



Citizens' Review Board for Children

(Formerly Foster Care Review Board)

CITIZENS' REVIEW BOARD FOR CHILDREN

1997-1998

ANNUAL REPORT



MARYLAND CITIZEN BOARD FOR REVIEW OF OUT-OF-HOME PLACEMENT OF CHILDREN
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(Formerly Foster Care Review Board)

February 22, 1999

Dear Speaker Taylor and President Miller:

Enclosed is the Annual Report of the Citizens' Review Board for Children for 1998. We have been through a difficult year in which we have dramatically altered the nature of our relationship with DHR and the local departments of social services. Despite a severe shortage of staff resources, we have also implemented major changes in our case review procedures in order to comply with House Bill 1093. These developments are chronicled on pages 2 and 3 of the report.

In addition to trying to give an overview of the main issues affecting the Foster and Kinship Care programs, we have included a special section on "Managed Care." A special committee of our State Board examined this issue for a year and felt that it can be a lens that helps sharpen our focus on critical issues in the child welfare system.

The General Accounting Office has just issued a 100-page report entitled, **CHILD WELFARE: Early Experiences Implementing a managed Care Approach**. (see GAO/HEHS-99-8 available via info@www.gao.gov). The GAO made the following principle findings about managed care:

1. it is a new and growing strategy in child welfare - 13 states have implemented projects and 20 other states were planning managed care initiatives;
2. it usually employs capitated payments, changes the distribution of responsibilities, risks, and incentives among public and private sector agencies, and relies on private agencies to perform case management activities more traditionally in the realm of the public sector; and
3. it encounters challenges in implementing projects because of title IV-E funding barriers and poor state information systems.

This last finding resonates with the recommendations we have put forward in our report and highlights why we consider the very term "managed care" a misnomer. It carries an implication that care is managed only when privatized. **Excellent care management is required regardless of whether we increase privatization or reform how contracts are written.** Child welfare staff hold children's lives in their hands.



Through its Social Services Administration, DHR has been slowly improving its management capabilities, as evidenced by enhanced reports it now provides to the Department of Fiscal Services and by tangible improvements in getting children adopted. Nevertheless, two management issues at both the state and local levels continue to require substantial improvement:

1. DHR does not yet have a sufficient broad array of standards and measurement techniques for outcomes; and
2. DHR's information system is not capable of reporting whether such a broad array of outcomes has been achieved.

To that end, we have offered recommendations for the establishment of standards and measurements techniques that should be implemented.

Although it was not the major focus of our interest in managed care, Baltimore City Department of Social Services was actively seeking to enter a managed care contract with non-profit agencies during the period our Managed Care committee was meeting. The Committee found that the City's proposal had merit. It had appropriate goals, protections for children, and, through establishment of a monitoring unit within City DSS, held the prospect of improving Baltimore City's management capacity. Such improvement could affect not only 10 to 20% of its children in foster care who would receive services through the proposed project but could and should be extended to the entire population.

After the content of our report was finalized, we have learned that DHR has decided not to pursue the project, despite touting it as an important initiative for two years. Evidently, DHR failed to submit a waiver request to the Department of Health and Human Services to allow title IV-E funds to be used. There are many unanswered questions about the decision to abandon this project. We plan to keep you apprised of what we learn in the coming weeks and months.

The volunteers of the Citizens' Review Board for Children greatly appreciate the many bills and budget initiatives that the General Assembly has enacted in order to improve our child welfare system - especially the Child Welfare Workforce Initiative of 1998. We value our relationship with the General Assembly and will continue to work to keep you informed of developments with the Foster Care and Kinship Care programs.

Sincerely,



LaDean D. Barksdale
State Board Chairperson

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FOREWORD

The Foster Care Review Board is now the Citizens' Review Board for Children (CRBC). This name change supports our commitment to advocate for all children in out-of-home care including those who are living with relatives. New federal and state laws mandate our expanded role in the review process. These laws as well as revisions in child welfare policies are discussed within this report.

Data in this report covers fiscal years 1996 – 1998. Comments on law, policy, and practice are updated through December 1998.

EXECUTIVE SUMMARY

Over the last two years, new federal and state laws and policies have altered the case review process for children in out-of-home care. Jointly these changes focus on ensuring safety, permanency, and well being for children. There is now increased emphasis on the need for continuity of relationships within the child's life and in including these interested parties in the review process. Legal changes in the requirements for child welfare casework staff have also been instituted including competency tests and pre-service and in-service training.

Citizens' Review Board for Children (CRBC) has been at the forefront of legal and policy changes. Through its local review boards, The Coalition to Protect Maryland's Children (founded by CRBC), and other partners, significant recommendations have been presented to the legislative and judicial systems, as well as to the Department of Human Resources. CRBC is pleased with its role in helping to shape legislation and policies that will protect all children in Maryland.

This report reviews growth, trends, and issues in the delivery of child welfare services. The report is divided into two sections:

Section One: Summary of Child Welfare Activities in Maryland reports on the changes in the review process with a brief overview of relevant laws and policies. The impact of local child advocacy activities is also presented. DHR's subsidized guardianship initiative is reviewed in terms of its promises, progress, and problems. A discussion on "Trends in Out-of-Home Placements" reveals that the average length of stay is increasing. This report offers some reasons why this trend is occurring. Throughout this section, recommendations for system improvement are provided.

