

Presentation to House Appropriations
Health and Human Resources
Sub-Committee

Children's Services System Transformation and
Related Budget Issues in the Comprehensive
Services Act

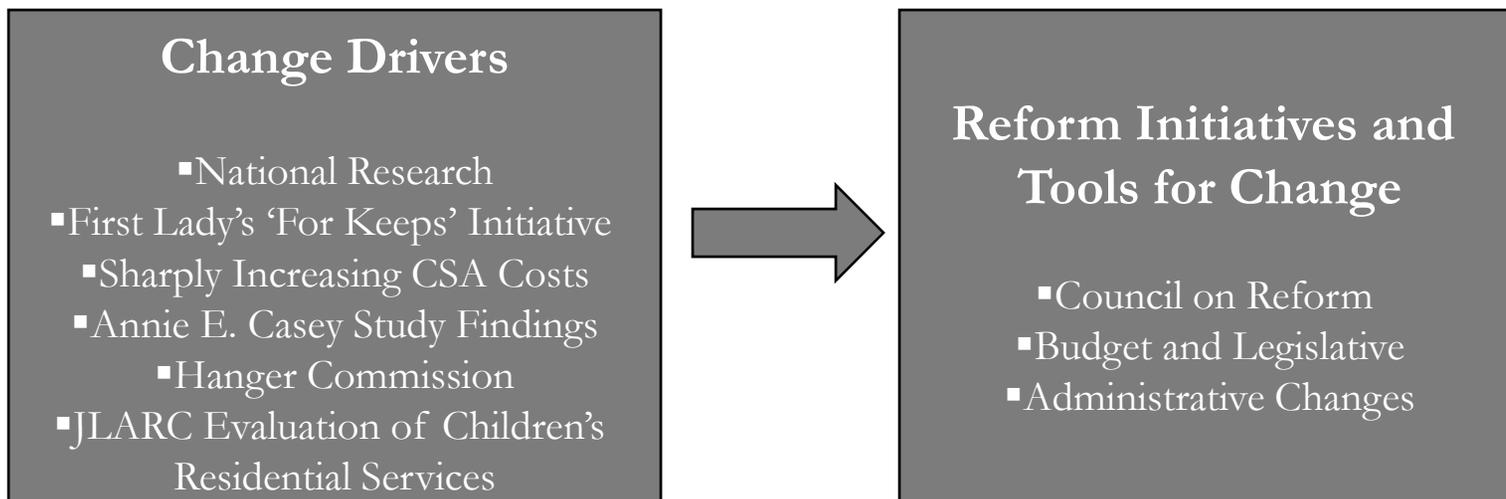
January 26, 2009

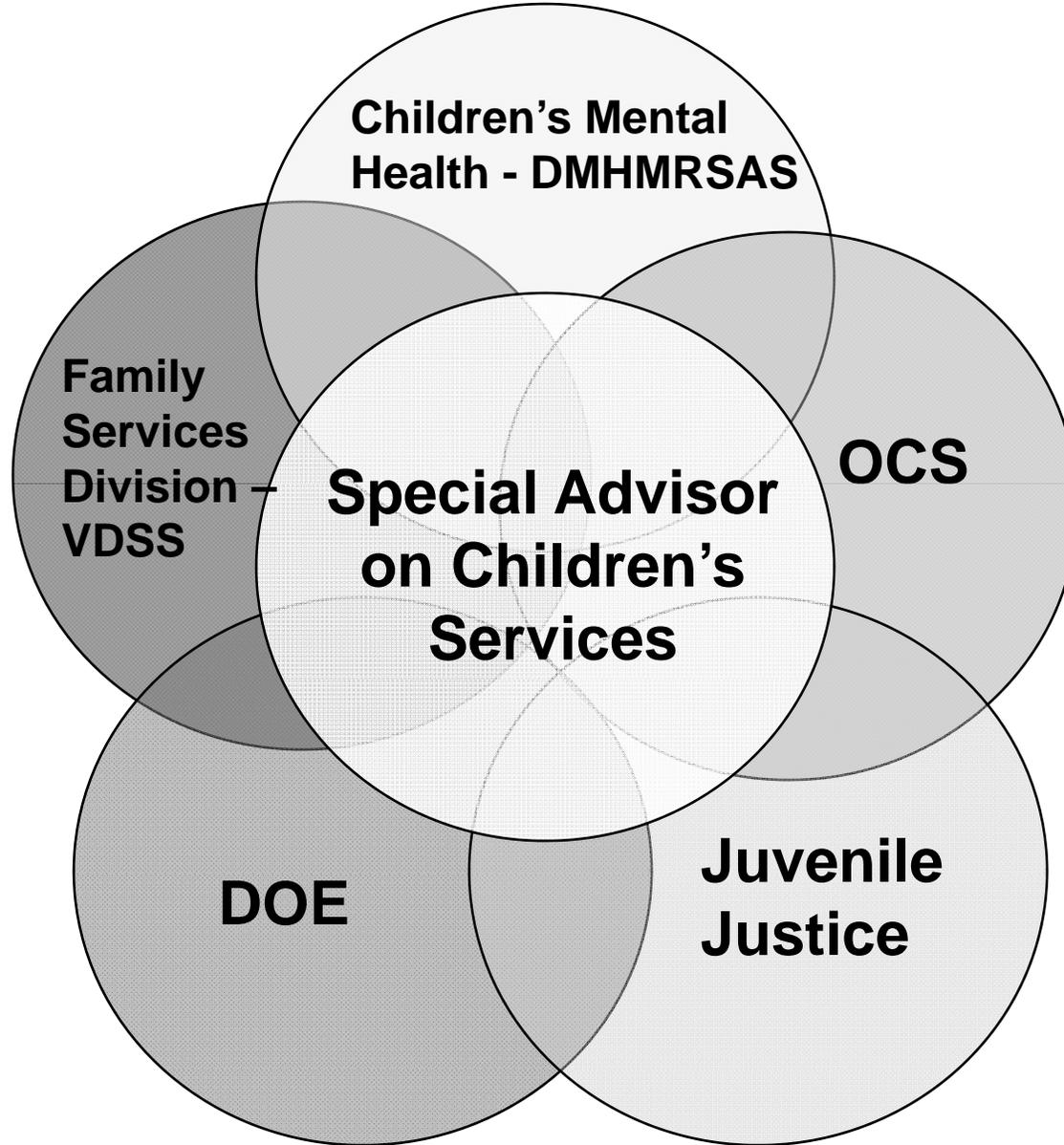
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Virginia's Transformation Initiatives

