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BILL ANALYSIS

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Senate Bill 975 (as introduced 6-10-14)
Sponsor: Senator Bruce Caswell
Committee: Families, Seniors and Human Services

Date Completed: 9-24-14

CONTENT

The bill would amend the Social Welfare Act to do the following:

- **Require the Department of Human Services (DHS) to pay 100% of the administrative rate to providers of case management of foster care services in a county with a population at least 575,000, but not more than 650,000.**
- **Allow the DHS to implement a prospective payment system in a county meeting that population parameter for case management of children in foster care.**

The Act establishes a juvenile justice funding system for counties that are not county juvenile agencies, and requires the DHS to provide for the distribution of money appropriated by the Legislature to counties for the costs of juvenile justice services. For a county that is not a county juvenile agency, the distributed amount must equal 50% of the annual expenditures from the county child care fund, not including certain expenditures. A distribution under the Act must not be made to a county that fails to comply with the Act's requirements, and the DHS may reduce the amount distributed to a county by the amount owed to the State for care received in a State-operated facility.

The bill specifies that, notwithstanding those provisions, and subject to appropriations, in a county with a population of not less than 575,000 or more than 650,000, the DHS would have to pay 100% of the administrative rate to providers for case management of foster care services.

For the bill's purposes, foster care services would include supervision of placements in foster family homes, foster family group homes, treatment foster care homes, independent living pre-adoptive placements, relative homes, group homes, emergency shelters, residential facilities, child care institutions, court-operated facilities, and supervision of a child under in-home court jurisdiction or a child reunified with the parent the child lived with at the time of removal.

The bill also specifies that, notwithstanding the current provisions, and subject to appropriations, the DHS could implement a prospective payment system in a county with a population of not less than 575,000 or more than 650,000, for case management of children in foster care in accordance with Section 503 of the article dealing the DHS's budget in the annual appropriation for fiscal year 2014-15. If the DHS implemented a prospective payment system, the county could be required to contribute to foster care services payments only in an amount that did not exceed the average contribution made by the county in the three previous fiscal years before October 1, 2013.

MCL 400.117a

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would increase State spending by $4.0 million Gross and General Fund/General Purpose (GF/GP) revenue.

The Department estimates that there are 585 cases that would fall under the parameters set forth in the bill. In order to hold the county harmless for 100% of the administrative rate costs for foster care supervision, the State would pay the county's share of the expenditures, which is 50%, through the Child Care Fund. While the total cost of the administrative rate for these cases is $6.0 million, the increased spending for the State would be half this amount due to the cost sharing provision in the Child Care Fund. Currently, the base administrative rate is $37 plus a temporary increase of $3, which is in effect through FY 2013-14. Pending legislation would provide a $3 administrative rate increase for the supervision of certain foster care cases in FY 2014-15.

Of these 585 cases, 139 are currently public cases that would transfer to private child placing agencies for supervision. In order to hold the county harmless for these particular cases, the State would incur costs of $1.0 million Gross and GF/GP. This calculation includes courtesy supervision of cases from other counties, out-of-State placements, and residential placements. This calculation also includes the $3 increase for the private child placing agencies.

The bill would reduce the costs to the defined county by the amount that the State's costs would increase.

If the State were to implement a prospective payment system that did not increase county spending over a three-year average, the State could realize some indeterminate costs if the actual spending exceeded the average. The payment system would not result in additional costs to the county.

Fiscal Analyst: Frances Carley