

Nebraska Children's Commission
Foster Care Reimbursement Rate Committee



**Recommendations to the Nebraska Children's
Commission and the Health and Human Services
Committee of the Legislature**

July 2024

Submitted Pursuant to Neb. Rev. Stat. §43-4216

Contents

Executive Summary.....	3
Nebraska Reimbursement Rate Recommendation Fact Sheet.....	5
Foster Care Reimbursement Rate Committee.....	6
Foster Parent Reimbursement Rates.....	7
Assessment Tool Recommendations:	Error! Bookmark not defined.
Reimbursement Rate Changes.....	8
Proposed Essential Foster Care Reimbursement Rate	8
Tiered Rate Structure.....	8
Specialized Rate	9
<i>NEW</i> Specialized Level of Responsibility Rate for Foster Parent Caregiver	Error! Bookmark not defined.
Agency Support Rates.....	8
Recommended Agency Support Proposed Rate.....	11
Treatment Family Care.....	10
Treatment Family Care Service Description.....	Error! Bookmark not defined.
Treatment Family Care Rate Recommendations.....	12
Adoption Assistance Pilot	12
Assistance Agreement Recommendations	Error! Bookmark not defined.
Appendix.....	13
Member List.....	13
Statute.....	13
FCRRC Historical & Nebraska Foster Care Rate Timeline.....	13
Nebraska Caregiver Responsibility Tool.....	13
Nebraska Permanency Resource Responsibility Tool	13
Foster Parent Survey Results	13
Essential Rate Formula.....	13
Agency Administration and Support Rate Formula	13
Agency Expectations for Tiered Levels of Responsibility.....	13
TFC Service Definition & Rate Recommendations.....	13

DRAFT

Executive Summary

The Foster Care Reimbursement Rate Committee (FCRRC) of the Nebraska Children’s Commission (Commission) was created pursuant to Neb. Rev. Stat. §43-4216 for the purpose of making recommendations in the following areas: foster care reimbursement rates, the standardized level of care assessment, and adoption assistance payments. The FCRRC must review and make recommendations to the Health and Human Services Committee of the Legislature every four years.

The FCRRC monitors and makes recommendations regarding the service array for foster care across both child welfare and juvenile justice, including the appropriate reimbursement rates for agencies supporting foster homes (licensed child placing agencies) and foster parent caregivers. Statewide, there are 4,288 as of 12/5/2023 children and youth in out-of-home care or trial visits.

Since 2019, DHHS has increased their rates each year, and the FCRRC appreciates and commends the agency for this action. Due to the rate of inflation in recent years, the 2% increase previously recommended has not kept up with the costs of providing minimal needs to youth in care. Nationally, the Bureau of Labor¹ has identified that in 2022, the inflation rate was 8.4% and estimate that inflation will be at least 4% or higher in the coming years. In 2023 testimony from DHHS, they identified that the inflation rate would be 5% to increase provider rates, and the FCRRC has used this rate in the recommendations to align with DHHS as Nebraska works to adequately reimburse foster parents and agencies for caring for youth.

Previous recommendations included a fourth tier of reimbursement for specialized caregiving and adoption of the Nebraska Caregiver Responsibility Tool have been implemented by DHHS, and they have gone on to implement a fifth tier of reimbursement as well. The FCRRC believes these implementations have made foster care services more equitable throughout the state and provided a baseline for standardized reimbursement for higher needs youth. Medicaid continues to work through implementation of therapeutic family care, and the FCRRC and DHHS continue to partner is finding ways to make Therapeutic Family Care more accessible to youth in Nebraska to prevent placement disruptions or higher levels of care needed.

The FCRRC also recognizes efforts being done through the work of LB1173 through The Stephen Group in collaboration agencies and stakeholders in Nebraska to establish a child welfare practice model as well as a finance model to support Nebraskan families. At the time of this report, the final recommendations have not been adopted from this work, however, the FCRRC supports any additional recommendations or efforts that better support foster parents and agencies outside of what is recommended within this report.

¹ US Bureau of Labor Statistics. (2023, December, 5) Consumer Price Index, Calendar Year Historical, 2018-2022. https://www.bls.gov/regions/southwest/data/consumerpriceindexcyhistorical_southwest_table.htm.

