



California Alliance of Child and Family Services

CDSS Permanent Rates Counter Proposal

Executive Summary

The California Alliance of Child and Family Services is in strong alignment with the California Department of Social Services' (CDSS) goals to ensure that youth are living in family-based care whenever possible, always connected to kin and other natural supports and thriving in their community. Yet, a dire gap persists in the proposed Permanent Rates Proposal and trailer bill language, which falls short of the resources necessary to achieve CDSS' own mission – leaving providers, youth, and families in jeopardy of losing critical funding in a system that is already rife with rate inadequacies. CDSS' proposed permanent rate structure fails to fully encompass the costs of the delivery of specialized care and the administrative framework for Short Term Residential Therapeutic Programs (STRTPs) and Foster Family Agencies (FFAs) that are committed to working with and reunifying children and youth with their families as quickly as possible.

The proposed trailer bill language and draft proposal not only challenges the viability of quality programs but also risks the long-term sustainability of family-based services in California, which is counterproductive to CDSS' core objectives of advancing the welfare of foster youth. Accordingly, the California Alliance presents this proposal aiming to enhance CDSS' Permanent Rate Structure in order to create tangible system-wide benefits by ensuring that service providers have the means to maintain and elevate the standard of care for our youth. By recalibrating the rates, we can build an infrastructure robust enough to withstand economic fluctuations and rising operational costs, without compromising the quality of care, thereby safeguarding the future of family-based and short-term treatment services in alignment with CDSS' vision.

The California Alliance, in partnership with its members, has identified key strategic adjustments to ensure the rates reflect the actual costs of quality service provision. These include an increase in administrative rates across all tiers, inclusion of annual cost of living increases (COLAs) throughout the rate components, and a reformulation of the tier assignments to genuinely capture the diverse needs of California foster youth. The Alliance also proposes an improvement to the Child and Adolescent Needs and Services (CANS) assessment process to ensure it is reliable, consistent, and reflective of individual youth needs. Furthermore, the Alliance recommends a streamlined pathway for immediate needs funding, clear guidelines for Wraparound and AAP rate inclusion, and prudent management of strength-building funds, ensuring these crucial resources reach youth expediently and efficiently.

The California Alliance's counter proposal is supported by diligent financial analyses and firsthand provider experiences that illustrate the limitations of CDSS' proposed rate restructuring. To truly embody the shared vision of fostering a resilient and supportive environment for California's youth, CDSS is called to act upon these recommendations. Our collective effort in redefining these financial frameworks will strengthen the foundation for a system where every child and family service provider in California can thrive and contribute meaningfully to the lives of foster youth. We invite CDSS to collaborate closely with the Alliance in implementing these vital changes that promise a brighter future for our children and our state.

Response and Counter Proposal on CDSS Permanent Rates Structure

Tier Structure and Rate Amounts

On behalf of the California Alliance of Child and Family Services (California Alliance), we applaud the California Department of Social Services (CDSS) historic investment in payment increases for resource parents (Care and Supervision dollars) and new funding for youth Strength Building and Immediate Needs. However, CDSS has proposed rates that clearly disregard the historic underfunding for the care and supervision of youth residing in Short Term Residential Therapeutic Programs (STRTPs) and the administrative costs incurred by both Foster Family Agencies (FFAs) and STRTPs across California. CDSS' own rate workgroups conducted in Fall 2022 concluded that **"The current rates are inadequate across all placement settings¹."** It has been long established that existing rates for these programs are insufficient to cover the costs of operations. In the proposed CDSS rate structure, Intensive Services Foster Care (ISFC) programs would receive an average of \$1,000 per month administrative rate reduction. Meanwhile, STRTPs would experience at least a \$3,000 per month rate reduction and, in some cases, nearly a \$10,000 rate cut.

For example, one STRTP serving 16 youth indicated that if they were at 100% capacity (a rare occurrence) at the Tier 3+ administrative and care and supervision rates that CDSS has proposed, their total revenue would be \$210,000 per month. When they removed their existing program maintenance costs (rent, utilities, maintenance, insurance, IT, HR, finance, supplies, etc.) of \$75,000 and their three salaried staff (paid at minimum salaries required by California law), they would have \$15.55 per hour to pay their direct care staff if they were only meeting CCL required ratios. As their capacity decreased, the available funds would sink to a pay rate of \$11.71 per hour (at 80% capacity, which is a typical occupancy rate). These hourly rates are below the state mandated minimum wage and far from a livable wage in California. Most importantly, these rates would not attract or retain the type of high-quality staff that California's foster youth deserve.

