

Improve Outcomes for Children in Foster Care by Reforming Congregate Care Payment Models

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In child welfare, there is growing emphasis on keeping children at home, and when that isn't possible, placing them with relatives or in other family-like settings. Secure attachments to consistent caregivers are critical for the healthy development of children and youth, especially for very young children. Congregate care placements are also significantly costlier than traditional foster care or kinship care placements.

Experts are encouraging and advocating that congregate care settings, such as group homes and residential treatment centers, be utilized in a more limited and specialized way, to stabilize children with behavioral, emotional, or other clinical needs so that they can return to family-based settings.¹ For most children and youth, congregate care should be a temporary tool for emergency stabilization, similar to how trauma centers or emergency rooms are used in the medical field.

Congregate care use is decreasing at a greater rate than the overall foster care population, which indicates states are reducing the number of children who spend time in a congregate care setting.²

But progress is not equal in every state and some states have experienced a recent surge in foster care placements, including congregate care placements.

Child welfare agencies need practical strategies for changing how they use congregate care. One strategy for reforming congregate care use would be to re-align payment models to better support congregate care as a specialized, therapeutic, stabilization service.

¹ https://www.acf.hhs.gov/sites/default/files/cb/cbcongregatecare_brief.pdf

² *ibid*

Align Payment with Program Goals

Re-thinking the Typical Fee for Service Payment Model

Many jurisdictions utilize a fee for service payment model for congregate care; often a daily payment that continues as long as the child remains in the program. There are two issues with this model. First, the daily rate offers no financial incentive for programs to step children down as quickly as possible because it continues for as long as the child is in care. The longer a child remains in the program, the more the program is paid. Second, the per diem rate is often not high enough to support highly therapeutic interventions. Research has shown the following programmatic elements to be associated with safety and positive outcomes for children and youth in residential facilities:³

- a developmentally appropriate, trauma-informed, treatment model;
- assessments and individualized treatment plans that are periodically reviewed;
- a well-trained and well-supported workforce that understands the treatment model;
- family involvement in the treatment program while the child is in care and an emphasis on permanency for the child/youth;
- intentional transition planning;
- sustained community connections;
- youth empowerment;
- culturally and linguistically sensitive services; and
- a focus on continuous quality improvement.

Typical fee for service rates may not be sufficient to support these elements. For example, residential care staff are often paid a salary that is not commensurate with the skills necessary to provide trauma-informed, developmentally appropriate intervention, in part because the service rates don't support higher salaries.

The graph in Figure 1, while certainly not applicable to every child and situation, illustrates the practical problem of the per diem rate model for congregate care services.

Developing a Payment Model with Tiered or Blended Rates

A better approach would be to align the funding so that it supports a highly therapeutic, shorter term program. There are numerous options for implementing this kind of payment model, such as:

- developing a tiered rate structure that is highest at entry into the congregate care setting and then decreases over time;
- developing tiered rates based on a child's assessed level of need; and/or
- developing blended or case rates for children for the duration of their time in foster care to allow them to be served flexibly, while incentivizing permanency and lower intensity of care whenever possible.

An example of how a rate that is tiered based on the child's length of stay in congregate care could more closely align to children's needs is graphed in Figure 2.

An option like this allows the public and private sector to share in both the risks and rewards of providing high quality care and achieving good outcomes. Numerous jurisdictions have moved forward with child welfare payment models that include performance expectations and shared risk including: Florida, Michigan, Missouri, Nebraska, Illinois, Kansas, and Texas, to name a few. One cross-site analysis of Missouri, Florida, and Illinois showed that over the course of the two-year evaluation period, performance on contracted outcomes improved significantly across all sites.⁴

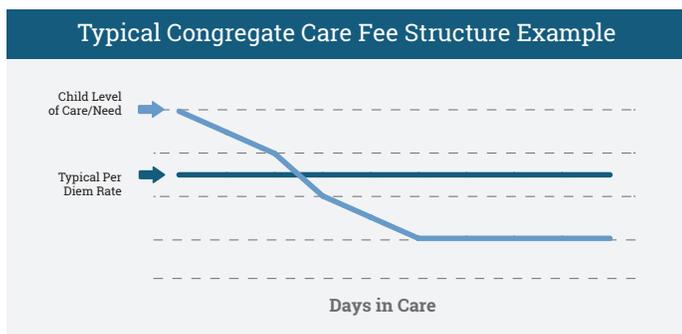


Figure 1: Typical congregate care per diem rates do not support highly therapeutic and timely services.

