FINANCIAL ADVISORY COMMITTEE TO THE
CHILD WELFARE TRANSFORMATION DESIGN COMMITTEE

Minutes from the November 18, 2009 Meeting

Advisory Committee Members Present: Carole Holland, Sharon Osborne, Jeanine Livingston, Charlotte McCullough for Mary Armstrong, Catherine Lanham (by phone)

Staff Present: Julie Dunnington, POC; Jennifer Strus, Senate Human Services & Corrections Committee staff; Ben Berres, POC.

Others Present: Sheila Huber, AGO; Molly Elliott, CA; Melissa Palmer, House Ways and Means Committee staff; Michael Bezanson, Senate Ways and Means staff; Rich Pankuk, CA; Jann Hoppler, CA; Kelci Robinson, CA; Michaela Green; Beth Canfield; David Del Villar Fox; Fred Wulczyn (by phone); Lee Grogg, Ryther Child Center; Amelia Watson, Washington State Office of Public Defense; Rommel Buenafe, Children's Home Society of Washington; Laurie Lippold, CHS

Julie reviewed the Proposed Ground Rules for Advisory Committees with the members.

The first discussion by the committee was about adding members to the committee. Julie explained what the other advisory committees have done in this regard. Sharon indicated that given the technical nature of the committee, it may not need to add members. Jeanine indicated that she was okay with adding a social worker as a committee member or bringing them in as needed as specific issues arise.

Catherine stated that she spoke to both foster youth and foster parents about membership on the committee and neither expressed interest.

People who wish to contribute or provide information should contact Julie or the co-chairs.

Jeanine moved and Catherine seconded a motion not to add additional committee members. Motion passed.

Jann Hoppler went through the 2 possible time-lines for the demonstration sites (see handout). CA is in the planning phase of this right now and does not plan to request additional funds for planning. At this point, CA is looking for reallocation of existing funding.

Carole asked whether CA has found anyone who has done the client services approach (Possibility 2 Time line). Jann indicated that they have not. Charlotte indicated that it is not uncommon to do the approach outlined in Possibility 2 time line Other states have used this approach although they have called it by a different name.

Sharon stated that it important for CA to get some resolution to this - which time line will be used - so CA can get information out to the stakeholders and communities. The time line resolution is really the purview of another advisory committee or the TDC as a whole.

Fred Wulczyn discussed the current IV-E reforms being discussed by Congress. Historically IV-E has reimbursed states for board and maintenance. There is some possibility that there will be finance reform on the federal level either this year or next in the last half of the Congressional session. Although reform has been discussed in the past, nothing came of it and Fred indicated he was not sure he would give it a 50/50 chance this time around. TANF reauthorization will go forward this year and that might be the vehicle for IV-E reform.

In the IV-E reform there are 2 aspects Congress is looking at:

1. IV-E is the last remaining entitlement program - feds reimburse state for the cost of foster care for eligible children. Need to delink the eligibility standard for IV-E eligibility from the 1996 AFDC standard. There is some interest in getting the feds involved in the cost of foster care regardless of whether the kid is poor or not. Doing this would drive up the cost to the feds so the match rate would go down so that the change would be cost neutral to the feds and maybe to the states as well.
2. Currently, the IV-E match can only be claimed for kids in foster care. There is some interest in using the IV-E match for other services along the child welfare continuum. In this scenario, cost neutrality would still have to be the rule. It is not clear what mechanism will be used to get broad support needed.

The two aspects currently being discussed would accomplish what waivers have accomplished for states in the past. The feds seem tired of the waiver process and do not believe they are the way to get things done. Fred indicated that the probability that the feds will act in a way detrimental to what Washington is trying to accomplish in 2SHB 2106 is fairly low because what the state is trying to accomplish is within current federal law.

Fred discussed the terms "allowable expense" and "eligible child" under IV-E. He indicated that there is a healthy amount of variation from regional office to regional office. These two terms are subject to different interpretation in different regional offices. It is important to engage the federal office responsible for Washington's child welfare issues and what they are planning to do re 2106 and what they believe is allowable. The issue with these terms is what is the activity and on whose behalf is the activity performed? If it is an allowable activity for an eligible child then who provides the services - public or private agency - is a bit irrelevant.

New York City has a long history of providing case management by private agencies and they have a good track record of being able to obtain federal reimbursement.

Fred urged the state to begin discussions with the federal officials soon. If what is contemplated in 2106 would go against the approved IV-E plan then CA needs to figure out how to amend the plan so that the feds don't ding the state. If providing services in the way contemplated under 2106 would be more efficient, would balance services better and reduce foster care placements - the state will receive its share of federal reimbursement.

