

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 632

SPONSOR: Appropriations Subcommittee on Health and Human Services, Children and Families Committee and Senator Peaden

SUBJECT: Residential Group Care

DATE: February 13, 2002      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Barnes	Whiddon	CF	Favorable/CS
2.	Peters/Hardy	Belcher	AHS	Favorable/CS
3.	_____	_____	AP	Withdrawn: Fav/CS
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

CS/CS/SB 632 includes the following major provisions:

- Expands to all counties the assessment of dependent children for placement in residential group care who are 11 years of age, have been in a licensed family foster care for 6 months or longer, and who are moved among family foster homes more than once.
- Requires the Department of Children and Family Services (department) to include additional information on expenditures in their annual report to the Legislature on the placement of children in licensed residential group care.
- Requires that funds included in the General Appropriations Act for Residential Group Care be appropriated in a separately identified special category, “Special Categories: Grants and Aids—Residential Group Care.”
- Requires that any funding increases for “Special Categories: Grants and Aids—Residential Group Care” be appropriated in a “lump-sum” category and that the department submit a spending plan that identifies a bed capacity shortage for residential group care and proposes a distribution formula by district addressing these deficiencies.
- Allows funds from “Special Categories: Grants and Aids—Residential Group Care” to be used as one-time startup funding for certain remodeling or renovation purposes in residential group care facilities.
- Clarifies that children who are in the legal custody of the Department of Children and Family Services may be placed in residential treatment by the department without prior court approval.
- Modifies the requirement that foster care and related services be privatized statewide by January 1, 2003 to provide that the department must have initiated the competitive-

- procurement process statewide by that date and must have completed the privatization process by December 31, 2004.
- Directs the department to ensure access to a model program for children in any county that is not fully privatized by the statutory deadline.
  - Requires employees of lead community-based providers and their sub-contractors who transport children and their families as part of their contractual duties to obtain a minimum of \$100,00 per claim and \$300,000 per incident of bodily injury liability insurance on their personal automobile and limits liability in any tort action.
  - Requires that the department adopt written policies and procedures for monitoring contracts with lead community-based providers.
  - Provides that a lead community-based provider may not discontinue services on a voluntary case without prior written notification to the department 30 days before the planned case closure and requires that the department submit written notification to the provider if the department disagrees with that decision.
  - Modifies the provision for dual licensure for foster parents who are also licensed as family day care providers by removing the requirement for Gold Seal Quality Care designation and specifying that the provider may receive both an out-of-home care payment and a subsidized child care payment for the same child.
  - Specifies that the department must assure access to a model comprehensive residential services program as described in s. 409.1677, F.S., in any county in which full privatization is not accomplished by December 31, 2004. Providing access to a model program does not substitute for full conversion to community-based care.
  - Requires that the department, in consultation with existing lead community-based providers, develop a statewide proposal for the structure of a shared-earnings program to address the financial risk to eligible lead community-based providers resulting from significant changes in the client or services that are eligible for federal reimbursement. The proposal must allow for the sharing of federal earnings from child welfare programs that are determined by the department to be in excess of the amount appropriated in the General Appropriation Act.
  - Specifies the events and conditions that are eligible to trigger participation in the shared-earnings program.
  - Specifies that, beginning FY 2003-2004, funds appropriated by the Legislature to protect the department against the failure of a community-based lead agency must be appropriated in a lump sum in the Administered Funds Program and that these funds constitute sufficient security for lead agency performance.
  - Authorizes the department to require a bond for malfeasance, misfeasance, or criminal violations.
  - Requires an operational plan from the department prior to the release of the lump sum and specifies that its release is subject to the budget amendment process in s. 216.177, F.S., except that approval by the Legislative Budget Commission is not required.
  - Broadens the opportunity to participate in the distribution of excess earnings to all community-based providers under privatization contracts on July 1, 2002.
  - Provides that the department target residential group care services on youth with certain behavioral risk factors.
  - Provides that the Departments of Children and Family Services and Juvenile Justice develop an interagency agreement regarding youth in residential group care.