We are engaged in a number of interrelated efforts to fundamentally change how human services are delivered to children and families in the commonwealth and improve outcomes.





Council on Reform (CORE)

- **Purpose:** Work with thirteen targeted localities from across Virginia to develop a shared vision for Children's Services and best practices at the state and local level
- **Membership:** Representatives from thirteen geographically diverse localities:
 - Charlottesville, Chesterfield, Dinwiddie, Fairfax, Henrico, Newport News, Norfolk, Prince William, Richmond City, Roanoke County, Roanoke City, Virginia Beach and Washington County
 - These localities account for almost 50% of statewide foster care population
- Workgroups are focused on the development of a Practice Model and implementation of "Building Blocks" of Transformation
- The Annie E. Casey Foundation has been providing extensive financial and consultative assistance in this work.
- We will be expanding this effort to the rest of the state starting in February, 2009

Transformation Progress

- Extensive training provided by national experts on child welfare best practices such as foster parent recruitment, development and support; data management; family engagement; and youth involvement
- VDSS acquired SafeMeasures (through funds provided by Casey Family Programs), a web-based tool to improve local performance management capacity
- Sent 35 Virginia employees to Maine and Ohio to learn from similar efforts within those states
- Adopted new training philosophy and model based on national best practice which will be fully operational by the end of 2009
- Improved the ability of state and local agencies to utilize data through monthly reports
- Engaged private providers and provided training to support restructuring their services to meet changing market demands
- Increased clarity around CSA funding flexibility including documentation and discussion of current practices across Virginia
- Developed a Family Placement Team within VDSS which will provide both direct recruitment activities as well as training and technical assistance to agencies to develop or refine their own recruitment, development and support efforts for foster, adoptive and resource families.

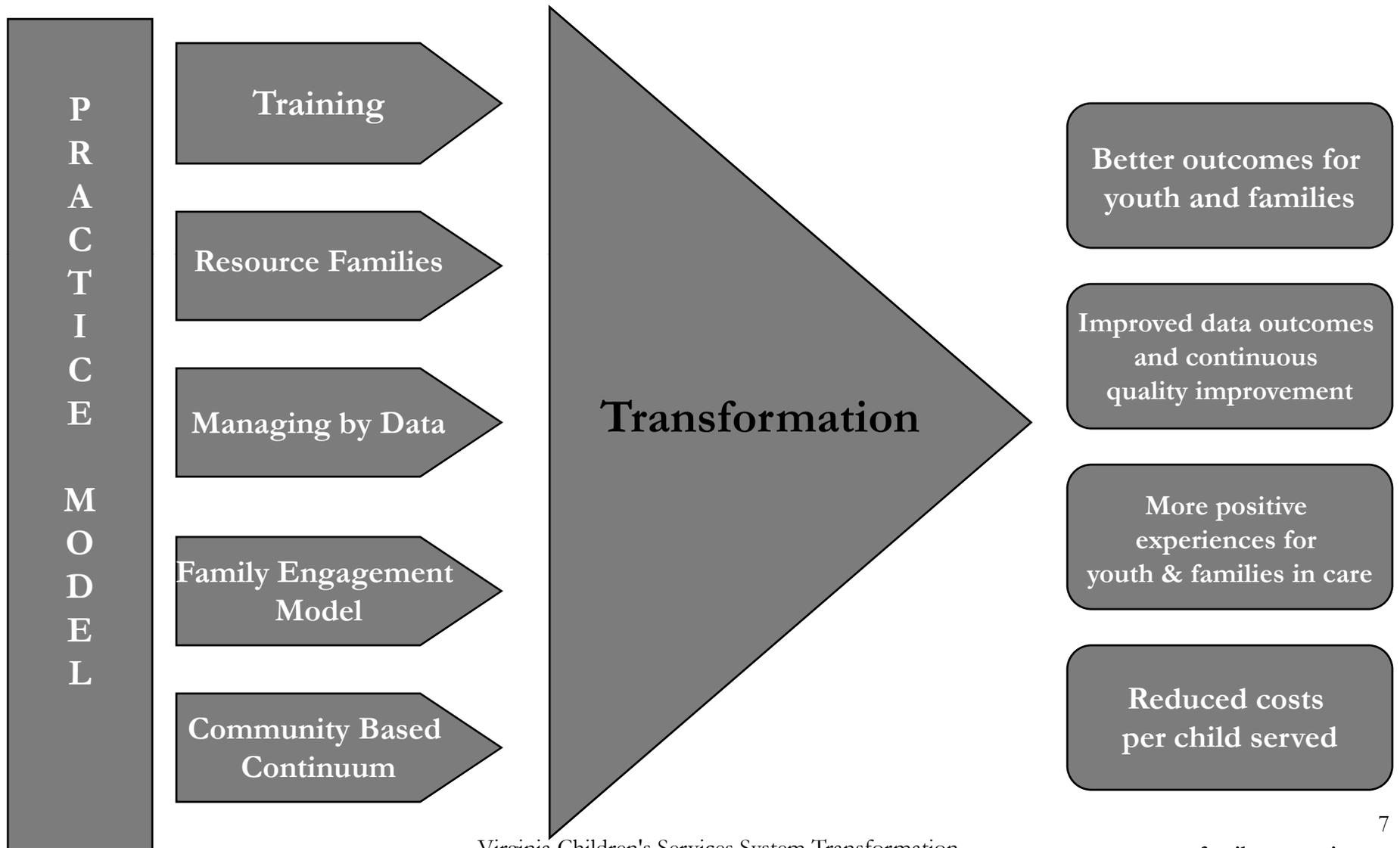
Virginia Children's Services Practice Model

