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County Response to Provider Rate Discussion

A national emphasis on the reduction of out-of-home placements has decreased the demand for the out-of-home service providers (who are the subject of the provider rate discussion and proposed bill). Counties have reduced the utilization of these providers and invested in front end services because **research shows that doing so improves outcomes for our children and families**. Despite the changing landscape of child welfare and an emphasis on early intervention services, some providers have not adjusted their delivery models. As a result, some providers have had to close their doors. Despite claims to the contrary, counties, have in fact, <u>increased provider rates at significant rates over the last 10 years</u>.

1) **Counties have increased actual payments to providers at rates that outpace the provider rate increases authorized by the General Assembly**.

    - Excluding SFY06/07 which was embedded in the allocation, the General Assembly provided a cumulative 7.2% provider rate increase between SFY07 and SFY16.

    - The average actual payments made by counties to vendors through the negotiated rate process between SFY07 and SFY16 grew at the following rates:

        - Residential Child Care Facilities: 23.4%
        - Group Homes/Group Centers: 46.3%
        - Child Placement Agencies: 9.6%

    - The rate of inflation over this same timeframe has been about 16.7%, while the General Assembly rate increase has totaled 7.2%.

2) Counties do not retain rate increases only for themselves at the expense of children and families. Instead, county spending on Child Welfare Administration covers many important front end services to avoid moving children out of their homes. Counties believe we are **providing services and interventions to children that are better than ever.**

    - A significant portion of expenditures contained within the Child Welfare Block allocation are out-of-home placement costs paid directly to providers. Counties have, however, realized savings in their blocks by reducing the use of out-of-home placements. These savings are reinvested in services at the front end of child welfare involvement.

    - Counties have either added staff to provide these early intervention services or have established creative and innovative contracts to serve these high risk children and family populations. Examples of these types of services include RED Teams and differential response strategies.

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- Regarding the assertion that counties spend on themselves: counties never receive "cost of living" adjustments, only block allocations. We spend our allocations as outlined above, and when possible, counties also work to ensure that staff are appropriately compensated.

CONCERNS WITH THE PROPOSED JBC BILL:

- SB97-218 changed the landscape of child welfare funding. Prior to the bill's passage, all out-of-home payments were made from a singular statewide appropriation, without any county specific limitations. In the year prior to the bill's passage, the Colorado Department of Human Services needed to pursue a supplemental appropriation nearing $80 million in order to cover the full cost of what was expended in the out-of-home placement line.

  Following the passage of SB97-218, all financial risk was shifted to counties. By accepting the risk, counties were also given greater latitude and flexibility in how to manage limited allocations. <u>The proposed legislation compromises that latitude and reduces flexibility to manage out-of-home care rates in order to operate within allocations.</u>

- Moreover, a General Assembly rate increase does not necessarily mean that each county will realize an increase in their annual appropriation. In fact, despite a statewide increase, a county may receive a lower appropriation than it received the prior year. Under the proposed JBC bill, that county would still be mandated to increase its provider rates even with a lower appropriation. This could lead to a reduction in services elsewhere in the child welfare system.

- In addition, while counties recognize the value of conducting a salary survey study, it should be made clear that the roles and responsibilities of county child welfare staff vs. out-of-home placement employees vary greatly.

  - County workers are charged with making determinations of safety and potential risk in highly complex cases. They assume heavy decision-making responsibility when it comes to children's lives and represent those decisions in court. This responsibility bears legal risk. County workers are also charged with coordinating the entire family's treatment—not just that of the child.
  - The typical residential treatment facility employee is tasked with supervising children's activities and managing their schedules.
  - While an entry level county child welfare worker must have a bachelor's degree in a human services-related field or a significant amount of related coursework as defined by state rule, the requirement for an entry level residential employee is no more than a high school diploma.

Counties recognize that a functional child welfare system requires resources to support not only child welfare caseworkers, but also the services needed to support children and families at any point within the system. Residential care providers are important partners required to meet these needs. We are committed to continuing to work together to establish both 1) a rate methodology and 2) adequate funding to best serve the most vulnerable members of our communities.