Recommendations

1. **The FCRRC recommends the Foster Parent reimbursement rates be adjusted for a 5% inflation over the next six years.** An inflation increase to the foster parent reimbursement rates and the agency supported foster care rates to span until the 2029 legislative session immediately following the report due in 2024. Recommended rates are detailed on [page 5](#).
2. **The FCRRC recommends DHHS Divisions of Medicaid and Long Term Care and Children and Family Services adopt the recommendations surrounding the Therapeutic Family Care service definition and rate structure created in 2019.** In 2019, the FCRRC created a service definition and rate structure for Therapeutic Family Care and recommended DHHS adopt this definition. In 2023, the Division of Medicaid and Long Term Care created the service and rate structure that adopted some of the 2019 report. For all youth in care to benefit from this service, the recommendation remains that DHHS adopt the original definition provided by this committee. The FCRRC recognizes that the current Therapeutic Family Care implementation plan does not have rates surrounding foster care rates, but would encourage DHHS to review this as youth qualifying for the service require skilled caregivers and should be reimbursed for their efforts to stabilize them.
3. **The FCRRC recommends updates to the Nebraska Administrative Code 479, Chapters 7 & 8 specific to the Guardianship and Adoption Assistance programs increase request and appeal process to ensure equitable access to services and support to all children subject to assistance agreements.** The Administrative Code should be updated to clarify that all assistance agreements (adoption and guardianship), regardless of funding source (federal or state), must have a means to provide each caregiver the ability to request a maintenance rate increase and the ability to appeal the determination by DHHS, in accordance with the Administrative Appeals Act.

Nebraska Reimbursement Rate Recommendation Fact Sheet

Nebraska Foster Parent Proposed Essential Rates compared with current daily and annual rates effective July 1, 2023. The increases are proposed to span 2020 until 2025.

AGE	DAILY	PROPOSED DAILY	ANNUAL	PROPOSED ANNUAL
0-5	\$25.59	\$27.44	\$ 9,340.35	\$10,015.60
6-11	\$29.42	\$31.56	\$ 10,738.30	\$11,519.40
12-18	\$31.97	\$33.61	\$ 11,669.05	\$12,267.65

Nebraska Foster Parent reimbursement rates for tiered caregiving responsibilities according to age and need of children. The table below compares the current daily rates (effective July 1, 2023) with the proposed daily rates. Each column increases by \$10.07/day consistent with current tiered rate distribution.

AGE	ESSENTIAL	PROPOSED ESSENTIAL	ENHANCED	PROPOSED ENHANCED	INTENSIVE	PROPOSED INTENSIVE
0-5	\$25.59	\$27.44	\$35.16	\$37.51	\$44.75	\$47.58
6-11	\$29.42	\$31.56	\$39.00	\$41.63	\$48.61	\$51.70
12-18	\$31.97	\$33.61	\$41.56	\$43.68	\$51.16	\$53.75

AGE	INTENSIVE PLUS	PROPOSED INTENSIVE PLUS	SPECIALIZED	PROPOSED SPECIALIZED
0-5	\$60.30	\$64.19	\$83.43	\$88.92
6-11	\$64.67	\$68.31	\$88.58	\$93.04
12-18	\$67.02	\$70.36	\$90.64	\$93.91

Agency Support Proposed Rate

LEVEL OF RESPONSIBILITY	AGENCY SUPPORT RATES EFF. 7/1/23	JUVENILE PROBATION	PROPOSED AGENCY SUPPORT RATE
ESSENTIAL	\$27.83		\$40.91
ENHANCED	\$36.02		\$50.53
INTENSIVE	\$49.57	\$48.00	\$61.03
INTENSIVE PLUS	\$64.02	\$83.00	\$77.97
SPECIALIZED	\$85.49		\$89.76

Daily rate paid to the licensed child placing agency to support the foster family.

