

Foster Care Rate Rule Summary

I. How did this Process Begin

- a. DCS announced a 10% reduction in foster care per diems in late Fall 2009 (from \$25 per day to \$22.50)
- b. ACLU filed a class action lawsuit on behalf of DCS foster parents
- c. The court issued a ruling temporarily barring DCS from implementing rate reductions. The court indicated DCS did not have a clear methodology for establishing the rates and therefore couldn't demonstrate the rate covered the reasonable Title IV-E costs of raising a foster child.
- d. DCS drafted rate rules outlining a clear methodology and hired an independent university to establish a precise method for calculating the costs of care
 - i. Rate rules drafted during Summer 2010
 - ii. Public Hearings on the methodology outlined in the rules held in September 2010
 - iii. DCS entered into a legal settlement agreement in early 2011:
 1. Locking the foster care per diems at \$25 in 2011 until the methodology was introduced to set rates effective January 1, 2012
 2. Agreeing that DCS would set future rates through implementation of the methodology outlined in the rules

II. Main Changes as a Result of the Rate Rules

- a. Rules now establish procedures DCS will use to set per diem payments to foster parents
 - i. The independent expert (BSU) established a method for DCS to use in determining foster care per diem payment rates
- b. Foster Care Per Diem
 - i. Rates vary by age of child and child's category of need
 - ii. Foster care rate is no longer determined based on the license category of the foster parent (regular, special needs, therapeutic) -- the rate will be determined based on the specific needs of the child and not the license type of the foster parent
 - iii. Foster parents who take assessed higher need children will received an enhanced supervision payment (higher rate)
 1. The rate a foster parent receives will be determined based on age of child and CANS level with input from the Child and Family Team
 2. DCS must assess the child's level of need (CANS) when determining placement
 3. Child must be reassessed every 180 days or at critical case junctures
 4. Foster parents may request a review of the child's category of supervision

III. Calculation of the Foster Care Per Diems and Enhanced Supervision Rates

- a. Ball State University Center for Business and Economic Development Study
 - i. Purpose: understand the costs to households related to caring for foster children
 - ii. Evaluates costs / expenses allowable under Title IV-E (the basis of the original lawsuit)
 - iii. Surveyed DCS and LCPA foster parents regarding household costs associated with:
 1. Food: Breakfast, Lunch, Dinner, Snacks, Eating Out and Other
 2. Increase in Utilities
 3. On-Going Clothing
 4. Personal Incidentals
 5. Travel
 6. Daily Supervision¹
 - iv. Rates
 1. The weekly and monthly costs reported by foster parents were converted to daily costs for categories above.
 2. Report calculated IV-E Total Costs per Day, which will be used as the base foster care rate.
 3. Broken out by age group: 0 to 4; 5 to 13; 14 to 18
- b. Enhanced Supervision
 - i. Determined by analyzing the difference between the base rate determined by the BSU study and the average LCPA pass through per diem for each of the higher levels of care:
 1. Foster care with services
 2. Therapeutic foster care
 3. Therapeutic plus (residential level)
 - ii. DCS added one standard deviation of those averages, which increased the rates
 - iii. Rates are broken out by age group and CANS level for a total of 9 possible enhanced supervision rates

IV. Payments / Reimbursements to Foster Parents in Addition to the Per Diem

- a. Initial Clothing (\$200)
- b. Personal Allowance (\$300 annually)
- c. Special Occasion Allowance (\$50 for birthday and \$50 for December holiday)
- d. Travel (above 162 miles)
- e. Liability Insurance (IFCAA membership no longer required)

¹The survey indicated that the actual costs incurred by foster parents for daily supervision was lower than what DCS's Practice Model would demand, therefore DCS constructed a set of time and cost expectations regarding its Practice Model and inserted that as a component part of the per diem. This yielded a per diem rate of approximately \$1 more.