- Specifies that residential group care facilities must be licensed as child caring agencies, and, if caring for youth with serious behavioral problems, must have staff with certain expertise and be qualified Medicaid providers for Behavioral Health Overlay Services (BHOS).
- Expands the child-welfare-targeted case management projects to all Florida counties with a community based child welfare project, if approved by the department.
- Creates a statutory definition for “family foster group home” which would continue to be licensed as a family foster home but with the potential for added flexibility in terms of capacity and supervision.
- Requires that the Office of Program Policy Analysis and Government Accountability, in consultation with the department and the Agency for Health Care Administration, conduct a review of the process for placing children who are in the state’s custody in residential mental health treatment facilities.

This bill substantially amends sections 39.407, 409.1671, 409.1676, 409.175, and 409.906 of the Florida Statutes; creates section 39.523 of the Florida Statutes; and repeals section 39.521(5) of the Florida Statutes.

## II. Present Situation:

### Community-Based Care

Section 409.1671, F.S., includes the statutory provisions for the privatization of foster care and related services directing the department to accomplish privatization statewide by January 1, 2003. Current law includes no alternative course of action or consequences if privatization is not achieved statewide by that date.

Currently, four lead community-based agencies have service contracts with the department to provide community-based care in 10 counties. By having a service contract, the lead agency has begun providing services after completing the start-up phase of infra-structure and capacity development and the training and education of community stakeholders. The four agencies are:

- YMCA Children and Families, Inc--Sarasota and Manatee,
- Family Continuity Program, Inc--Pinellas and Pasco,
- Lakeview Center--Escambia, Santa Rosa, Okaloosa and Walton,
- Partners for Community-Based Care--Flagler and Volusia.

In addition, three lead community-based agencies have start-up or transition contracts with the department to provide community-based care in three counties. During the start-up phase (taking 9 to 12 months), the provider develops the infra-structure and capacity for services and prepares the community agencies and stakeholders for community based care. The three agencies are:

- Hillsborough Kids, Inc—Hillsborough,
- Child Family Connections—Palm Beach,
- Family Support Service of North Florida, Inc.—Duval.

During FY 2001-2002, the following districts are or will be in various stages of the competitive procurement process:

- First Quarter—Districts 10 and 15 have released Invitation to Negotiate.
- Third Quarter—Districts 2, 8, and 11, and Seminole and Brevard counties will release Invitation to Negotiate.
- Fourth Quarter—Districts 3, 13, 14, and Nassau, Baker, Clay and St. Johns counties will release Invitation to Negotiate.

The *Justification Review of the Child Protection Program in the Department of Children and Family Services, February, 2001*, by the Office of Program Policy Analysis and Government Accountability, states that the department must address several potential obstacles before achieving statewide implementation of privatization of foster care and related services. Those problems include: 1) reluctance on the part of many providers to assume the increased financial risk that comes with lead agency status, 2) the limited number of providers with the capacity to provide a comprehensive array of services, and 3) the reluctance of some communities to privatize child protection services.

### **Transportation of Clients by Lead Community-Based Provider Staff**

There are many instances when it is necessary for lead agency and sub-contractor staff to transport children and their families in their personal automobiles to appointments and meetings. The state does not allow the lead agency to purchase automobiles with state funds and there are no current statutory provisions that protect these staff persons from the liabilities associated with accidents while transporting clients.

Section 409.1671(1)(f)-(g), F.S., requires that a lead community-based provider and its sub-contractors obtain a minimum of \$1 million per claim/\$3 million per incident in general liability insurance coverage. The law also specifies that the immunities from liability extend to employees of the provider agency who are conducting the business of the provider.

### **Lead Community-Based Providers Closing Cases**

Section 409.1671(3)(b), F.S., requires that the contract between the department and the community-based agency include a provision for the agency to furnish the department regular status reports of all of its cases. A provider may not discontinue services without prior written notification to the department, and after discontinuing services to a child or a child and family, the community-based agency must provide to the department a written case summary, including its assessment of the child and family. According to community-based providers, this requirement is duplicative for most clients because over 95 percent of their cases are monitored by the court as required under ch. 39, F.S. Section 39.521(1)(c), F.S., requires that for a child who has been removed from the home, an initial judicial review hearing be held no later than 90 days after the disposition hearing or after the date of the hearing at which the court approves the case plan, whichever occurs earlier. The review hearing must be held no later than 6 months after the date of the child's removal from the home. Section 39.701,(1)(a) F.S., requires that the court continue jurisdiction of these children and review the status of the child at least every 6 months, or more frequently, if the court deems it necessary or desirable.

