



SENATE FISCAL OFFICE
ISSUE BRIEF

DCYF: System of Care

MARCH 27, 2014

Over the last five years, with the establishment of the System of Care (SOC), the Department of Children, Youth, and Families (DCYF), has sought to transform the State’s child welfare system through a two-pronged approach (commonly referred to as phases one and two) first, by preventing families and youth from becoming involved with the department and second, by reducing the number of children in congregate care. This issue brief provides an overview of both efforts, as well as implementation challenges encountered by DCYF.

PHASE I: FAMILY CARE AND COMMUNITY PARTNERSHIPS

Beginning in 2009, DCYF established the Family Care Community Partnerships (FCCP) with the goal of preventing children from entering state care. Children and their families may become involved with an FCCP based upon a referral from a community-based organization (school, healthcare professional, service provider, etc.), self-referral, DCYF intake services, or through DCYF’s Child Protective Services (CPS). Eligibility includes:

- Families at risk for opening to DCYF due to allegations of abuse and/or neglect
- Families at risk for needing voluntary DCYF services
- Youth on probation or exiting the Rhode Island Training School (RITS)

DCYF contracts with four separate lead networks to administer the FCCPs, which are located in four distinct regions throughout the State. Regions and lead agencies include: Urban Core (Family Service of Rhode Island), Northern (Family Resources Community Action), West Bay (South County Community Action), and East Bay (Child and Family Services of Newport County). Services provided through the FCCPs can include substance abuse treatment; sexual abuse treatment; behavioral health evaluation, therapy, and treatment; social services (advocacy, food, housing, heat assistance; legal services, etc.); parenting education and family supports; crisis intervention; early and special education; and some medical services.

System of Care Phase I: Family Care and Community Partnerships

<u>Provider</u>	<u>Region</u>	<u>FY2013 Contract</u>
Family Service of Rhode Island	Urban Core	\$3.1
Family Resources Community Action	Northern	1.1
South County Community Action	West Bay	1.2
Child and Family Services of Newport County	East Bay	0.8
Total	-	\$6.2

\$ in millions.

In tandem with the Office of Management and Budget’s Performance Management Unit, the department tracks the number of families involved with an FCCP who return to DCYF’s family services unit (FSU) or probation unit for additional services to help measure the success of its prevention efforts. In 2013, 7.2 percent of families from the FCCPs entered the State’s child welfare system through either the FSU or probation unit, slightly higher than its performance metric target of 6.5 percent. For 2014, the performance metric target decreases to 6.3 percent.

PHASE II: FAMILY CARE NETWORKS

In 2012, the Department of Children, Youth, and Families (DCYF) contracted with two independent organizations (lead agencies) to establish networks with the providers of services for residential treatment

and community-based care for youth who have been removed from their homes, open to DCYF, and have status with the Family Court. Eligibility may include:

- Families open involuntarily to DCYF for abuse and/or neglect
- Families open voluntarily to DCYF for a child identified with Serious Emotional Disturbance (SED)/Developmental Disabilities and who are in need of state supported community based and/or residential treatment services
- Youth open to juvenile probation and youth exiting the RITS

The two networks are Ocean State Network (OSN) and Rhode Island Care Management Network (RICMN). Each network is responsible for contracting with individual providers and establishes the rate structure for each type of service on a per-diem basis. According to DCYF, this is a collaborative process between each network and the Department. DCYF entered into separate agreements with each network for an initial three-year term from FY2013 through FY2015. At the end of each fiscal year, the networks and the Department have the ability to review the negotiated funding amounts, and determine whether or not this will be the same cost agreed to for the next fiscal year.

The initial contract awarded a total of \$71.3 million to be split between the two networks each year (or \$35.7 million per network, per year). However, beginning in FY2013 and extending into FY2014, the networks received additional funds intended to support residential placements and expand community based services. For FY2015, the Governor proposes to reduce total SOC Family Care Network funding to \$68.5 million.

CURRENT ISSUES –CASELOAD TRENDS AND NETWORK DEFICITS

At the outset of Phase II, the networks were assigned 766 youth in out-of-home care, however, budget projections for FY2013 were premised on a 3.0 percent reduction to 745 youth. As of March 14, 2014, the monthly average has risen to 782 youth, nearly 40 youth over initial projections for out-of-home placements. Categorized from highest to lowest intensity of care, the table below provides further detail on the projected and actual caseloads for the System of Care.

System of Care: Family Care Network Caseloads

Placement	FY2013	Change to		YTD	Avg. Per	
	(projected)	3/14/2013	Projection	3/14/2014	Diem Rate ¹	
Emergency Shelter	43	53	10	51	(2)	\$235.61
Foster Care - Private Agency	255	276	21	255	(21)	107.28
Group Homes	240	252	12	241	(11)	260.49
Independent Living Contracted	14	15	1	13	(2)	119.91
Residential Treatment Center	150	158	8	174	16	336.69
Semi-Independent Living	43	35	(8)	48	13	219.99
Total:	745	789	44	782	(7)	\$218.74

¹Figures are representative of average recorded rates as of March 14, 2014. Actual rates may vary depending upon network and/or specific provider.

Source: Department of Children, Youth, and Families.

During a March 6, 2014, Senate Finance Committee hearing, the Department testified that the System of Care networks are projected to incur a deficit for the second consecutive year, however, the exact amount of that deficit for FY2014 was not identified. According to the Department, it is not required to provide additional funding to compensate for expenditures beyond the terms of the contracts.

