TEXAS
Department of Family
and Protective Services

Foster Care Rate Modernization Report:

Preliminary Service Descriptions

As Required by

2022-23 General Appropriations Act, Senate Bill 1,
87th Legislature, Regular Session, 2021 (Article II Special Provisions Relating to All Health and Human Services Agencies, Section26)

September 2021

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Purpose of Report

The General Appropriations Act requires DFPS to submit a report detailing the preliminary new service descriptions for the new rate methodology no later than September 30, 2021 to the Legislative Budget Board, the Governor, the Chair of the House Appropriations Committee, the Chair of the Senate Finance Committee, the Speaker of the House, the Lieutenant Governor, the permanent standing committees in the House of Representatives and the Senate with jurisdiction over health and human services, and HHSC.

This report provides a preliminary description of service packages designed to meet the needs of children, youth, and young adults across a variety of placement types including foster family home, general residential operation, and supervised independent living settings.

The final service descriptions will be released in a report due to the Governor and Legislative Leadership no later than January 1, 2022.

The Final Foster Care Service Descriptions Report is due in January 2022

Background

The Texas Health and Human Services Coordinating Council (THHSCC) was established in 1983 to coordinate planning and policymaking for 19 Health and Human Service agencies in Texas. The Council was chaired by the Governor; the Lieutenant Governor and Speaker of the House served as co-chairs. Council membership included State Senators, Representatives, Board Chairs of State agencies, and members of the general public.

In 1984, the Legislative Budget Board (LBB) required that the Council undertake a study of residential contracted child-care in Texas. During the next four years, a group referred to as the THHSCC Treatment and Care Work Committee developed a system of care that met the criteria established by the LBB. This system of care was called the Texas Level of Care (LOC) Service System and was implemented throughout Texas on September 1, 1988, and included the following components:

- A Common Application for agencies to use when placing children in residential child-care that included a mechanism to determine the appropriate level of care based on the child's individual needs.
- A system of services for children that included defined levels of care.

- A system of residential standards of care that defined a range of services required for children in DFPS conservatorship served by residential contracted providers.
- Child-care provider cost reports and a database to assist in determining the median cost of care.

In 1991, the THHSCC was abolished and some of its responsibilities were transferred to the Health and Human Services Commission (HHSC). One of the Commission's responsibilities was to set maximum reimbursement rates for the purchase of residential services based upon the Commission's guidelines. DFPS reimbursed residential child-care providers according to published reimbursement methodology rules. These reimbursement rates were statewide by level of care and correlated to services delivered to children.

Over the last three decades there has been some modification to the Service Level System which included moving from six levels of care (Levels 1-6), to four service levels (Basic, Moderate, Specialized, and Intense) and in fiscal year 2018, establishing a new service level known as Intense Plus. However, the process and resulting rate methodology has remained largely unchanged.

Special Provision, Section 32, 86th Texas Legislature

Over the years there have been several studies commissioned by the Department and HHSC to examine the foster care rate methodology. The most recent resulted from the requirements of General Appropriations Act, House Bill 1, Regular Session, 2019 (Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 32), which required HHSC, in consultation with DFPS, to evaluate the existing foster care rate methodology to determine if an alternative methodology would increase provider capacity, incentivize quality improvements, and maximize the use of federal funds.

HHSC partnered with Public Consulting Group (PCG) to complete this work. In the summer and fall of 2020, PCG conducted 32 meetings with providers and other stakeholders to discuss the existing foster care rate structure, looked at other state's models, and evaluated Texas-specific data to identify improvements to address capacity challenges and improve the foster care system. The PCG study resulted in six key findings:

1. The current foster care rates do not clearly align to cost of care;

2. The current rate level system, whereby rates can fluctuate for children based on assessed service level, creates fiscal challenges for providers;
3. The current rate development process is primarily retrospective;
4. The rate calculations mix retrospective costs with forecasted placements;
5. There is an overreliance on fundraising to support requirements; and
6. There is a lack of financial incentives and accountability in the rates.

