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MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE  
ON HUMAN SERVICES AND INSTITUTIONS  
February 12, 1983

Begin Tape 39 Side 1

The meeting was called to order by Rep. Steve Waldron at 8:15 a.m. The meeting was held in Room 325 and was a joint meeting of the Department of Institutions Subcommittee and the Human Services Subcommittee. Those present were:

Rep. John Shontz  
Sen. Pete Story  
Rep. Red Menahan  
Sen. Gary Aklestad  
Sen. Pat Regan  
Rep. Cal Winslow

Rep. Steve Waldron  
Sen. Mark Etchart  
Rep. Bob Thoft  
Sen. J. Ochsner  
Rep. Glenn Roush  
Sen. Bill Thomas

Also present were: Peggy Williams and Norman Rostocki, Fiscal Analysts, Mr. John LaFaver, Department of SRS, Mr. Carroll South, Department of Institutions, and many others whose names were not registered.

YOUTH CARE

Norman Rostocki gave a presentation to the joint committees which identified a major issue of children in the custody of both Department of SRS and Institutions.

He referred committee members to a handout (exhibit 1) the first page of which is a table showing the number of care days budgeted in 1984 for both SRS and Institutions. At the present time, children who may fall under the youth care program can be placed in three categories; (1) Youth In Need of Supervision, who have committed statutory offenses; (2) Youth in Need of Care, commonly those that are abused and neglected and; (3) Juvenile Delinquents. It was noted that youth and neglected children usually fall under SRS, youth in need of supervision bridge the gap and can be either in institutions or SRS, and juvenile delinquents are usually in the custody of Institutions.

House Bill 24 addresses this issue by placing all financial responsibility for child care services into SRS. However, SRS will not pay for Mountain View or Pine Hills or the after-care group homes from the Department of Institutions.

While both the Department of Institutions and SRS have custody of emotionally disturbed children, neither has an intermediate care facility for the treatment of these children. Residential treatment is available only through special foster homes and intensive treatment only from the Warm Springs Children's Unit or through private facilities such as Yellowstone Boys and Girls Ranch.

JW

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 2

The Department of Institutions has provided a \$30,000 grant to the Volunteers of America (VOA) to help establish more foster homes for emotionally disturbed children, primarily for children ages 5 to 11.

The Youth Treatment Center scheduled to open in FY85 in Billings will be a 60 bed intensive care facility for severely emotionally disturbed children. Since there are currently a number of emotionally disturbed children who require intensive treatment, Mr. Rostocki felt the committee would discuss which children might be transferred to intensive treatments units.

The LFA listed some areas of concern on page 3 of the handout concerning emotionally disturbed children. The major concerns were, the population of emotionally disturbed children, how VOA group homes can be operated in the future, and which age group such homes would cater to.

Foster care and group homes are also shared responsibilities of both SRS and the Department of Institutions. SRS licenses these facilities, determines costs and budgets of each home, and establishes the daily rate per child. The Department of Institutions pays the rates established by SRS. There were not sufficient funds to pay for services provided at the SRS approved rates in FY82, SRS then budget amended \$683,167 from county and federal sources and reduced the already approved foster care rates. This action allowed continuing foster care through the present biennium.

Mr. Rostocki also discussed DD Foster Care. SRS had proposed serving 30 DD children in specialized foster care homes at a cost of \$600,000 for the biennium. Since most of the children requiring this type of home are now receiving some funded service from the state, it might be possible to use funds appropriated for current services to help pay for foster care.

Rep. Steve Waldron asked Mr. South, Director of Institutions, to respond to why there was need for HB24, the problems the Institutions Department has experienced in the youth care area, and services he believes could be transferred to SRS.

Mr. South noted that, in 1981, the Department of Institutions was given a specific foster care rate but that SRS's rate was higher. The Department of Institutions was then asked for the same rate SRS was getting, which was approved. While the approval was pending, SRS received an even higher rate from Human Services. So, in the past biennium, there were two different rates for foster care. There is therefore support for HB24 which would give SRS the lead agency role in the care of youth.

AH

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 3

Should HB 24 pass, the Department of Institutions will maintain responsibility for counseling, supervision, and monitoring after-care kids, but they would be placed in homes or private foster homes licensed and supervised by SRS. At the present time by law, SRS sets the rates for the group homes, but Institutions does not have to pay the SRS rate, however, they do.

At present, the Department of Institutions give grants of approximately \$30,000 per year to 9 area District Youth Guidance Homes. These grants are a subsidy for operating expenses. Anyone who places a child there also contributes at a set rate. Under the proposal, the Youth Guidance Homes would become the responsibility of SRS. Approximately \$600,000 would be taken from the Department of Institutions budget to reduce the cost of foster care and group home care to SRS. Institutions would simply contact SRS when a youth placement was made and SRS would pay the bill. SRS would also provide sheltercare homes, youth group homes used primarily to keep kids out of jail. Such placements would be temporary. SRS would augment the cost of these homes, license them, etc.