We have developed a common philosophy that will help to shift practice to achieve better outcomes for youth and families.

We believe:

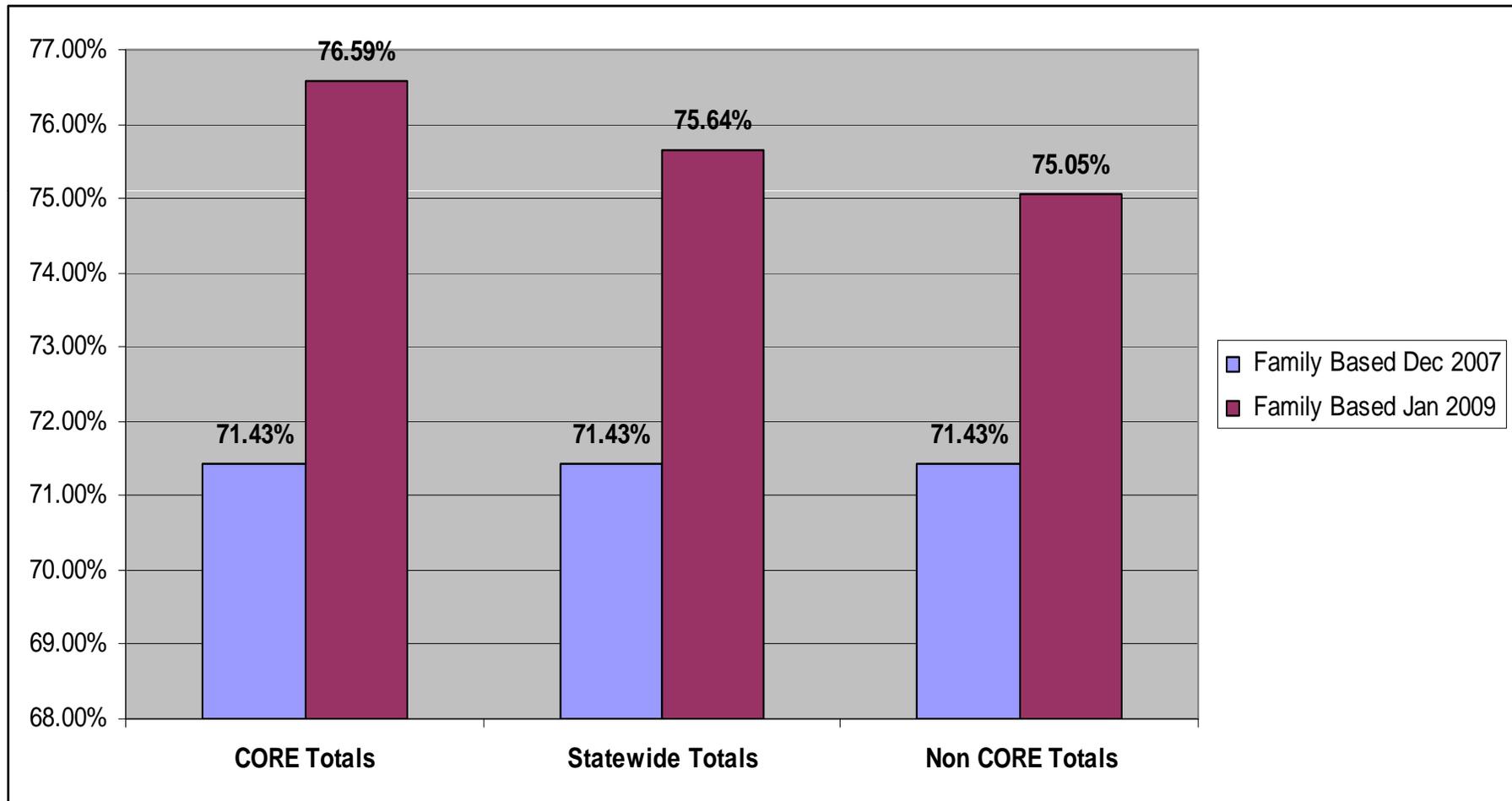
- That all children and youth deserve a safe environment.
- In family, child, and youth-driven practice.
- That children do best when raised in families.
- That all children and youth need and deserve a permanent family.
- In partnering with others to support child and family success in a system that is family-focused, child-centered, and community-based.
- That how we do our work is as important as the work we do.