Informed by the findings of the PCG study, the HHSC Foster Care Rate Methodology Report was presented to the 87th Legislature in February 2021.

Special Provision, Section 26, 87th Texas Legislature (Regular)

After considering the findings and recommendations outlined in the HHSC Foster Care Rate Methodology Report, the 87th Legislature passed the General Appropriations Act, Senate Bill 1, Regular Session, 2021 (Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 26) which requires DFPS, with the assistance of HHSC, to develop an alternative reimbursement methodology proposal for foster care and Community-based Care rates for consideration by the 88th Texas Legislature.

DFPS and HHSC began work on this project known as "Foster Care Rate Modernization" (FCRM) in the early summer of 2021.

Foster Care Rate Modernization (FCRM)

Many aspects of the foster care system have changed since the late 1980's and early 1990's when the existing rate methodology was developed. The continued evolution of the system including advancements in technology and data collection, development of a dedicated foster care Medicaid managed care program (STAR Health), and Community-based Care create the opportunity to redefine foster care services and the supporting rate methodology.

Goal

The goal of FCRM is to design a system that meets the needs of the foster care population and recognizes and compensates the caregiver for delivering high-quality services.

Objectives

The FCRM is supported by two objectives:

1. Determine what kind of foster care services are needed, and clearly define each of the needed service models (i.e. define what services the State wants to buy); and
2. Establish a new rate methodology that better aligns the cost of care with service provision and incentivizes improved child outcomes (i.e. determine a methodology that supports the defined services).

Parameters

Building from the foundation provided in the PCG report and Special Provision 26, and as informed by our valued stakeholders, the Department has established five parameters for the FCRM project:

1. Newly-defined models/continuum and rate methodology will assume provider compensation aligns service provision with the actual cost of care.
2. The scope of the FCRM project applies to foster care services only.
3. Licensing and regulatory requirements/oversight/structure do not change substantially. If substantial changes were to occur the rate methodology should be re-examined.
4. Some providers may need to make significant business model changes over time, in order to move forward under the newly-defined service model continuum.
5. Additional resources and time will be needed by DFPS, HHSC, and providers to fully implement the resulting foster care continuum supported by new rate methodology.

Approach

The current legacy and Community-based Care foster care models are based on the service level system. In the legacy system, every child in paid foster care is assessed one of five services levels (Basic, Moderate, Specialized, Intense, or Intense Plus), and with few exceptions (Emergency Shelter, Treatment Foster Family Care, and Supervised Independent Living) is directed to a placement type based on their individual service level. In turn, contracted residential childcare providers are qualified through contractual assessment to provide services at the varying service levels.

Additionally, the service level structure serves as the foundation for the Community-based Care blended foster care rate.

After analyzing DFPS and HHSC foster care and cost report data and hosting 32 stakeholder holder meetings in the summer and fall of 2020, PCG made a series of recommendations to improve the legacy and Community-based Care rates. The very first recommendation was to:

> ***"Align the legacy rates to specific, clearly defined, placement/program models. Move away from tying rates to both placement settings and service level, and tie to placement settings/programs only."***

When calculating the daily blended rate for Community-based Care, PCG recommended using newly developed legacy rates and CBC regional utilization data as the basis.

To move to a system where the State defines and contracts for multiple service packages, the Department must identify what services are required to meet the varying needs of children in the foster care system.

In order to define the preliminary new foster care service packages, DFPS analyzed Texas-specific data, researched other states, and most importantly, met with hundreds of stakeholders in July and August 2021 to define a new foster care continuum that supports the individual needs of children across the state.

Analyzing Existing Continuum and Data

On August 31st, 2021, there were 14,652 children in the State's conservatorship who were living in paid foster care.

