MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **CHAIRMAN JOHN COBB**, on February 4, 1993, at 7:35 A:M.

ROLL CALL

Members Present:
Rep. John Cobb, Chairman (R)
Sen. Mignon Waterman, Vice Chairman (D)
Sen. Chris Christiaens (D)
Rep. Betty Lou Kasten (R)
Sen. Tom Keating (R)
Rep. David Wanzenried (D)

Members Excused: None

Members Absent: None

Staff Present: Lisa Smith, Legislative Fiscal Analyst
Lois Steinbeck, Legislative Fiscal Analyst
Connie Huckins, Office of Budget & Program Planning
John Huth, Office of Budget & Program Planning
Billie Jean Hill, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: DEPARTMENT OF FAMILY SERVICES
Executive Action: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

EXECUTIVE ACTION ON DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Tape No. 1:Side 1

Motion/Vote: **SEN. WATERMAN** moved to increase the provider's rate by three-percent each year of the FY 94-95 biennium including Program 1, except for transitional daycare, JOBS daycare, and self-initiated daycare; Program 7, nothing; Program 10, except for the migrant program; Program 13, except for visual medical; Program 14, all; and the foster care program, all. Cost will be $2,414,000 for above and including foster care program, an additional $779,674. Motion **CARRIED** with **CHAIRMAN COBB** and **REP. KASTEN** voting no.

HEARING ON DEPARTMENT OF FAMILY SERVICES

Mr. Hank Hudson, Administrator, Department of Family Services (DFS), introduced **Ms. Helene Horneby, Director of the National Child Welfare Resource Center for Management Administration, Computer Technology, Portland, Maine,** and **Mr. Dennis Seller, National Center for Projects** that focus primarily on accountability and statewide evaluation of child welfare programs. They are here to assist with indicators and evaluation criteria.

Mr. Gary Walsh, Administrator, Protective Services Division, DFS, addressed the system reform project which is a fundamental restructuring to meet the needs of the children and family. It would be a system to reduce the need for out-of-home care by developing more comprehensive community-based services focusing on the family. **EXHIBIT 1**

Mr. Richard Kerstein, Administrator, Field Services Division, talked about re-aligning the system by identifying high-risk families not in the system and removing children from high-risk homes not in the system.

Mr. John Wilkinson, Administrator, Intermountain Children's Home. testified to the place of Intermountain Children's Home in the continuum of care. **EXHIBITS 2, 3, AND 4**

Elizabeth Kohlstaedt, PhD., Intermountain Children's Home, described individual cases at the home using many details to illustrate the problems of their children.

ADJOURNMENT

Adjournment: 10:15 A:M

JOHN COBB, Chairman

BILLIE JEAN HILL, Secretary

JC/bjh

HOUSE OF REPRESENTATIVES

HUMAN SERVICES SUB-COMMITTEE

ROLL CALL **DATE** [illegible]

NAME	PRESENT	ABSENT	EXCUSED
REP. JOHN COBB, CHAIRMAN	✓		
SEN. MIGNON WATERMAN, VICE CHAIR	✓		
SEN. CHRIS CHRISTIAENS	✓		
SEN. TOM KEATING	✓		
REP. BETTY LOU KASTEN	✓		
REP. DAVID WANZENRIED	✓		

HOUSE OF REPRESENTATIVES

HUMAN SERVICES SUB-COMMITTEE

ROLL CALL VOTE

Sen Waterman

DATE 2-4-93 BILL NO. ~~Contingency~~ NUMBER

MOTION: Recommend 37 increase 94-95 Biennium

Program 1, Section 10, Supp Empl, Extended Empl

JPTA, TL Part 1, Extended Empl, Int Tier, JPTA (con't)

Cost $2,414,000

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRPERSON	X	
SEN. CHRIS CHRISTIAENS	X	
SEN. TOM KEATING	X	
REP. BETTY LOU KASTEN		X
REP. DAVID WANZENRIED	X	

Include DC-Transfer DC-1685 DC-Acct-written

Inc. Foster Care = $779,674,800 for Biennium

~~Cost =~~

all
Prog 14

EXHIBIT 1
DATE 2-4-93
SB

System Reform Project
Department of Family Services

Introduction

Those involved in the service delivery system for Montana's children have long been aware that the system is in need of reform. Current services were not designed to address the types and severity of problems facing families today. In recent years, consensus has been building among the wide range of professionals and advocates involved in children's services that **no less than a fundamental restructuring is necessary to meet the needs of children and families.**

Planning for system reform

The generally recognized goal of system reform is simply stated: to move toward a service system designed to reduce the need for out-of-home care by developing more comprehensive community-based services that focus on the family.