Operationalizing the Practice Model: Implementing the Building Blocks of the Transformation



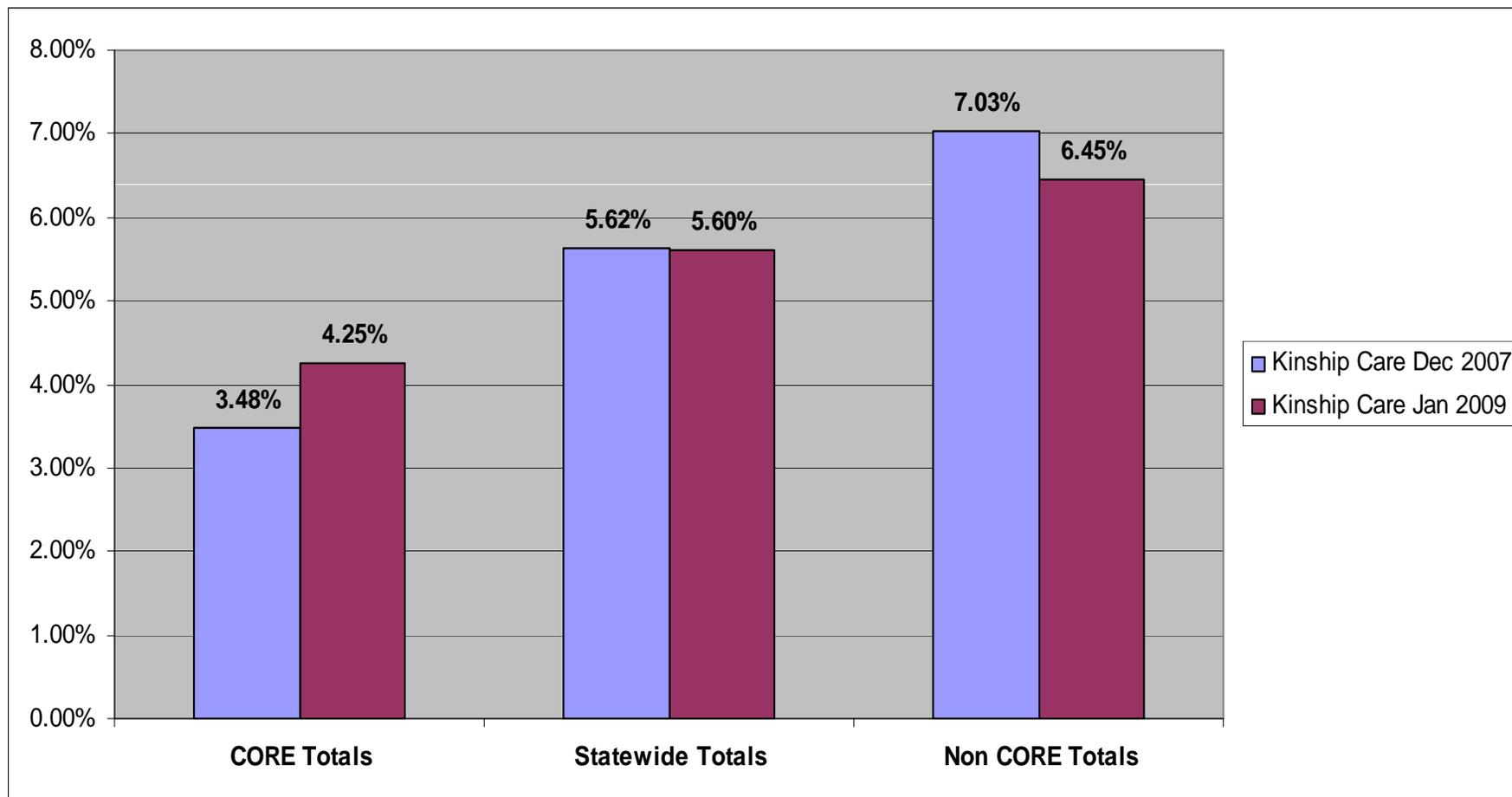
2008 Increases in Family Based Placements:

Family based placements have risen as a percentage of the total placement population in both CORE localities and across Virginia