Section Two: Report on Managed Care recommends needed improvements in managing child welfare programs. The section focuses on the possibilities and implications for privatizing child welfare functions in Maryland that have traditionally been the domain of the public sector. This includes case and program management activities. The proposed privatization of child welfare is based on managed care contracting techniques used in physical and behavioral health care.

CRBC presents major issues regarding privatizing child welfare services. A most significant concern is whether private industry can and will adequately protect the interests of children including safeguarding legal and policy gains achieved over the last two years. Questions are also raised on the financial impacts of privatization on State resources. This section recommends that standards, outcomes, goals, and measures be adopted regardless of whether child welfare services remain under the State or are privatized. Some recommendations include:

- Monitor the child welfare system and the State's fiduciary interests. This will require DHR to make a long-term commitment to upgrade the management information systems and to expand the list of performance indicators. A proposed list of standards and sanctions to promote better performance are presented.
- Create a "Quality Assessment Unit" to monitor the activities and outcomes associated with delivery of child welfare services. If substantial privatization goes forward, this unit could be placed under the purview of CRBC by the General Assembly. The Quality Assessment Unit would be an extension of child welfare monitoring services that CRBC has managed for over eighteen years.
- Appoint a Quality Officer for all local departments of social services. These positions should be mandated by the General Assembly. The Quality officer would be responsible for periodic reports on the quality of services to children and families.
- Maintain child abuse and neglect investigation under the jurisdiction of the State. This activity should not be privatized.

The 1998-1999 Annual Report illustrates that much progress has been made in protecting the rights and safety of Maryland's children. Recommendations offered within this report builds upon these substantial gains as well as challenges those practices and policies that limit growth in child welfare services. Through its many partnerships Citizens' Review Board for Children will continue its mission of advocating for children.

SECTION I: CHILD WELFARE ACTIVITIES IN MARYLAND

CITIZEN'S REVIEW BOARD FOR CHILDREN

The Citizens' Review Board for Children (CRBC) formerly the Foster Care Review Board, is mandated by §§ 5-535 through 5-549 of the Family Law Article. Two related goals direct the activities of CRBC: 1) to encourage and monitor efforts to end State custody and 2) to allow children in out-of-home placements to live in permanent homes. CRBC is responsible for: tracking all children as they enter and leave the Department of Human Resources (DHR) out-of-home placement system; inviting interested persons to the reviews; notifying interested persons and certain officials of the outcome of the reviews; and issuing statistical reports on the foster care program. Nearly four hundred volunteer citizens staff sixty-two local review boards. In Fiscal 1998, the boards conducted 12,793 case reviews.

CHANGES IN THE REVIEW PROCESS

Memorandum of Agreement

In February 1998, a formal Memorandum of Agreement (MOA) was signed between the Department of Human Resources (DHR) and CRBC. The MOA, which went into effect October 1, 1998, outlined the roles of CRBC and DHR in the preparation and facilitation of case reviews. In addition, statutory changes strengthened the role of the citizens' review board. The following revisions are now in effect:

- CRBC's case review system is governed by 23 local plans, negotiated within each jurisdiction (a local plan for Frederick County is still being developed), by CRBC and the local Department of Social Services (LDSS). The plans adhere to the procedures and minimum parameters stated in the MOA.
- CRBC is responsible for reviewing cases from the entire out-of-home care population. The MOA governs the review of kinship care cases.
- CRBC and DSS strive to review siblings cases together.
- The LDSS provides CRBC a list of interested parties to invite to the reviews. CRBC has seen a substantial increase in the number of interested parties attending reviews.

Implementing these changes is a difficult challenge. Over the last six years, CRBC has experienced significant changes including reduction of staff, increase in the number of reviews conducted, and now these substantial procedural changes. These adjustments forced CRBC to focus our sparse resources on our main goal – to encourage and monitor efforts to end State custody and to allow children in out-of-home placements to live in permanent homes.

CHANGES IN CHILD WELFARE LAW

Adoption and Safe Families Act (ASFA) and HB 1093

On November 18, 1997, the President signed the *Adoption and Safe Families Act (ASFA)*. This law attempts to strengthen the child welfare system's response and responsibilities in ensuring safety, permanency, and well being for children.

House Bill 1093 *Family Law-Children in Out- of Home Placement* was passed by the Maryland General Assembly in response to *ASFA*. Maryland new law makes the following changes, among others:

- Safety is a major consideration in establishing the permanency plan and in the court's decision on a petition for adoption or termination of parental rights (TPR). A safety assessment must be completed at every review.
- Concurrent permanency planning is specifically described and mandated. Reasonable efforts to achieve reunification or an alternate permanency plan must be made, and efforts towards multiple plans are encouraged.
- DSS may ask the court in the original Child in Need of Assistance (CINA) petition or any time thereafter to waive efforts toward reunification. If the court finds that certain circumstances apply to a parent, then the court **must** grant a waiver.
- Termination of parental rights may be granted if the child has been in an out-of-home placement for 15 of the last 22 months.

In response to the changes in federal and state laws, CRBC with the assistance of the Social Services Administration (SSA), trained citizen reviewers and staff of LDSS on safety assessments, TPR, waiver of reunification services, and concurrent permanency planning. In addition, SSA provided training to approximately 750 Out-of-Home Placement administrators, supervisors, and caseworkers. SSA has also incorporated *ASFA* training with other child welfare training.

Recommendations

1. SSA must follow through to thoroughly train local staff on new procedures flowing out of *ASFA*
2. SSA must monitor the implementation of the new procedures using data provided by CRBC and other sources. The evaluation design must ensure that all components of *ASFA* (TPR, safety assessments, concurrent planning, and waiver of reunification services) have measurements that are assessed comprehensively and continuously at regular intervals (e.g., quarterly).
3. CRBC should be provided with two additional professional staff and one clerical position in order to fulfill new, more complex duties.