Implementing system reform is considerably more complex, because it requires investing in services for children and families at the front end of the system, while continuing to serve those already in need of intensive services at the back end of the system. The objective of the reformed system is to resolve family problems within the family's environment: the home and local community.

To be successful, system reform must be a cooperative and coordinated interagency effort. To date, the following state agencies are involved in the process: the Office of Public Instruction and the departments of Family Services, Corrections & Human Services, Health & Environmental Sciences, and Social & Rehabilitative Services.

Funding for a reformed system relies heavily on three inter-related components:

- increasing the recovery of federal funds;
- reinvesting the funds recovered in new or additional services; and
- reallocating or redirecting existing funding. (This will occur at a later stage as the investment in more preventive services begins to curb the need for higher-end services.)

EXHIBIT 1
DATE 2-4-93
SB

Recovery of federal funds

A preliminary analysis of the "refinancing" potential for Montana's Human Services Agencies was conducted by the Institute of Human Services Management in October of 1991. The Montana Refinancing Report indicates there was substantial opportunity to increase the recovery of federal funds for the state's human services programs.

A Request for Proposal was issued in July of 1992 to design and implement the refinancing of children's services in Montana. A contract was not awarded and the RFP was canceled due to:

- the financial commitment to hire a consultant to perform these services and
- the proposers who responded to the RFP all required the human agencies to dedicate full tine employees to the project.

Refinancing as a catalyst for reform of the service system

Refinancing aims to increase the recovery of federal funds for services to children and families. The refinancing initiative assumes that:

- the design of services must be driven by the needs of children and families, not the requirements of the funding source;
- additional funds must be recovered without increasing the general fund appropriation; and
- implementation must be done with full adherence to federal requirements for documentation and program accountability -- the strategy should not place the state at risk of audit exceptions and associated funding penalties.

Although the "Refinancing" label denotes an emphasis on dollars, the major reason for the project is to move toward a system that is driven by the need for services, not by current expenditure patterns or funding requirements. The success of any reforms must be defined in terms of their human outcomes: how well they protect children and strengthen families so that children can remain in their own homes.

Current project status of refinancing strategies

Working cooperatively through an interagency task force, the state human services agencies are developing refinancing strategies. The goal is to make the most effective use of the

following federal entitlement programs (no fixed cap): Title IV-E, Title IV-A, and Title XIX. Federal block grant funds would be tapped for populations not eligible for services under the entitlement programs, and for services not covered under the entitlements. State general funds and local resources not required as match for the entitlement programs would be viewed as a "last resort" to fund services that could not be provided under entitlement or block grant programs.

The interagency task force of the human services agencies prioritized refinancing projects on the basis of the dollars which could be recovered and the need for the services being considered for refinancing. This group has monitored progress on projects underway and resolved interagency coordination issues.

Current status of DFS refinancing strategies

The Department of Family Services' refinancing initiatives are one component of the overall refinancing project. During FY 92, DFS implement Targeted Case Management for Persons age 16 and over with Developmental Disabilities. This initiative was implemented in October of 1991. During FY 93, DFS refinancing initiatives included:

- IV-A Emergency Assistance to Families with Children (IV-A EAFC),
- Medicaid funding for therapeutic group and foster care and
- SSI client eligibility initiative.

The IV-A EAFC is being pursued to refinancing the following services:

- social workers doing child protective services investigations and other emergency services,
- short term family support services and
- shelter and foster care for less than 90 days.

The recovery of federal funds for emergency services provided by DFS social workers is retroactive to July 1,1992. The use of IV-A EAFC to finance short term family support services, shelter care and foster care will begin in February of 1993 with a pilot project in Lewis and Clark County. The projected statewide implementation date for the use of IV-A EAFC funding for DFS emergency services is 7-1-93.

The use of Medicaid funding for therapeutic group care was implemented in January of 1993. This allows therapeutic group home providers to bill Medicaid for the therapeutic portion of their program. DFS and SRS are currently working on the use of Medicaid funding for therapeutic foster care. The target date for implementation of this refinancing initiative is 7-1-93. Under this funding scheme, DFS is responsible for the board and room costs and for the state match for the therapeutic portion of care.