Additionally, CDSS has indicated that annual California Necessities Index (CNI) based cost of living adjustments (COLA), would be limited to the care and supervision component of the rate. Historic trends and financial projections make it clear that the rates proposed by CDSS will rapidly be outpaced by inflation and general increases in salaries, physical space, program materials, maintenance, office supplies and other essential costs necessary to operate programs for foster and probation involved youth. This significant underfunding of nonprofits will result in decimation of quality programs serving foster youth and further hollowing of rates in the out years after the rate structure takes effect without statutorily mandated COLAs.

The proposed tier assignment system also severely disadvantages older youth. Consider, for example, foster children assessed in Latent Class 3, based on their CANS scores; children aged birth to five would be placed in Tier 2, while youth ages six and older would be placed in Tier 1 – with significantly fewer care and supervision dollars for their Resource Parent. The Latent Class Analysis of the IP CANS describes, for example, a 10-year-old "with many placement changes," whose current placement is in danger due to "constant fighting with his resource parents." The CDSS proposal would place that "Class 3" youth in Tier 1 – even though he will require significantly more support than a "Class 1" toddler in the same tier. Similarly,

¹ Rates Full Workgroup Briefing on all Subgroups, December 2022, page 25.

when a five-year-old celebrates their sixth birthday, they will drop down to Tier 1 – even if their needs remain unchanged.

This tier assignment system as outlined by CDSS also does not account for the reality that it is often much more difficult to find a Resource Parent willing to accept an older foster youth. A tier system that awards higher rates for younger children – including many with fewer needs compared to older youth in the same tier – will severely undermine opportunities for older youth to achieve permanency.

California Alliance proposal

The California Alliance proposes that CDSS fully fund the administrative costs of operating FFA and STRTP programs by addressing the following areas of concern:

- 1. Increase the Administrative portion of the permanent rates for all tiers and increase the Care and Supervision portion of rate for Tier 3+ to cover the cost of providing care and needed services.** Administrative rates must adequately cover the costs of a wide range of agency costs, including wage pressure caused by SB 525 and other state/county mandated minimum wage/exempt salary increases, physical space, national accreditation expenses, rising insurance premiums, and realistic staff ratios that support high quality care.

Additionally, Tier 3+ represents a dramatic underfunding of care and supervision within the current Community Care Licensing (CCL) regulated STRTP and Intensive Services Foster Care settings. Previous analyses done by the California Alliance of Child and Family Services² indicated that the CDSS rate assumptions consistently overstated the amount of funding for milieu staff that could be billed through Medi-Cal and overestimated the capacity that could be managed by most providers. Additionally, STRTP staffing costs and other expenses are not variable based on youth needs, as these programs must meet minimum staffing ratios and comply with a wide variety of costly licensing regulations. STRTPs must maintain staffing ratios to ensure the health and safety of clients in alignment with Interim Licensing Standards, version 5; however, most STRTPs provide staff at a much more concentrated ratio in order to allow for sick coverage, staff training time, supervision and other responsibilities that take away from direct services in the treatment milieu. Foster homes serving the most vulnerable youth with behaviors that would likely place them in Tier 3+ require a high degree of respite; significant in-home staffing that can be, at times, around the clock; expensive housing that is owned or leased by the agency to ensure stability and costly housing repairs that occur when a young person becomes volatile and destroys property. Both program types must also account for the acuity of youth in their care, which frequently requires a higher ratio of staff to youth. At times, this includes 1 to 1 staffing for youth who experience the highest levels of clinical need, which is currently not funded in the 3+ rate tier.

The CDSS proposed rates for administration also do not address existing unfunded work happening within resource families and residential settings that is critical to successfully returning youth to family or kin. Ongoing contacts between the youth and their families are an essential part of treatment for giving youth hope and for guiding aftercare planning and preparation. Often families need help with supervised visitation, transportation, and overnight housing, especially for youth in

² CA Alliance STRTP Policy and Practice Recommendations, 2021.

STRTPs hours away from their counties of origin. These costs add up quickly and should be the responsibility of county placing agencies. Instead, these costs are often absorbed by STRTPs or FFAs as part of delivering quality care and treatment.

For the above reasons, the California Alliance believes that the rate levels below are necessary to address the above concerns and ensure the continued viability of foster care and residential treatment in California.