ADVOCACY ACTIVITIES

State and local system advocacy activities have been quite successful. Major changes in child welfare practices have been initiated, developed, implemented, and evaluated through CRBC and the Coalition to Protect Maryland's Children which was founded by CRBC in the fall of 1997. These system-wide recommendations and changes come in the context of rising concern about the performance of Maryland's child welfare system. A principal issue is the growing foster care caseloads and associated costs.

CRBC's Advocacy Activities

Local boards had a major role in the development of the MOA. Board members continue to meet with directors of LDSS and judges to make recommendations for system improvements. CRBC has also been integrally involved with significant reform activities that impact the child welfare system such as:

- enactment and implementation of requirements for more frequent court reviews and integration of the judicial process for CINA and TPR cases;
- the comprehensive assessment of child welfare programs conducted by the Child Welfare League of America;
- report of the Judiciary's Foster Care Court Improvement Project and implementation of the recommendations;
- technical assistance in preparation of Baltimore City's Request for Proposals to privatize case management for 1,000 children in out-of-home placement.

The Coalition to Protect Maryland's Children

The Coalition to Protect Maryland's Children played key roles in enactment of major budget initiatives and child welfare legislation in FY 1998. CRBC with cooperation from DHR's Budget office and the Social Services Administration, provided the Coalition with perhaps the most complete statistical picture of out-of-home placement case flows and costs ever produced in the State. The Coalition:

- worked with SSA as the FY 1999 budget was being prepared to explain the need for lower caseloads and, as a result, 85 positions were requested in the budget and approved by the General Assembly;
- helped shape the debates on HB 1093 and SB 648, the *Child Protection Act of 1998*;
- initiated House Bill 1133, the *Child Welfare Workforce Initiative of 1998*. This bill addresses critical problems among staff who investigate child abuse and neglect and who provide family preservation services, foster and kinship care, and adoption. HB 1133 establishes the following:

- a) minimum qualifications for child welfare caseworkers;
- b) pre- and in-service training requirements;
- c) competency testing;
- d) conversion of contractual positions to permanent; and
- e) reduction of caseload ratios.

Measures to raise pay and improve working conditions for 2,000 staff are underway.

On December 1, 1998, DHR submitted the report "*Recommended Improvements to the Caseload Ratio in Child Welfare Programs as Requested in House Bill 1133.*" Through this report, a three-year pilot project was proposed that will staff one caseworker and 0.5 FTE case aide for each eight families. The proposal is based on a model developed by Anne Arundel County Department of Social Services, using State and local funds. It was amended in mid-December. The cost for fiscal 2000 is said to be \$700,000. Allegany and Caroline counties and the Northwest Region of Baltimore City will be the pilot sites. In addition, DHR officials say that caseload reduction will result from effort to gain accreditation for child welfare programs in Montgomery, Prince George's, Howard, Washington, and Garrett counties. Child advocates continue to be concerned that the pace of caseload reduction is too slow and that the urgent need to address problems in the Child Protective Services caseload will go unmet.

Recommendations

- 4. **The Governor and General Assembly should provide funding to reduce caseloads over a three – to - five-year period in accordance with the DHR model or a similar model.**
- 5. **DHR should utilize additional casework staff to assure the quality of child protective service investigations and proper implementation of new safety and permanency planning procedures flowing from ASFA.**

SUBSIDIZED GUARDIANSHIP

Background on Subsidized Guardianship Project

Conversion of unpaid kinship care cases to long-term foster care has been a major factor driving foster care caseloads and costs throughout the 90's. In January 1995, CRBC initiated legislation to provide financial incentives for relatives to accept legal guardianship for children who are committed to a LDSS and have been in their home for six months or longer. The legislation was defeated after being approved by DHR. In July 1995, DHR asked the U.S Department of Health and Human Services (US DHHS) for a waiver under Title IV-E to operate such a program.

In April 1997, the U.S. DHHS approved a five-year subsidized guardianship project to be administered by the DHR/SSA. The intent of the project is to reduce instances of children remaining in long-term foster care with relatives. Children eligible for the subsidized guardianship project are unable to return to either parent and adoption is not an option. Participation in the project is voluntary. The project is federally funded and requires monitoring by independent evaluators. The University of Maryland School of Social Work (UMSSW) was selected to conduct the evaluation of this project.

In February 1998, DHR approved a model for the implementation of the kinship care subsidized guardianship project. The project will divide eligible kinship care and/or relative placement cases into two groups: the control group who will not receive subsidy payments and the experimental group who will be eligible to receive the subsidy. A total of 1500 will be served during the five-year period.

According to the plan, during the first year, five hundred children from 200 families will be offered the opportunity to obtain subsidized legal guardianship. Additionally, approximately 400 children from 180 families will be asked to participate as a member of the control group. As of this writing, a subset of children in the experimental group have been identified with a permanency plan of guardianship and court action is pending. No subsidy checks have yet been written.

Since October 1998, CRBC has completed over 250 reviews of children in kinship care. The boards have frequently observed that relatives have not been informed of the adoption option nor the financial alternatives such as subsidy available to adoptive parents.