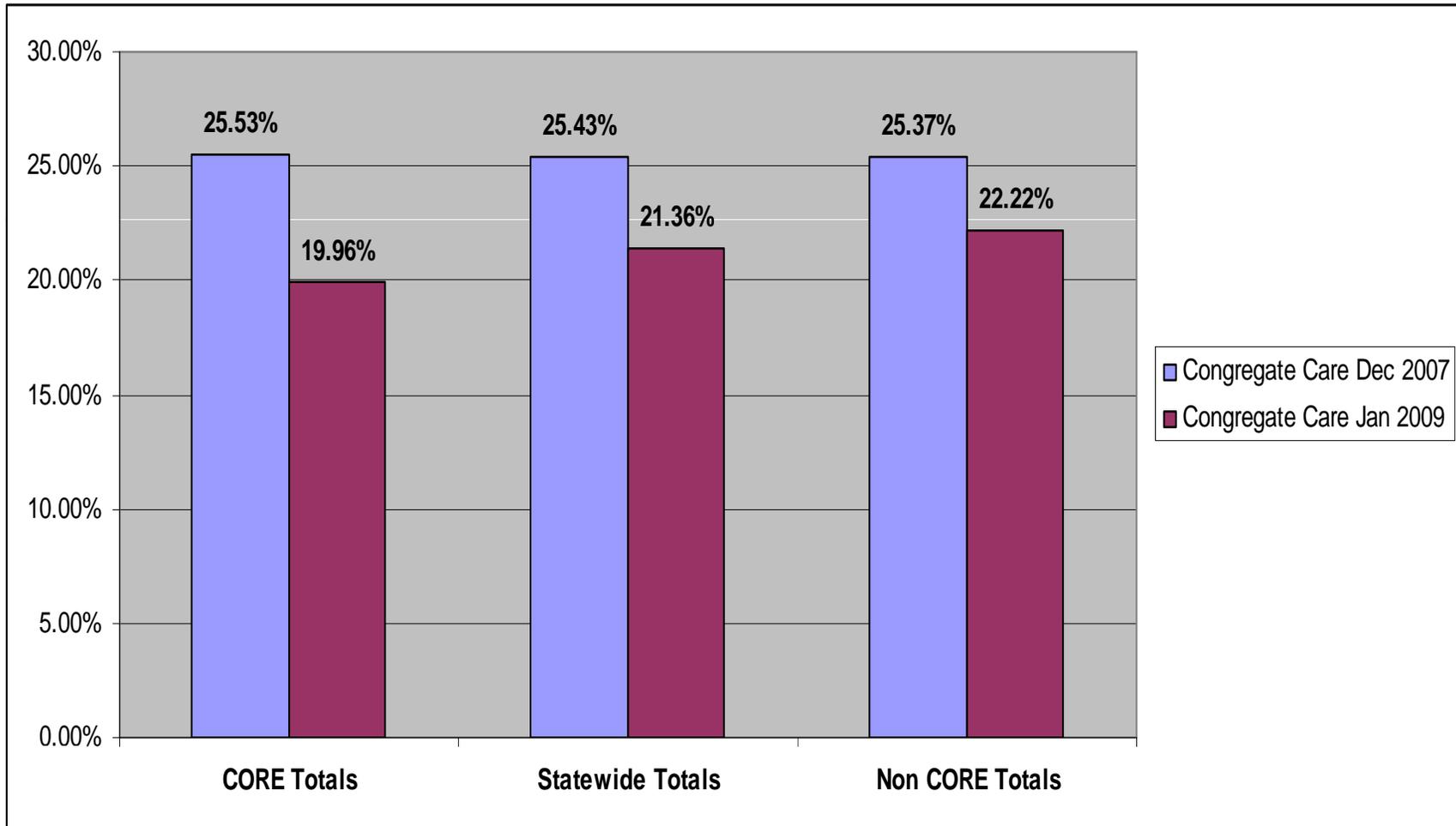
2008 Kinship Care Placements:

Kinship care placements have increased in CORE localities as a percentage of the total placement population