The Department relied on three data sources to help inform the new foster care service continuum. These sources included:

1. Foster Care Needs Assessment and Forecast Data- this data was used to help identify projected service capacity need versus supply based on service levels, placement types and in some cases, age of the child.
2. Child Specific Contract Data- this data was used to help identify gaps in services that DFPS and the Single Source Continuum Contractors (SSCCs) have purchased outside of the existing foster care rate structure. Trends in services purchased using Child Specific Contracts have been used to inform development of several new service packages listed below.

3. Children Under DFPS Supervision (also known as Child Without Placement or CWOP) Data- this data has been analyzed and used to help inform development and design of service packages for children and youth with complex behavioral health needs.

National Research

The PCG report included national research into foster care models that utilized varying assessment and rate methodologies. DFPS used this information and conducted additional research and outreach to other states to identify best practices and innovative solutions that could be leveraged for Texas.

These states included Indiana, Colorado, Wisconsin, New Jersey, Washington, California, and Florida.

Stakeholder Engagement

The foster care system is much bigger than just DFPS, and in order to develop a new foster care continuum that can truly meet the needs of children, youth, and young adults in foster care, listening to stakeholders was the most powerful strategy used to determine the preliminary service packages.

In July 2021, DFPS developed a dedicated e-mail address for Foster Care Rate Modernization to ensure that stakeholders had a clear and accessible method for providing meaningful input.

Also, DFPS partnered with Casey Family Programs, who in turn entered into an agreement with the Deckinga Group LLC, to help facilitate focus group meetings with residential child-care providers and provider trade associations.

During the months of July and August 2021, DFPS and HHSC participated in focus groups and presentations with internal and external stakeholders to share information on Foster Care Rate Modernization and gather input to inform the preliminary service packages.

Date	Topic	Type	Attendees
July 22	Project Kickoff, Goal, Objectives, Parameters	Virtual	DFPS, Texas Alliance of Child and Family Services Board
July 29	Focus Group	In-Person	DFPS, Deckinga Group, Providers, Casey Family Programs

Date	Topic	Type	Attendees
August 4	Project Overview, Invitation extended to be a part of Focus Groups	Virtual	DFPS, HHSC, All Licensed and Contracted Residential Child Care Providers Invited to Attend
August 11	DFPS and HHS Child Care Regulatory Leadership Project Presentation	Virtual	DFPS and HHSC
August 24	Basic Child Care GRO Focus Group	Virtual	DFPS, HHSC Deckinga Group, Providers and Trade Associations
August 25	Residential Treatment Center GRO Focus Group	Virtual	DFPS, HHSC Deckinga Group, Providers and Trade Association
August 26	Child Placing Agency Focus Group	Virtual	DFPS, HHSC Deckinga Group, Providers and Trade Association
August 27	Emergency Shelter Focus Group	Virtual	DFPS, HHSC Deckinga Group, Providers and Trade Associations
August 27	Single Source Continuum Contractors	Virtual	DFPS, HHSC Deckinga Group, Providers and Trade Association

The feedback provided at these sessions directly guided the development of the preliminary service packages. DFPS will continue to rely on the expertise and knowledge of stakeholders to inform the Foster Care Rate Modernization model and implementation plan. The Department is designing a dedicated webpage for the Foster Care Rate Modernization project.

Preliminary Service Packages and Description

Using the HHS Child Care Regulatory license types and State law as the foundation, DFPS has separated the foster care service continuum into three categories:

1. Foster Family Care
2. General Residential Operations
    a. Tier I
    b. Tier II
3. Supervised Independent Living Placements

Inherent in each of these three categories is a base package of services and specialty packages considered "service add-ons". These service add-ons represent a model of care that, once thoroughly defined, can be purchased for children and youth using a new foster care rate methodology.

DFPS intends to spend the next several months working with stakeholders to identify and finalize critical components of these service add-ons to inform a proper rate methodology.

Foster Family Care

Base Package- services designed to cover the cost of room, board, and other expenses associated with providing 24-hour licensed care in a family home setting for children, youth, and young adults who are the victims of abuse and/or neglect.