Recommendations

- 6. Caseworkers need more training about subsidized adoption so that relative caregivers can make more fully informed choices.**

TRENDS IN OUT-OF-HOME-PLACEMENT

Rates for FY 1997 through 1998

As of June 30, 1998, , 12,666 children were in kinship, foster, group, or residential treatment placements. This represents a growth of more than 866 from a year earlier. In fiscal 1998, about 4,984 children entered placement, down about 200 from the previous fiscal year, and 4116 left placement.

The projected average length of stay in out-of-home placement is about 36 months, up from 31 months in fiscal 1997. The excessive length of stay is a particular concern, and is explained by two major sets of factors:

1. the extent and depth of social disruption and parental substance abuse which render family reunification unfeasible for more and more children; and

2. kinship care practices and policies which undermine reunification with parents and provide financial incentives for relatives to become long-term foster parents (see above discussion on subsidized guardianship).

Case flow statistics and the projected average length of stay by jurisdiction are shown in Table I. These figures come from the CRBC database, which is fed by reports from local departments to the DHR mainframe. All forms of out-of-home placement are included – kinship care, foster family care, treatment foster care, group and institutional care.

Baltimore City had 62% of the entries into out-of-home placement, 70% of the caseload, and 75% of the growth in caseload during the year. At the present rate of entry, one in five children who live in the City will spend some time in out-of-home placement under the Department of Social Services.

The average length of stay of nearly three years is cause for great concern. Baltimore, Cecil, Saint Mary's and Worcester counties have projected lengths of stay that are significantly lower than average. Dorchester, Howard, and Kent counties have higher figures. The projections can be quite variable for smaller counties.

No one-performance indicator can capture all the complexities of a program as out-of-home placement. We know from our experience as reviewers, however, that many children remain in placement too long and that carefully managed infusions of resources to the services and legal systems could better serve the needs of children by reducing length of stay.

Table I
Case Flow Statistics for July 1997 – June 30, 1998

Jurisdiction	# of Cases on 7/1/97	# of Cases Entered Care During FY 98	Cases Exited Care during FY 98	# of Cases in Care on June 30, 1998	Average Length of Stay (years)
Allegany	92	46	40	98	2.4
Anne Arundel	221	80	94	207	2.3
Baltimore County	572	407	394	585	1.5
Calvert	51	27	28	50	1.8
Caroline	27	12	12	27	2.25
Carroll	79	68	45	102	2.0
Cecil	129	133	115	147	1.2
Charles	61	46	34	73	2.0
Dorchester	49	24	10	63	5.6
Frederick	163	83	64	182	2.7
Garrett	31	25	11	45	3.5
Harford	197	103	93	207	2.2
Howard	124	41	30	135	4.3
Kent	10	3	1	12	11
Montgomery	631	256	215	672	3.0
Prince George's	800	271	261	810	3.1
Queen Anne's	18	14	9	23	2.3
St. Mary's	84	40	46	78	1.8
Somerset	28	26	16	38	2.1
Talbot	34	11	15	30	2.1
Washington	189	113	94	208	2.1
Wicomico	86	47	32	101	3.0
Worcester	35	21	22	34	1.6
Baltimore City	8387	3087	2435	9039	3.6
State-wide	12098	4984	4116	12964	3.0

In FY 1997, 39% of children in paid foster care, group, or residential placement had been in care for two years or longer. CRBC has established a goal of reducing this population to 33% by the end of FY 2000.

Adoption

DHR has had good success with its efforts to increase the number of adoptions. Since the 1996 report of the Governor's Commission on Adoption, the number of adoptions finalized annually has risen from 400 to 600. For fiscal 2000, the Social Services Administration has established a goal to increase the number of adoptions to 800.

It is discouraging that the increased number of adoptions has not produced a decline in the projected average length of stay. Provisions of House Bill 1093 will make it easier to terminate parental rights soon after a child enter placement. Special attention must be paid to securing an adequate supply of adoptive resources and providing family preservation services after adoption. Recently, 30 new adoption caseworker positions have been assigned. Although the majority of children waiting for adoption are in Baltimore City, that jurisdiction got only three of thirty new positions.

Caseloads and Staff Allocation

While the need for caseload reduction has been addressed above, there is also a need to improve the system of allocating staff to local departments. Except for Montgomery County, the jurisdictions use positions received directly from State government to form the vast majority of child welfare staff. (The State gives Montgomery an amount equal to the cost of providing staff and other types of expenses.) To determine how many staff each jurisdiction receives, the Social Services Administration has relied on formulas which primarily are proportional to the size of the existing caseloads in Child Protective Services (CPS), Family Preservation Services, Kinship Care, Foster Care, and Adoption. This approach rewards localities that either accept more cases or increase the length of service. For many years, CRBC has been recommending that formulas be revised to include three components: 1) caseload size; 2) indicators of need (such as the number of children in poverty); and 3) indicators of good performance.

DHR has reported to the General Assembly that it is recommending and piloting an approach that involves the assignment of one caseworker and one-half FTE casework aide for each eight families in child welfare services. (Different ratios would be provided for CPS investigations and foster family support services.) Internal DHR Committees have recently recommended an allocation formula based on the following parameters for each jurisdiction: 1) the number of children; 2) the number of children who are Medical Assistance recipients; 3) the number of substance abusers admitted to facilities by county; and 4) the number of families where the first child was born to a mother under the age of 18. These are all indicators of need; therefore, caseload size and performance would not be factors.