	Tier 1	Tier 2	Tier 3	Tier 3+
Care and Supervision	Same as proposed by CDSS	Same as proposed by CDSS	Same as proposed by CDSS	\$9,071.80
Admin Rate	\$2,245.00	\$3,672.87	\$5,363.26	\$10,649.50

2. **Guarantee that each portion of the permanent rate structure receives an annual cost of living adjustment (COLA) to support continuously rising costs of services and programs.** Such guarantees in statute will enable agencies and resource parents to adequately plan for future years, knowing that the resources available to care for California’s children will not shrink in real value over time. Additionally, including the COLA in the permanent rate structure for all current and future components by statute will ensure continued state compliance with residential care rate litigation settled in 2009³.
3. **Include Wraparound rates within the permanent rate structure at the 3+ Tier.** Currently, state defined Wraparound rates are set to align with the annually published rates. The existing trailer bill language is silent on Wraparound and AAP rates, leaving providers, foster families and kin caregivers unclear about the resources available to fund these vital community-based programs.
4. **Address Adoption Assistance Program (AAP) rates within the permanent rate structure.** Currently, AAP rates are associated with the existing Level of Care (LOC) structure. The trailer bill language and rate structure do not make clear how AAP will be determined in the future, and such information is critical to families and to providers working to support permanency.
5. **Add a “Services Only” rate into the permanent rate structure.** For nonprofits to be properly funded to support county approved homes as well as kin caregivers, formal adoption of a “Services Only” rate should be undertaken. This recognition will establish a clear funding stream for support that is critical to achieving permanency and enhancing placement stability for youth. It is suggested that the rate for services only be aligned with the administrative rate for the youth’s tier and be available to FFAs and STRTPs so they can support homes where no other entity is receiving the admin rate for the youth. This would fund critical work with relatives identified through family engagement practices to prepare them for approval, which can often take upwards of 75 hours of support that is currently unfunded.

³ California Alliance of Child & Family Services v. Wagner, No. C 09-4398 MHP (N.D. Cal. Nov. 17, 2009)

6. **Require timely and electronic payment of providers in statute.** There are significant financial costs associated with providing care, supervision, and services to youth within family-based and STRTP settings. Existing and future payment mechanisms are all retrospective, requiring agencies to pay up front for all program operations costs and be reimbursed for these costs through placement payments. These payments are oftentimes weeks and at times months in arrears; therefore, the California Alliance requests that CDSS require counties to pay the rates outlined in the permanent rate structure within 30 days of the end of each calendar month for the prior month and that counties pay providers using electronic methods, which will improve cash flow and stability for organizations.

7. **Ensure that all youth are accurately represented in the tier structure.** The existing tier structure is likely to have the unintended consequence of making it harder for FFAs to recruit resource families, including kin, for teenagers with moderate to severe needs as outlined above. To address that concern, it is suggested that the tiers be restructured as shown below. This structure has the benefits of clearly including all classes from the CDSS latent class analysis and increasing the funding and support available to youth with the highest needs across all age groups.

	Tier 1	Tier 2	Tier 3	Tier 4 (currently Tier 3+)
Latent Classes (all ages)	1 and 2	3 and 4	5	6 and 7 (currently 6a and 6b)

Tier Assignment

CDSS has proposed that all youth are placed at Tier 2 care and supervision upon entry into the foster care system and that placement tiers thereafter would be based on the Child and Adolescent Needs and Services (CANS) assessment as each updated CANS is completed every 6 months. Presumably, the tier assignment will follow the youth in the case of a placement change until the next scheduled CANS update. The proposed trailer bill language creates no specific criteria or needs that, when present for a youth, would increase their tier assignment immediately while pending a CANS reassessment. This is one of the hallmarks of the current ISFC program. ISFC chronic/static criteria triggers the ISFC rate for conditions present in children that demonstrate the youth and family need the highest rate. Similarly, youth in a STRTP should be in Tier 3+.

Specific concerns exist with this proposal, primarily related to the areas where the CANS is known to be out of alignment with child and youth experiences. Provider experiences indicate that needs are often underrated for children under the age of 5, youth on probation, LGBTQIA+ youth, substance use concerns, medically fragile babies, and youth with moderate internalizing behaviors. The CANS does not capture information about family needs, including long visitation transportations, direct caregiver time spent supervising visitation, stresses related to concurrent planning or time needed to address their own needs so they can support the youth in their care. There are no CANS items that capture the youth's voice related to their desired placement setting nor the supports a youth might request outside of CANS identified needs.