Rep. Waldron asked for a clarification that in fact Youth Guidance Homes and the Sheltered Care Homes would be turned over to SRS. Mr. South further explained that they currently contract on a fee for service basis with the sheltered care homes and with the district youth guidance homes.

Mr. LaFaver also responded concerning HB24. He felt the time had come to consolidate the services described. Rep. Waldron asked Mr. LaFaver to respond to the rate hike increase problem addressed by the LFA. Mr. LaFaver explained that at the end of the last legislature, all those involved believed they had provided for enough funding with a 10% per year price hike. However, SRS could see that the budget was going to be overrun, and, therefore, determined that the base figure had been incorrect. The rate hike for FY81 was apparently not factored into the current level base; therefore, the 10% price hike was not adequate. Also, Mr. LaFaver believed, the rate system that SRS had put into effect during FY81 was flawed in many respects. He had been under the impression that rates would not go up more than 10%, but in reality, the bottom lines were far in excess of 10% the department had calculated that, if the system were left running the way it was, they would have been asking for a \$2 million supplemental. They then rolled back rates to be able to live within what they could reconstruct as legislative intent in 1981 and 1979 although it meant financial hardship for some of the operations. Mr. LaFaver felt that errors had been made, but were then corrected. He accepted some of the responsibility for the original errors.

SW

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 4

Rep. Waldron asked Mr. South if, in coordinating services, judges would still have the authority to send the youth wherever they chose. Mr. South indicated that this had not been resolved, largely because the Model Youth Corp Act simply states that a judge will commit the youth to the Department of Institutions if juvenile delinquent and they will be placed where it is thought best. This has been challenged in the courts. HB 24 does not address this issue, but what should happen is that youth should be sent to the Department of Institutions with a recommendation for placement.

Sen. Aklestad asked about the raise in rates by SRS. Both Mr. South and Mr. LaFaver explained that the annual rate hike set by the legislature in FY81 did not go into effect on July 1, but in October, and was then made retroactive to July 1. At the time the budget was put together, no one realized the rate was incorrect which accounted for the need for a rollback.

Sen. Regan expressed concern about the way the rates are set and what guidelines SRS used to set the rates. Mr. LaFaver explained that SRS is recognizing historical costs, listening to appeals, then trying to set a rate. He feels confident that group homes can arrive at an agreed upon way to figure the rates prior to the next fiscal year. Such rates must take into account certain base costs that are there regardless of clients in the home. One also has to look at the marginal costs. Potential revenue sources also require assessment before determining the rate.

Sen. Aklestad asked how many emotionally disturbed children there were in the state. Mr. LaFaver responded that there was no system for counting and categorizing emotionally disturbed kids nor did the department know what kind of system they should have. They suggested that a system like that in the DD division might be appropriate. They do know they are seeing more and more coming through the courts and don't have the resources to care for these youngsters. He feels that while there is no accurate count of emotionally disturbed kids in Montana, there is consensus that facilities in place are woefully inadequate.

Mr. South was also asked to respond. He, too, felt there was not an adequate way of counting, but that he had numbers of those who had been served in past years. The 30 bed facility in Warm Springs serves an average daily population of between 28 and 30; the RITE Program in Great Falls served an average daily population of between 10 and 12 in 1982. Yellowstone Boys and Girls Ranch also serves emotionally disturbed youngsters.

A/W

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 5

Sen. Regan asked about the average length of stay in a facility. She was told that youths are generally sent to Warm Springs for a short evaluation, usually by a court order. They are then generally sent to a place like RITZ, a private mental health facility in Great Falls.

Mr. South went on that, during the 1981 session, Institutions had asked the subcommittee for \$180,000 for funding for RITZ. The request was denied. So when the rates were rolled back by SRS RITZ' rates went from \$2200 to \$1600. Since they considered Institutions to be the lead agency in responsibility for RITZ, they continued to pay \$2200 for their kids and make up the \$600 difference for SRS kids. The final straw broke when the RITS program had to move because the building was being torn down. The Department then asked for proposals from around the state for another RITZ type program. When they negotiated with SRS, they determined there was not enough money for an intensive type of treatment, so decided not to authorize another program at that time. With no intensive care, the only intermediate care available now is Pine Hills and the Boys and Girls Ranch.

Sen. Regan asked Norma Vestre from SRS for the rate at Yellowstone, receiving the answer that the rate for intensive treatment is currently \$2,250 a month. There are, however, lower rates for other levels of treatment. Sen. Regan thought the rate was high for the less severely disturbed.