We applaud the willingness to consider an innovative method of allocation. We continue to recommend, however, that a blend of factors should be incorporated in the formula. Also, the proposal conflicts with the pilot project on caseload reduction as reported to the General Assembly. As originally presented to members of the DHR/DBM HB 1133 implementation committee, the one worker for eight families proposal was for purposes of

the State budget and not for allocating staff to jurisdictions. The caseload reduction pilot program seems to rely on a caseload-driven allocation. We hope that DHR and the Social Services Administration will clarify how the new allocation formula will be implemented and how the proposed caseload reduction pilot program will relate to the formula.

Safety

During fiscal year 1997 and 1998, a series of highly publicized cases has caused widespread concern about the functioning of the Child Protective Services Program. Statistics show that the proportion of cases with findings of "ruled out" have risen dramatically from 21% in 1994 to 44% in 1997. The child welfare League of America found great variation among the jurisdictions in the proportion of reports that are not even investigated. These results raise concerns that workload issues may be driving these actions rather than the best interests of children. These concerns dovetail with issues raised by House Bill 1093 regarding the importance of safety in foster care and permanency planning.

Initiatives to Promote Permanency for Children in Out-of-Home Placements

1. Initiatives through SSA/DHR

- Concurrent permanency planning promotes the simultaneous development of more than one permanency plan.
- Dual approval of foster and adoptive families may reduce the time needed for a foster family to adopt a child in their home.
- Post-adoption services are provided for families throughout most of the state. The Safe and Stable Families Program contracts with the private sector to provide post-adoption training for caseworkers and to meet the needs of specific children.
- Thirty new adoption positions have been assigned statewide.

2. Initiatives through Senate Bill 711

Senate Bill 711 requires courts and social service departments to put high priority on permanency planning. It specified that:

- court reviews should occur within twelve months of entry into care and every six months; and
- CINA and TPR matters will be treated in a more integrated fashion.

Local Departments have not supplied complete information on the frequency of court reviews, however the combined efforts of State and local SSA staff, court officials, and the bar have undoubtedly contributed to the increased number of TPRs and adoptions. This bill has also focused more attention on permanency planning.

Recommendations

- 7. Eligibility for substance abuse treatment for parents should be modified to provide better accessibility to drug treatment when child is removed.**
- 8. DHR and the Department of Health and Mental Hygiene should work together to integrate child welfare and substance abuse treatment services.**
- 9. SSA should revise and apply staff allocation formulas to account for caseloads, indicators of need, and indicators of performance.**
- 10. SSA, the local departments, and the courts must continue to place a high priority on efforts to reduce length of stay by expediting safe, permanent placement.**
- 11. The General Assembly and the Governor should enact companion bills SB 464 and HB 958. This legislation would improve oversight for the Child Protective Services system by:**
 - a) creating citizen review panels as required by federal law; and**
 - b) strengthening the system reviewing child deaths.**

SECTION II: IMPACT OF MANAGED CARE ON CHILD WELFARE SERVICES

WHY MANAGED CARE IS A FOCUS FOR CRBC

Recent legal and policy changes have addressed long-standing critical issues that have adversely affected the well being of children in out-of-home placements. Jointly these initiatives will promote continuity of services; help to establish and/or maintain safe relationships in the child's life; and increase the opportunities for permanency.

Some states have begun to privatize child welfare services through managed care systems. CRBC has studied the potential impact of a privatized child welfare program and has raised significant questions regarding the potential implementation of this practice in Maryland. Two major concerns are whether privatization of child welfare services will continue to protect gains made in child welfare and whether this approach will negatively impact on the State's financial and managerial resources.

In Spring 1997, CRBC established a Managed Care Committee comprised of State Board members and representatives from child welfare agencies. The Committee's findings and recommendations are summarized in this section. Members of the Committee are:

LaDean Barksdale,
Howard County

Babbette Bierman
Baltimore City

Sarah Boyd
Baltimore City
Marion D'Lugoff
Baltimore City

Gary Frye
Wicomico County

Rebecca Hartman
Baltimore County

Mary Lu McNeal
Baltimore City

Pierre Mooney, Chairperson
Baltimore County

Pat Ramsey
Anne Arundel County

Thelma Wright
Baltimore City

Staff

Charles R. Cooper
Richard Stammer

BACKGROUND

There is a trend in the United States to borrow techniques from the managed care approach to physical and behavioral health care for the administration of child welfare services. The most radical example is found in the State of Kansas where nearly all child welfare services (delivered by public agencies in Maryland) have been privatized. The Maryland Department of Human Resources and the Baltimore City Department of Social Services have been engaged in a three-year effort to privatize a substantial portion of the City's foster care program. Across the nation, traditional non-profit child placement agencies and for-profit corporations have been making preparations to provide case- and program-management for child welfare functions that have heretofore been the domain of the public sector. These developments raise several major issues for the CRBC State Board:

- What could be the implications for children, families, and the State budget of massive privatization and changes in the way payments are tied to services?
- Would the existing private-sector organizations provide the bulk of privatized services or would out-of-state non-profit and for-profit corporations dominate the scene? Would competition or monopoly arise?
- Will the role of the local departments of social services undergo major change if services are privatized?
- And, most importantly, how can a state adequately protect the interests of children and families in its contractual arrangements with private child welfare agencies or insurance companies, allow the private entities sufficient freedom to innovate and improve services, and not further fragment services?

Because many knowledgeable observers have predicted that managed care contracting techniques will be utilized in, and have significant impact on, the delivery of child welfare services, the State Board decided to establish a committee to examine this phenomenon and develop recommendations.