The Office of Health and Human Services (OHHS), DCYF, and the networks indicate that a greater number of youth are in residential and more intensive placements when compared to projections used to determine the initial contracts and funding allocations. During the 2013 legislative session, approximately

40 additional youth were need of residential or other higher end treatment, contributing to the networks' need for additional financial support in FY2013 and FY2014. From June 2013 to October 2013, the networks averaged 775 youth in residential placements and ranged from a high of 804 to a low of 752 youth per day. As of March 14, 2014, the networks are still trending approximately 40 youth higher when compared to initial projections used to determine initial SOC network allocations.

FY2013 Enacted levels projected this caseload to remain steady at 745 youth for the majority of FY2013, based on the assumption that the Department would be able to transition youth to community-based services and other less costly forms of care. This did not occur in FY2013 and has not occurred in FY2014, based upon data provided by the Department.

The Department also cites a challenge in placing youth who are currently in costly group homes into foster homes due to a lack of availability. Although actual costs may vary due to the needs of a particular child, group home placement rates can be twice as much when compared to the cost of foster homes and other services.

Although there are some increase in caseload in lower-end and less costly services when compared to initial projections, such as specialized foster homes placements (average per diem rate of \$107.28 as of March 14, 2014), the need for level funding in FY2015, and potentially additional funding in FY2014, appears to be the result of an inability to transition more residential placements either into foster homes or community-based supports. According to testimony provided by the networks during the 2013 legislative session, additional community-based support funding would permit the transition of more youth out of residential placements, and the current capacity of community-based programs does not meet the need of DCYF-involved youth.

FUNDING SOURCES AND ALLOCATIONS

The contracts entered into by DCYF with the two lead agencies, or Phase II of the System of Care, is funded by both general revenue as well as federal funding through Title IV-E of the Social Security Act and Medicaid. The table below provides an overview of each stream of funding used for board and care and preventative services with the Child Welfare division of DCYF, supporting the contracts:

DCYF's Family Care Networks - Sources of Funding

Source	FY2013 Revised	FY2014 Enacted	FY2015 Governor
General Revenue	\$56,268,257	\$57,268,257	\$52,233,371
Federal Funds	17,478,683	17,078,683	16,273,925
Total	\$73,746,940	\$74,346,940	\$68,507,296

Analyst's Note: In September 2013, the federal Administration for Children and Families approved the Department's waiver application to stabilize and permit use of federal Title IV-E funds that were previously ineligible for reimbursement, which according to the Department, includes some community-based programs that were not previously permissible before the waiver. It is unclear as to whether or not this results in additional funding to support community-based or other services provided through the SOC.

FY2014 BUDGET AS ENACTED – ADDITIONAL APPROPRIATIONS

The FY2014 Budget as Enacted increased funding to the Department of Children, Youth, and Families (DCYF) to support the System of Care networks and as a response to a higher-than-anticipated need for residential and other, more costly placements. This additional funding provides for costs associated with a higher-than-anticipated caseload through the remainder of FY2013 and FY2014.

The FY2013 Revised Budget included \$2.4 million all funds (\$500,000 general revenue) to provide additional support to the two Networks of Care (Rhode Island Care Management Network and Ocean State Network), increasing the total contract award to \$73.8 million in FY2013. The General Assembly

statutorily required the Secretary of OHHS to approve the specific amount and use of funds allocated by DCYF to each network that is above and beyond the initial System of Care contracts for FY2013.

For FY2014, the General Assembly included a total of \$3.0 million (\$500,000 general revenue) to increase support for the System of Care initiative to \$74.3 million in FY2014. Specific network allocations of the total \$3.0 million increase have yet to be determined. Until the contracts are finalized, the networks and DCYF are operating on a month-to-month graduated payment basis, with larger payments made during the beginning of the fiscal year to increase the networks' cash flow.

SOC Family Care Network - Contract and Funding Revisions

	Ocean State Network	RI Care Management Network	Total
Initial Contract	\$35.7	\$35.7	\$71.4
FY2013 Contract	37.5	36.3	73.8
<i>FY2013 Additional Funding</i>	<i>1.8</i>	<i>0.6</i>	<i>2.4</i>
FY2014 Contract	TBD	TBD	74.3 ¹
<i>FY2014 Additional Funding</i>	<i>TBD</i>	<i>TBD</i>	<i>3.0</i>

\$ in millions.

¹Reflects a reduction of approximately \$170,000 from the initial contract as DCYF inadvertently included funding for a Court Diversionary program in FY2013. Funding for this program is removed from the SOC network contracts for FY2014 and beyond.

Analyst's Note: Negotiations regarding the FY2014 contract are on-going. The department has yet to determine the specific allocation of funding between and within each network for FY2014. Ongoing negotiations continue between RICMN, OSN, and DCYF to determine whether or not the Department will contractually obligate each network to fund community-based services beyond the initial contract amount awarded in July 2012.

BUDGETING FOR RESIDENTIAL AND COMMUNITY-BASED SERVICES

Although the placements described above have, according to the networks and Department, been the primary driver in costs, there are other considerations to be made as to how funding allocated to the networks is spent. As part of the agreements with DCYF, each network also coordinates the provision of community-based care in addition to out-of-home placements for youth within the System of Care.

The table below provides an overview of the allocation of funding across programs and for other expenditures, such as personnel and operating expenses.

DCYF's System of Care - Family Care Networks FY2013 Budgets

Expenditure Category	Ocean State Network (OSN)			RI Care Management Network (RICMN)		
	FY2013 Contract	FY2013 Revised	Difference	FY2013 Contract	FY2013 Revised	Difference
Residential Services	\$26.9	\$29.1	\$2.2	\$23.3	\$28.2	\$4.9
Community-Based Services ¹	4.9	5.9	1.0	9.9	5.9	(4.0)
Administration and Other Costs	3.9	2.4	(1.5)	2.5	0.4	(2.1)
Total	\$35.7	\$37.5	\$1.8	\$35.7	\$36.3	\$0.6

¹Includes Network Care Coordination (NCC) costs.