Based on feedback from focus groups, base package should include the following costs:

- Foster Parent and Staff Recruitment
- Foster Parent and Staff Retention
- Technology including systems that support case management, continuous quality improvement, quality assurance, and reporting requirements.
- Insurance
- Operating expenses, infrastructure, and building maintenance

Service Add-ons to Base Package for Foster Family Care:

1. Basic Foster Family Home- *services similar to basic foster family services in current system. Additional fiscal components may include new cost categories based on PCG report, research, and stakeholder input.*

2. Short-term Assessment/ Stabilization Services- *time-limited services for children, youth, and young adults who are new to care or transitioning from unpaid or unauthorized placements. Care requires additional flexibility on behalf of child-placing agency (CPA) and foster parent to admit children 24/7 and enhanced skill in assessment and coordination to support transition of child to most appropriate placement. Examples include children and youth who may be returning from a runaway episode or a disruption in kinship placement.*

3. Medically Fragile/Complex Medical Services- *services for children, youth, and young adults with a medical diagnosis that requires 24/7 skilled care, and/or for whom the child cannot live without the support, direction, or services of others. CPA and caregiver specialize in coordination of health care services through STAR Health and the child may have increased number of appointments and potential for hospitalizations. Caregiver is skilled and has been trained to provide relevant services. Examples include services to children with primary medical needs and those with conditions such as uncontrolled diabetes.*

4. Treatment Foster Family Care Services- *time-limited services that adhere to the model codified in the Texas Family Code and included in the Texas Administrative Code for children, youth, and young adults who require heightened clinical intervention. Examples include services to children with severe emotional disturbance who require frequent one-to-one support and intervention. Services include evidence-based treatment models, wrap-around and aftercare services.*

5. Transition Support Services for Youth and Young Adults- *services to support youth and young adults between the ages of 14-21. CPA and caregiver specialize in providing additional training and support to assist with experiential learning such as learning to drive, obtaining a license, obtaining and supporting employment, encouraging extracurricular and age-appropriate normalcy activities.*

6. Intellectual Developmental Disability (IDD)/ Autism Support Services- *services to support children, youth, and young adults with a diagnosis of IDD and/or Autism. CPA and caregiver have additional skill and training in meeting needs of this population, and in coordinating and ensuring participation in community-based and other services designed to aid this population.*

7. Human Trafficking Services- *services to support children, youth, and young adults who have been victims of sex and/or labor trafficking. CPA and caregiver have specialized skill and training in delivering services to victims of human trafficking, as well as interventions for protecting this population in the community. Examples of services included specialized treatment modalities and mentor programs.*

8. Pregnant and Parenting Teen and Young Adult Support Services- *services to support pregnant and parenting teens in the State's conservatorship or extended foster care. CPA and caregiver will have specialized programming to assist and support teen parent, to include coordination between community resources and STAR Health/Medicaid.*

9. Substance Use Support Services- *services to support children, youth, and young adults with substance use disorders. CPA and caregiver will have enhanced programming and training to support youth battling addiction. This will include coordinating treatment with STAR Health and other community providers, includes aftercare services.*

10. Sexual Aggression/Sex Offender Support Services- *services to support children, youth, and young adults who have been identified as sexually aggressive and/or who have been determined to be a sexual offender. CPA will have a treatment model and specific programming designed to meet the unique needs of this population, and caregiver will have training specific to support the rehabilitation needs of the child or youth.*

11. Mental and Behavioral Health Support Services- *services to children, youth, and young adults who have a DSM-5 diagnosis and for whom routine clinical intervention is needed to support day-to-day activities. CPA and caregiver must be trained in and incorporate an evidence-based treatment model into the intervention used with the child.*

Foster Family Care Service Add-On Type		**Unique Service Input**									
	Time-limited services	Enhanced Staff Credentials	Enhanced Staffing Ratios	Increased Reporting Requirements	Billing Complexities	24/7 Crisis Response	Specialized Respite Program	Targeted Treatment Model	Enhanced Training	Complex cross system coordination	After-Care Services Required
Basic Foster Family Home Services											

