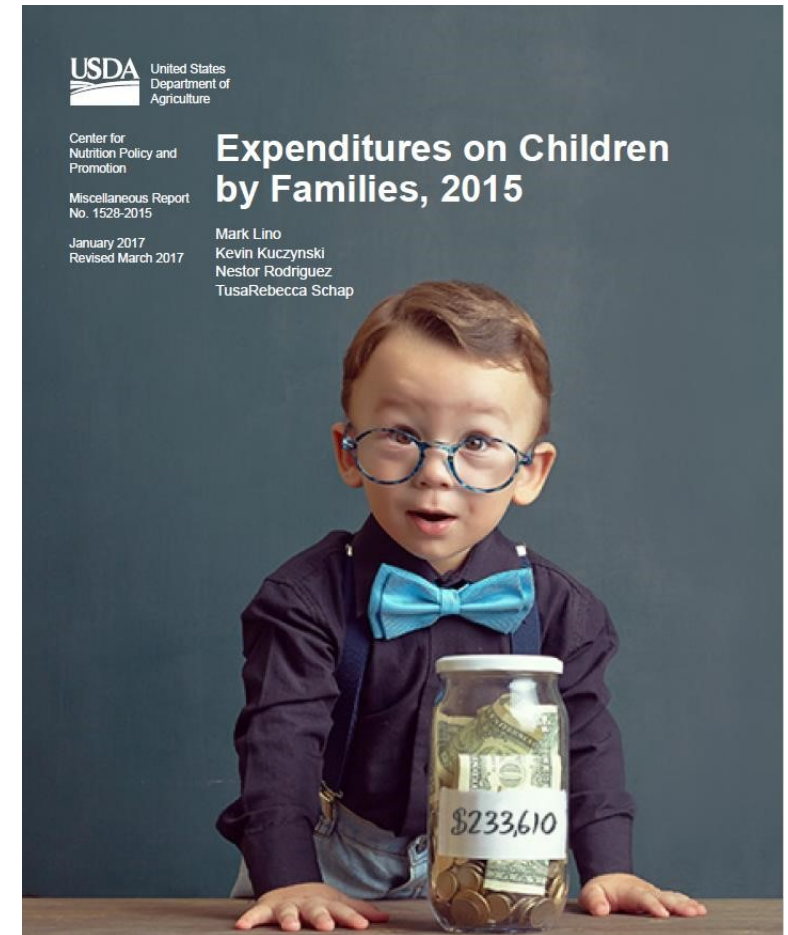


# Essential Foster Care Reimbursement Rate Proposal and Methodology

# The Goal and Starting Point

- Needed 1 reimbursement rate scheme for Nebraska.
- The rate scheme should account for the age of the child as divided into 3 age groups
  - 0-5 years
  - 6-11 years
  - 12-17 years



# Expenditures on Children Report

- Published periodically by the USDA – current report was released in 2017 using 2015 expenditures
- Expenditures vs. Basic Cost
- Estimates based on 1- or 2-parent family, income group (low-, middle-, or high-income) and geography
- Recommended to be used in developing child support and foster care payments, as well as public health and family-centered education programs

# Estimates used to develop proposal

- Family Type
  - In every case the expenditures on children were higher for 2-parent families than 1-parent families
  - Used 2-parent expenditures in an effort to not "penalize" foster homes with 2-parents
- Income Group
  - Expenditures and family income are positively correlated
  - Low-Income (Gross income <\$59,200 annually) and Middle-Income (Gross income \$59,200-\$107,400 annually) were averaged
- Geography
  - Urban Midwest
  - Rural Areas