Within constraints imposed by time and resources, the Committee attempted to investigate the following aspects of the managed care question in an attempt to answer the questions posed above:

- 1) Rate setting and incentives
- 2) Standards, outcome measurements, and information systems
- 3) Monitoring, safeguards, and sanctions
- 4) CRBC role as monitor
- 5) What services should or should not be privatized?

TERMINOLOGY

The Committee found that several separate concepts are confounded in the use of the term "managed care" in the context of child protection and child welfare services:

Privatization - the contracting out of public services to for-profit or non-profit private entities.

Prospective Payment - Wherein a fixed and flexible stream of revenue is provided to the responsible entity based on the number of children.

Incentives - In most "managed care" privatization arrangements, the payment mechanism creates an incentive for certain outcomes and is very different from the incentives created for local jurisdictions via the current State budgeting process for child welfare services.

Care Management Techniques - such as utilization controls, outcome goals, and management information systems.

The Committee recommends that we separate privatization from the other concepts of funding and care management which should apply regardless of who delivers services. Services now provided by the local departments and supervised by the Social Services Administration (SSA) need to be better managed. The State should adopt standards, outcome goals and measures, and funding mechanisms which assure better results for children and their families regardless of whether services are privatized.

Rate Setting and Incentives

The Committee did not study this question in great depth; however, it is obvious that the current method of budgeting works so that local department of social services get more resources when more children are in out-of-home placement. In general, the resource allocation formulas used by the Social Services Administration across a broad range of child welfare programs are almost entirely based on existing caseloads. This could be interpreted as an incentive to expand their child welfare programs - for example, by extending length of stay. This arrangement mirrors the way federal IV-E funds are used to match state foster care payments. In November, 1997, the federal government enacted the Adoption and Safe Families Act that provides a modest incentive to increase the number of adoptions.

Managed care arrangements in child welfare typically involve prospective payment schemes in which a contractor receives a fixed payment for taking responsibility for certain aspects of a child's care for a fixed period. This arrangement implies an incentive to control utilization - for example, by reducing the length of stay in out-of-home care. An incentive to shorten length of stay can be abused just as surely as can the existing incentives.

Considering these basic facts, the Committee strongly feels that outcome measures and sanctions directly related to children's well-being must be woven into any proposed privatization initiatives. Such measures are also necessary for improving the

current system of care that is managed by SSA and the local departments of social services. However, the uncertainties of privatization make the urgency greater. The risk of instability with private entities with which the State may contract is inherently greater than with the local departments of social services which have existed for six decades.

Standards and Outcome Measures

The Committee recommends that standards and performance measures should be developed regarding the aspects of service provision cited below. These standards should apply regardless of whether services are privatized or delivered by public social services agencies. State and local child welfare agencies must begin to establish standards, measures, and procedures for collecting, analyzing, and promulgating necessary data. Standards may reflect pre-established goals or in some cases may be tied to baseline data. The relationship between funding and outcome measures should be given serious consideration.

If services are privatized, standards and measurement requirements in the following areas should be written into contractual agreements. If services are not privatized, the State (i.e., DHR) should develop standards and reporting requirements to implement them.

Standards

Possible Measures or Benchmarks

Qualified and Trained staff

Degrees and experience, training credits
beyond degree, and competency test
scores
as per HB 1133
Turnover rate

Quality services

Use of multi-disciplinary teams
Timeliness
Outside evaluation of quality of assessments
and case plans
Comparison of documented service needs and
services provided

Safe and Appropriate Placements

Unified public-private certification
procedures
Proximity
Comparison of level of intensity prescribed
and delivered
Maltreatment rates

Standards**Outcomes:**

- Children are safe from abuse and neglect
- Unnecessary interference in the family is minimized
- Parents take responsibility for children
- Stability within foster/kinship care
- Children can maintain important relationships
- Long stays in foster/kinship care are reduced
- Foster/kinship care leads to placement in nurturing, stable homes

Possible Measures or Benchmarks

Children deaths due to abuse or neglect
 Incidence of abuse and neglect
 Placement rates
 Family preservation service outcomes
 Percent of abused/neglected children receiving
 Needed physical and mental health and social service follow-up

CINA petitions denied
 Use of family preservation services
 Percent of placements with short stays

Child support payment rate and arrears
 Consistency of parental visiting in foster care

Re-placement rate
 Use of group/institutional placement

Siblings placed together
 Sibling and parent visitation
 Absent parent location rate
 Number of caseworkers per child/sib group

Projected average length of stay
 Median length of stay
 Percentage who remain more than 2 years

Percent reunited, adopted, or placed with Guardians
 Number of adopted compared with number of plans of adoption
 Re-entry rate
 Repeat maltreatment rate

Standards

- Children are healthy
- Preparation for independent living

Procedural Safeguards

- Court Reviews
- Fatality reviews
- Appeal mechanisms
 - Child
 - Parents
 - Caregivers
 - Child Placement Agencies
- Citizen review mechanisms
- Documentation and information systems
- Confidentiality and disclosure

Financial Safeguards:

- Owership/Fiduciary Governance

Possible Measures or Benchmarks

Adherence to EPSDT standards
 Immunization rate
 Percent of children receiving comprehensive Health assessment
 Morbidity rates
 Percent of children with diagnosis for which Treatment not provided
 Incidence of child drug/alcohol abuse
 Teen pregnancy and birth rates

Employment, welfare dependency, rates after Exit
 Morbidity, suicide, and death rates
 Incarceration rates
 Educational program enrollment rates
 Educational program graduation rates

