

Legislative Analysis



COUNTY FOSTER CARE PAYMENTS

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Senate Bill 975 (Substitute S-4)

Sponsor: Sen. Bruce Caswell

Committee: Appropriations

Complete to 12-9-14

A SUMMARY OF SENATE BILL 975 (S-4) AS PASSED BY SENATE

Senate Bill 975 (S-4) would amend Section 117a of the Social Welfare Act of 1939 (MCL 400.117a) to require that in a county with a population of not less than 575,000 or more than 650,000, the Department of Human Services (DHS) must pay 100% of the administration rate to foster care case management services providers for families of children that were court-ordered into foster care due to abuse or neglect and placed into the care and supervision of the DHS, regardless of placement setting until a new prospective payment system is implemented.

In addition, the bill would require the DHS, subject to appropriations, to implement a new prospective payment system as part of a state-administered performance-based child welfare system in that county for foster care case management in accordance with Section 503 of the DHS FY 2014-15 appropriation budget (Article X of PA 252 of 2014).

The bill also stipulates that the county would only be required to contribute to foster care services annual payments in an amount not greater than the county's average contribution for cases received under Section 2(b) of the Probate Code of 1939 in the previous 5 fiscal years before October 1, 2015. The prospective payment system shall not include in-home care service funding.

The bill's provisions would not apply after May 1, 2018.

FISCAL IMPACT:

Senate Bill 975 (S-4) would increase state spending within the DHS budget by up to \$1.0 million. The funding would be financed by General Fund/General Purpose (GF/GP) revenue. The bill would not increase costs to the defined county.

In the foster care system under current law, foster care case management services administration base rates are \$40 per day and, for cases that are not federal Title IV-E eligible and are paid out of the Child Care Fund, 50% of which is paid by counties. By requiring that the DHS pay 100% instead of 50% of the administrative rate for these foster care cases in this county that are transferred by the Department to private child placing agencies, the bill's requirements would increase DHS' expenditures.

According to the Department, there are approximately 139 cases in this county under the supervision of the DHS that would be transferred to private agency supervision. It is estimated that the cost to the Department to pay the administrative rate to private agencies for these 139 cases until the new prospective payment system is implemented could be up to \$1.0 million. If the new payment system is established in less than a year, these costs could be lower, depending upon how quickly in the year the system is implemented.

Counties do not pay administrative costs for foster cases that are supervised by the DHS.

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