## Estimated Annual Expenditures on Children by Families, USDA

2015 Estimated Annual Expenditures on a child by married-couple families, urban Midwest

Low-Income: Before-tax income less than \$59,200

Age of Child	Total Expense	Housing	Food	Transportation	Clothing	Health Care	Child Care and Education	Misc
0 - 2	\$ 9,460	\$ 3,010	\$ 1,220	\$ 1,120	\$ 820	\$ 800	\$ 1,970	\$ 520
3 - 5	\$ 9,460	\$ 3,010	\$ 1,260	\$ 1,170	\$ 680	\$ 740	\$ 1,970	\$ 630
6 - 8	\$ 9,060	\$ 3,010	\$ 1,820	\$ 1,230	\$ 680	\$ 770	\$ 800	\$ 750
9 - 11	\$ 9,690	\$ 3,010	\$ 2,080	\$ 1,270	\$ 840	\$ 890	\$ 800	\$ 800
12 - 14	\$ 9,310	\$ 3,010	\$ 2,160	\$ 1,420	\$ 910	\$ 850	\$ 310	\$ 650
15 - 17	\$ 9,660	\$ 3,010	\$ 2,180	\$ 1,610	\$ 880	\$ 900	\$ 450	\$ 630

# Initial Inflation Adjustment

- Adjusted the total expenditures for inflation from January 2015 dollars to January 2019 dollars (1.08 multiplier)

## Line Items Kept As Is

- Housing
- Food
- Transportation
- Clothing
- Miscellaneous

# Health Care Expenditures

- Foster children are insured under Medicaid
- Health Care Expenditures were deleted from the total expenses



# Child Care and Education Expenditures

- Foster children qualify for child care subsidy, so families will not have child care expenses
- Ensure that children are able to maintain normalcy and there is some expenditure necessary for education – e.g. visual and performing arts classes, sport and gym clothing and equipment, special project materials
- Child Care costs were deleted from the total for children aged 0-5
- For children 6-11 and 12-17, child care and education expenditures were included based on the estimated expenditures of low-income families
  - Higher percentage of children in middle-income families will have private school tuition, and the expenditures estimate reflects this. Therefore using the expenditures for low-income families was a better estimate for education related expenses

# Age and Income Groups

- Expenditures Report includes 6 age groups. These were averaged accordingly to condense into our 3 age groups
  - 0-2 years, 3-5 years → 0-5 years
  - 6-8 years, 9-11 years → 6-11 years
  - 12-14 years, 15-17 years → 12-17 years
- Expenditures of Low-Income and Middle-Income families were averaged (with education expense exception)

# Geography

- Expenditures are estimated for multiple geography groups
  - Used Rural and Midwest Urban
- DHHS definition of urban and rural counties was then utilized
  - Urban counties: Dakota, Douglas, Lancaster, and Sarpy
- DHHS provided a Point-in-Time count of children in out-of-home care in these 4 counties as well as the Nebraska total.
  - Used this count to create an Urban vs. Rural weight
    - 58.9% of children in Out-of-Home care are in Urban counties
    - 41.1% of children in Out-of-Home care are in Rural counties
- Used Urban vs. Rural distribution to weight expenditures estimates accordingly to create 1 rate for Nebraska

# Final Inflation Adjustment

- Accounting for future inflation:
  - Mid-way point assuming rates are in effect for 4 years.
  - Assumed 3% annual inflation
  - Applied a 6% multiplier to expenditures total
    - $(3\% \text{ inflation} * 4 \text{ years}) / 2 = 6\%$

# Proposed Essential Reimbursement Rate

Estimated Annual Reimbursement Rate				Estimated Daily Reimbursement Rate			
Age of Child	Urban and Rural Weighted			Age of Child	Urban and Rural Weighted		
0 - 5	\$ 8,124.72			0 - 5	\$ 22.26		
6 - 11	\$ 9,876.57			6 - 11	\$ 27.06		
12 - 17	\$ 10,485.87			12 - 17	\$ 28.73		

Estimated Monthly Reimbursement Rate												
Age of Child	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
0 - 5	690.04	623.27	690.04	667.78	690.04	667.78	690.04	690.04	667.78	690.04	667.78	690.04
6 - 11	838.83	757.65	838.83	811.77	838.83	811.77	838.83	838.83	811.77	838.83	811.77	838.83
12 - 17	890.58	804.40	890.58	861.85	890.58	861.85	890.58	890.58	861.85	890.58	861.85	890.58