DCF LEGISLATIVE TESTIMONY

November 16, 2022

TESTIMONY OF

Secretary Laura Howard

Kansas Department for Children and Families

TESTIMONY ON

Contracts and Grantee Funding; Prior Meeting Follow-up

Chair

Representative Susan Concannon

Vice Chair

Senator Richard Hilderbrand

Ranking Minority

Representative Jarrod Ousley

and

Members of the Committee

INTRODUCTION

Chair Concannon, Vice-Chair Hilderbrand, Ranking Member Ousley and members of the Joint Committee on Child Welfare System Oversight, thank you for the opportunity to appear before you today to provide a DCF Update and to provide information on some specific topics that you requested. The bulk of my testimony will be focused on describing in some detail our contractual and grant relationships in child welfare, including:

- How Foster Care Funding Works;
- Performance measures and expectations, including the use of performance improvement plans (PIPs) and incentive and penalty funding; and
- The timeline and process for rebidding our existing foster care case management grants.

I will also provide some brief responses to questions that arose during our testimony at the last meeting related to reports from abortion providers to DCF.

Throughout the testimony I will refer to a number of charts that are included as attachments to this testimony.

FOSTER CARE PROGRAM PAYMENTS

The Foster Care Program is a part of the Consensus Caseload process and is estimated twice per year by the Kansas Division of the Budget, the Kansas Legislative Research Department and the Department for Children and Families. Based on this Fall's consensus caseload estimates, the FY2023 budget is $281 million from all funding sources and FY 2024 is estimated at $280 million. It is funded 69% by SGF and the remaining funding includes several federal funds including Title IV-E, TANF, Title IV-B, Social Security, and Social Service Block Grant.

The current foster care structure started October 1, 2019. Prior to this date, the foster care program was administered by two contractors covering 4 regions in the State. Monthly payments were made to the contractors and contractors were responsible to cover all cost for the child, including costs associated with case management, as well as all placement costs (family or residential) for the child. The contractors set their own rates for placements and negotiated those rates with child placing agencies and residential providers.

The current Foster Care Program consists of a combination of multiple grants and contracts. These include Case Management Provider (CMP) grants, Child Placing Agency (CPA) agreements, Residential Facility Provider Agreements, Maintenance payments to foster homes, and other misc. agreements for services like the Carematch System, home studies, QRTP assessor, Special Response and Adoption Accelerator. The payment arrangements are described below:

- **Case Management Providers (CMP)**. There are 8 catchment areas in Kansas, each with a separate grantee and specific case management rate. The 8 areas are covered by 4 different grantees (See Attachment 1). CMPs are responsible for providing direct services to the child and family including case planning, service delivery, reporting to the court, and collaboration partners and community resources to ensure appropriate services are available and provided. For these case management functions, the grantee receives a tiered monthly rate based on a range of caseload on the last day of the month (See Attachment 2). This is not a rate per child. Payment amounts were determined by competitive bid. Rates change when caseload changes by more than 10% up or down. The rate change is needed to adjust for fixed and variable costs (See Attachment 3). Monthly CMP Payments decrease by 5% when going down (due to a caseload reduction of 10%), and by 7% when going up (due to a caseload increase of 10%). The difference in change up versus down recognizes the fixed costs the grantee maintains when caseloads decrease.

In the month following payment, the grantee reports actual costs to DCF and if costs are less than the payment for that month, money is recouped to get to actual costs. The only payments grantees keep above costs to use as they wish are incentive payments made annually based on outcomes that were achieved.

- **Child Placing Agency (CPA) Administration.** CPAs are responsible for recruiting, training, and supporting the network of foster homes. When a family becomes a foster home, they are sponsored and supported by a CPA of their choice. To cover the CPA's costs, they receive a semi-monthly payment based on actual days a child was in a sponsored foster home. The rate is based on a cost study of actual costs of all CPA's adjusted for inflation and other changes in service delivery. There are multiple rates based on the need of the child/placement type **(See Attachment 4).** Some CPA's are able to operate below those rates while some operate at a slight deficit for some months. These rates are occasionally reviewed and reset to account for increases or decreases in costs for each placement type. This payment goes to the CPA that is servicing the foster home to cover all administrative costs.

- **Foster Home Placement Payment**. This is a pass-through maintenance payment that reimburses the foster family or relative/kin family for the placement. Foster Family payments are based on an estimate of what variable costs are required to care for a child. There are several different rates based on the needs of the child (See Attachment 4). These payments are adjusted occasionally based on need. Unlicensed relative/kin payments are currently reimbursed at less than licensed homes and less than estimated costs. We are requesting through the budget process to increase these rates effective in FY2024.