What is meant by "more efficient system"? State needs to try and document how it believes it will reduce the number of children in out-of-home care so that we will create a more-efficient system.
The basis of the federal claim for foster care is the number of care days. Children should get the type of services they need, in the type of need, in the amount they need, when they need them. If we do that, then we may say that we are running a more efficient system. If we accomplish that and reduce the rate of children coming in, then the number of days that CA provides goes down. The feds are the direct beneficiary of these additional reductions. The question is how do we keep the federal money at the table while we get better at what we are doing?

The IV-E entitlement is to the state not the child. If the state presents to the feds an appropriate claim the feds must pay it.

Fred also talked about the fed's placement and care authority requirement. The ultimate authority rests with the state agency – the question is how they exercise that authority over case decisions. In NYC, the public agency never saw the children on whom they are making decisions because they contracted out the decision making to private agencies. The big decisions are made by the public agency and the public agency is the arbiter of what private agencies are doing and can trump the private agency decisions. The private agency is acting as an agent for the state but in all states the legal custody of the child is with the state.

In places where the public agencies contract with private agencies, the public and private agencies negotiate the boundary between the two regarding case management of cases. The negotiation is ongoing as cases change.

Charlotte stated that the biggest area of screw-ups in this area is defining those boundaries. The is the potential for substantial problems when the private agency does not have enough authority to make decisions in cases. Need to decide what model of practice want to achieve and then figure out the money part – the fiscal implications – it's a question of risk and how the cash is to flow to the providers.

Jann Hoppler went through the partial list of 2SHB 2106 readiness tasks. There is a larger list that Jann will share with the committee.

Jeanine asked what information from this advisory committee CA needs in order to move forward with the solicitation. Jann indicated that they would need at least the payment methods.

Julie indicated that a set of high level outcomes will be discussed by the Outcomes Advisory Committee at the TDC meeting in December. The high level service array will be brought to the TDC by the Legal and Practice Advisory Committee at the TDC meeting in March 2010. A conference call between the co-chairs of the various advisory committees will be scheduled before the December TDC meeting.

Future Meeting Dates

December 17, 2009 – 1 to 4 – Doubletree

January 21, 2010 – 1 to 4 – Olympia

February 24, 2010 – 1 to 4 – Olympia

March 24, 2010 – 1 to 4 – TBD

April 28, 2010 – 1 to 4 – TBD

May 26, 2010 – 1 to 4 - TBD

Charlotte addressed risk sharing in performance based contracts. Risk sharing is understanding the risks involved and deciding which are borne by the private agency and which are borne by the public agency. There are also different types of payment arrangements. Some states use a global budget transfer. In Washington private agency would get a percentage of money for a percentage of cases taken. It is an open ended risk to the private agency. Florida and Nebraska uses this model.

Some states use a case rate model – a per child or family rate. The variability is huge. An annual case rate is the cost of providing services for a year. An episode of care case rate – have data to show the cost of serving the child from the beginning of the child's entry into the system until he or she exits the system. If get child to permanency in less then the standard episode time then still get paid for entire episode. For kids that stay longer than the episode, payment stops at episode end even though the kid is still in care. The agency retains any savings on children that leave early to spend on the children that stay longer than the average episode. The private agency warrants permanency for a specific period of time after the kid exits so if the kid returns to care before that warranted period is up, the agency does not receive a payment for the care. Most states that went with the case rate model also put in a risk mitigation tool. With this tool, costs above a certain level are split between the private and public agencies. Reinvestment of savings strategies is also part of the model as well. There are a number of states that have used this model without a federal waiver.

One of the decisions that we have to think, do we blend costs across different populations or do we stratify the payment levels. Maybe have a different rate for Legacy Kids?

Sharon Osborne suggested that she, Julie and Charlotte can meet and put together a white paper so that we can start costing some of this out. Emails will ensue.

It might be prudent to invite the leadership of Region 10. Maybe bring in someone from DC as an additional resource? Charlotte stated that since we have a March deadline, it would be best to focus on PBCs.

Sharon suggested that the committee might consider meeting with providers. Carole stated that it is crucial to make sure that private providers understand the implications and have the knowledge of these changes. This is a way to assure that there is private agency capacity.

Charlotte pointed out that there is no single example of other another state that utilizes the same single model. In addition, there is no empirical support says that any single pay rate is better than another.

Public Comment taken.