Foster Family Care Service Add-On Type		**Unique Service Input**									
	Time-limited services	Enhanced Staff Credentials	Enhanced Staffing Ratios	Increased Reporting Requirements	Billing Complexities	24/7 Crisis Response	Specialized Respite Program	Targeted Treatment Model	Enhanced Training	Complex cross system coordination	After-Care Services Required
Short-term Assess. & Stabilization Services	★			★		★	★			★	
Medically Fragile/ Complex Medical Services		★	★	★	★		★		★	★	★
Treatment Foster Family Care Services	★	★	★	★	★	★	★	★	★	★	★
Transition Support Services for Youth & Young Adults	★			★						★	
IDD/Autism Support Services		★	★	★	★	★	★	★	★	★	★
Human Trafficking Support Services		★	★			★	★	★	★	★	
Pregnant and Parenting Teen and Young Adult Support Services					★			★	★	★	★

Foster Family Care Service Add-On Type		Unique Service Input										
	Time-limited services	Enhanced Staff Credentials	Enhanced Staffing Ratios	Increased Reporting Requirements	Billing Complexities	24/7 Crisis Response	Specialized Respite Program	Targeted Treatment Model	Enhanced Training	Complex cross system coordination	After-Care Services Required
Substance Use Support Services	★	★	★	★	★	★	★	★	★	★	★
Sexual Aggression/ Sex Offender Support Services	★	★	★	★	★	★	★	★	★	★	★
Mental and Behavioral Health Rehab. Support Services	★	★	★	★	★	★	★	★	★	★	★

General Residential Operations- Tier I

Base Package for Tier I- services designed to cover the cost of room, board, and other expenses associated with providing 24-hour licensed care in a congregate care setting for children, youth, and young adults who are victims of abuse and/or neglect.

Based on feedback from focus groups, the base package should include the following costs:

- Clinical, Case Management, and Direct Care Staff Recruitment
- Clinical, Case Management, and Direct Care Staff Retention
- Technology including systems that support clinical record keeping, case management, continuous quality improvement, quality assurance, and reporting requirements
- Insurance

- Operating expenses, infrastructure, and building maintenance

Service Add-ons to Base Package for General Residential Operations (GRO) Tier I:

1. Basic Child Care Operation- *services similar to basic childcare services in current system. Additional fiscal components may include new cost categories based on the PCG report, additional research, and stakeholder input. If an organization is licensed to provide services to youth and young adults ages 14 and up, the program model must include transition support services. Those services would include additional staff training and support to assist with experiential learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age appropriate normalcy activities.*

2. Emergency Stabilization/Assessment Care- *time-limited services for children, youth, and young adults offered in a GRO that is licensed to provide emergency care services. The organization must have the ability to admit children with varying needs 24/7. The staff must have enhanced skills and training in de-escalation techniques, assessment, and coordination to support transition of child to more appropriate long-term settings.*

3. Treatment Services to Support Community Transition-*time-limited services for children, youth, and young adults with a DSM-5 diagnosis and for whom regular clinical intervention in a GRO that is licensed to provide treatment or multiple services is needed, in order to support day-to-day activities. The organization must have an evidence-based treatment model and provide after-care services to support transition to a less restrictive setting. Clinical, Case Management, and Direct Delivery staff should be well-versed in the treatment model and trained in de-escalation techniques. If an organization is licensed to provide services to youth ages 14 and older, the program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age-appropriate normalcy activities.*

4. Human Trafficking Services to Support Community Transition- *time-limited services for children, youth, and young adults who are*

victims of, or at risk for being a victim of human trafficking, and require regular clinical intervention in a GRO that is licensed to provide these services. The organization must have an evidence-based treatment model and provide after-care services to support transition to a less restrictive setting. Clinical, case management, and direct delivery staff should be well-versed in treatment model and trained in de-escalation techniques. If the organization is licensed to provide services to youth and young adults ages 14 and older, the program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, encouraging extracurricular and age appropriate normalcy activities.