As per Maryland Statute

CAPTA – State statute needed

As per federal and State law and regulation

As per Memorandum of Agreement
 NAFCR EQUIP guidelines

SACWIS	AFCARS
SOFAR	NCCANDS
(Boystown)	SumOne for Kids

As per Maryland statute

Full Disclosure
 Compliance with applicable corporate law

Standards***Possible Measures or Benchmarks***

- | | |
|---|--|
| <ul style="list-style-type: none"> • Financial Condition <ul style="list-style-type: none"> Assets Debts Liquidity Reserve Bonding • Tax Compliance • Auditing | <p>As per law, regulation, and contract</p> <p>As per law, regulation, and contract</p> <p>Federal guidelines and professional standards</p> |
|---|--|

Monitoring and Safeguards

In order to protect the interests of the children and families involved in the child welfare system, on the one hand, and the State's fiduciary interests on the other, we believe it is essential that standards, once developed, are monitored on a regular basis, that good performance is rewarded, and that poor performance is corrected or eliminated. As can be seen, the range of standards is rather broad, and measurements for only a few of the suggested indicators are available at the present time. Some of the measures would take place well after a case is closed - a capability which exists only in rudimentary form today. Achieving the level of sophistication needed to manage child welfare programs well will require a long-term commitment to upgrading the capabilities of the Social Services Administration and related administrative organs within DHR. For example, the Social Services Administration has recently published its performance report in conjunction with the State's Managing for Results initiative. For the entire child welfare program, there are only four outcome measures - one pertaining to Child Protective Services, one to Family Preservation Services, and two to out-of-home placement programs.

The Committee believes that the State will have to invest a considerable sum in creating the needed capabilities. Many of the needed data collection capabilities may be subsumed by SACWIS. We view this as imperative to assure that there is adequate quantity and quality of staff to carry out the full range of functions, including corrective action functions. The dramatically rising costs of out-of-home placement programs - now approaching one quarter of a billion dollars annually - testifies to the need for more advanced expertise in the area of child welfare services monitoring.

If services are privatized, monitoring must cover not only the delivery of services but must also include ownership and financial health of the entities which the State will be paying to protect children. Contracts with private corporations will be substantially more complex than the existing relationships with local governments. For this reason, the Committee feels that privatization is likely to add a layer of cost that is not now present.

For example, in implementing the HealthChoice program, the General Assembly divided monitoring responsibilities between the Department of Health and Mental Hygiene and the Insurance Commissioner. Such a division may also be necessary for child welfare contracts. In the past several weeks, a HealthChoice provider terminated its contract, thus creating a potential disruption in health care continuity for 13,000 enrollees. The continuity considerations are generally more serious in child welfare where the child's very life is in the hands of the agency that provides placement and case management services. DHR and the Insurance Commissioner need to have both the capacity and the responsibility to write contracts that protect children's interests, to monitor the contractors, to prepare (and, if necessary execute immediately) contingency plans for caring for children when contractors fail to complete their obligations, and generally to minimize the risk of disruption for children.

Another example arises in the case of treatment foster care which shows that privatization can increase coordination costs. To implement the treatment foster care program, the State has funded approximately a thousand new beds. The private sector, mostly non-profit agencies, has responded by recruiting and training foster parents. Presently, there is no universal mechanism for doing complete background checks on prospective foster parents. Thus, a foster parent can be terminated from one program for poor performance and can immediately apply to another agency. There is no computerized - or even manual - procedure for checking the records of foster parents across the public-private boundary. (Among the public agencies, this capability has existed for over a decade.) The proliferation of slots among private agencies has, thus, created a need to coordinate the foster parent approval process among more agencies, and this need remains unmet because of cost factors.

Still another cost consideration arises from the appeals process. The State already has an appeal mechanism through which clients can appeal decisions made by the local departments. The number and variety of appeals may increase under a privatization plan, which involves a different incentive structure.

None of the above is intended to discourage discussion and exploration of privatization options. We do feel however, that a clear-headed assessment cannot be based on ideological assertions about the advantages of markets or the sclerosis of public agencies. Rather, privatization projects must be undertaken with assurances that children will be protected and must ultimately demonstrate enough savings through improved efficiency or better outcomes to outweigh the added expense of financial monitoring and interagency data coordination.

Monitoring capacity alone, however, is not sufficient to protect the interests of children, families, and taxpayers. A parallel effort must be made to developing funding formulas, contract provisions, regulations, and other apparatus which use the monitoring outputs - that is, the data - to generate corrective actions.

Sanctions

There are a range of mechanisms the State can apply to protect children and families, secure value for taxpayer dollars, and promote better performance based on the measurements.

- Bonuses and incentive payments for better performance.
- Capped profits and restrictions on monopoly.
- Fines or other financial penalties for violating applicable laws, regulations, or contract provisions.
- Denial of new clients to, or cancellation of contracts with, entities with unsatisfactory performance or excessive financial risk.

The State will naturally be reluctant to cancel contracts because it can disrupt the lives of the very children we are trying to protect. Thus the need to enter into contracts cautiously and with adequate monitoring and corrective action capacity is underscored. Contracts will need to have the necessary reporting requirements written in so that the State will have good information on which to base sanctions.