Significant attention will need to be paid to the reliability and consistency of CANS ratings across counties, settings, and individual raters. For example, CANS users frequently struggle to accurately rate the presence of behaviors in the absence of services (aka masking), causing lower ratings when a client is receiving the service

appropriate to their needs when the removal of these services would result in an increase to youth's symptoms, behaviors, or challenges. Existing statewide training and TA has not resolved this issue, leading to inconsistent scoring across California.

Additionally, youth receive multiple CANS from different child welfare and behavioral health staff, often with widely disparate results. Frequently, youth and families will feel more comfortable with one of the individuals completing the CANS and therefore will provide more information about their trauma, symptoms and concerns to that person resulting in higher scores. Similarly, when youth change placements, they are at times hesitant to share as much with new providers as they did with their previous trusted providers. Therefore, the prior scores are often higher than in other CANS completed and also more accurate to the youth's needs. Regardless of who has completed the CANS, service providers are rarely notified of the CANS scores and/or current level of care changes in a timely fashion.

There is no current language in the trailer bill that provides protections against placement instability caused by rate changes. Currently, placement rate notices of action are made retroactively and sent through the mail without clear notice to providers and resource parents, resulting in under reimbursement to FFAs for monies already provided to parents. Similarly, increases in rates are not backdated when a youth's needs are deemed to be higher than originally thought, despite the fact that caregivers and providers are already meeting the higher needs without appropriate funding. Agencies often receive placement level notifications (aka NOAs) weeks after the change in a youth's level of care and in some counties do not receive NOAs at all. If/when received, notification typically occurs long after the resource parent has been reimbursed at the higher level of care rate. Agencies do not have a mechanism to rescind those payments from caregivers, nor would it be in the best interest of the child, youth and/or family to do so. Therefore, agencies find themselves at a financial disadvantage due to county inconsistency, poor communication, and a lack of mandated notification procedures.

CA Alliance proposal

1. **Create a specific set of youth driven criteria that would determine the youth's assigned tier in addition to the CANS and therefore the support available to them to meet their needs.**

Specifically, the California Alliance recommends that CDSS implement criteria to be used by either the provider or the placing county that includes, but is not limited to, the below items that reflect and highlight youth and family voice and address known gaps in the CANS.

- a. Youth's placement preference (e.g. transition aged youth who would prefer to remain in a residential treatment program until emancipation)
- b. Children and youth with exceptionally high transportation needs.
- c. Caregivers frequently provide supervision of youth visitation with family members.
- d. Children and youth who are part of a sibling set to be placed together.
- e. Children and youth with intensive family search and engagement needs, including youth who require extensive such support to step down, those with kin caregiver support needs and youth lacking a clearly identified step down plan from placing county.
- f. Children and youth with exceptional medical needs, including those identified as medically fragile or who need nursing supports to remain in placement.
- g. Youth who have been commercially sexually exploited
- h. Youth with adjudicated offenses involving violence, significant property destruction, drug distribution and/or sex offenses.

