

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 354 – CHILD WELFARE AID

COMMENTS AND RECOMMENDATIONS
(Continued)

7. Inadequate Support for Rates (Continued)

We reviewed the rates charged for various child welfare services and noted that several rates were not adequately supported. A similar finding was noted in our 2013 report.

Per DHHS the following rates were based on discussions or surveys with providers. DHHS did not perform its own independent analysis to determine their reasonableness:

Service Type	Rate	Total Paid During Period
Family Finding	\$5,500 per case	\$ 679,575
Agency Supported Foster Care	\$21.76 to \$38.76 per day	\$ 17,965,247
Group Home Care	\$89.50, \$116, \$128, or \$134 per day	\$ 1,642,741
Emergency Shelter Center	\$146 or \$180 per day	\$ 288,734
Transitional Living Services	\$69 or \$125 per day	\$ 230,469

Foster parents receive a tiered rate based on the age of the child and the assessed level of care. This service is referred to as Out-of-Home Maintenance. The child-placing agency receives an amount for its own administrative costs, referred to as Agency Supported Foster Care. There was not adequate documentation to support that the rate for Agency Supported Foster Care was reasonable. DHHS implemented the rates recommended by the Nebraska Children’s Commission – Foster Care Reimbursement Rate Committee; however, DHHS did not perform any procedures or verifications to determine whether the methodology and underlying data to develop the rates were reasonable and accurate.

Paid to	Essential Rate per Day	Enhanced Rate per Day	Intensive Rate per Day
Child Placing Agency	\$21.76	\$28.71	\$38.76
Foster Parent	\$20.00; \$23.00; \$25.00	\$27.50; \$30.50; \$32.50	\$35.00; \$38.00; \$40.00

During testing, we noted also that payments for children who were developmentally disabled (DD) were for multiple services that did not have documentation to support the reasonableness of the rates. The children were placed in Extended Family Homes (EFH). DHHS contracts with a provider – who, in turn, contracts with an EFH foster parent for the child to live with. The contractor pays a portion of the amount received from DHHS to the EFH; however, the amount to the EFH is determined by the contractor, and DHHS does no monitoring to ensure that EFH foster parents are paid accurately and timely. In addition, the rates to the provider and how much is actually paid to the EFH are inconsistent.

The following is an example of one month’s services for two cases tested. The provider for State ward #1 was KVC Behavioral Healthcare Nebraska, and the provider for State ward #2 was Prime Home Developmental Services, Inc.

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COMMENTS AND RECOMMENDATIONS
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7. Inadequate Support for Rates (Continued)

Service	Ward #1	Ward #2
Out-of-Home Maintenance: Monthly room & board payment.	\$ 589.67	\$ 610.00
Out-of-Home Structure: Residential rate paid directly to the contractor. DD Residential Habilitation.	\$ 6,612.00	\$ 9,632.40
Day Habilitation: Rate for day services provided to the youth when they are not in school due to school not being in session (i.e., scheduled school holidays, etc.).	\$ 2,900.00	\$ 4,891.92
Personal Needs: Monthly spending allowance for the youth to purchase personal incidentals.	\$ 58.00	\$ 80.00
Total for Month	\$ 10,159.67	\$ 15,214.32
Amount Provider Paid to EFH foster parent for the Month	\$ 7,105.00	\$ 10,893.24

A May 21, 2018, email message from DHHS contained the following explanation:

In order for individuals to receive services from DD they must first apply and be determined eligible for DD under NE Rev. Statute 83-1205 Once they are determined eligible, they are placed onto the Statewide Waiting List. Individuals are removed from the waiting list as funding becomes available, via current appropriations in priority order according to NE Rev. Statute 83-12016 Once they are able to secure funding, this payment for DD services, is done under one of the Medicaid Home and Community Based Services Waivers (Day Only or Comprehensive).

We do not have “CFS rates”. We attempt to utilize the DD rate methodology for all placements where the youth is DD eligible and an ICAP (Inventory for Client and Agency Planning) can be completed. If the ICAP is completed AND the provider is agreeable to accepting that rate, we pay based on the DD fee schedule. If the youth is not DD eligible and an ICAP cannot be completed OR the provider is unwilling to accept the rates established by DD, the CFS Admin or SAA have instructed my team to pay at whatever rate was requested by the provider . . . we do not typically have multiple placement options for these youth. We lose the ability to negotiate because we only have one provider willing to take the child.

CFS Service Type	Program 354 Rate	Total Paid During Period
Out-of-Home Structure	Varies – up to \$529.80 per day	\$ 4,808,748
Day Habilitation	Varies – up to \$685.54 per day	\$ 1,707,528

Without adequate monitoring procedures for all payments to service providers, including sufficient documentation to support the rates of compensation, there is an increased risk for loss or misuse of funds.

We recommend DHHS implement procedures to support the rates of compensation. We further recommend DHHS monitor contractors providing services to the developmentally disabled to ensure foster parents are paid accurately and timely. Lastly, we recommend the Division of Children and Family Services work with the Division of Developmental Disabilities and the Legislature to ensure rates, services, and contract requirements are consistent between programs.

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COMMENTS AND RECOMMENDATIONS

(Continued)

7. Inadequate Support for Rates (Concluded)

DHHS Response: The foster care rates are set by the Foster Care Reimbursement Rate Committee which is a part of the Nebraska Children's Commission. Statutory reference, NRS 43-4217, also outlines the method and sources that must be utilized to develop foster care rate recommendations which were used to set the current foster care rate structure. The legislature outlined those requirements and felt they were sufficient support for rate determinations. The statute does not mandate DHHS to utilize those rates which the rate committee submitted in their report to the Health & Human Services Committee of the legislature. However, CFS believes the intent of the legislature in passing LB 530 in 2013, was for the Foster Care Reimbursement Rate Committee to develop rates that are consistent with national foster care rates, to stabilize payments to foster parents, to ensure rates remain fair, for rates to accurately reflect the cost of raising the child, and for other purposes. The bill in Section 2 directs CFS to implement the rates submitted to the legislature on or before July 1, 2014.

In addition, the Division of Developmental Disabilities (DD) has conducted rate studies to set their rates which are the basis for the payments made to children who are DD eligible but have not received DD funding. Currently, in most cases, CFS utilizes DD service providers to meet the needs of state wards in out of home care and the rates identified for DD services in the intensity required by the plan developed to meet the needs of the child.

CFS plans to initiate a comprehensive rate study during SFY 2019 which will inform and support any future rate structure changes. CFS is also planning to issue RFPs for many of the services provided through contracts. Through the RFP process, CFS will be better informed as to market rates and whether CFS needs to adjust any rates for specific services based on RFP responses.

APA Response: The foster care rates reported as lacking adequate support are not those paid to the foster parents for the expense of raising the child; rather, they are the administrative costs paid to the child-placing agency. Likewise, these administrative costs are not the expenditures addressed by the legislation cited. Consequently, DHHS bears sole responsibility for ensuring the propriety of these administrative rates. DHHS did not perform any procedures or verifications, however, to determine whether the methodology and underlying data to develop the rates were reasonable and accurate.

8. Payments More Than Two Years After Service

We noted 129 claims, totaling \$97,263.93, that were paid more than two years after the services were provided.

The following is a summary of payments made more than two years after the service dates during the period July 1, 2016, through December 31, 2017: