

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 649

(Senator Lawlah, *et al.*)

Finance

**Department of Human Resources - Foster Care Reimbursement and Group
Home Care Reimbursement**

This bill requires the Department of Human Resources (DHR), when determining the appropriate reimbursement rate in a particular county for group home care and institutional providers, to pay no less than the rates paid for similar services in a jurisdiction outside the State. The other jurisdictions must be adjacent to the Maryland county and place children in foster care in the Maryland county. The bill also requires DHR to set the monthly foster care rate for children who need the most demanding special care in a single family home to not less than the rate the Department of Juvenile Justice (DJJ) pays for the current fiscal year and for each county, not less than the rate paid for similar services by a jurisdiction outside of the State that is adjacent to the Maryland county and places children in that county.

Fiscal Summary

State Effect: General fund expenditures could increase significantly in FY 2003 (could be several million dollars) if DHR increases the reimbursement rates paid to Prince George's County and Montgomery County providers to match the higher rate paid by Washington, DC for children from DC who are placed in foster care and group homes in Maryland. The future years reflect annualization and inflation. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful. Group home care providers in Prince George's County and Montgomery County that are small businesses could receive additional compensation pursuant to the bill.

Analysis

Current Law: DHR operates a program of out-of-home placement for children who are put into the custody of a local department of social services for not more than six months by a parent or legal guardian under a voluntary written agreement. The State also places minor children who are abused, abandoned, neglected, or dependent, if a juvenile court has determined that continued residence in the child's home is contrary to the child's welfare and has committed the child to the custody or guardianship of a local department of social services.

DHR must provide for the care, diagnosis, training, education, and rehabilitation of these children by placing them in group homes and institutions operated by for-profit corporations or nonprofit charitable corporations. DHR must reimburse these entities for these services at monthly rates determined by the department. The reimbursement rate may differ between homes and institutions that provide intermediate services and homes and institutions that provide full services.

DHR also must pay for foster care for a child who needs the most demanding special care in a single-family home at a monthly rate not less than the higher of the rate DHR paid in fiscal 1975 and the rate DJJ pays for the current fiscal year.

There is no provision for matching the reimbursement rates of neighboring jurisdictions outside the State.

Background: Washington, DC annually places 1,600 of its children with Maryland families and institutions. Approximately 1,300 of those children are placed in Prince George's County with the remaining 300 children placed throughout the rest of the State, many of them in Montgomery County.

State Expenditures: General fund expenditures could increase significantly in fiscal 2003 if DHR increases the reimbursement rates paid to providers in Prince George's County and Montgomery County to match the rates paid by Washington, D.C. to Prince George's County and Montgomery County providers.

In fiscal 2001, Maryland placed 131 children in Montgomery County and 110 children in Prince George's County in group homes and institutions. During the same period, the State placed 33 children in Montgomery County and 83 children in Prince George's County in treatment foster care for children who needed the most demanding special care in a single-family home.

Maryland's average monthly payment per case in fiscal 2001 was \$3,537 for treatment foster care, \$3,936 for group homes, and \$4,472 for institutions. The corresponding DC

rates for children placed in group homes and institutions and children who need the most demanding special care in treatment foster care homes were not readily available from DHR or the DC government. However, the rates DC pays to providers who serve the same types of children are believed to be considerably higher than the Maryland rates. Accordingly, while a precise estimate cannot be made in the absence of actual rates paid by DC, the expenditure increase could be significant (perhaps several million dollars).

DJJ did not respond to repeated requests for the current rate it pays for foster care for children who need the most demanding special care in a single-family home.

The percentage of children from Washington, DC receiving services in Prince George's County and Montgomery County could fluctuate on a daily basis.

The reimbursement rates for the Maryland counties adjacent to Delaware, Virginia, and West Virginia would not see an increase in their rates because those states pay less to foster care and group home care providers than Maryland does. Pennsylvania counties set their own rates for foster care and group home care providers. Although York County, Pennsylvania, which is adjacent to Baltimore County, pays a rate of \$705 per month per child to providers, which is higher than Maryland rates, it is assumed that Pennsylvania is not placing children with Maryland residents.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Human Resources, Frederick County, Charles County, Department of Legislative Services

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