HomeSafenet, a data management and client tracking system, is currently being implemented by the department throughout the child protection system. This system requires extensive documentation of cases and is described as a “real-time” information system that has sufficient functionality to facilitate and control activities of the users in a way that ensures that certain critical child welfare process requirements are met. Once fully implemented, this system will monitor the activities and progress of all services provided to children and families who are in Florida’s child protection system, both court-involved and voluntary cases.

### **Department Monitoring of Lead Community-Based Providers**

The Auditor General released a report in September, 2001, *Monitoring of Community-Based Care Providers of Child Welfare Services by the Department of Children and Family Services Operational Audit*. This report focused on the monitoring of the community-based care initiative in Sarasota and Manatee counties. The reports states that the department should: 1) enhance and adapt written policies and procedures to establish an appropriate infrastructure for program monitoring of community-based care providers, 2) establish procedures to adequately evaluate the community-based providers’ achievement toward performance standards, 3) ensure that significant findings noted during monitoring are appropriately followed up for corrective action, and 4) establish policies and procedures related to the oversight of community-based providers’ monitoring of subcontractors.

### **Risk Pool**

Section 409.1671(7), F.S., authorizes the department to establish and administer a risk pool to reduce the financial risk to eligible lead community-based providers resulting from unanticipated caseload growth.

### **Shared Earnings Program for Lead Community-Based Providers**

Section 409.1671(8), F.S., requires that all documented federal funds earned for the current fiscal year by the department and community-based agencies which exceed the amount appropriated by the Legislature be distributed to all entities that contributed to the excess earnings based on a schedule and methodology developed by the department and approved by the Executive Office of the Governor. The distribution program applies only to entities that were under privatization contracts on July 1, 1999. The distribution must be prorated based on the actual total earnings by the participating entities and may be made only to those entities that contributed to excess earnings and used only in the service district in which they were earned. Additional state funds appropriated by the Legislature for community-based agencies or made available pursuant to the budgetary amendment process contained in s. 216.177, F.S., may be transferred to the community-based agencies. A community-based agency’s contract must be amended by the department in order to permit expenditure of the funds. This program is authorized for a period of 3 years beginning July 1, 1999, and ending June 30, 2002. The only lead agency that qualifies for the program is YMCA Children and Families, Inc., serving Sarasota and Manatee counties.

The Office of Program Policy Analysis and Government Accountability (OPPAGA) was required to review this program to determine results such as how the additional resources were

used, the number of additional clients served, the improvements in quality of service attained, and the feasibility of continuing or expanding this program. The OPPAGA report was submitted to the President of the Senate and the Speaker of the House of Representatives in August, 2001, stating that the participating lead agency earned \$209,690 in FY 1999-2000. The report concludes that the pilots are having positive effects by providing an incentive for the lead agency to modify its internal processes to maximize federal earnings. The participating lead agency plans to use its earnings for additional foster care services and adoption assistance payments.

### **Family Foster Care/Residential Group Care**

The Child Protection Program in the department includes out-of-home services. Chapter 39, F.S., requires that when a report is made of suspected child abuse or neglect, the Child Protection Program must conduct a protective investigation within 60 days to assess the child's safety and determine services that may be needed. A child may be placed in out-of-home care when there is the likelihood that the child will continue to be at risk of abuse or neglect if he or she remains in the home. Out-of-home care includes relative and non-relative care services and foster care services. According to statistics from the department, approximately 3 percent of the children who are the subject of a child abuse investigation are placed in a family foster home or residential group care.

Family foster homes are licensed under s. 409.175, F.S. Section 409.175(2)(e), F.S., defines a "family foster home" as a private residence in which children who are unattended by a parent or legal guardian are provided 24-hour care. Under the definition, family foster care may be provided in several settings, including a family foster group home which is not defined in statute. Section 65 C-13.001(2), F.A.C., defines a "foster family group home" as a licensed private family home occupied by a married couple or individual who have demonstrated the interest and special qualifications to care for a total of no more than five pre-adolescent or adolescent children, including the family's own children. The family group home parent should be able to work in close cooperation with the department. An informal survey of districts found that only a few have licensed family group homes.

Chapter 65 C-13, Florida Administrative Code, includes the standards for family foster homes. Section 65 C-13.001, F.A.C., states that the number of children in a family foster home is limited to five children, including the family's own children. The rule specifies conditions under which a waiver may be granted by the department. Data from the department indicates that in September, 2001, all districts except one had foster homes with more than five children in which the department had issued no waiver. According to lead community-based providers, limiting this waiver as under current rule and allowing only the department to make the exception confines the agencies' ability to manage the system of care for which they are contractually responsible. Lead community-based providers wish to have the authority to determine the capacity of foster homes based on criteria such as: the background, experience, and skill of the foster parents; the ratio of active and appropriate adult supervision of the children; the amount of safe physical plant facilities for children; and the ability of the foster family to meet the individual needs of each child.

Foster care providers are reimbursed for their services according to the child's age and the level of care required. The statewide average monthly reimbursement rate per child for family foster

care in January, 2001, was \$672.34, and the statewide average monthly rate per child for residential group care was \$2,795.62. The provider rates are negotiated at the local community level to reflect the service needs of the children served.

Section 409.175(2)(j), F.S., defines a “residential child-caring agency” as any person, corporation, or agency, public or private, other than the child’s parent or legal guardian, that provides staffed 24-hour care for children in facilities maintained for that purpose, regardless of whether operated for profit or whether a fee is charged. Residential group care facilities licensed as child-caring agencies, typically serve older children who have specialized needs that are better met in a group facility environment. Many of these children have behavior management problems. The Child Welfare League of America reports that children in foster care are three to six times more likely than children not in care to have emotional, behavioral and developmental problems, including conduct disorders, depression, difficulties in school and impaired social relationships. Some experts estimate that about 30 percent of the children in care have marked or severe emotional problems.

Chapter 65 C-14, Florida Administrative Code, includes the standards for residential group care facilities that are licensed under s. 409.175, F.S. as child-caring agencies. Section 65C-14.001(10), F.A.C., specifies that “group care” is staffed 24-hour residential care of children in programs that do not offer maternity services, emergency shelter and runaway services or provide services in a wilderness setting. Staffing of these facilities may be provided by live-in house parents or by staff who work in rotating shifts.

Section 409.1676, F.S., created by the 2001 Legislature (ch. 2001-68, L.O.F.), established comprehensive residential services to children who have extraordinary needs such as serious behavior problems or having been determined to be unlikely to be returned home or adopted. The department was directed to contract for these services in, at a minimum, Districts 4, 11, 12, the Suncoast Region of the department, and with a not for profit entity serving children from multiple districts. These comprehensive residential services are implemented to the extent of available appropriations contained in the annual General Appropriations Act for this purpose.

Section 39.521(5)(e), F.S., requires that the department report the following data to the Legislature by December 1 of each year:

1. The criteria used to determine placement in licensed residential group care,
2. The number of children who were assessed for placement during the reporting year,
3. The number of children placed and the number of children not placed in licensed residential group care during the reporting year based upon the assessment, and
4. The number of children who were referred to licensed residential child care for whom placement was unavailable and the counties in which such placement was unavailable.

### **Residential Group Care Funding**

Until the 2001 legislative session, all funds appropriated for out-of-home care were commingled into one appropriation category which incorporated all funds intended not only for all types of foster care, but also for temporary shelter. In the General Appropriations Act for Fiscal Year 2001-2002, the Legislature segregated these funds into three newly created appropriation

categories, including one entitled “Special Categories: Grants and Aids – Residential Group Care,” which is intended to include funds that are specifically designated for residential group care programs. Because the General Appropriations Act will only be in effect for one fiscal year, it is likely that, unless a separate appropriation category is specifically mandated in the Florida Statutes, out-of-home care funds may be commingled, once again, in the future.

In many areas of the state there is insufficient residential group care bed capacity to meet the documented need unless the state makes a financial investment to build the infrastructure that must be in place before the services can be provided. Most often community based providers that are willing to provide the services lack the resources required to finance the cost of site development, construction, furniture and other one-time expenses associated with the startup of a facility.

Section 216.181(6), F.S., specifies that prior to the transfer and release of a lump sum appropriation specified in the General Appropriations Act, the Office of the Governor may require the state agency affected by the appropriation to submit a detailed spending or implementation plan. In order for a lump sum appropriation to be transferred and released to the state agency, the notice, review and objection procedures must be followed in accordance with s. 216.177, F.S. Section 216.177, F.S., specifies that notices of action to be taken by the Executive Office of the Governor must be provided to the Legislative Budget Commission or the appropriations committees. This section also authorizes the Legislative Budget Commission and the President of the Senate and the Speaker of the House of Representatives to object to a proposed executive action if the action either exceeds legislative authority or does not comply with legislative intent.

### **Dual Licensure of Foster Parents**

Section 409.1671(5)(b), F.S., specifies that substitute care providers who are licensed under s. 409.175, F.S., and have contracted with a lead agency must also be authorized to provide registered or licensed family day care under s. 402.313, F.S., if the home meets federal law and if the home has met the requirements of s. 402.313, F.S., and s. 402.281, F.S., and has received Gold Seal Quality Care designation. A dually licensed home is then eligible to receive both the foster care board rate and the subsidized child care rate for the same child if care is provided 24 hours a day. The subsidized child care rate may be no more than the approved full-time rate.

Under this requirement, in order to meet Gold Seal Standards, a foster parent must discontinue fostering for a year in order to operate solely as a family child care home. The department can find no evidence that any home has met statutory conditions for dual licensure.

### **Child Welfare Targeted Case Management for Lead Community-Based Providers**

Section 3 of ch. 99-206, L.O.F., created s.409.906(24), F.S., that allows the Agency for Health Care Administration, in consultation with the department, to establish a child welfare targeted case-management pilot project in those counties identified by the department and for the community-based child welfare project in Sarasota and Manatee counties authorized under s. 409.1671, F.S. The purpose of the pilot is to determine the impact of targeted case management on the child welfare program and the earnings from the child welfare program.



Results of the pilot projects are reported to the Child Welfare Estimating Conference and the Social Services Estimating Conference. The number of projects may not be increased until requested by the department, recommended by the Child Welfare Estimating Conference and the Social Services Estimating Conference, and approved by the Legislature. The covered group of individuals who are eligible to receive targeted case management include children who are eligible for Medicaid; who are between the ages of birth through 21 years; and who are under protective supervision or post placement supervision, under foster-care supervision, or in shelter care or foster care. The number of individuals who are eligible to receive targeted case management is limited to the number for whom the department has available matching funds to cover the costs. The additional Medicaid funds generated by child-welfare targeted case management for FY 2000-2001 were \$550,162.

### **Placement of Dependent Children in Residential Mental Health Treatment Facilities**

Chapter 2000-265, L.O.F., amended s. 39.407(5)(b), F.S., specifying that when the department believes that a child in its legal custody is emotionally disturbed and may need residential treatment, an examination and suitability assessment must be conducted by a qualified evaluator who is appointed by the Agency for Health Care Administration. A qualified evaluator is defined as “a psychiatrist or a psychologist licensed in Florida who has at least 3 years of experience in the diagnosis and treatment of serious emotional disturbances in children and adolescents and who has no actual or perceived conflict of interest with any inpatient facility or residential treatment center or program.” The suitability assessment must be completed before a child is placed in a residential treatment center for emotionally disturbed children and adolescents or a hospital.

## **III. Effect of Proposed Changes:**

### **Section 1**

- Repeals s. 39.521(5), F.S.

### **Section 2**

- Creates s. 39.523, F.S. [previously s. 39.521(5), F.S.] and expands to all Florida counties, rather than only Districts 4, 11, 12, and the Suncoast Region, the assessment procedure for the placement of children in residential group care who are at least 11 years of age, have been in foster care for 6 months or longer, and who are moved among foster homes more than once.
- Requires the department to include additional information in their annual report to the Legislature on expenditures relating to the placement of children in licensed residential group care.
- Requires that funds included in the General Appropriations Act for Residential Group Care be appropriated in a separately identified special category, “Special Categories: Grants and Aids—Residential Group Care.”

- Requires that any funding increases for “Special Categories: Grants and Aids—Residential Group Care” be appropriated in a “lump-sum” category as defined in s. 216.011(1)(aa), F.S., and that the department submit a spending plan that identifies a bed capacity shortage for residential group care and proposes a distribution formula by district addressing these deficiencies; any annual increases in this special category must be expended in accordance with the spending plan.
- Allows funds from “Special Categories: Grants and Aids—Residential Group Care” to be used as one-time startup funding for certain remodeling or renovation purposes in residential group care facilities.

### **Section 3**

- Amends s. 39.407, F.S., to clarify that children who are in the legal custody of the Department of Children and Family Services may be placed in residential treatment without prior court approval.

### **Section 4**

Amends. s. 409.1671, F.S., with the following provisions:

- Modifies the requirement that foster care and related services be privatized statewide by January 1, 2003 to provide that the department must have initiated the competitive-procurement process statewide by that date and must have completed the privatization process by December 31, 2004.
- Authorizes the department to ensure access to a model program for children in any county that is not fully privatized by the statutory deadline.
- Requires that staff of lead community-based providers and its subcontractors who transport client children and families as part of their job responsibilities obtain \$100,00 per claim and \$300,000 per incident of bodily injury liability insurance on their personal automobile and limits related liability.
- Requires that the department adopt written policies and procedures for monitoring the contract for delivery of services by lead community-based providers specifying minimal provisions such as: the evaluation of fiscal accountability and program operations including provider achievement of performance standards, provider monitoring of subcontractors, and timely follow-up of corrective actions for significant monitoring findings.
- Reduces the necessity for community-based providers to provide status reports and otherwise notify the department regarding client cases, including planned case closures. Case closure notification is limited to voluntary cases.

- Modifies the provision for dual licensure for foster parents licensed under s. 409.175, F.S., and under s. 402.313, F.S., as family day care providers by removing the requirement for Gold Seal Quality Care designation and specifies that the provider may receive both an out-of-home care payment and a subsidized child care payment for the same child.
- Requires that the department, in consultation with existing lead community-based providers, develop a statewide proposal regarding the long-term use and structure of a shared-earnings program addressing the financial risk to eligible lead community-based providers. The shared-earnings program expands upon and replaces the current risk pool provision. Further, the ability to participate in the excess federal earnings distribution program is expanded to include community-based agencies in place on July 1, 2002.
- Specifies that, beginning FY 2003-2004, funds appropriated by the Legislature to protect the department against the failure of a community-based lead agency must be appropriated in a lump sum in the Administered Funds Program and that these funds constitute sufficient security for lead agency performance. Authorizes the department to require a bond to protect against misfeasance, malfeasance, and criminal actions.

### **Section 5**

- Makes a technical change to s. 409.1676, F.S., to provide internal consistency to that section and expands comprehensive residential group care services to areas of the state for which the Legislature appropriates funds.
- Provides that the department target residential group care services on youth with certain behavioral risk factors.
- Provides intent that the Departments of Children and Family Services and Juvenile Justice develop an interagency agreement regarding youth in residential group care.
- Specifies that residential group care facilities must be licensed as child caring agencies, and, if caring for youth with serious behavioral problems, must have staff with certain expertise and be qualified Medicaid providers for Behavioral Health Overlay Services (BHOS).

### **Section 6**

- Creates a statutory definition in s. 409.175(2), F.S., for “family foster group home” which would still be licensed as a family foster home but with the potential for added flexibility in terms of capacity and supervision. A family foster group home would be required to have at least one full time foster parent who is not employed outside the home.

**Section 7**

- Expands the ability to earn Medicaid funds under the child-welfare-targeted case management option to all counties in which the department has a contract with a lead-community based agency if approved by the department.
- Removes the inappropriate requirement specifying that results of the targeted case management earnings be reported to the Child Welfare Estimating Conference, limiting the reporting requirement to the Social Services Estimating Conference.

