

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** SB 277

**House of Origin**    ☐ Introduced    ☐ Substitute    ☒ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Favola, Barbara A.

**3. Committee:** -

**4. Title:** Foster care and adoption assistance; DSS to amend state plan to include payments up to age 21

**5. Summary:** The substitute legislation directs the Department of Social Services (DSS) to amend the state plan for foster care and adoption assistance to include payments for certain individuals up to the age of 21. However, these amendments would not become effective until such time as the amended plan was approved by the United States Secretary of Health and Human Resources.

**6. Budget Amendment Necessary:** No. A modification to the state IV-E plan of this nature is a major undertaking that will require revised regulations, program guidance and potentially changes to state code, all prior to federal approval. It is anticipated that these processes will take six to nine months to complete prior to submission of the plan. Federal review and approval would typically be three months. Therefore if this legislation is enacted, the initial year of operation is projected to be FY 2016. Funding for this proposed program change has been included in the Governor's Budget proposal for FY 2016.

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2014	-	-
2015	-	-
2016	\$1,901,403	General
	\$8,382,412	Federal
2017	\$2,218,665	General
	\$7,996,688	Federal
2018	\$2,330,257	General
	\$7,730,207	Federal
2019	\$2,330,257	General
	\$7,730,207	Federal
2020	\$2,330,257	General
	\$7,730,207	Federal

**8. Fiscal Implications:** The bill requires DSS to amend the Title IV-E state plan for foster care and adoption assistance to include payments for youth who are 18 years or older but have not

yet reached the age of 21 years. The youth must be in foster care at the time of his 18<sup>th</sup> birthday; or have been in the custody of the Department of Juvenile Justice (DJJ) at the time of his 18<sup>th</sup> birthday and was in foster care immediately prior to his commitment; or, who is an individual who has an adoption assistance agreement in effect provided that the agreement became effective before that person reached the age of 16 years. The department shall report on progress made towards this change by October 1, 2014 and quarterly thereafter until the state plan has been amended.

The legislation would seek to extend Virginia's child welfare programs per federal law commonly referred to as the Fostering Connections Act (FCA). Doing so would allow the state to draw down partial federal reimbursement for support of young adults in the 19 to 21 age group.

Under current policy, the Comprehensive Services Act (CSA) provides assistance at local option to a number of young adults ages 19 to 21. Note there is no federal funding participation at the present time for this age group. In order to project the cost of the proposed legislation it was therefore necessary to compute total costs under current policy and the proposed legislation. Table I below displays the major cost assumptions by program component.

**Table I - Cost Assumptions for Foster Care**

Services Cost per Case	\$ 6,000
Maintenance Cost per Case	\$ 13,566
Local Case Management	\$ 6,659
Total Cost Per Case	<b>\$ 26,225</b>

For FY 2016, caseload projections were computed through a survey of local departments conducted by a consultant for DSS. For FY 2017 and FY 2018, a 5 percent drop in caseloads was assumed, which reflects current caseload trends. Making foster care to age 21 a statewide policy is projected to result in a 23 percent increase in caseload for this age grouping. Extending foster care to age 21 will result in approximately 51 percent of the projected caseload to be federally reimbursed under the Title IV-E program operated by DSS. The resulting caseloads broken down by CSA and DSS under the FCA is summarized in Table 2 below.

**Table 2 – Caseload Assumptions for Foster Care**

	FY 2016	FY 2017	FY 2018
Current Policy (all CSA)	1,142	1,053	1,000
Total Under FCA	1,400	1,298	1,233
<i>DSS under FCA</i>	<i>707</i>	<i>655</i>	<i>623</i>
<i>CSA under FCA</i>	<i>693</i>	<i>1,298</i>	<i>1,233</i>

The results of utilizing the above assumptions are displayed below in Table 3. Briefly summarized, total costs would increase from \$29.2 million to \$36.7 million for FY 2016. However, these costs for the additional eligible population are fully offset by the additional

federal reimbursement of \$7.2 million. Relatively small savings in state (\$109,000) and local matching funds (\$249,000) would also be realized. Similar calculations were made for FY 2017 and FY 2018 using the assumptions in Tables 1 and 2.