Foster Care Reimbursement Rate Committee

The Foster Care Reimbursement Rate Committee (FCRRC) of the Nebraska Children’s Commission (Commission) was created pursuant to Neb. Rev. Stat. §43-4214 for the purposes of making recommendations related to the statewide standardized level of care assessment and foster care reimbursement rates. A listing of FCRRC members and workgroup members can be found at [Appendix ___](#). The FCRRC provided its most recent recommendations to the Commission and Health and Human Services Committee of the Legislature in June 2020 and has continued to work to monitor and review the implementation of its recommendations. The FCRRC was tasked with submitting a report on July 1, 2016, and every four years thereafter pursuant to Neb. Rev. Stat. §43-4217 to satisfy the July 1, 2024 reporting requirement.

History & Background

The FCRRC first began working on foster care reimbursement rates following its creation in 2012. The FCRRC and the work charged to it are products of LR37 (2011), a legislative study created to review, investigate, and assess the effects of child welfare reform. LR37 found that foster parent compensation in Nebraska was inconsistent and lacking in a statewide standard. These findings indicated a need to create a basic statewide rate for compensation.

As a result of the LR37 study, the FCRRC was established by LB820 in 2012. At the time, Nebraska foster care rates were among the lowest in the nation. LB820 (2012) required the creation of base rates for foster parents and for the parents to be paid directly, instead of through child placing service agencies. The FCRRC did significant work to ensure that the new base rates and direct payment to foster parents were adequate to recruit and retain quality foster homes and would not have an adverse impact on the agencies that provide foster parent support.

The FCRRC was continued in 2013 by LB530, which required the FCRRC to create a standard statewide assessment tool and foster parent reimbursement rates. The FCRRC released its legislative report containing the rate recommendations, Nebraska Caregiver Responsibilities Assessment Tool, and other recommendations to monitor the implementation process. The FCRRC has continued to monitor implementation of the rates and tool, accept additional assignments from DHHS and the Commission, and work to create its legislatively required report.

In 2023, the Stephen Group created a Finance Model recommending that a provider rate setting process be created for all child welfare rates. The FCRRC would support a third party analysis of rates, including foster parent and provider rates to rebase payments.

Rate Change Timeline

- 2012 FCRRC submitted their first legislative report. FCRRC recommended the rate structure and methodology in use today. Until 2012, no formal foster care rate study had been completed and the rates, then frozen since the 1990s, were amongst the lowest in the nation.
- 2013 Legislation was passed and signed into law enforcing the use of the recommended rates proposed by the FCRRC in 2012.
- 2014 Tiered caregiving responsibility levels “Essential, Enhanced and Intensive” rates were implemented statewide for all foster parents caregiving for children in state custody.

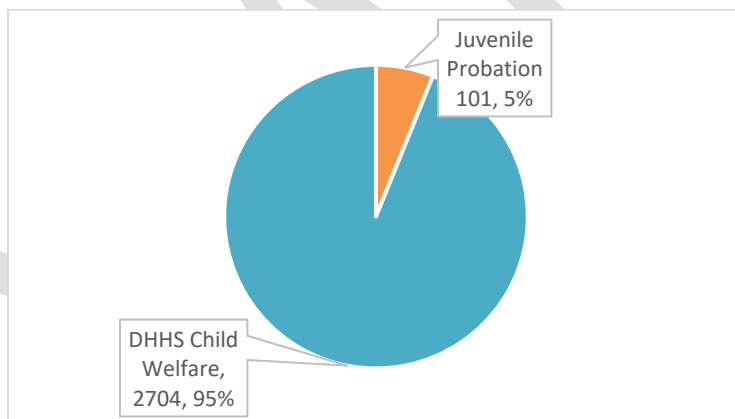
DRAFT REV. 12/5/2023

- 2019 DHHS implemented an ‘across the board’ 2% rate increase for all services including the essential, enhanced and intensive rates for foster care.
- 2021 Senator Walz introduced LB100 legislating DHHS implement a two-percent increase to foster care reimbursement rates for fiscal years 2021-2022 and 2022-2023.
- 2023 DHHS implemented a two-percent increase for foster care reimbursement rates for fiscal year 2023-2024.
- 2024 FCRRRC’s fourth legislative report is due July 1, 2024.
- 2025 In order for changed rates to be implemented, legislation must be introduced in the 109th Legislature, 1st session.
- 2026 If passed, rates would likely go into effect at the beginning of fiscal year 2026.

Nebraska Foster Care Data

The Nebraska Department of Health and Human Services reported¹ there were **2,704 children** placed in foster care (licensed, relative and kinship homes).