- i. Children and youth with behaviors making an appropriate placement match particularly challenging, including animal cruelty, physically assaultive, sexualized behaviors, fire setting, gang activity, significant drug use/abuse or habitual truancy/runaway.
 - j. Youth who have been psychiatrically hospitalized, experienced suicidal ideation or engaged in self-harming behaviors in the last 12 months.
2. **Automatically assign all youth placed in residential treatment programming to Tier 3+.** The California Alliance agrees that only the youth with the most intensive needs should be placed in STRTPs. Youth placed in STRTPs must meet medical necessity criteria and require treatment services to a level just short of hospitalization. CDSS has required counties to implement Interagency Placement Committees (IPCs) and Qualified Individual (QI) processes to ensure that youth whose needs can be met in family-based settings are not placed in STRTPs. The Alliance recommends that youth who have been approved for STRTP treatment via these two processes should be deemed to have met the requirements for the level of care and therefore automatically assigned to Tier 3+. Should CDSS have concerns about youth who are not appropriate for Tier 3+ being placed in STRTPs, technical assistance should be provided to counties to strengthen their IPC and QI processes.
3. **Assign youth to Tier 2 at the start of each new FFA placement.** The California Alliance proposes that youth be moved to Tier 2 automatically at the time of a new FFA placement until such time as the CANS and a new tier assignment notification is completed. It is well established that youths' needs often increase during placement changes. Ensuring that all placements begin with Tier 2 funding allows the FFA to begin immediate needs work from the moment of placement and ensures that the resources are available to adequately provide support, care and supervision to youth during the critical relationship building period that occurs at the start of placement.
4. **Provide clarity about how CDSS will hold counties accountable to timely completion of CANS assessments and tier assignments, and a mechanism for intervention as needed.** Currently, providers can wait several months, and in some cases up to a year, for a level of care (LOC) matrix to be completed by the placing county for a particular youth. These types of delays are wholly unacceptable and happen frequently across the state. The California Alliance recommends that CDSS provide clarity in statute about how they will hold counties to required CANS completion timeframes, timely communication with providers and regular collaboration between providers and placing agencies as youth needs change.
5. **Ensure that the CANS used to determine the youth's tier assignment is completed by an individual with a pre-existing relationship with the youth.** The California Alliance strongly recommends that, whenever possible, tier assignment must be based on a CANS that was completed by a provider who has an existing relationship with the youth and family. Years of CANS implementation across California have shown that CANS ratings are far more accurate when done in the context of a supportive relationship with a youth and family than when done by a stranger that is meeting the youth for the first time. Youth and families, like most everyone, take time to open up and share their true concerns, experiences, vulnerabilities, and needs. To ensure that the ratings lead to the most appropriate tier assignment, we must mandate that the CANS be completed in a manner consistent with known best practices.

- 6. Provide enhanced CANS training to all individuals who will assess for tier determination.** As described earlier in this section, implementation of the CANS has been wildly inconsistent across counties, with even seasoned practitioners frequently forgetting to score in ways consistent with guidance from the Praed Foundation. It is recommended that CDSS engage a contractor with experience as a frequent CANS practice trainer and super-user to provide ongoing training and coaching to individuals using the CANS in a manner that goes well beyond CANS certification and that focuses on improving skilled practice using the CANS. Certification focuses on inter-rater reliability in scoring but does not in any way address the practices needed to ensure consistency across California. Models for this exist in other states (often managed by Praed Foundation staff) and at the local level (e.g. the Alameda CANS Provider Collaborative). This investment in coaching will provide a mechanism for CDSS to ensure development of a CANS community of practice rather than continuing to rely on certification as the sole method of CANS training.
- 7. Clarify that the highest CANS rating within a twelve-month lookback period will be the one used to determine the youth's rate tier.** Such a structure will ensure that the CANS scores most reflective of the youth's true needs will be the one utilized to determine the rate tier. This approach will also protect funding for youth needs in the case that a CANS is not completed in the required timeframe.
- 8. Develop criteria that identify when a CANS should be completed outside of the routine 6-month timeframes.** Youth needs can change at any time and, when needs increase it is critical that a CANS be updated and tier assignments reassessed. Therefore, the California Alliance recommends that CDSS outline specific criteria in the trailer bill that would provide clarity to counties about when to reassess a youth's needs and redetermine the assigned rate tier. These criteria should include, but not be limited to, a new psychiatric or medical hospitalization, an increase in behaviors of concern to the caregiver and/or provider, onset of suicidal ideation and/or physical aggression, new juvenile justice or legal system involvement, and school suspension or expulsion. Additionally, CDSS should require that an updated CANS be completed if the existing CANS was not performed correctly, as when, for example, the assessor completed the CANS without involving the youth's family members and/or caregivers.
- 9. Ensure that rate tier increases based on the initial 60-day CANS are effective as of the date of placement.** Given that providers and families are meeting the youth's presented needs beginning on the date of placement, it is imperative that rate increases based on the initial CANS be aligned with the date of placement.
- 10. Ensure that any rate tier decreases are made prospectively, rather than retrospectively.** We recommend that any updated CANS scores and related tier assignments that decrease rates must be prospective and not retrospective, effective on the first day of the month following notification to the provider and family. Notification must be made electronically to both FFAs and STRTPs through an emailed Notice of Action (NOA) to the agency so that the date of receipt is clear. This will give an FFA time to communicate clearly with the family that their rate will be decreasing.
- 11. Modernize communication systems to ensure timely notifications to providers and families.** Notification of CANS completion and rate tier assignment must be made electronically through an emailed NOA to the agency (these are currently sent via mail) so that the date of receipt is clear.