**Table 3 – Net Cost Calculations for Foster Care (FY 2016 only)**

	<b>State</b>	<b>Federal</b>	<b>Local</b>	<b>Total</b>
Current Policy	\$17,472,554	-	\$12,450,130	\$29,922,684
Under FCA	\$17,363,742	\$7,150,344	\$12,200,914	\$36,715,000
Net Change	\$(108,813)	\$7,150,344	\$(249,216)	\$6,792,316

The state and federal adoption programs as currently implemented in Virginia end at age 19 with the exception of a limited number of children with severe physical and/or mental disabilities. Under the FCA, federal adoption funding would be extended to age 21 for foster care children who were adopted at age 16 or later. Therefore, the cost of the extension was computed by projecting the number of new cases and applying current costs for each component of the adoption program.

For FY 2016, the number of children that would fall into this service category was determined by an analysis of the group of children age 16 – 18 currently in foster care. A baseline of 167 children was identified for FY 2016. A five percent increase in the number of cases was assumed through FY 2018 to reflect the increasing emphasis DSS places on adoptions. It is assumed that the services population will remain constant after FY 2018 as declining foster care caseloads, due to earlier age adoptions and better preventive efforts, will stabilize the number of children eligible for this adoption option.

Costs per case are based on FY 2013 actual costs. The costs for FY 2016 are summarized below in Table 4. Similar calculations using client projections of 175 and 184 were completed for FY 2017 and FY 2018, respectively.

**Table 4 - Extend Adoptions to Age 21 per FCA Cost Calculations (FY 2016)**

<b>Services</b>	<b>Cost per case</b>
Services Cost	\$4,850
Maintenance Cost	\$13,566
Case Management	\$999
Total Cost Per Case	<b>\$19,415</b>
<b>Total Clients</b>	<b>167</b>
<b>Total Costs</b>	<b>\$3,242,282</b>
<b>Funding Sources:</b>	
Title IV-E	\$1,232,067
State GF	\$2,010,215
<b>Total Funds</b>	<b>\$3,242,282</b>

The Department of Medical Assistance Services (DMAS) currently covers children who were in foster care as of their 18th birthday, but who are no longer in foster care. This

population is covered under a new former foster care group, which became effective on January 1, 2014. The group of individuals who may gain coverage are those youth who are in the custody of DJJ at age 18, but who were in foster care through the local department of social services immediately prior to their commitment to Juvenile Justice. Those individuals cannot be covered in the former foster care group as they were not in foster care as of their 18th birthday, so they would come back on to Medicaid in the Title IV-E foster care group and be covered until age 21.

DMAS estimates that approximately 200 children of ages 19 and 20 are currently not in foster care but had been in foster care on their 18th birthday. DMAS does not have Virginia statistics of what percentage of these children enter or exit juvenile justice detention, but using statistics of similar populations in other states has assumed 2.28 percent of the foster care population would exit a DJJ facility in any given year and be potentially affected by the legislation. Using these figures, DMAS estimates that five additional enrollees each year would gain Medicaid coverage with the legislation. The average monthly cost of a foster care enrollee is approximately \$1,465 and DMAS assumes each enrollee would have an additional 12 months of coverage. This legislation is expected to have a fiscal impact of \$87,900 each year (\$43,950 GF). This amount is minimal in the context of the overall Medicaid program, which has a budget of \$8 billion for FY 2014. The impact of this change on future expenditure forecasts for the program would be negligible and therefore no budget amendment is necessary for DMAS.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Social Services  
Department of Medical Assistance Services  
Comprehensive Services Act

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill is a companion to HB 1236.

**Date:** 2/10/14