

2020-2024

FOSTER CARE REIMBURSEMENT RATE COMMITTEE ANNUAL REPORT

Recommendations to the Health and Human Services Committee of the
Legislature

Submitted Pursuant to Neb. Rev. Stat. 43-4207



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EXECUTIVE SUMMARY

The Foster Care Reimbursement Rate Committee (FCRRC) of the Nebraska Children’s 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. At the beginning of 2024, approximately 4,100 children were in out-of-home care or a trial home visit statewide.

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 Labor identified in 2022, the inflation rate was 8.4% and estimates the inflation will be at least 4% or higher in the coming years. During testimony from DHHS in 2023, 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 youth with higher needs. Medicaid has begun implementation of Therapeutic Family Care, and the FCRRC and DHHS continue to partner in 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 done through the work of LB1173 through The Stephen Group in collaboration with agencies and stakeholders in Nebraska to establish a child welfare practice model as well as a finance model to support Nebraskan families. The Stephen Group recommends creating a provider rate setting process and frequency, developing, and executing a standard process at regular intervals to rebase payments to providers. The Foster Care Rate Reimbursement Committee provides an engaged pool of stakeholders to participate in this analysis, as most providers have contracts for several child welfare services as well as continued evaluations to ensure ongoing reimbursement review.

[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.

108TH LEGISLATURE PRIORITIES



The FCRRRC follows introduced legislation each year and serves as a pool of experts to the legislature as needed. During the 108th Legislature, there have been three bills introduced impacting foster care reimbursement rates. The FCRRRC supports the following bills and any efforts made to increase rates related to foster care, as the review has shown Nebraska is not currently reimbursing foster care at the cost to provide it.

2023

LB509, Introduced by Sen. Conrad

Provide for an increase for reimbursement rates for child welfare services

LB470, Introduced by Sen. McDonnell

State intent regarding an increase in reimbursement rates for child welfare service providers

2024

LB1078, Introduced by Sen. McDonnell

State intent to appropriate funds for increase in rates for child welfare service providers

LB1392 was introduced by Sen. Ballard to increase the responsibilities of the FCRRRC by including 16 additional Child Welfare service rate reviews, and with stakeholders across Nebraska with expertise in these services, the FCRRRC would be an appropriate place for this responsibility. The Commission would need additional staff and appropriations to do this work and was outlined in a fiscal note for this bill.

LB1417 was introduced by Sen. Brewer at the request of the Governor and sunsets the FCRRRC in July 2025, while maintaining the tasks of the FCRRRC within the Commission. Although the tasks are not being eliminated, adding language stating the Commission shall take over the duties as enumerated in section 43-4216 would ensure the duties of the FCRRRC would remain in statute.

Foster Care Reimbursement Rate Committee History and 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 required the creation of base rates for foster parents and 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 has continued to monitor implementation of rates and the Nebraska Caregiver Responsibility tool, accept additional assignments from the Health and Human Services Committee of the Legislature and the Commission, while completing the legislatively required report.

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. The FCRRC also recommended a child assessment that was not supported by DHHS.

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.

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: FCRRC’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.

RECOMMENDATIONS

- 1. The FCRRC recommends the Foster Care reimbursement rates be annually adjusted 5% for each of the next six years.** An 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.
- 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 recommendations. 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 a structure 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, as well as the cost to create the infrastructure to support the service within their agency.
- 3. The FCRRC recommends a review and adoption of changes surrounding the Nebraska Caregiver Responsibility (NCR) tool.** Since 2012, Nebraska has been utilizing the NCR to determine the rate a foster parent and agency will be reimbursed. The tool evaluates the efforts the caregiver makes to maintain and care for the child in their care but does not account for the behaviors or abilities of the child. The FCRRC has begun reviewing the NCR with the intent to make recommendations in future reports on how to best capture the impact caregivers have in ensuring safety and wellbeing of youth in their care. DHHS administration are involved in these discussions to stay within regulations and federal requirements surrounding reimbursement. The group will also be looking at reimbursement as it relates to kinship and relative placements, as these typically require more resources.
- 4. The FCRRC recommends an annual report be submitted with recommendations surrounding reimbursement rates for foster parents and placing agencies.** By statute, this report is required to be submitted to the Health and Human Services Committee of the Legislature every four years. As recent years have shown, the cost of caring for a child and other economic impacts can drastically change within four years. By reviewing reimbursement rates yearly, the Legislature will have a more accurate view of what the rates should be. There are typically provider reimbursement rate bills introduced annually, and with information from the FCRRC, the HHS Committee can make informed decisions on these bills.

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 2025 until 2030.

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

FOSTER CARE 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.

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 the attached 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

REIMBURSEMENT RATE CHANGES

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 Structure

The fourth and fifth tier of caregiving and reimbursement exists within 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 and is due to sunset in 2024 for all providers paid through these agreements. The FCRRC appreciates the attempt to standardize rates for all foster parents but has concerns that some youth in care has extensive needs that require reimbursement outside of the highest tier. Therapeutic Family Care should expand services that better address these needs to maintain placement of these youth.

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.

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 RATE CHANGES

When the FCRRRC 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 FCRRRC included separating out the agency rate and the foster parent rates. Through the historical research and methods used, the FCRRRC 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, 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. The workgroup also accounted for staffing considerations, certification, and clinical components when determining appropriate agency rate within each level. 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.

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

THERAPEUTIC FAMILY CARE

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, now Therapeutic Family Care (TFC), for child welfare and juvenile justice systems. In 2019, the TFC 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 FCRRC was sound, with additional recommendations for implementation. The 2020 recommendations provided a rate structure for DHHS to utilize during implementation. In 2024, TFC was implemented through Medicaid to include crisis stabilization and mobile crisis response. Although these services will help with crisis management, it does not fully realize the original vision of TFC and the FCRRC is hopeful DHHS will build on these services to do so including specialized foster parent reimbursements outside of the tiered levels. Medicaid has also acknowledged that identifying providers for these services will be a struggle in rural areas.

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. As submitted in Nebraska State Plan Amendment NE 24-0005, TFC will be expanded to children and youth placed in foster care by the judicial branch in the fourth quarter FFY24 and first quarter FFY25. Probation and DHHS continue to collaborate to make the service available to probation youth in the near future.

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 has hired and trained 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 also includes defining what success is for this new service and creating solutions to best meet this success. Review and monitoring of how the current assessment properly evaluates a child's behaviors will be considered in the coming year as well. 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.

Appendix