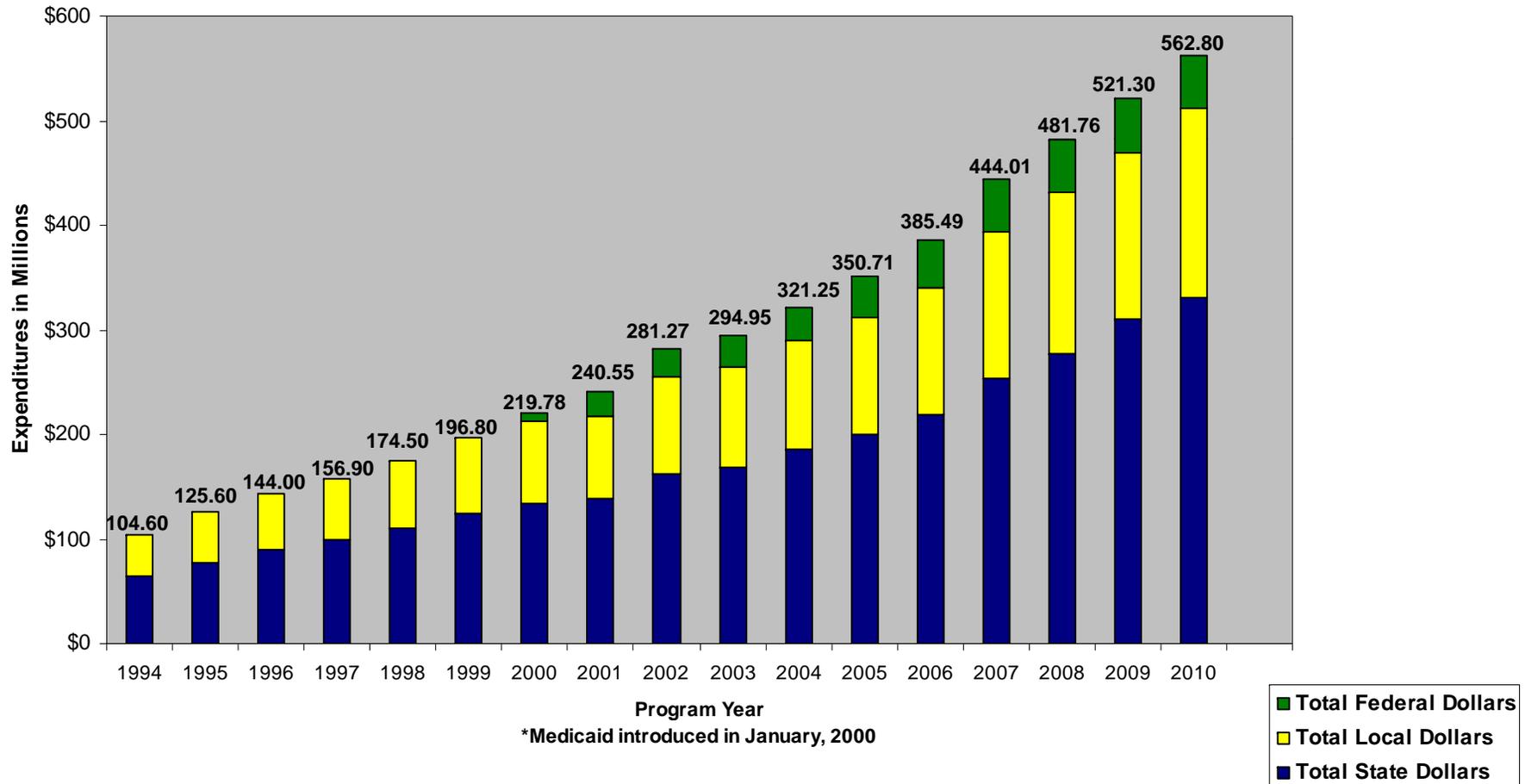
2008 Group Care Reductions:

Statewide there has been a 23.47% decrease in the group care population.
CORE agencies have seen a 30.93% decrease in the use of group care.



Increasing CSA Expenditures

**Total CSA Expenditures
1994-2010***



CSA Expenditure Breakdown: 2005-2010

	Base State Dollars	State Medicaid Match	Base Local Dollars	Local Medicaid Match	Federal Medicaid Match	Total CSA Expenditures
2005	\$174.22	\$25.58	\$98.95	\$13.18	\$38.76	\$350.71
2006	\$189.16	\$29.86	\$105.85	\$15.38	\$45.25	\$385.49
2007	\$219.56	\$33.60	\$122.68	\$17.31	\$50.91	\$444.01
2008	\$244.29	\$33.42	\$136.24	\$17.21	\$50.63	\$481.76
2009	\$277.90	\$32.50	\$140.00	\$18.90	\$51.40	\$521.30
2010	\$297.80	\$32.50	\$162.00	\$18.90	\$51.40	\$562.80

***Dollars in Millions**

Governor's GF Budget Reductions to the 2008 Appropriations Act, Chapter 879

	<u>FY2009</u>	<u>FY2010</u>
<ul style="list-style-type: none"> • Eliminate Innovative Grants <ul style="list-style-type: none"> – Eliminates grants intended to encourage localities to create community based services 	(\$500,000)	(\$500,000)
<ul style="list-style-type: none"> • Parental Agreement Adjustment <ul style="list-style-type: none"> – Recovers unused funding for services for children accessing CSA services through parental agreements 	(\$5,000,000)	(\$5,000,000)
<ul style="list-style-type: none"> • Reduce Out of State Placements <ul style="list-style-type: none"> – Enhance efforts to reduce the number of children placed in out of state residential facilities 	(\$700,000)	(\$1,300,000)
Total GF Reductions for CSA	(\$6,200,000)	(\$6,800,000)