Sen. Ochsner asked if the young people bused in from the Yellowstone Ranch are paid for by the county. Sen. Regan believed that counties do pay tuition for junior high and high school children. Rep. Menahan asked how much money Yellowstone was being paid from the Institutions. Rep. Bardanouye responded that they paid the going rate for whatever the classification of the child might be. Rep. Menahan wanted to know why they, if they were paid public funds, were able to turn people away. Rep. Bardanouye answered that they have classifications and if prospective clients don't fit into these, they are too destructive, or whatever, the Ranch can request they be sent elsewhere. Rep. Menahan wanted to know what their idea of intensive care was or if they were just being selective and picking the children they wanted. Norma Vestre replied that the Ranch had the final decision as to who they care for.

Rep. Waldron then asked Mr. South if his department is attempting to develop intermediate care for emotionally disturbed. This is apparently the Volunteers of America Family Foster Care Program but only for pre-adolescent children. They are prioritizing youth from 5 to 12 for this program because the Billings Treatment Center was originally going to handle those from 5 to 18, but people objected. They have thus agreed to accept those from 12 to 18 in the Billings Treatment Center.

SLW

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 6

Rep. Waldron questioned Mr. South further because as he indicated, the committee had given them 60 beds believing the facility was designed for ages 5 to 18. Now the department is saying it is for ages 12 to 18 and he felt perhaps this was too many beds. Mr. South told him this was not so.

End of Tape 39 Side 1 Begin Tape 39 Side 2

Senate Bill 324, introduced by Sen. Towe, is before the Senate which requires the age category to be 12 to 18, under this bill, there will be no treatment facilities for those under 12.

When asked by Rep. Waldron who would establish the rates for the facilities, Mr. South responded that SRS had already established rates for this type of home in Billings and that they will establish rates for the home in Missoula also. Rep. Waldron then asked who would make the determination of where emotionally disturbed children would be placed. Mr. South answered that, for kids coming from the home in Billings, they would consult with SRS, advising where Institutions thought it was appropriate.

Rep. Waldron wanted to know if both Institutions and SRS would be making placements in the foster homes for emotionally disturbed youth or if just one agency would do so. Mr. LaFaver responded that if there are emotionally disturbed kids coming out of the Billings Center, the Institutions people consult with the SRS people regarding placements. However, Institutions will not be placing children in Volunteers of America Program, those placements will be from SRS. Mr. South explained they have \$160,000 in their budget for treatment in therapeutic foster homes. They will ask for this to be transferred to SRS, with SRS then funding those and being responsible for them. They retain responsibility for the licensing of the homes and for the setting of rates, thus the system would not be fragmented.

Sen. Regan asked Mr. South whether, when a youth is sentenced to Yellowstone Boys & Girls Ranch, if the county has to pay half the cost or if Institutions picks up the entire cost. She was told that a juvenile delinquent is the responsibility of the state. Youth in Need can be committed to the Institutions Department for six months with the proviso that they can't be put in jail. Then the Department would use the natural care group homes or contract with SRS to use another group home. Judges can commit them to this department or to SRS.

Jeremiah Johnson, Chief Probation Officer for the 4th Judicial District added to this, stating that when the court makes an adjudication for a delinquent youth, it has the option of committing that youth to the Department of Institutions or retain custody of the youth, then going through an application and screening process for a place like Yellowstone Ranch. If they are approved, the

J. W

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 7

court will work with SRS to make payments to the Ranch for schooling and boarding.

Sen. Regan still questioned the counties' responsibility to pick up some of the costs for a child. Norma Vestre stated that the amount paid depended upon the eligibility of the child.

Rep. Menahan stated that he feels there are some autistic youngsters in institutions that should not be there. Mr. South stated that, in their surveys, they have found some 60 children who are emotionally disturbed who are in need of services. He told Rep. Menahan there will be a bill coming through the legislature implementing the treatment center in Billings which also establishes criteria for placement. They hope it will be established that mental health centers around the state will be used to screen applicants. In response to a question from Rep. Winslow, he said it was true that, in many cases, the youth has to be removed from his environment to be screened at another facility.

Rep. Waldron asked Mr. LaFaver how the therapeutic foster homes that VOA plans are going to be paid for. He replied that there is a contract in place now with VOA.

Public testimony was then heard.

1. MR. HARLEN PALUGI, one of the directors of the VOA, clarified that the homes established in Billings are not just for children 12 and younger. They are for children from 5 to 18, with most being from 12 to 18. The homes in Missoula are for younger kids. Rep. Menahan asked what type of kids they serve there. He was told they are considered moderately disturbed, having trouble with peer adjustment, problems with authority and underachievers in school. Rep. Waldron asked him to explain his program a bit more.

It was related as individual family foster care and as an alternative to institutional placement. Those who volunteer are screened very carefully and have exceptional skills in caring for troubled youth. The program provides further intensive training.