**Section 8**

- Requires that the Office of Program Policy Analysis and Government Accountability, in consultation with the department and the Agency for Health Care Administration, review and report to the Legislature on the process for placing children for residential mental health treatment [s. 39.407(5), F.S.] to determine whether changes are needed in this process.

**Section 9**

The bill provides an effective date of July 1, 2002.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The bill provides protection for persons employed by a lead community-based provider or sub-contractor (who transport clients and families) by requiring that they obtain a minimum of \$100,000 per claim/\$300,000 per incident of personal automobile insurance. With these proposed statutory provisions, several automobile insurance companies report

that employees would experience only a minimal premium increase over what their cost would be if they did not drive their automobiles to transport clients.

By expanding the distribution of excess earnings to community-based providers under contract with the department on July 1, 2002, more private sector providers will have the opportunity to utilize these excess federal funds.

The bill provides the opportunity for all community-based providers, approved by the department, to earn child welfare targeted case management funds under the Medicaid program.

The bill provides the opportunity for private community-based providers to expand comprehensive residential group care services as funds are appropriated by the Legislature for this purpose.

**C. Government Sector Impact:**

Section 39.521, F.S. requires that in "...districts 4, 11 and 12 and in the SunCoast Region of the department and, except as provided in s. 39.407, any child 11 years of age or older who has been in licensed family foster care for 6 months or longer and who is then moved more than once must be assessed for placement in licensed residential group care." The bill would require the Department of Children and Families to implement this program statewide, subject to an appropriation. Based on the experience of these districts, it is estimated that the total additional cost of implementing this provision statewide for Fiscal Year 02-03 would be \$22,488,324. The calculation is as follows:

Total number of children estimated to meet the assessment criteria for FY 02-03	4,010
Estimated number of children who meet the assessment criteria and also have serious behavior problems (4,010x26.6%)	1067
Less estimated number of children already being served (See explanation below)	(602)
Estimated number of children who meet the criteria and need the services (1067-602)	465
Estimated average cost per child per year	\$43,800
Estimated annual cost for Fiscal Year 2002-2003 (465 x \$43,800)	\$20,367,000
Plus estimated start-up cost	1,018,350
Plus estimated additional requirement for contract staff	771,680
Plus estimated central office administrative staff	331,294
Total funding required for Fiscal Year 02-03	\$22,488,324

The proposed Senate budget for FY 2002-03 includes \$22,636,119 to fund this bill.

**Fiscal Note Detail:**

A comprehensive study of the needs of children in foster care was commissioned by the Department of Children and Families and conducted by the Chiles Center and the Department of Health Policy and Epidemiology, Institute for Health Policy Research at the University of Florida. This study, published in FY 2001, entitled “Medical, Developmental and Behavioral Problems of Foster Children and the Capacity of Foster Care Providers in Florida”, found that 26.6% of children across all types of substitute care settings had serious behavior problems, which means that , based on that percentage, 1,067 of the children assessed would require placement in residential group care.

That same study found that only 50% of children in residential facilities had severe behavior problems. Based on an estimated 1,532 new admissions to residential group care (prior to the implementation of Ch. 2001-68, L.O.F. and because children with severe behavioral problems are estimated to require longer lengths of stay, it is estimated that only 25% of the existing 1,532 residential group care beds, or 383, will be available to serve the additional need created by this legislation.

For Fiscal Year 01-02, an estimated number of 219 beds will be established in the districts designated to receive services under Ch. 2001-68, L.O.F., and since the funding for these beds is included in the department’s appropriation base, that total can be subtracted from the statewide need for Fiscal Year 02-03.

The bill requires that every fiscal year, beginning with Fiscal Year 2003-2004, the General Appropriations Act include funds in a lump sum in the Administered Funds Program for the department to use in carrying out the privatization of foster care and related services if a community-based provider fails in its contractual responsibilities or engages in financial misconduct. Through the legislative budget process each year, the department may request and the Governor may recommend that funding for this purpose be taken from excess federal earnings. The estimated amount of excess federal earnings required to fund this section of the legislation is \$21 million.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.