According to the Administrative Office of the Courts & Probation², the Juvenile Services Division serves **101** youth through out of home placement in foster care.



Foster Parent Reimbursement Rates Intended Scope of Reimbursement

The reimbursement rates described in this section include the reimbursement rates to foster parents for the care of children and youth in foster care ages 0-18. This would include expenses such as housing, food, transportation, clothing, educational and extracurricular expenses. The majority of children in foster care are eligible for Medicaid and/or the Child Care Subsidy Program, therefore health care and child care costs are not typically provided by foster parents.

¹ DHHS Division of Children and Family Services CFS Point in Time Dashboard Summary Report 5-Dec-23 <https://dhhs.ne.gov/Reports/CFS%20Current%20Number%20of%20Children%20Served%20-%202023.pdf>

² Foster Care Review Office Data Dashboard Placement 5-Dec-23 https://fcro.nebraska.gov/data_dashboards.html

The rates are recommended for all children and youth in foster care in both the child welfare and juvenile justice systems.

Methods and Research

The FCRRC divided the work into three workgroups comprised of state and child placing agency representatives, foster care and foster parent advocates and stakeholders. The recommendations contained herein are based on federal reports, Nebraska foster care data, use of past formulas and historical information, national and border state research, surveys with foster parents and foster care agencies and Juvenile Probation.

Reimbursement Rate Changes

Essential Rate

The essential rate is the minimum rate of reimbursement for which all tiered levels of caregiving responsibility are based. The Base Rate Workgroup developed the rate recommendations using census data found within the most recent *USDA Expenditures on Children by Families (2017)*, as well as the Bureau of Labor Statistics inflation calculator to update reimbursement rates for 2023. The calculations took into consideration variables unique to the Midwest, low-moderate income levels, weighting based upon Nebraska’s urban/rural geographic composition and divided into three age groups (0-5 years, 6-11 years, and 12-17 years old). For more details on the rate methodology please see Appendix .

The inflation adjustment was applied to adjust the rates for the duration of the legislative reporting schedule. An increase of 5% each year is recommended to be applied based on the Department of Health and Human Services predictions in their 2023 legislative testimony regarding inflation rates and the Bureau of Labor’s predicted inflation rate. This 6-year time period estimates the time between the Rate Committee’s legislative report, introduced legislation, and when it is anticipated to go into effect if passed. The rates below indicate the annual and daily rate which are reimbursed directly to the foster parent.

Proposed Essential Foster Care Reimbursement Rate

<i>Age of Child</i>	<i>Essential Annual Rate (effective July 1, 2023)</i>	<i>Proposed Annual Reimbursement Rate</i>
0 - 5	\$ 9,340.35	\$ 10,015.60
6 - 11	\$ 10,738.30	\$ 11,519.40
12 - 18	\$ 11,669.05	\$ 12,267.65

<i>Age of Child</i>	<i>Essential Daily Rate (effective July 1, 2023)</i>	<i>Proposed Daily Reimbursement Rate</i>
0 - 5	\$ 25.59	\$ 27.44
6 - 11	\$ 29.42	\$ 31.56
12 - 18	\$ 31.97	\$ 33.61

Tiered Rate Structure

The NCR rates were developed for three age groups (0-5, 6-11, and 12-18 years old) and five tiered levels of responsibility (Essential, Enhanced, Intensive, Intensive Plus, and Specialized). For the first three tiers, the rates increase by an average of \$9.59 each advanced level of caregiving responsibility based on the

current DHHS CFS Service Rates chart. With the 5% increase recommended by the Committee, it would be \$10.07. The rates below indicate current and proposed rates for 2024, with a 5% increase each year thereafter.

AGE	ESSENTIAL	PROPOSED ESSENTIAL	ENHANCED	PROPOSED ENHANCED	INTENSIVE	PROPOSED INTENSIVE
0-5	\$25.59	\$27.44	\$35.16	\$37.51	\$44.75	\$47.58
6-11	\$29.42	\$31.56	\$39.00	\$41.63	\$48.61	\$51.70
12-18	\$31.97	\$33.61	\$41.56	\$43.68	\$51.16	\$53.75

Specialized Rate

The fourth and fifth tier of caregiving and reimbursement exists in the continuum of foster care services available in Nebraska already through Tiered Foster Care Contracts. DHHS has some reimbursement agreements, called “Letters of Agreement” to reimburse caregivers and agencies to support the exceptional, or *specialized*, caregiving needs of children outside of the NCR with a limited number of providers and foster caregivers. Some are accessing a caregiver and network through the Enhanced Family Home model used by the DHHS Division of Developmental Disabilities. The reimbursement range varies extensively.