2. REP. KERRY KEYSER testified in favor of HB 24. He feels it will allow the administration to distribute funds more equitably. A major advantage is that it will allow the legislative and executive branches of government to monitor residential care funds and special care programs, promote better decisions, and assume more reliable funding. Mr. Keyser feels there would be "a better handle on the money" by putting it under SRS. He feels that until this is implemented or attempts to centralize are made they cannot determine exactly what HB 24 will do. He hopes the committee will consider his request for passage.

JW

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 12, 1983

Page 8

3. MR. JERRY JOHNSON then spoke in favor of HB24. He feels it will help clear up a lot of the issues and differences between the departments which have come up over the years. He is concerned about the VOA program and its potential impact on the Missoula area. His concern is that they use one foster home for one youth where \$500 goes to the foster parent, but there is another \$620 that goes into the VOA program. On top of this, there would possibly be medicaid physiological care and the costs keep running up. For one youth you would thus be talking about \$36.16 a day or \$11,000 per year, and in Billings they are talking of \$316,000 a year for 24 homes. There is a proposal for 88 of these homes in the state, this would impact the state financially at approximately \$1,161,000. He feels this is excessive without more study. Rep. Waldron asked Mr. Balugi to explain this cost a bit further. He said the fee is \$1100 or \$600 for the family involved, and \$500 for social workers. He feels the program is cost effective. He gets approximately 12 referrals a month for this type of intermediate care. He believes the program is very necessary and that they do a good job with it. He did say quite a few of the clients would be medicaid eligible.

Sen. Thomas then asked Mr. Johnson the annual cost of medicaid payments and was told it was \$13,198.40. Mr. Johnson feels the VOA rates seem high and that the age range is a concern. There is a need for a children's treatment unit, but he isn't sure how specific some of the surveys conducted are. He and others think it is important there be community involvement in the placement process. He also fears that the money that would have gone to the RITZ program was supposed to go to the Missoula program, but they have not been able to find out where the money went.

Rep. Menahan expressed concern that VOA was just an "escape valve" for sending kids away by a teacher or a parent.

Sen. Regan said it was obvious to her that this budget is going to have to be increased. She is concerned about the kinds of increases she has seen in foster care, saying that if you compare the July 1979 rate to July 1983 there is a 22% increase, then finally a 6% rollback. She thinks there should be some caps placed on. She wanted to know how you get a provider to recognize that there is less federal funding and that state dollars have leveled off (in terms of revenue) and with 6% inflation, how is a cap put on. Mr. LaFaver told her this would be worked out. Sen. Regan said she remembered when everyone was getting an 8% rate hike, but the hike did not go to foster parents, it went to institutions. Mr. LaFaver assured her this was not going to happen.

Rep. Waldron told Mr. LaFaver that the point Sen. Regan was trying to make was that he really didn't feel that he had prior control

Minutes of the Meeting of the Joint Appropriations Subcommittee  
on Human Services and Institutions  
February 22, 1983

Page 9

of their appropriation. He feels this now with respect to the group homes. Mr. LaFaver felt the problem has been corrected. Rep. Waldron replied that for two sessions the committee has had to deal with followups in the foster program. One time it was the family care foster programs; this time it involves the institutional foster care group homes.

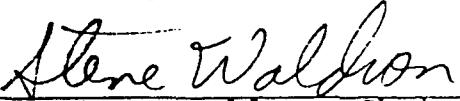
Rep. Shontz asked Mr. LaFaver if a proper rate system could be worked out. He replied it was a goal they could work towards, they have one in place for the nursing homes and are moving towards one for the group homes. He feels, too, that a base needs to be established. Rep. Shontz asked what the future holds for this program. Mr. LaFaver feels it will move out of foster care and into normal life eventually.

Rep. Winslow stated that he felt there was a declining interest in seeking other funds to support group homes, citing fund raisers, etc. However, if the opportunity were presented to seek funds without being penalized, there might be more incentive. Mr. La Faver disagreed.

Sen. Regan wanted to know what kind of an increase the department was asking for for foster care. The Department answered that it was \$2.5 million.

Rep. Waldron closed the hearing by stating that it was obvious to him that HB24 should be passed in order to get some sort of handle on the rate. He said we are not going to resolve all the problems that the state is or is not responsible for in dealing with children but HB24 is a necessary piece of legislation. He feels we really don't know enough about the needs of children in this state and it is obvious that we have not established some long term models for dealing with children that become problems for state government. He felt the hearing was a very good learning experience.

End of Tape 39 Side 2

  
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Rep. Steve Waldron, Chairman  
Institutions Subcommittee

  
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Rep. John Shontz, Chairman  
Human Services Subcommittee

  
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Carol Duval, Secretary