5. Pregnant and Parenting Services to Support Community Transition-*time-limited services for youth and young adults who are pregnant and/or already parenting. Organization must have an evidence-based program model and provide after-care services to support transition to support healthy parenting in a less restrictive setting. Clinical, case management, and direct delivery staff should be well-versed in program model and trained to provide services that support child development and healthy parenting. If the organization is licensed to provide services to youth ages 14 and older, program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, encouraging extracurricular and age appropriate normalcy activities.*

6. Substance Use Services to Support Community Transition-*time-limited services for children, youth, and young adults who have a DSM-5 diagnosis for a substance use disorder that requires regular clinical intervention to support day-to-day activities. The organization must have an evidence-based treatment model and provide after care services to support transition and recovery in a less restrictive setting. Clinical, case management, and direct delivery staff should be well-versed in treatment model and trained to provide services that support care for children, youth, and young adults with substance disorders. If an organization is licensed to provide services to youth ages 14 and older, program model must include transition support services that includes additional staff training and support to assist with experiential*

learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age appropriate normalcy activities.

7. Sexual Aggression and Sex Offender Treatment Services to Support Community Transition-*time-limited services for children, youth, and young adults who have been identified as sexually aggressive and/or who have been determined to be a sex offender, and who require regular clinical intervention to support day-to-day activities. The organization must have an evidence-based treatment model and provide after-care services to support transition to a less restrictive setting. Clinical, case management, and direct delivery staff should be well-versed in treatment model and trained to provide services that support care for children and youth who are sexually aggressive and/or sex offenders. If the organization is licensed to provide services to youth and young adults ages 14 and older, the program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age appropriate normalcy activities.*

8. Services for Children, Youth, and Young Adults with Intellectual Developmental Disabilities (IDD) and Autism to Support Community Transition-*time-limited services for children and youth who have IDD and/or Autism who require regular clinical intervention to support day-to-day activities. The organization must have an evidence-based treatment model and provide after-care services to support transition to a less restrictive setting. Clinical, case management, and direct delivery staff should be well-versed in the treatment model and provide support services. If the organization is licensed to provide services to youth and young adults ages 14 and older, the program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs and abilities) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age-appropriate normalcy activities.*

9. Services to Support Children, Youth, and Young Adults with Complex Medical Needs to Support Community Transition-*time-limited services for children and youth who have Complex Medical Needs such*

as Diabetes and Eating Disorders that require regular clinical intervention to support day-to-day activities. The organization must have an evidence-based treatment model and provide after-care services to support transition to a less restrictive setting. Clinical, case management, and direct delivery staff should be well versed in the treatment model. If the organization is licensed to provide services to youth and young adults ages 14 and older, the program model must include transition support services that includes additional staff training and support to assist with experiential learning (based on child's individual needs and abilities) such as learning to drive, obtaining a license, obtaining and supporting employment, and encouraging extracurricular and age appropriate normalcy activities.

GRO-Tier I Service Add-On Type	**Unique Service Input**										
	Time-limited services	Enhanced Staff Credentials	Enhanced Staffing Ratios	Increased Reporting Requirements	Billing Complexities	Admissions/intake 24/7	Transition Support Services for Youth	Evidence-Based Treatment Model	Enhanced Training	Complex cross system coordination	After- Care Services Required
Basic Child Care Operation							★				
Emergency Stabilization Assessment Center	★		★	★		★			★	★	
Treatment Services to Support Community Transition	★	★	★	★	★		★	★	★	★	★
Human Trafficking Services	★	★	★	★	★		★	★	★		
Pregnant and Parenting Services	★			★			★	★	★	★	