- **Payment to Residential Centers**. DCF maintains Provider Agreements with residential providers. Each placement type has a rate based on a rate study (**See Attachment 4**). These are reviewed and reset similar to the CPA Administration described above. The daily rate covers all administrative costs and all maintenance costs for the child while at the facility. All residential placements for foster children are paid by DCF except when a child is in a PRTF. These are billed directly through Medicaid and costs are not incurred by the Foster Care Program.

PERFORMANCE MANAGEMENT AND QUALITY ASSURANCE

DCF has a robust quality assurance functions regarding its grantees. As part of the DCF Quality Assurance function, 15 key aggregate data performance outcomes and settlement requirements are monitored. Monthly data management reports are developed, and quarterly case reviews take place. Attachment 5 is the PPS and Grant Outcome Report for SFY 2022.

As we have described in previous testimony, much of this is based on elements of the federal Child and Family Services Review (CFSR). The CFSR looks at specific outcomes in safety, permanence, and child well-being, as well as a number of systemic factors such as a state's information system, service array, and caregiver recruitment and retention. The focus of the federal CFSR is on continuous improvement. In areas needing improvement, states enter into performance improvement plans.

Similar to the relationship of the federal agency to the state, DCF requires its grantees or in some cases the DCF Region to develop performance improvement plans when outcomes are not met. The specific process is outlined in the RFP. As a part of this process, when performance does not meet the standard, case management agencies develop progress goals. These goals:

- Initially developed by case management agencies in November, 2021.
- Refined/approved by January 2022 for the SFY 22 performance review period.

Based on progress or lack thereof penalties and incentive payments are made.

Incentive Schedule. The incentive schedule for success is applied to outcomes met.

- Allowance for foster care grantees to retain up to 3% of total annual allowable expenditures based on meeting or exceeding performance measure standard outlined in the incentive structure.
- 3 Levels of Incentives for 14 Outcomes and 1 Practice improvement for a total of up to 3.0% incentive if meeting all standards.

Penalty Schedule. A penalty schedule may be applied at the end of the year if performance does not meet at least the agreed upon goals after PIP implementation.

- Performance meeting the PIP goals has no penalty (or incentive) applied.
- Performance not meeting the outcome or PIP goal has a penalty.
- Four penalty levels (from 95% to 80% performance) before leveling.
- 2.4% maximum potential penalty.

Attachments 6 and 7 further details how performance incentives and penalties are calculated.

FY 2022 Performance. Attachment 8 provides a quick visible snapshot of the Case Management Provider Outcomes on each indicator and whether the CMP met its established performance improvement goal.

Green means the performance standard itself has been met.

Yellow means the goal established in the Performance Improvement Plan was met.

Red means not nearing or meeting performance standard.

As you can see from this Outcome and PIP Goal Snapshot, each grantee has areas of strength and areas of weakness.

Based on FY 2022 performance, incentive and penalty payments were calculated for each of the 8 catchment areas. **Attachment 9** provides a quick snapshot for each of the 8 catchment areas of the penalties and incentives.

Green means the CMP qualified for an incentive based on meeting its established PIP Goal.

Red means the CMP did not meet the standard or its established PIP Goal.

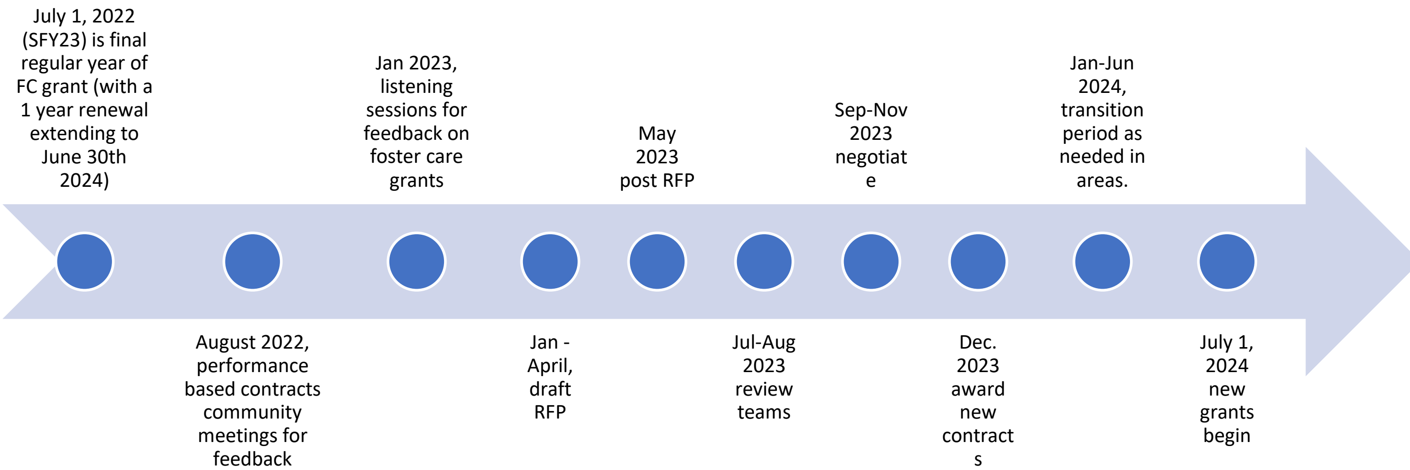
The State Fiscal Year 2022 incentives and penalties imposed are summarized by case management provider in the table below:

	FY22 Incentives based on Allowable Expenses Less Reimbursed Costs		FY22 Penalties based on Allowable Expenses Less Reimbursed Costs		Incentives + Penalties
SFM	$ 1,077,218.19		$ (575,216.08)		$502,002.11
KVC	$ 426,602.00		($305,812.56)		$120,789.44
TFI	$387,209.12		($240,677.50)		$146,531.62
COC	$ 199,307.35		($158,273.48)		$41,033.87
FY22 Total Amounts	$2,090,336.65		($1,279,979.61)		$810,357.03

For those of you who might have interest in looking more deeply into the Performance Improvement Plans, or into the goals and performance of a specific CMP provider, Attachment 10 provides for each indicator, the target goals over time and actual performance of each case management provider in each catchment area.

FOSTER CARE RE-BIDDING

This state fiscal year – SFY 23 is the final regular year of the Foster Care case management grants. The grants allow for a one-year renewal extending the grants through FY 2024, ending on June 30, 2024. At DCF, we are beginning the planning process for re-bidding the grants. The graph below provides a high-level summary of some of the steps in the process:



As you can see the process will be a busy one, with opportunities for input from key stakeholders prior to issuance of the RFP. DCF will incorporate input from the series of performance-based contracts community meetings that were held this past summer. DCF will also conduct a series of listening sessions targeted at key stakeholders, including families, foster parents, youth, child welfare partners, judicial partners, and others. These meetings will likely be a combination of in-person and virtual meetings held at times convenient for partners.

In terms of lessons already learned, DCF will incorporate input from Legislative Post Audit reports, such as established consistent caseload size standards. From the performance-based contracts community meetings, we will look at the possibility of establishing shared outcomes with residential providers, and additional ways to prevent failure to place instances. We will look at ways to both assure accountability and share best practices across providers, which is sometimes difficult in a competitive market.

There are some things we know are working well that it will be important to build into the new grants, such as non-case carrying special response teams, educational liaisons, and adoption accelerator positions. It will also be important that we take a look at feedback from the Office of Child Advocate – for example, there have already been some recommendations to incorporate specific annual required trainings on certain topics.

Finally, one other area of learning has to do with shared outcomes across systems. We will be assessing roles and relationships of not just our CMPs, but community mental health centers and the state's managed care organizations in meeting our collective goals.

Follow-Up from Previous Meeting

There was a request to know the number of reports involving a child aged 14 and younger that law enforcement were called to perform an investigation and a more specific breakdown of the presenting situation for SFY20-22. That information is in Attachment 11, Tables 2 and 5.

Two follow up questions were asked related to the information DCF provided at the last meeting regarding reports from abortion providers to DCF.

First, we were asked whether law enforcement was contacted in the cases of the four youngest victims included in the abortion provider report of sexual abuse.

The four (4) youngest children in the report covering 2017-2022 are ages 3, 8, and two children aged 9 years. The four children were each a sibling of an alleged victim in a report. They were not an alleged victim. No report was made to law enforcement for these four youngest children who were siblings of alleged victims.

Second, we were asked how many youth in custody were included in the DCF reports from abortion providers, what services those youth received, which clinics, whether legal action was taken, and whether the child changed placement after the report.

Only one youth in custody was included in the CPS intakes received pursuant to K.S.A. 65-445. The child was 15 years old and requested birth control consultation from a Wichita clinic. At the time, the youth was in custody living with their parent, with KVC as the case management provider. Subsequently, there was a change of placement a few months later, and the youth currently resides with a relative. There was no need for any legal action.