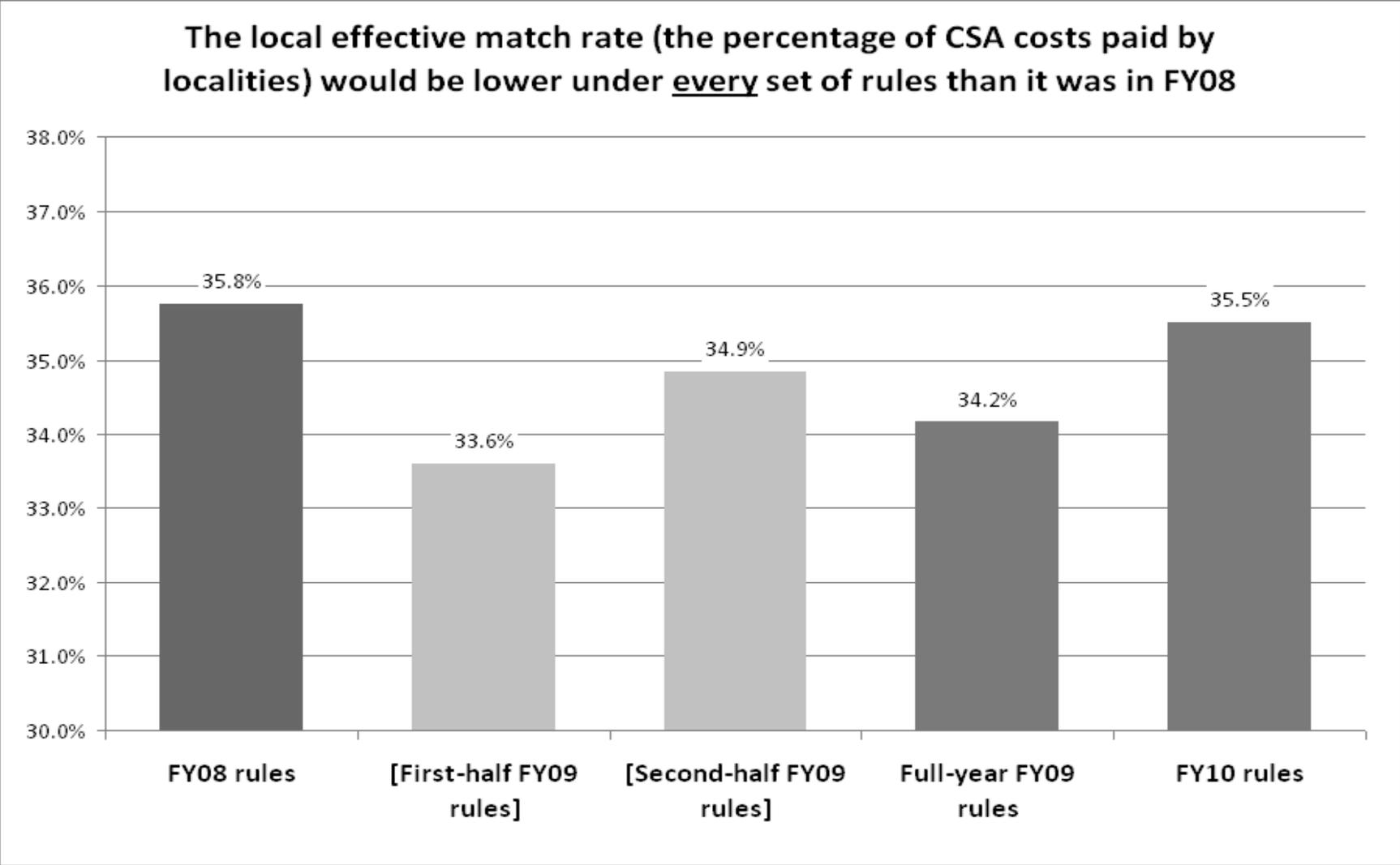
Additional Administrative Changes

- Local Match Rate Incentives for community-based care
- Implementation of Intensive Care Coordination for children in or at risk of group placement
- Clarification of flexible use of CSA dollars to better support community based alternatives and wrap around services

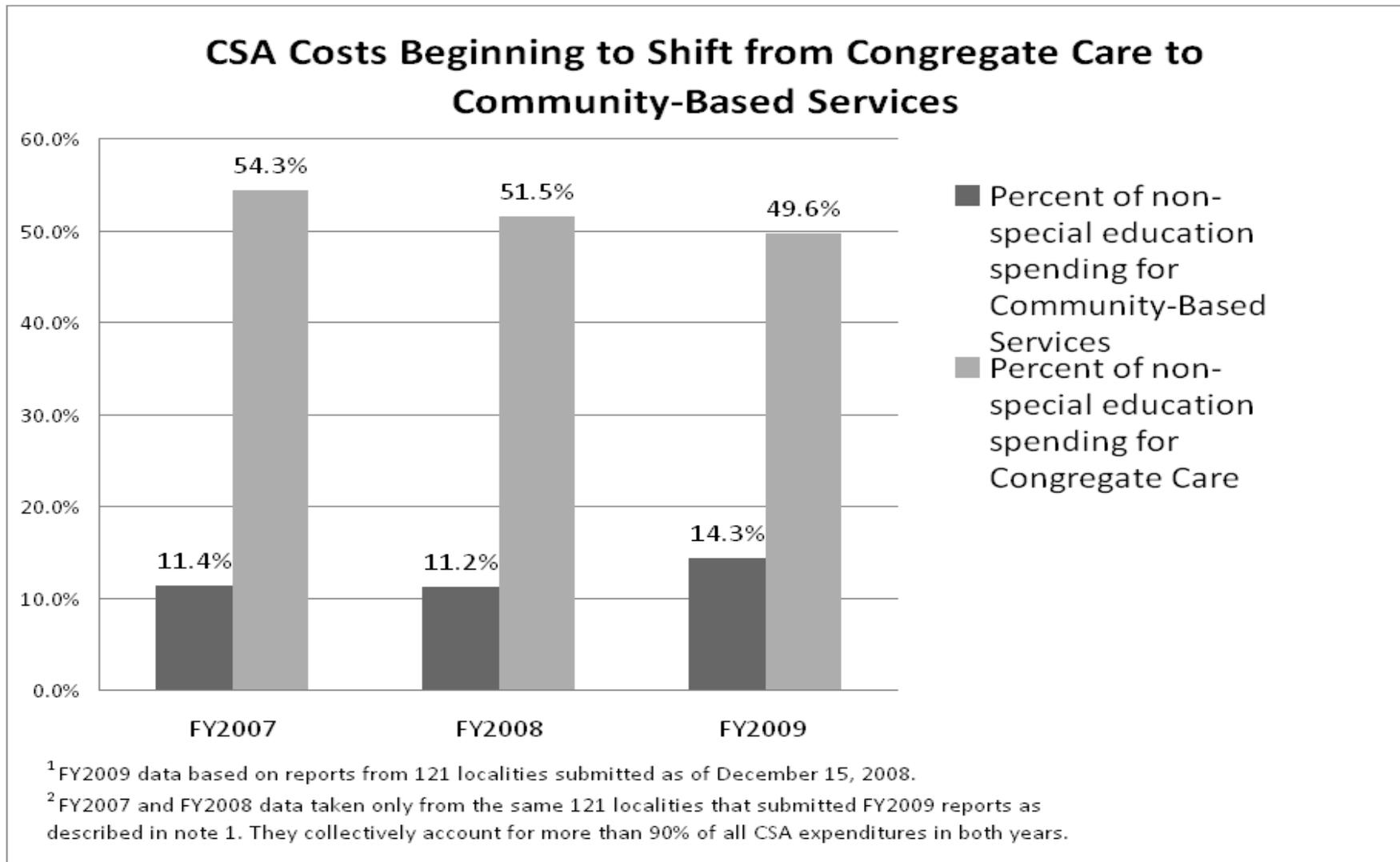
Local Match Rate Incentives for Community-Based Care