These efforts would ensure management of payment amounts and streamlined connections between providers, eligibility staff and placement workers.

- 12. Work with DHCS to reconcile the disparate purposes of the CANS across systems.** The California Alliance is deeply concerned about the disparate uses of the CANS by CDSS as a rate setting tool and by DHCS and county behavioral health departments as an outcome measure. These are often contradictory purposes and create situations where providers may be fiscally incentivized by one department while disincentivized by another department for the same CANS ratings. As DHCS moves towards outcome-based contracting, this tension will become worse. Therefore, we recommend that it be made clear that CANS ratings cannot be used to assess the performance of a provider for contracting purposes, as is the case in several counties currently.

Immediate Needs Funding

The California Alliance applauds the inclusion of additional funding to support the immediate needs of foster youth. While these resources are sorely needed, it is imperative that CDSS design an implementation process that ensures youth serving providers and resource families can access these funds to address challenges of each youth in a streamlined manner. To do otherwise would add a significant administrative burden to an already overtaxed system through the creation of additional contracts, fragmented service delivery, onerous audit procedures and the management of wide implementation variations across counties.

Additionally, the county-by-county approach to immediate needs funding implementation outlined by CDSS ignores the realities of managing services in a state as large and diverse as California. Most FFAs and STRTPs accept youth from counties across the state and often have youth from 5 or more counties in placement at any given time. Over the course of a year, it is not uncommon for agencies to serve youth from 15+ counties. Agencies simply cannot take on the administrative hurdles of coordinating new contracts for immediate needs funding from every county that is placing a foster child in their care.

CA Alliance proposal

- 1. Ensure that agency certification to provide immediate needs is a simple statewide process, utilizing a reciprocity approach that recognizes existing certification processes.** Given that both FFAs and STRTPs are required to have a national accreditation and that STRTPs must be Medi-Cal certified, it is recommended that CDSS utilize a reciprocity-based approach and a simple two-part certification process. In this scenario, CDSS would grant automatic immediate needs certification to any agency that has accreditation in good standing. An additional layer of certification can be granted to organizations that have a Medi-Cal certification in good standing that would allow them to provide immediate needs services where Early and Periodic, Screening, Diagnosis and Treatment (EPSDT) funding be utilized can be used to match the immediate needs dollars and draw down a federal match. It is recommended that agencies apply for these two layers of certification by submitting a simple form to CDSS with proof of accreditation and Medi-Cal certification. A description of the agency's approach to the provision of immediate needs can be outlined in each agency's Program Statement, eliminating the need to create a separate narrative application process. It is our understanding that CDSS has already drafted an outline of the wraparound certification process for internal review that could be similar to the Immediate Needs provider certification and the California Alliance requests that this draft be shared for our review and further discussion.

Additionally, designing a streamlined process for FFAs to become MediCal certified providers would further support drawing down more federal funds.

- 2. Ensure that certified agencies where a youth is placed are provided the first opportunity to function as the immediate needs provider for that youth.** Integrated treatment and services has been a hallmark of Continuum of Care Reform. Treatment of the complex trauma often experienced by youth in care requires an integrated, multidisciplinary approach encompassing significant relationship investment, trust-building, and commitment to trauma-informed approaches. By allowing certified agencies with whom a youth is placed to have the first opportunity to be deemed the youth's immediate needs provider, CDSS will enhance the continuity of care and allow those who interact with the youth each day to identify the best and most appropriate methods for meeting youth needs.
- 3. Collaborate with DHCS to provide a streamlined pathway for FFAs and STRTPs to contract with county behavioral health departments.** Significant barriers exist that limit the ability of foster family and other nonprofit agencies to engage county behavioral health departments in a contracting process. These barriers include wide variations in contracting processes between counties, a lack of clarity about who can approve contract arrangements in each county and complex requirements that are not clearly articulated to providers. These challenges have limited the ability of counties to maximize Medi-Cal federal funding to address youth needs. The California Alliance therefore recommends that CDSS and DHCS collaborate to develop a streamlined pathway for all FFAs and STRTPs to obtain behavioral health contracts with all counties who wish to place youth in their care. Such a pathway could look similar to the Third Party Administrator (TPA) process being undertaken by DHCS for the School Based All Payor Fee Schedule or existing contractual pathways for the DHCS Fee for Service system.
- 4. Require counties, at a minimum, to contract with all certified agencies located within their county.** While Continuum of Care Reform required that STRTPs obtain a contract for Specialty Mental Health Services, it did not create obligations for counties to participate and issue these contracts. The California Alliance strongly recommends that the trailer bill address this lack of reciprocity in requirements by mandating that county child welfare, probation and behavioral health departments contract with all certified immediate needs providers who are located within their physical county boundaries. This requirement will ensure the broadest possible continuum of providers and services will be available to youth and will correct the existing disparity between counties who utilize community-based organization contracts and those that do not routinely collaborate with agencies. Additionally, such an approach will facilitate the braiding of funding to leverage maximum federal funding to meet youth immediate needs.
- 5. Provide immediate needs funding in a flat amount to STRTPs and FFAs for youth where they are also the provider of care and supervision.** These flat rate service amounts would function as a "per member per month" funding that is common in managed healthcare. This type of structure would allow STRTPs and FFAs to meet the needs of youth flexibly and rapidly as they arise, in collaboration with existing Child and Family Team structures and under the oversight of placing agencies. This approach will eliminate the need for additional contracting requirements with each county that places within a program by taking a presumptive transfer approach that ensures the availability of funds for services and supports that are local to the youth's placement, rather than rooted in their county of origin.

