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Department of Family  
and Protective Services

# Foster Care Rate Modernization

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**July 6<sup>th</sup>, 2022**  
**Internal Briefing**

# 87<sup>th</sup> Texas Legislature, General Appropriations Act, Special Provision 26



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Directs DFPS to develop, with the assistance of HHSC, to develop an alternative reimbursement methodology proposal for the 88<sup>th</sup> Legislature for foster care and community-based care rates.



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# Foster Care Rate Modernization: Goal & Objectives

## Goal:

*"The goal of Foster Care Rate Modernization is to improve outcomes for children, youth, and young adults through the establishment of a well-defined service continuum that meets the needs of the foster care population and recognizes and compensates the caregiver for delivering high-quality services."*

## Objectives:

- Determine what kind of services are needed, and clearly define each of the needed service models.
- Establish a new rate methodology that better aligns the cost of care with service provision and incentivizes improved child outcomes.

# Categories of Methodology Development



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| Categories of Development   | Lead          | High-level Subcategories  |
|---|---------------|---|
| 1. Clearly Defined Foster Care Program Models/ Service Continuum            | DFPS          | <ul style="list-style-type: none"> <li>Define existing continuum and identify any gaps in services/ define new services needed</li> <li>Incorporate Provisions from relevant Legislation Coming out of 87<sup>th</sup> Regular Session (SB 1896 &amp; SB 1575)</li> <li>Establish expectation, training staffing model/structure for each part of model, after care (if applicable) including performance outcomes that may be tied to incentive payments to providers</li> </ul> |
| 2. Assessment and Utilization Management                                    | DFPS          | <ul style="list-style-type: none"> <li>Evaluate use of CANS and other tools to determine placement and evaluation of child need</li> </ul>  |
| 3. Establishing New Foster Care Rate Methodologies to Support New Continuum | HHSC          | <ul style="list-style-type: none"> <li>Conduct Market-Analysis &amp; analyze Cost Report Data using defined service continuum</li> <li>Consider aftercare support costs for certain providers</li> </ul>  |
| 4. Community-Based Care Foster Care Rate Methodology                        | HHSC          | <ul style="list-style-type: none"> <li>Using newly defined service continuum and rate methodology establish blended and exceptional rates (DFPS lead)</li> <li>Implement a risk reserve (DFPS lead)</li> </ul>  |
| 5. Opportunities to Maximize Federal Funds                                  | HHSC and DFPS | <ul style="list-style-type: none"> <li>Analyze child-specific costs as well as other costs and determine enhanced methods for federal claim</li> </ul>  |



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# General Approach

- Conduct a thorough review of Texas-specific child-level and needs assessment data to determine what services are needed to improve capacity and address gaps in the foster care continuum.
- Identify minimum standards, statutory, and court requirements that are inherent in the different types of primary packages and service add-ons.
- Conduct national research and engage with stakeholders to identify and validate best practices and build out models in a manner that allows for identification and capture of reasonable and necessary expenses under a new rate methodology.



# Foster Care Rate Modernization- How Does It Work

## BASIC CONCEPT FOR NEW SERVICE PACKAGES



The CANS (or other assessment tool) will inform a child's Primary Setting.



The child will be assigned to **ONLY** one Primary Setting.  
*If the assessment tool indicates more than one setting as equally appropriate, then the setting with the highest rate will be selected and if needed, availability of beds by setting may also be reviewed.*

**FOSTER FAMILY CARE**  
Primary Settings

- Basic Foster Family Care
- Short-Term Assessment & Stabilization Services
- Complex Medical Needs
- Treatment Foster Family Care
- IDD & Autism
- Sexual Aggression/Sex Offender
- Mental & Behavioral Health
- Human Trafficking
- Substance Use

Add-Ons (Support Services):

- Transition
- Pregnant & Parenting Youth
- Kinship Care

**GRO TIER I**  
Primary Settings

- Basic Child Care Operation
- Emergency Assessment & Stabilization Care
- Complex Medical Needs
- IDD & Autism
- Sexual Aggression/Sex Offender
- Mental & Behavioral Health
- Pregnant & Parenting Youth
- Human Trafficking
- Substance Use

*This package of settings is designed to provide services to support community transition.  
Add-ons are not an option for this package.*

