACITY FROM RESIDENTIAL TREATMENT CENTERS: This is part of the management of capacity that is critical to transforming our system away from scattered placements.

Exceptional Item 1e: Adequately Support Foster Care Redesign (all costs) for Existing Regions 3B and 2C

The existing Single Source Continuum Contractor (SSCC) in catchment 3B has worked diligently with DFPS to identify and fund all the functions and responsibilities contractually required of the SSCC. It is critical that these identified costs be fully funded before an accelerated rollout of the reform. The Alliance strongly supports this funding request.

Thank you for the opportunity to comment on the Department's funding request.

For additional information contact:

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