6. **Explicitly permit the use of immediate needs funds for family search and engagement activities by placement programs.** Frequently one of the most urgent needs for youth in care is connection to family and natural supports who can support and potentially provide permanency to youth. Striving for legal, relational, and emotional permanency should be part of each youth's plan. CDSS should explicitly identify that immediate needs funding can be utilized, as needed, to fund family search and engagement costs, including to hire staff to engage in this challenging work and to cover travel and lodging costs for families who often travel long distances to begin building and/or repairing connections with youth. This strategic and important work will support our shared goals of achieving permanency for all youth.
7. **Explicitly permit the use of immediate needs funds for STRTP aftercare and FFA services only cases.** Currently, STRTPs provide significant amounts of aftercare and FFAs provide "services only" support to youth with little to no funding from some counties. By allowing immediate needs funds to continue after a youth's transition from a placement, CDSS would for the first time explicitly provide dollars to support continuity of care during the significant transition for youth between placement settings. This type of funding is critically important to providing continuity to children and supporting greater stability following transitions.

Strength Building

The addition of monthly strength building funds for youth creates a spotlight for this crucial aspect of healing and has the goal of creating incredible opportunities for youth in care. However, the reimbursement approach currently outlined by CDSS creates barriers for youth to access these funds and additional burdens for families and caregivers who wish to access funds for youth activities. Additionally, a "pay first be reimbursed later" method could have a chilling effect on the ability of families to enroll youth in the very activities CDSS wants to support, particularly when the activities are expensive and/or competitive to obtain. It is the stance of the California Alliance that families and caregivers should be trusted to understand how to help youth build strengths and properly spend strength building funds, as any parent would for their own children.

CA Alliance proposal

1. **Shift the financial services management to a retrospective oversight approach rather than a prospective approval approach, allowing rapid deployment of funds.** Rather than forcing families to pay up front for the costs of camps, classes and other strength building activities or items, provide each caregiver with a debit card that is reloaded with the youth's strength building funds each month. Families and STRTP caregivers would then utilize the card to pay for activities and other allowable strength building expenses, collecting receipts for submission to the financial services manager to show that the funds were properly used. The financial services manager would review receipts and provide feedback and guidance to the caregiver if necessary. This approach normalizes the process of paying for activities and ensures youth can access even the classes and camps that fill up quickly or are highly specialized and expensive. Additionally, this approach preserves the privacy of foster youth by keeping the reimbursement structure between the financial management coordinator and the caregiver, rather than involving the activity provider.
2. **Require the financial management coordinators to be non-profit entities.** The trailer bill language states that for-profit entities are eligible to serve as the financial management coordinator. The CA Alliance strongly recommends that CDSS utilize non-profit entities to serve as the financial

management coordinator. Public services for foster youth should not be entrusted in the hands of for-profit corporations. FFAs and STRTPs must be non-profit nationally accredited organizations to provide services to foster youth - the same standards should apply to the entity handling strength building funds.

Behavioral Health Funding

Ongoing challenges with behavioral health funding for youth in FFA and STRTP settings remain unaddressed in the existing CDSS permanent rate proposal. It is not clear how CDSS envisions leveraging EPSDT funding or how the state intends to direct counties, who have struggled to authorize the intensity, frequency and duration of behavioral health services that are necessary to address youth needs within placement settings.