Currently the Administrative Office of the Courts & Probation use a form of “Professional Foster Care” under a pilot program for youth involved in the juvenile justice system who have very high risk and behavioral health needs at risk of or stepping down from congregate care settings.

The use of a specialized rate outside the established Nebraska Caregiver Responsibility Tool and rate structure can create a barrier to permanency for children entering adoption and guardianship. According to the Nebraska Administrative Code³ DHHS is unable to provide maintenance payments higher than the established foster care reimbursement rates. Therefore, a family receiving a specialized or professional foster rate outside the established NCR may not be able to provide the same level of support without the consistency in rates for a child with exceptional needs.

Proposed Intensive Plus and Specialized rates were determined by finding the difference between the previous rates, averaging them, and adding the 5% increase due to inflation. The average increase from Intensive to Intensive Plus was \$15.82, with the added 5% inflation rate the total added to the proposed Intensive Plus rate is \$16.61. The average increase from Intensive Plus to Specialized was \$23.55, with the added 5% inflation rate the total added to the proposed Specialized rate is \$24.73. Below are the recommended amounts for 2024, with a recommended 4% increase each year following.

³ Nebraska Administrative Code 479 Chapters 7 & 8 Subsidized Guardianship and Adoption Programs
DRAFT REV. 12/5/2023

AGE	INTENSIVE PLUS	PROPOSED INTENSIVE PLUS	SPECIALIZED	PROPOSED SPECIALIZED
0-5	\$60.30	\$64.19	\$83.43	\$88.92
6-11	\$64.67	\$68.31	\$88.58	\$93.04
12-18	\$67.02	\$70.36	\$90.64	\$93.91

Reimbursement Rate Recommendations

1. Implement the proposed reimbursement rate structure for essential, enhanced, intensive and specialized levels of caregiving.

Agency Support Rates

When the FCRR was initially charged with the rate study, the foster care reimbursements were sent through agencies to be paid to foster parents. The original work of the FCRR included separating out the agency rate and the foster parent rates. Through the historical research and methods used, the FCRR continues to monitor and make recommendations for both the appropriate agency supported foster care rate and the foster parent reimbursement rates.

The agency support rates reimburse direct and indirect costs to Child Placing Agencies contracted by DHHS to recruit, train, provide support to, and retain foster parent caregivers for children in need of agency supported foster care. These costs include on-call availability to the foster caregivers, visits to the foster home, caseload size, staffing ratios, licensing, training, and recruitment costs.

Agency Rate Research and Methods

The Agency Support Rate Workgroup conducted surveys of nine participating child placing agencies across Nebraska. The results of the survey to providers indicated continued increase in staffing costs and indirect costs for providing foster care. Using the methodology used in 2019, the survey results and research for updated calculations, the inflation adjustment was made at 5% for 6 years. Many child placing agencies have reported much higher costs than what is being reimbursed, supplementing the difference could result in limited providers and capacity throughout Nebraska. Agencies are required to do fundraising, campaigning, and other activities to find additional dollars to operate, rather than spend their energy and time on supporting foster families to maintain youth at the appropriate level of care.

As Nebraska moves towards keeping youth in their communities and homes, consideration should be made for increasing capacity for higher behaviors when determining rate structures. Youth that are placed out of home are likely to have higher behaviors and needs than previous reporting periods resulting in increased costs, additional skills set, and training for foster parents and the support staff to maintain placements.

For the Specialized rate, additional weighting and consideration was given for a lower staffing ratio, higher standards of recruitment, support, and retention for caregivers of children with extensive medical, developmental, and/or behavioral health needs. In addition to the additional staffing considerations,

certification, and clinical components. Respite will be necessary for youth with this level of need, which must be provided by the supporting agency to the caregivers at 4 days (or 8 half days) per month.

