

PRIVATE FOSTER CARE ADMINISTRATIVE RATES - CONTINUE HOLD-HARMLESS POLICY

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Senate Bill 394, as passed by the Senate
Sponsor: Sen. Peter MacGregor
Senate Committee: Appropriations
House Committee: Appropriations
Complete to 6-19-17

SUMMARY:

Senate Bill 394 would amend Section 117a of the Social Welfare Act of 1939 to require the state to continue to pay 100% of certain payment amounts for services provided by private providers of foster care services. The bill would continue the county hold-harmless policy which requires the state to pay 100% of certain payments instead of the past model of a 50/50 state-county cost sharing model for certain rates. The bill would also increase the administrative rate for providers of general foster care services by \$1.20. Under current law, the state is required to pay the following payment amounts until September 30, 2017:

- 100% of the costs of the \$8.00 increase to the administrative rate for private providers of foster care services, subject to appropriation.
- 100% of the administrative rate for providers of foster care services and treatment foster care services.
- 100% of the costs of the rate increase to providers of residential foster care services under contract with the Department of Health and Human Services (DHHS).

The bill would extend the sunset on the state's responsibility for these payments until September 30, 2018. Currently, the administrative rate for private providers of foster care services is \$45.00 per day. The rate is built with a \$37.00 base and an \$8.00 additional increase until September 30, 2017. The bill would raise the \$8.00 increase by \$1.20 to \$9.20. Under the bill's provisions, the new administrative rate for general foster care services would be \$46.20 per day.

In addition, Senate Bill 394 extends the sunset on the hold-harmless provision that requires that the department pay 100% of the private agency administrative rate until September 30, 2018, as well as 100% of the administrative rate for treatment foster care services and 100% of the rate increase for residential foster care services. The bill would take effect 90 days after it is enacted into law.

MCL 400.117a

FISCAL IMPACT:

By extending the sunset provisions for an additional year until September 30, 2018, Senate Bill 394 would require the state to continue to make payments for 100% of the administration rate for general foster care next year as in current year. The additional increase of \$1.20 to the general foster care administration rate would increase the costs to the state by approximately \$1.5 million Gross (\$321,000 GF/GP) annually. If the bill is not enacted, then the sunset provisions would remain in effect and counties would be responsible for 50% of the current payment rates, and the rate increases, including the current \$8.00 increase, would not be provided to the providers. If Senate Bill 394 is not enacted, the overall additional cost that county governments would be required to spend from their Child Care Fund would be approximately \$8.0 million annually and the state would realize an estimated savings of \$8.0 million GF/GP from current-year spending.

FY 2017-18 Rate Increase Budget Recommendation

The Conference Report for House Bill 4238 (H-2) CR-1*, which would provide funding for the DHHS budget for FY 2017-18, includes a \$1.20 administrative general foster care rate increase, and also includes rate increases for other foster care services including Independent Living, Trial Reunification, Treatment Foster Care, Independent Living Program Plus, and Residential Foster Care. (These rate increases would not be implemented by this bill.) The Conference Report includes \$14.2 million Gross (\$8.9 million GF/GP) additional funding for the foster care rate increases and assumes that counties will be held harmless for these rate increases.

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