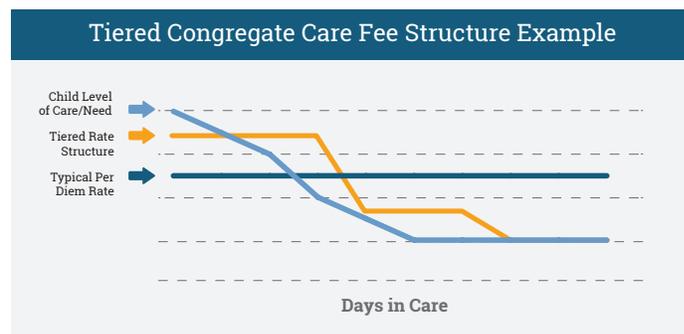


Figure 2: Innovative funding models, such as tiered rates, may better meet children's needs while also financially incentivizing timely exit from congregate care.

³ Includes research conducted and reported by: American Orthopsychiatric Association, Association of Children's Residential Centers, American Academy of Child and Adolescent Psychology, Building Bridges initiative, Residential Childcare Project at the College of Human Ecology at Cornell University, US Department of Health and Human Services Administration for Children and Families, Children's Bureau.

⁴ Garstka, Teri A.; Collins-Camargo, Crystal; Hall, Jennifer G.; Neal, Melissa; Ensign, Karl. *Journal of Public Child Welfare*. Jan-Mar 2012, Vol. 6 Issue 1, p12-41. 30p.

Keys to Success

Aligning payment structures to better support program goals requires careful analysis, planning, and monitoring. Here are three keys to success:

- **Don't undertake such efforts solely to reduce costs.** Focus on the goal of improved outcomes and better quality, rather than cost savings. Payments should cover the cost of care "as is" at first, rather than assuming immediate performance improvement. Up-front investments may be needed to improve the capacity of the system. Cost savings may occur over time as performance improves.
- **Involve a broad range of stakeholders in developing the payment model.** Plan for a long, collaborative planning process that substantially involves any private agencies that will share financial risk and reward. Congregate care providers will be important partners as they have staff with specialized expertise in de-escalation and stabilization. They also offer many services that can be "unbundled" from the residential setting to support children and youth at home, either to prevent congregate care or to support them when they step down.
- **Allow sufficient time for implementation.** Community based services may need to be added or enhanced to better support children and youth outside of congregate care settings. Additionally, congregate care providers often have fixed infrastructure costs that are not easily or quickly reduced. Rapid finance reform could be financially unsustainable for them and could result in significant loss of providers.

Federal finance reform is likely to happen soon. If the Family First Prevention Services Act of 2016 is any indication, federal finance reform may well include limitations on the use of congregate care as well as provisions related to congregate care quality. Now is a good time for child welfare agencies, in collaboration with providers and other stakeholders, to closely examine their congregate care systems. Agencies should evaluate whether today's payment models incentivize the optimal courses of care for children in foster care and their promptest appropriate return to living with relatives or in family-like settings.

Families involved with the child welfare system are diverse and may have complex needs. Rates should cover the cost of care and allow service flexibility to meet the wide array of needs presented by children and families, while also financially incentivizing cost effectiveness. Cost reimbursement and standard fee for service rates are not as successful at promoting those aims as blended or other innovative payment methodologies.

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If you are interested in learning how re-aligning payment models can lead to improved outcomes and better quality care, please contact us today!

Contact Jennifer MacBlane today
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