The goal of the SSI client eligibility project is to increase the number of youth in foster care who are eligible for SSI benefits. The Department is ready to contract with a firm to screen all youth in foster care and file applications for SSI and other Social Security benefits on potentially eligible cases. The contractor will handle all reconsiderations and appeals. The workplan allows 6 months to screen all the youth in foster care and file applications on potentially eligible cases.

System Reform Project
Financing Strategies
Department of Family Services

Funding Source	Services to be Financed	Estimated Annual Cost Recoveries	Implementation Costs	Intended Use of Funds Recovered
IV-A EAFC	• CPS Staff Services • Family Support • Foster & Group Home	$690,000	Compliance Staff Administrative Staff	Family Support Services
Medicaid	• Therapeutic Group • Therapeutic Foster	$380,000		
SSI Client Eligibility	Youth in Foster Care	$300,000		

EXHIBIT 9
DATE 2-4-93
SB

MEMORANDUM

Date: February 3, 1993

From: John H. Wilkinson, MSW, Administrator

To: Human Services Subcommittee on Appropriations

Subject: Testimony regarding the Intermountain Children's Home place in the continuum of care

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Today we find the program that I administer in the unenviable position of being the proverbial "man without a country." In this case we are a program without a category. I'll explain more about this a bit later, but first I want to explain who we are.

The Intermountain Children's Home has been serving Montana's children for the past 84 years. Over the years we have tried to meet the most pressing needs of Montana's children, which has required us to change with the times. For example, although our present campus was constructed in 1970 with the objective of serving troubled adolescents, it wasn't too many years after that when Twin Bridges, Montana's institution serving dependent neglected children was closed. On the heels of Twin Bridge's closure came the development of a wide range of community based group homes, some of which you have heard about during the course of yesterday's testimony.

Since most of these group homes were serving troubled adolescents, it made little sense to stay with that mission. After some years of looking where the most pressing children's needs lay, it became apparent that there were a significant number of latency aged (between the ages of 5 and 12) children who had experienced severe abuse and neglect who were gradually failing their way through the state's foster care and institutional systems.

Why? From a developmental perspective, these were children who, due to the severity of the abuse and neglect they experienced at such an early age, were incapable of forming a bond with another human being, much less with a parent, adoptive parent, or foster parent. These children were incapable of experiencing the most basic sense of trust and safety that serves as the basic foundation for future development.

We began developing ten years ago, through an extensive collaborative effort with Forest Heights Lodge in Colorado, a treatment program for latency aged children based on Attachment Theory. We realized that developing such a program would require nearly doubling the number of direct child care staff given the age of the children we would serve, and the extreme level of their disturbance. Since resources from the state were tight, it was necessary to close one of the cottages and increase our private

EXHIBIT 2
DATE 2-4-93
SB

fund raising efforts. Those efforts are presently generating approximately $500,000 a year in subsidy to the rates we have been receiving from DFS.

Our staff and Trustees became committed to this mission, and did all they could to support it because the need was so great. In the past five years our occupancy has never gone below **97%.** But, as I said, these are very special children, as they have stripped the system's ability to deal with or treat them. Dr. Liz Kohlstaedt, our Clinical Director, would like to give a clearer picture as to who these children are, and why conventional treatment approaches have failed them.

Does our treatment approach work? In 1992, of the 12 children discharged, 10 went into less restrictive settings. That was an **82%** "success" rate. What is the staying power of this treatment approach? When we look at all the children discharged over the past 3 years, **76%** of them are still in less restrictive settings. And by less restrictive we mean the children were placed back with their adoptive or biological families, but in most instances were placed into therapeutic foster care.

We have come to realize that our program is indeed unique. Perhaps that is one of the blessings of being in Montana. We innovate because we have to. National Public Radio did a 20 minute program on the Home a little over a year ago, which was followed by an article in the Los Angeles Times Sunday supplement. Their interest in our program was based on our essential "uniqueness" and effectiveness in working with very seriously disturbed children in a very humane manner. I am taking the liberty of distributing copies of each to you to review at your "leisure."

However, one of the prices one must pay for being unique, or different is that people have a difficult time in categorizing you. To be truthful, we have had some difficulty with that as well. The chart I am passing out to you will perhaps shed some light on this dilemma. In 1990, there were four programs certified to receive Medicaid funds in Montana. Access into those programs was, and is based on medical necessity, whereas access into the Foster Care budget funded programs was based on the availability of resources and the legal status of the child.

