



Foster Care Reimbursement Rates

(Version 2)

ACTION NEEDED: FUND FOSTER CARE RATE INCREASE OF 22.8 PERCENT

Fund HHSC rate increase request for residential foster care providers: increases of 9.27% for child placing agencies (CPA's), 23.27% for foster families, 34.73% for emergency shelters, and 39% for residential treatment facilities. *These categories combine to create an average rate increase of 22.8% for the upcoming biennium.*

These rate increases are based on 2006 audited cost reports which document very depressed rates for all service providers. Biennial funding needed is \$164.9 million All Funds of which: \$67.4 million is GR, \$37.8 million is TANF, and \$59.7 million is Federal Title IV-E. (Note: Add to GR if TANF not available.)

Foster Care Providers NEED Increased Funding:

◆ **Private Funds That Supplement Rate in Jeopardy:** In FY2006, private providers raised **\$28.6 million** from private sources to supplement the cost of care. The economic crisis will impact the ability to raise these funds.

◆ **Expensive Upgrade to Standards Not Included in Cost Data:** The Texas Department of Family and Protective Services (DFPS) adopted new revised Minimum Licensing Standards, effective January 2007. The calculated fiscal impact of the standards is estimated to be \$37 million for the FY 2008-2009 biennium. These costs are not included in the 2006 cost data used to develop the rate request.

◆ **Current Depressed Rate Structure:** No valid rate methodology in place for the past five years since the levels of care were collapsed from six to four levels in 2003. For the prior years costs have not been analyzed adequately, leaving the system to compress quality by increasing caseloads and delaying building repairs. The large rate increase reflects use of a new rate methodology by HHSC that represents cost in the new four level system of care.

DFPS Advisory Council recommends that "HHSC look closely into the possibility of a rate increase for residential providers, based on the adoption of the new rule changes in Chapters 748, 749, and 750, and the resulting fiscal impact of these chapter changes."

Foster Care Providers Offer Important Services:

◆ **Funds Pay for Essential Services:** Reimbursement rates purchase an essential safety net for foster children. They pay for food, shelter, clothing, case management, educational support, transportation to visit parents and siblings, assessment and development of service plans, access to physical, dental and behavioral health services, and coordination of community resources and supports. Quality service delivery helps move children quickly through foster care to a permanent home of either family reunification, adoption, or relative care.

◆ **Safety Net in Jeopardy:** Residential and emergency shelter providers are on the verge of closing due to inadequate funding levels; several have closed already. Children are moving unnecessarily between placements because funds, risk, and capacity are not feasibly matched. Too many children with very severe needs end up in shelters because of the lack of facilities equipped to care for them; shelters are not paid at a rate sufficient to provide the intensive services needed.

◆ **Link to Criminal Justice System:** 37% of Texas Youth Commission (TYC) offenders have a documented history of abuse or neglect. A quality foster care system is needed to most effectively help foster youth avoid criminal involvement.

This fact sheet was adapted from a fact sheet created by the Texas Alliance of Child & Family Services.

Texas Network of Youth Services

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