- Community-Based Services
 - Local match rate reduced by 50%
 - On average, the state assumes over 80% of costs for community-based services
 - Effective July 2008 local match rate reduced by 50%
- Residential Treatment and Group Home Services
 - Effective January 2009, local match rate increased by 15%
 - Effective July 2009, local match rate will increase by an additional 10%
 - On average, the state assumes over 50% of costs for residential treatment and group home services
- Hold Harmless Allowances for Localities
 - January 2008 – June 2009: \$100,000
 - July 2009: \$200,000

Match Rate Changes Result in Decline in Local Effective Rate



Impact of Local Match Rate Changes



Local Budget Impact: FY 2009

- Based on 2008 spending and **assuming no change in service delivery**, in 2009:
 - Localities as a whole will see a decrease in their share of costs by **\$6.1 million**
 - Only 8 localities would see an increase in their share of costs (totaling only \$315,000)
 - Overall effective local match rate **decreased** from 2008 base of **35.8% to 34.2%**
- Modest decreases in group care and associated increases in community-based care will allow all localities to realize CSA cost savings

Local Budget Impact: FY 2010

- Based on 2008 spending and **assuming no change in service delivery**, in 2010:
 - Localities as a whole will see an **additional \$1 million** decrease in their share of costs
 - Only 34 localities would see an increase in their share of costs
 - Overall effective local match rate is again slightly lower than 2008 base – 35.5%
- Modest decreases in group care and associated increases in community-based care will allow all localities to realize CSA cost savings

Impact of Eliminating 2010 Match Rate Adjustment

- Based on 2008 spending and **assuming no change in service delivery**, in 2010:
 - Localities as a whole will see an **additional \$3.9 million** decrease in their share of costs
 - Only 21 localities would see an increase in their share of costs
 - Overall effective local match rate is significantly lower than 2008 base – 34.7%
- Slows momentum from shift in group care to community based care

Intensive Care Coordination (ICC)

- Appropriation language approved last year requires ICC to be provided for all children in or at risk for group placement.
- ICC is intended to assist in obtaining the least restrictive, most family-like, and most community based level of care possible for children in or at risk of residential or group services.
- The State Executive Council approved three general rules to guide the implementation of ICC:
 - ICC is a reimbursable CSA service
 - The local Community Services Board is the accountable entity responsible for the provision and oversight of ICC.
 - Requires CSB collaboration with local CPMT to determine how best to provide the service.
 - Actual service may be contracted out but the CSB remains accountable.
 - All children in or at risk of group care are to receive ICC, but services may be phased in based on local priorities.
- An Implementation Workgroup has met 3 times and developed revised draft guidelines for consideration by the SEC in March.

Clarification of Flexible Use Of CSA Funding

Use of CSA dollars:

- To support services for other family members
- To pay for one-time capital expenditures
- To support services provided by public child serving agencies
- To cover program start-up costs
- Pooled together to support a program or service while meeting “individually based” requirement

Conclusions

- The Children's Services System Transformation initiative is helping to change how services are delivered to children and families and is producing results.
- The vast majority of localities are benefiting financially from the change in match rates with the desired effect of providing an incentive for the development of community based care.
- A minimal change in service delivery practice is required by a small number of localities to avoid any negative financial impact.
- The implementation of Intensive Care Coordination is progressing and will be closely monitored.
- Ongoing clarification of the flexible use of CSA dollars will support the development of community based alternatives.
- While it is too early to project with complete accuracy, the overall growth of CSA expenditures appears to have slowed.