GRO-Tier I Service Add-On Type		Unique Service Input										
	Time-limited services	Enhanced Staff Credentials	Enhanced Staffing Ratios	Increased Reporting Requirements	Billing Complexities	Admissions/intake 24/7	Transition Support Services for Youth	Evidence-Based Treatment Model	Enhanced Training	Complex cross system coordination	After- Care Services Required
Substance Use Services	★	★		★	★		★	★	★	★	★
Sexual Aggression/ Sex Offender Treatment Services	★	★	★	★	★		★	★	★	★	★
Services to Support Children and Youth with IDD and Autism	★	★	★		★		★	★	★	★	
Services to Support Children and Youth with Complex Medical Needs	★	★	★	★			★	★	★	★	★

General Residential Operations- Tier II

Qualified Residential Treatment Programs (QRTP)

Base Package for Tier II QRTP- sub-acute services offered in a facility setting that meets the definition of a child-care institution per sections 472(c)(2)(A) and (C) of the Social Security Act. A child-care institution is defined as "a private child-care institution, or a public child-care institution

which accommodates no more than 25 children, which is licensed by the State in which it is situated or has been approved by the agency of the State responsible for licensing or approval of institutions of this type as meeting the standards established for the licensing".

Children, youth, and young adults who require Tier II services require continual clinical intervention to support day-to-day functioning and activities.

The base package should be inclusive of the following requirements and associated costs:

- Trauma-informed model of care designed to address the needs, including clinical needs of children with serious emotional and behavioral disorders or disturbances;
- On-site registered or licensed nursing staff and other licensed clinical staff (need not solely be direct employees of the QRTP) who provide care consistent with the treatment model and who are *available* 24/7;
- Coordination and facilitation of family participation in a child's treatment program (in accordance with child's best interest);
- Coordination, facilitation, and documented family outreach and maintenance of contact information for known biological and fictive kin of the child;
- Discharge planning and family-based after care support for at least 6 months after discharge; and
- Licensed and national accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF), the Joint Commission on Accreditation of Healthcare Organizations (the Joint Commission), or the Council on Accreditation (COA).
- Technology including systems that support clinical recordkeeping, case management, continuous quality improvement, quality assurance, and reporting requirements.
- Insurance
- Infrastructure and building maintenance

Service Add-ons to Base Package for General Residential Operations Tier II- QRTP:

In addition to the base package for the Tier II QRTPs listed above, service packages similar to Tier I will be needed. The determination between Tier I and Tier II services will be based on child's assessment for service. Services in Tier II are considered sub-acute services and require a more frequent and concentrated level of intervention in comparison to Tier I.

To provide Tier II QRTP services a provider is required to specialize in the provision of time-limited, intensive evidence-based treatment in one or more of the following areas:

- Severe emotional disturbance and psychiatric disorders
- Severe sexual aggression or who have been adjudicated a sexual offender
- Severe substance use dependency
- Severe and complex medical needs

GRO- Tier II Qualified Residential Treatment Program (QRTP) **Cost Factors to be Considered in Methodology**			
Increased Reporting and Assessment Requirements	Time Limited Service	Enhanced Staff Credentials	Enhanced Staffing Ratios
Billing Complexities	Evidence-based, Trauma-Informed Treatment Model	Enhanced Training	Complex Cross-System Coordination
6 months of Aftercare Post Discharge	Nationally Accredited	On-site licensed or registered nursing staff, available 24/7	Coordination and facilitation of family participation in treatment
Facilitation of Documented Family Outreach	Technology	Insurance	Operating expenses, inflation/cost of living, infrastructure and Building Costs

Supervised Independent Living Services

DFPS expanded the foster care continuum in 2013 to include Supervised Independent Living Services (SIL) as a placement type. These services support young adults in extended foster care as they work toward independence.

There are varying placement settings throughout the SIL program, each with different reimbursement rates. These settings include:

- Apartment

- Shared Housing
- Host Homes
- College Dorms
- Non-College Dorms

Also, the 86th Legislature added Enhanced Case Management as an add-on to SIL services, for eligible young adults who required specialized supports or services.