Respite costs should be included in the Administrative and Support Rate to ensure respite caregivers are trained and supported according to child specific needs.

For more details on Agency Support Rates and corresponding expectations see Appendix [\[redacted\]](#).

LEVEL OF RESPONSIBILITY	Recommended Agency Support Proposed Rate		
	AGENCY SUPPORT RATES EFF. 7/1/23	JUVENILE PROBATION	PROPOSED AGENCY SUPPORT RATE
ESSENTIAL	\$27.83		\$40.91
ENHANCED	\$36.02		\$50.53
INTENSIVE	\$49.57	\$48.00	\$61.03
INTENSIVE PLUS	\$64.02	\$83.00	\$77.97
SPECIALIZED	\$85.49		\$89.76

Reimbursement Rate Recommendations

1. Implement the proposed reimbursement rate structure for essential, enhanced, intensive and specialized levels of caregiving.

Therapeutic Family Care

Background

Children and youth in the child welfare and juvenile justice systems with complex needs are often served in congregate settings which are costly and delay permanency and community reintegration. Treatment foster care programs serve children in family homes at a lower cost to taxpayers and typically with better outcomes. The Nebraska Children’s Commission has strongly supported Treatment Foster Care for child welfare and juvenile justice systems. In 2019, the Treatment Foster Care Workgroup created a service definition for Treatment Family Care and provided this to DHHS. The Stephen Group conducted an analysis in June 2021 identifying that the definition provided by the FCRR was sound, with additional recommendations for implementation. The 2020 recommendations provided a rate structure for DHHS to utilize during implementation.

In 2022, LB1173 required DHHS to create an implementation plan for Treatment Family Care Services with the service to start by October 1, 2023. DHHS has since started calling the service Therapeutic Family Care to encompass what the service should be used for.

Therapeutic Family Care Rate Recommendations

There were two notable differences between the recommendations and the current implementation plan:

1. The 2019 recommendations stated that youth should be eligible up to age 20 and younger who have a history of trauma in addition to complex mental health or substance use disorders that are causing functional impairment, available to youth in various family settings (biological, adoptive, and kinship), and should include probation youth. Current implementation eliminates probation youth unless they are dually adjudicated, tribal youth, and youth living with their legal guardian who are eligible for Medicaid are unable to gain access to TFC.
2. The current implementation plan is to use the Child and Adolescent Functional Assessment Scale (CAFAS) tool to determine eligibility, however, this tool will only be utilized for DHHS state wards placed in foster care. DHHS will implement a clinical care coordination team to support the program and establish eligibility by administering the CAFAS to youth. Initial recommendations noted that an Initial Diagnostic Interview (IDI) be completed prior to the beginning of treatment and will identify the level of care needed. The current implementation plan identifies that a child must have an active diagnosis which requires a previous assessment be complete. If an IDI is already completed, the workgroup recommends that it be used to determine eligibility for this service and follow current Medicaid requirements for ongoing assessment. By doing so, resources could be reserved for youth without current assessments and the time until a youth is determined eligible could be reduced.

The TFC workgroup intends to monitor implementation as well as serve as a resource to DHHS while the TFC service continues to be refined to meet CMS approval and the needs of Nebraskan families. Future work includes defining what success is for this new service and creating solutions to best meet this success. The most impactful finding of this workgroup is that there are youth that will not qualify for this service and will continue to struggle to get their needs met and find permanency or will be unnecessarily placed in a higher level of care not within their community.

Recommendations:

1. DHHS revise their implementation strategy to include youth who are system involved that are not under the Division of Child and Family Services including probation only youth, tribal youth, and youth who are transitioning back to their family homes.
2. Multiple assessments typically occur with youth who meet the criteria to need this service. DHHS should consider utilizing already completed assessments when determining eligibility to be a more inclusive service.

Appendix

Member List

Statute

FCRRC & Nebraska Foster Care Rate Historical Timeline

Nebraska Caregiver Responsibility Tool

Nebraska Permanency Resource Responsibility Tool

Foster Parent Survey Results

Essential Rate Formula

Agency Administration and Support Rate Formula

Agency Expectations for Tiered Levels of Responsibility

TFC Service Definition & Rate Recommendations

Citations

DRAFT