As you know, funding for Residential Treatment Centers and Psychiatric Hospitals comes through the In Patient Psychiatric Services category of Medicaid. If a program is funded through this source, then they must adhere to a medical model of treatment. As Dr. Kohlstaedt explained, the extreme nature of the children we treat extends well beyond what is appropriate under the medical model of treatment. Moreover, there are approximately 120 residential treatment beds licensed for children in the state of Montana. I firmly believe that when the proper planning is done and the continuum of care is developed, that we will find that 120 residential treatment beds for children in this state is excessive.

EXHIBIT 3
DATE 2-4-93
SB

We could become licensed as a residential treatment center tomorrow, but have declined to do so because it would require us to completely abandon our treatment approach which has taken so long to develop, and the simple fact that it works so effectively for the Montana children it was designed to treat.

Where we presently sit within the continuum of services is also inappropriate. First, in terms of general fund expenditures, we are expensive, as we still receive 100% of our treatment fees through the DFS Foster Care budget, which is almost completely supported through the state's general fund. As a result, due to DFS's budgetary concerns, referrals to our program have dropped off to nothing.

Where are these children going? Many of them are being referred out of state. For example, recently a 7 year old boy was referred to us from Helena. When the referral did not materialize, we asked what came of him. The DFS representative said that he had been referred to Northwest Children's Center in **Lewiston, Idaho.** We have since seen a number of very appropriate referrals go to out of state programs because those programs are certified by Montana as medicaid providers. Their being placed out of state is a simple matter of economics. From a treatment perspective, however, it makes no sense. Some of the follow-up we have done with children that were appropriate referrals to our program, but were placed in a medical model type treatment center indicates that they have not fared very well.

What is to be done about the Intermountain Children's Home? Our proposal is quite straightforward, and represents a win-win solution. The Therapeutic Group Home and soon to be implemented Therapeutic Foster Home programs are or will be funded through the EPSDT Medicaid category. It is also allowable to fund residential programs through EPSDT as well. By financing treatment for Intermountain Children's Home through EPSDT it would allow the Home's rates to be increased to at least the level of the Intensive Therapeutic Group Homes, and would result in a **general fund savings of approximately $570,000 a year.** It would allow us to continue to subsidize our programs at the rate of $500,000 a year instead of the $700,000 we have had to spend in addition to our treatment fees for this year.

We remain committed to maintaining a strong partnership with the Department of Family Services, but are mostly committed to serving Montana's most needy and disturbed children. I am confident that the administrative rules governing provider types under this proposed EPSDT category could be very restrictively written, and that the resultant financial benefits would give the committee some critical breathing room during extraordinarily tight fiscal times.

1990
Out of Home Care and Treatment Resources
(Social Service Model)

Family Foster Care	Therapeutic Foster Care	Group Homes	Child Care Agency-Residential	Residential Treatment Center	Psychiatric Hospital
	Youth Dynamics	(Regular) Tom Roy Home	Intermountain Children's Home	Yellowstone Treatment Center	Shodair Rivendell

Least Restrictive ----------→ Most Restrictive

Family Foster Care	Therapeutic Foster Care	Group Homes	Therapeutic Youth Group Home	Child Care Agency-Residential	Residential Treatment Center	Psychiatric Hospital
	Youth Dynamics	(Regular) Tom Roy Home	(Moderate) Talbott Center (Intensive) Aware	Intermountain Children's Home	Yellowstone Treatment Center	Shodair Rivendell

1992
Out of Home Care and Treatment Resources
(Medicaid Transition)

□ = General Fund: Foster Care

▒ = Medicaid Funded

EXHIBIT 5
DATE 2-4-93
SB

EXHIBIT 4
DATE 2/4/93

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

JOINT SUBCOMMITTEE ON HUMAN SERVICES COMMITTEE BILL NO. _____

DATE 2-4-93 SPONSOR(S) H M F I C

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Dave Depew	MHE A		
SHARON HOFF	Catholic MONT Conference		
Zita Pickering	Health Dept - Helena		
Sloan House	Intermountain Children's Home		
Dr Elizabeth Kohlstaedt PhD	Intermountain Children Home		
JOHN WILKINSON	Intermountain Child. Home		
Nuta Bollings	SRS		
Doug Harris	DFS		✓
Gary Walsh	DFS		
Ann Gilkey	DFS		
Richard Fountain	DFS		
Pat Murphy	MT Partnership for Families		
AL DAVIS	DFS		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.