Plan for SIL Placements:

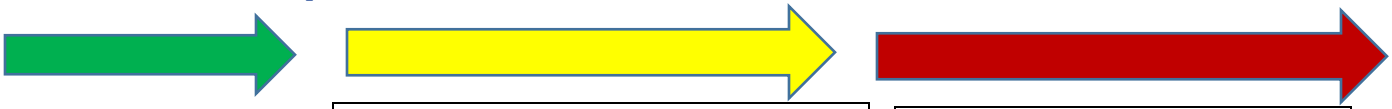
Relative to Foster Family Care and GRO, SIL services are relatively new to the service continuum. As a part of this project, DFPS intends to study costs of living arrangements in the SIL program to determine if any modification to the rate methodology is needed. If modifications are needed, DFPS and HHSC will work with stakeholders that provide SIL services.

Collecting Information to Develop Preliminary Service Add-Ons

To develop rate methodology for the service add-ons described above, DFPS must work with HHSC and stakeholders to determine inputs for the various models. During the next several months, the Department develop and release surveys, look to cost report data, and hold focus groups to determine appropriate staffing structures, training, and education/credentialing requirements for the proposed add-ons.

The information collected will be used to define the final service add-on packages included in a report released by the Department in January 2022. With the report as a foundation, HHSC will work with DFPS and other stakeholders to develop rate methodologies to support the newly-defined foster care service continuum.

Service Description Timeline



May – June	July- September	October – December
Project Planning, Data Analysis, Research	Project Stakeholder Kick-off, Focus Groups, Development of Preliminary Service Packages	Surveys, Focus Groups, Analysis, Finalize Service Packages

Closing

DFPS appreciates the help and support of Casey Family Programs, the Deckinga Group, LLC, the Texas Alliance of Child and Family Services, the Texas Coalition of Homes for Children, and the Texas Network of Youth Services, and countless providers who contributed their expertise and resources to the new preliminary service packages in the Foster Care Rate Modernization effort.

For 33 years, the service level system in Texas has been the foundation for foster care rate methodology and rate setting. With advancements in technology, data collection, implementation of STAR Health, and Community-based Care, along with pivotal changes to foster care by the Texas Legislature (Senate Bill 11, 85th Session, Senate Bill 781, 86th Session, and Senate Bill 1896, 87th Legislative Session) the system has evolved.

The 87th Legislature has provided DFPS, in collaboration with HHSC and through stakeholder engagement, the opportunity to define new foster care continuum and service packages to meet the needs of today's children, youth, and young adults in foster care. New rate methodology will help ensure that caregivers are compensated in a way that better aligns service provision to cost of care.

This report is the first of many that the Department and HHSC will provide to ensure on-going transparency and engagement of stakeholders and others interested in this vitally important process.

Foster Care Rate Modernization Project Timeline		**Fiscal Year 2021**	**Fiscal Year 2022**				**Fiscal Year 2023**			
Deliverable	Lead	Q4 6/21-8/21	Q1 9/21-11/21	Q2 12/21-2/22	Q3 3/22-5/22	Q4 6/22-8/22	Q1 9/22-11/22	Q2 12/22-2/23	Q3 3/23-5/23	Q4 6/23-8/23
Report detailing preliminary new service descriptions upon which new rate will be based.	DFPS		★							
Plan for the development of pro forma modeled rates and cost-report based rates, using service descriptions produced by DFPS.	HHSC		★							
Report detailing the final service descriptions upon which new rate will be based.	DFPS			★						
Progress Report of all related activities at six-month intervals.	DFPS			★		★		★		★
Progress Report of all related activities at six-month intervals.	HHSC			★		★		★		★
Report that includes the pro forma modeled rates using the new methodology, and fiscal estimate of implementing new rates	HHSC							★		
Report on feasibility of increasing federal funds for use in providing these services	HHSC							★		