**GRO TIER II**  
Primary Settings

- Aggression & Defiance
- Complex Medical Needs
- Complex Mental Health
- Sexual Aggression & Behaviors
- Human Trafficking
- Substance Use

*This package of settings is designed to provide services to youth with the highest acuity of needs.  
Add-ons are not an option for this package.*



**CHILD'S PACKAGE**



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# Current and Foster Care Rate Modernization Systems



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|                             | Current System**  | Foster Care Rate Modernization Systems   |   |   |   |
|-----------------------------|---|--|---|---|---|
| <b>Children Served</b>      | All children, youth, and young adults in paid foster care Placements  | All children, youth, and young adults in paid foster care Placements   |   |   |   |
| <b>Placement Array</b>      | <ul style="list-style-type: none"> <li>• Foster Home</li> <li>• GRO-Basic Child Care Services                             <ul style="list-style-type: none"> <li>• Emergency Shelter</li> </ul> </li> <li>• GRO Treatment Services</li> <li>• Residential Treatment Centers</li> <li>• Supervised Independent Living (SIL)</li> </ul> | <b>Foster Family Care</b><br>(Home-based Community Services)   | <b>GRO- Tier I</b><br>(Facility-based Treatment Services) | <b>GRO- Tier II</b> (Sub-Facility-based Acute/Stabilization Services) | <b>Supervised Independent Living Services</b> |
|                             |   | 9 Primary Packages & 3 Service Add-Ons   | 9 Primary Packages  | 6 Primary Packages  | Same as current continuum of SIL array        |
| <b>Contracting Method*</b>  | <ul style="list-style-type: none"> <li>• Providers respond to an open enrollment solicitation and are awarded a contract based on license-type and service level requirements</li> </ul>  | <ul style="list-style-type: none"> <li>• Defined procurement for each service package, provider must have specific programming and structure to support unique service population. Requires providers to specialize in type(s) of service(s) provided</li> </ul> |   |   |   |
| <b>Assessment/Services*</b> | <ul style="list-style-type: none"> <li>• Children are assessed and determined to have one of five service levels (Basic, Moderate, Specialized, Intense, &amp; Intense Plus). The child is matched to a provider in the service array that has been approved to offer services congruent to the child's service level</li> </ul>      | <ul style="list-style-type: none"> <li>• Comprehensive assessment*** that identifies the child's individual service needs and helps direct the child to providers specializing in identified services.</li> </ul>  |   |   |   |
| <b>Payment Method</b>       | <ul style="list-style-type: none"> <li>• Daily provider payment is tied to child's authorized and providers billing service level</li> </ul>  | <ul style="list-style-type: none"> <li>• Daily provider rate tied to the specific service delivered.</li> </ul>  |   |   |   |

\*Some exceptions include Treatment Foster Family Care, Emergency Shelters, SIL, some SSCC, and child-specific contracted placements

\*\* SSCC providers are paid a blended rate based on the various service levels/types of placements and may contract with providers differently under CBC

\*\*\*Process and tool development will occur in next stage of project.

# Current Work- Develop Implementation Plan to inform Exceptional Item Request



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- DFPS is working with the OCBCT and the Texas Institute for Child and Family Well-being and Casey Family Programs on implementation planning to support the new service continuum.
- Selecting/developing an assessment tool(s) and utilization management process that can support the new service continuum and methodology.
- Establishing rate methodology to support Community-based Care.
- Establishing a proposed periodicity schedule for methodology review.
- Evaluation efforts to ensure maximization of federal funds.
- Implementation will require extensive changes to numerous systems including:
  - All foster care (DFPS and SSCC) contracts;
  - IMPACT system;
  - Method for projecting services (using the assessment tool);
  - Policy; and
  - Training.



# Questions



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For more information please visit:

[http://www.dfps.state.tx.us/Doing\\_Business/Purchased\\_Client\\_Services/Residential\\_Child\\_Care\\_Contracts/Foster\\_Care\\_Rate\\_Modernization/default.asp](http://www.dfps.state.tx.us/Doing_Business/Purchased_Client_Services/Residential_Child_Care_Contracts/Foster_Care_Rate_Modernization/default.asp)

Questions or to provide feedback, please email:

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