CRBC's Role as Monitor

We recommend that, if substantial privatization goes forward, the General Assembly create a unit to assess the quality of a privatized system for providing services to children in families and that this Quality Assessment Unit be an additional component of the Maryland Citizens' Board of Review of Foster Care for Children (State Board). The Administrator of Citizens' Review Board for Children would then also direct the operations of the Quality Assessment Unit and would be required to:

- Prepare an annual report on the Quality of Services to Children and Families in Maryland.
- Prepare "Memorandums of Concern" to be shared with the State Board, the Secretary of Human Resources, and other appropriate officials, on issues, procedures, vendors, and services to individual children and families.
- Conduct case studies on a statistically valid sample of active cases in order to assure that children and families are receiving services that meet the STANDARDS criteria set out in the State Board's other recommendations. The case studies must include actual face-to-face interviews with the parties involved. These would be different from and complementary to the periodic case reviews CRBC now conducts on children in out-of-home placement.
- Conduct follow-up reviews on a statistically valid sample of out-of-home placement cases that have been closed for varied lengths of time not to exceed five years. The case reviews must include interviews with as many of the parties as possible who were involved with the active case.

- Provide reports on the results of quality reviews on a quarterly basis to the State Board and the Secretary.
- Assure that the Quality Assessment Unit is staffed with qualified professionals possessing the experience and knowledge to conduct the assessment of services to children and families as assigned.
- Every five years secure an outside appraisal of the quality of services to children and families in Maryland, including suggestions for improvement of services; critical areas of inadequate services; and outstanding positive aspects of services and improvements in services since the last five-year appraisal.
- Review reports related to the quality of service to children and families issued by the vendors providing services and the local departments of social services (or their equivalents).

The General Assembly should require all local departments of social services (or their equivalents) to appoint a Quality Officer to monitor the quality of services provided to children and families. The Quality Officer should be required to provide periodic reports to the local director of social services and to the Administrator of the Quality Assessment Unit.

The General Assembly should mandate that DHR and all local departments of social services (or their equivalents) include requirements for quality assessment procedures for all vendors providing child welfare services to children and families.

To conduct its routine case review and program monitoring operations, CRBC **must** have direct access to a caregiver's data and management system and not simply receive massaged reports which may hide unpleasant truths. This may require legislation.

What Services Should or Should Not Be Privatized?

The committee unanimously agreed to oppose privatization of child abuse and neglect *investigation and monitoring services*. The Committee also recommends that legal custody of Children in Need of Assistance whose care is funded with State and federal funds should continue to be committed to public agencies even if private entities provide a broad range of services including case management.

Integration of Services

For about a dozen years, Maryland State government has expressed official goals to increase the collaboration of agencies which impact child welfare and to improve the integration of services delivered to families and children. The Subcabinet for Children, Youth, and Families was established; the Office of Children, Youth, and Families was greatly expanded and a Special Secretary position was created; a pooled funding bill was enacted although not fully implemented; and, most recently, the Partnership for Children, Youth, and Families has been established by the Governor.

It has proven very difficult to promote collaboration among State and local public agencies responsible for child welfare and other social services, juvenile justice, health, and education. In the Committee's opinion, adding private agencies into the mix is likely to complicate the ongoing process of increasing service integration. It may be possible, however, to structure the contracts to promote collaboration and comprehensive service.

Baltimore City Request for Proposals

The Committee read the Baltimore City Request for Proposals. They find it to be an encouraging embarkation point of Maryland's development of care management capacity. While it certainly does not address all the standards and outcome measurements we believe should be addressed, it seems to place children's best interests first and financial considerations second. When considered as a privatization project, it allows the State to substantially increase its experience with utilizing private, non-profit agencies in a much-expanded role without some of the pitfalls of prior privatization schemes. Some of the strengths in the proposal are:

- 1) public and private entities will be managing the same types of cases with approximately the same amount of resources for a significant period of time (3-4 years), thus creating the possibility of improvement in service delivery through competition;
- 2) there will be a control group so that comparisons of care delivered by public and private agencies can be made;
- 3) the scope of the project is large enough to draw conclusions and learn important lessons but not so large as to risk disaster for the bulk of the population in care;
- 4) the project addresses the major problem of excessive length of stay for children in out-of-home placement in Baltimore City; and
- 5) perhaps most importantly, Baltimore City will establish a monitoring unit which can work on setting standards and developing measurement techniques that can be applied both to the contract and to the much larger number of children served directly by that agency.

Despite the expected benefits of the contract, the Committee cautions that the project creates an incentive to move children out of placement, and great caution must be exercised to see that children's safety is not compromised.

SUMMARY STATEMENT

The fiscal year 1998 Annual Report considers a range of topics that impact upon the safety, well-being, and permanent placement options for children in out-of-home care including:

- recent laws and policies on citizen reviews;
- potential impact of privatization on child welfare practices;
- recommended formula for developing caseload ratios for child care workers;
- state-wide data on out-of-home placements for July 1997- June 1998; and
- State and legal initiatives to promote permanency for children.

The report is diverse in its discussion on child welfare practices. There is, however, a central theme that is prevalent throughout the document.

Child welfare services must be planned, implemented, and evaluated based on a broad array of standards and measurable outcomes.

To this end, child welfare policy makers, administrators, and practitioners must employ necessary skills and resources to effectively and efficiently measure and report the results of services to children and their families. This includes, but is not limited to, the use of state-of-the-art technology and the consistent and comprehensive training of all child care workers.

The new millennium promises the potential of expanded roles and partnerships within the childcare system including the increased involvement of the private industry. A results-oriented approach with standard measurements will enable a complex network of service provider to effectively respond to the needs of children. This practice will definitely be "in the best interest of the child".

This report was completed by State Board of the Citizens' Review Board for Children (CRBC). The State Board is the governing body for CRBC.

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