CA Alliance proposal

- 1. Work with DHCS to develop a behavioral health case rate for youth in FFA and STRTP settings.** It is recommended that CDSS and DHCS work together to develop a clear set of services, including the frequency and duration of each service, that can truly meet the needs of youth in care. The departments can then develop State Plan Amendment (SPA) language for the federal Centers for Medicaid and Medicare Services (CMS) approval and roll out a per day behavioral health services rate that will ensure that services for youth are accessible, and providers are fully funded for these services. Such funding structures will allow programs to utilize a more flexible and youth centered approach than is currently available under the existing fee for service financing structure. It is further recommended that this case rate continue into the aftercare period for youth transitioning from STRTPs, enabling continuity of care, and increasing consistency in aftercare services across counties.

Previous surveys of STRTPs completed by the California Alliance, for example, showed that on average each youth is provided approximately 8 hours of billable mental health intervention per week⁴. The commercial insurance industry funds these comparable “outpatient” services using daily funding rates ranging from \$700 to \$1,200. Using average fee for service hourly rates across the state, it is anticipated that a daily rate between \$500-700 per day would fund the full range intensive behavioral health services within both resource family homes and STRTP settings.

Implementation Funding

CDSS has not included in the trailer bill any available funding to help FFAs and STRTPs transition to the new rate structure, despite the fact that the changes as proposed would require agencies to make significant administrative, infrastructure and programmatic changes.

CA Alliance proposal

- 1. Add \$300 million in targeted transition funding for FFAs and STRTPs to the trailer bill language.** This budget request would enable CDSS to engage in a funding process with agencies, allowing them to build new programming lines, develop (for FFAs) and enhance (for STRTPs) EPSDT billing infrastructure and identify, train and fully implement a range of evidence and community-based practices to better serve youth and families. Such support would maximize opportunities for providers to become an immediate needs provider in a way that leverages federal

⁴ CA Alliance STRTP Policy and Practice Recommendations, 2021.

financial participation through the Medi-Cal program and supports changes to service delivery desired by CDSS.

- 2. Create targeted transition funds for county departments to support implementation.** Counties are chronically understaffed and their staff report high levels of overwhelm and change fatigue. History has shown that it takes significant investments of time and money to implement changes at the scale CDSS seeks and still many counties have struggled to fully implement the visions outlined in Continuum of Care Reform. Without targeted transition funds for counties, the burden and fallout from poor implementation of the permanent rate structure will negatively impact children and families, create instability and cause significant additional work for providers. A strong foster care system requires that all stakeholders be well resourced and funded so that the focus of attention can be solely on meeting youth and family needs.

Regulatory Changes

To our knowledge, there have not been discussions within CDSS between the Community Care Licensing and the Children and Family Services divisions regarding aligning regulations with the changes proposed in the permanent rate structure.

CA Alliance proposal

- 1. Implement a workgroup that includes providers to identify areas for regulatory relief.** Under the rates as proposed by CDSS, agencies would be faced with significant levels of unfunded mandates in the form of FFPSA requirements and CCL regulations. To ensure that organizations are able to meet regulatory requirements, it is vital that these regulations be streamlined to the maximum extent allowable by state and federal law while ensuring the health and safety of youth in care. This workgroup would identify duplication of reporting and regulatory requirements and reduce the overall burden for organizations that are also nationally accredited.
- 2. Adjust the fingerprint and exception processes for relatives and natural supports.** Existing fingerprint clearance and exemption requirements put FFAs at a significant disadvantage to counties in relation to providing approval and support to kinship caregivers. The California Alliance recommends revising these processes to allow FFAs an equitable opportunity with counties to approve, serve and support relatives. Such revisions will increase the ability of the foster care system as a whole to increase kin caregiving and ensure that resources are fully available to those relative and natural support placements.

Conclusion

We appreciate the opportunity to comment on and provide this counter proposal to CDSS. The California Alliance and our member organizations stand ready to work with CDSS, DHCS, caregivers, youth, and county partners to realize the vision of the Permanent Rate Proposal. Ensuring that children and youth remain in or are reunified with family members and have the services and supports that they need when they need them is essential as we work to transform our systems. And the nonprofit service providers that are embedded in communities, and serving and supporting families through behavioral health, FFAs, STRTPs, Wraparound, Family Resource Centers and other critical programs must have the necessary resources to effectively participate in this transformation.