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BILL ANALYSIS

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Senate Bill 1086 (as enacted)  
Sponsor: Senator Bruce Caswell  
Senate Committee: Families, Seniors and Human Services  
House Committee: Appropriations

**PUBLIC ACT 521 of 2014**

Date Completed: 3-2-15

**CONTENT**

**The bill amended the Youth Rehabilitation Services Act to do the following:**

- **Require the Department of Human Services (DHS) to pay 100% of the administrative rate to providers of case management services to families of children in foster care because of abuse or neglect in a county with a population of 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.**
- **Specify that the bill's provisions do not apply after May 1, 2018.**

The bill took effect on January 14, 2015.

The Act provides that the county from which a public ward is committed is liable to the State for 50% of the cost of his or her care, reduced by the use of funds from the annual original foster care grant of the State to the county, or for any period in which the DHS has found that the county is unable to bear 50% of the cost of care. Notwithstanding this provision, and subject to appropriations, the bill specifies that in a county with a population of not less than 575,000 or more than 650,000, and only for cases transferred by the DHS to a child placing agency, the DHS must pay 100% of the administrative rate to providers responsible for foster care case management services to families of children who are court-ordered into foster care because of abuse or neglect and placed into the care and supervision of the DHS, regardless of placement setting until a prospective payment system is implemented.

The bill requires the DHS, notwithstanding current provisions, and subject to appropriations, to implement a prospective payment system as part of a State-administered performance-based child welfare system in a county with a population of 575,000 to 650,000, for foster care case management of children in accordance with Section 503 of the Article X of Public Act 252 of 2014. (Article X of Public Act 252 provides for the DHS's budget in the annual appropriation for fiscal year 2014-15. Section 503 pertains to a performance-based funding model for child welfare services.)

The bill requires the county to contribute to foster care services payments only in an amount that does not exceed the average net contribution made by the county for cases received under Section 2(b) of the juvenile code, in the five fiscal years before October 1, 2015. The State-administered performance-based system must be implemented as described above, but may not include in-home care service funding. (Section 2(b) relates to the jurisdiction of a court in proceedings concerning a juvenile in situations involving abuse or neglect.)

The bill indicates that its provisions affect abuse and neglect services only, and not juvenile justice program funding. The bill's requirements do not apply after May 1, 2018.

MCL 803.305

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The bill will have an indeterminate fiscal impact on the State and the county that will be affected by the bill.

The State pays the administrative rate for State Ward Board and Care cases that are supervised by private child placing agencies. While most of the expenditures in the State Ward Board and Care fund are split between the State and the counties 50-50, this is not the case with the administrative rate. Certain cases, such as residential treatment, do not receive an administrative rate. To the extent that a new administrative rate will be applied to such cases and depending on the number of them, the Department might realize some increased costs. The base administrative rate is \$37. A temporary increase of \$3, was in effect through FY 2013-14, and Public Act 304 of 2014 provides a \$3 administrative rate increase for the supervision of certain foster care cases in FY 2014-15. If a prospective payment system is implemented in less than a year, however, the annual costs of a case transfer will be lower.

If the State implements a prospective payment system that does not increase county spending over a five-year average, the State might realize some indeterminate costs if the actual spending exceeds the average. The payment system will not result in additional costs to the county.

Fiscal Analyst: Frances Carley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.