

Background on Child Welfare Provider Rate Adjustment

What is LSI's relationship as a child welfare provider with the state?

Lutheran Services in Iowa (LSI) works under contracts with the State of Iowa to do the essential, and legally required, work in child welfare services.

What are child welfare services?

These services relate to protecting minor children and providing services to families that have founded child abuse or, more commonly, child neglect issues. The ultimate hope is that families can become healthy places for their children to be raised because research shows that this is the best outcome for the children.

If being raised in their family of origin is not possible, then the state's responsibility is to find another permanency option for the children – adoption, a relative placement or a connection to a responsible adult to accompany the child into adulthood as a mentor. In the meantime, children in need of assistance must often be placed temporarily in a family foster home.

How does the state accomplish these outcomes?

To accomplish these outcomes for children and families the state contracts with private provider organizations (such as LSI) to do the following:

1. Family Safety, Risk and Permanency Services (FSRP) – remediating issues in an at risk family so the children can safely remain in the home or return to the home.
2. Child Welfare Emergency Services (CWES) – providing 24-hour crisis response for families under stress to prevent longer-term problems that can lead to abuse or neglect.
3. Recruitment and Retention Services – recruiting, training and supporting foster families so they can safely provide temporary care to children in need of assistance. *(These services are provided by Iowa KidsNet, a collaboration of agencies in which LSI is a lead partner).*
4. Group Foster Care – foster care in a residential setting for children with mental or behavioral health issues that require round-the-clock oversight and treatment for a period of months. *(This is one of the services provided by LSI's Beloit and Bremwood Residential Treatment Centers).*
5. Supervised Apartment Living (SAL) – support for children 18-21 who are aging out of the child welfare system and have no family to return to for guidance.

How are providers such as LSI reimbursed for these services?

LSI enters into contracts for these services and the contracts only indicate the rate of payment that will be effective for the first year. Some contracts cover periods of up to five years, and the state is not obligated to increase the rates during that time. In fact, the state can decrease the rate – as it did in 2010 – if the governor needs to reduce spending in order to have a balanced financial performance for a fiscal year. The only way, historically, that provider rates are increased is for the legislature to write an increase into its budget that is sent to the governor for approval.

What is the recent history of rate adjustments?

Providers received a 5% increase in 2013, following a 5% rate **cut** in 2010, and only a single 2% increase between 2010 and 2013. There was no increase in 2014.

How do reimbursement rates affect private providers?

85% of LSI's expense budget for 2015 is for the cost of staff compensation, benefits and mileage reimbursement. Without a rate increase it is impossible for LSI to give pay raises to staff who are already severely underpaid. This reality makes it very difficult to retain employees and creates high turnover rates.

What is the reality behind a status quo budget?

The state has talked for the last several years about maintaining a “status quo budget.” A budget funds the state's programs and services. The reality is that funding a status quo budget costs the state more money each year. For the state to pay provider organizations the same amount year after year, and expect providers to do the same work, is unreasonable. For providers to do the same work in 2015 that we did in 2013 simply requires more funding. In addition to staff compensation increases that are needed, providers also face higher health insurance premiums, utility costs, workers compensation insurance costs and more each year.

What would it cost to increase rates for providers by 5% this year?

The 5% child welfare rate increases LSI is advocating for this year will cost an additional \$2.1 million. This is the cost increase to raise the rates for all providers, not just LSI.

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