

# Foster Care Reimbursement Rate Committee: Essential Rate Workgroup Rate

## Proposed Essential Foster Care Reimbursement Rate, Rational and Methodology

Age of Child	Essential Annual Rate (effective July 1, 2019)	Proposed Annual Reimbursement Rate
0 - 5	\$ 7,446.00	\$ 8,124.72
6 - 11	\$ 8,562.90	\$ 9,876.57
12 - 18	\$ 9,307.50	\$ 10,485.87

Age of Child	Essential Daily Rate (effective July 1, 2019)	Proposed Daily Reimbursement Rate
0 - 5	\$ 20.40	\$ 22.26
6 - 11	\$ 23.46	\$ 27.06
12 - 18	\$ 25.50	\$ 28.73

### Methodology and Rational:

1. Needed one rate for all Nebraska divided into 3 age groups (0-5 years, 6-11 years, and 12-17 years).
2. As a starting point, the *USDA's Expenditures on Children by Families (2017)* estimates were used.
  - a. Report estimates what families actually spend on their children rather than the minimum cost of raising a child. This provides a more realistic estimate of a rate needed for foster parents to support children in their care.
  - b. Report divides expenditures into income groupings of families, number of parents, and geographic regions – for our purposes, we were interested in low- and middle-income two-parent family expenditures and the rural and Midwest urban geography categories.
3. Expenditures from the report were based on 2015 figures. This workgroup updated using 2019 figures. The [Bureau of Labor Statistics inflation calculator](#) was used to update dollars from January 2015 to January 2019.
4. Expenditures on children by families are categorized into Housing, Food, Transportation, Clothing, Health Care, Child Care and Education, and Miscellaneous expenses.
  - a. Housing: Kept expenditures estimate as is
  - b. Food: Kept expenditures estimate as is
  - c. Transportation: Foster parents are able to claim for reimbursement excessive mileage driven in order to meet the needs of the children in their care. Kept expenditures estimate as is.
  - d. Clothing: Kept expenditures estimate as is
  - e. Health Care: Since most foster children receive Medicaid, health care expenses were deleted from the total in every case.
  - f. Child Care and Education: It is assumed most non-school aged children will receive a child care subsidy. School aged children attending public school will likely have

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education expenses. Many 6-11-year-olds will have also child care expenses due to before- and/or after-school care that will likely be covered by subsidy. To account for this, the child care and education expense was removed from the total for children 0-5. For children 6-17, the averaged education expenditures for the 12-14, and 15-17 age groups for low-income families remained in the total. Expenditures estimates for 6-11 were not included in the average due to anticipated before- and after-school care costs.

- g. Miscellaneous: Kept expenditures estimate as is
5. Low- and middle-income expenditures were then averaged while accounting for the education expense special circumstance as detailed above.
6. Age groups were averaged to reduce age grouping from six groups to three (original groups: 0-2, 3-5, 6-8, 9-11, 12-14, 15-17 were averaged to: 0-5, 6-11, and 12-17).
7. In order to determine the weights of expenditures based on geography, DHHS' definition of urban and rural counties was used (Dakota, Douglas, Lancaster, and Sarpy counties are considered urban). Data from Nebraska DHHS- DCFS was collected to determine the distribution of children in out-of-home care in urban vs. rural counties. This distribution was then applied to the two total expenditures geography groups (Midwest urban and rural) to combine into one rate with three age groups for the whole state.
8. Finally, an inflation adjustment was applied to adjust the dollar amount for the midpoint for the years in which the proposed rate will be potentially used.
  - a. Increase of 6% assuming 2% inflation annually over a 6-year period (2019-2025).
  - b. 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.
  - c. The Rate Committee offers a legislative report every 4 years. The duration of the recommendations of the July 2020 report will last until a decision is made to take legislative action or inaction on the 2024 legislative report, which could be as long as 2026.

### Rate Change Timeline

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| 2012 | FCRRC submitted their first legislative report. FCRRC recommended the essential rates used today.  |
| 2013 | Legislation was passed and signed into law enforcing the use of the recommended rates proposed by the FCRRC in 2012.                           |
| 2014 | Essential, Enhanced and Intensive rates were implemented statewide   |
| 2016 | FCRRC submitted their second legislative report indicating <b>no recommended rate change</b>   |
| 2019 | DHHS implemented an 'across the board' 2% rate increase for all services including the essential, enhanced and intensive rates for foster care |
| 2020 | FCRRC will make recommendations for rates in their third legislative reports   |

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- 2021 In order for changed rates to be implemented, legislation must be introduced in the 107<sup>th</sup> Legislature, 1<sup>st</sup> session
- 2022 If passed, rates would go into effect, likely at the beginning of 2022
- 2024 FCRR will submit their fourth legislative report
- 2025 In order for changed rates to be implemented, legislation must be introduced in the 109<sup>th</sup> Legislature, 1<sup>st</sup> session
- 2026 If passed, rates would likely go into effect at the beginning of 2026