

**Indiana Association of Resources & Child Advocacy (IARCA)
and the Indiana Coalition of Family Based Services (Coalition)**

**Position Paper on Home-Based Services Rates
November 2018**

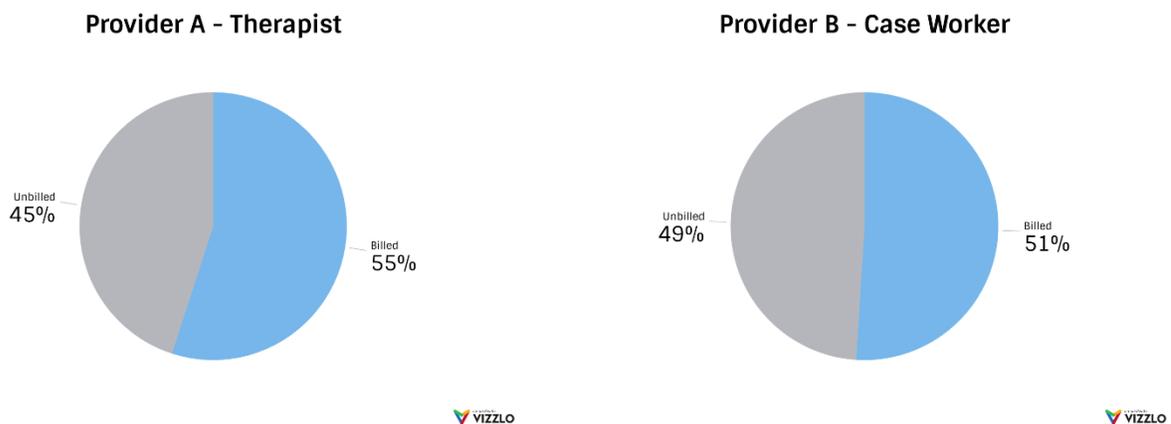
Position: Following the passage of the Family First Prevention Services Act (FFPSA) and the release of the Child Welfare Policy and Practice Group’s *Evaluation of the Department of Child Services*, DCS has a rare opportunity to increase its ability to successfully keep families together and reunite families when temporary separation has been unavoidable. DCS’s partners who work directly with children and families through home-based services are integral to successfully turning these opportunities into better outcomes for children and families.

Home-based service providers who are members of IARCA and/or the Coalition are excited about the increased focus on the services they’ve been providing for decades. Unfortunately, DCS’s existing rates are compromising the ability of these providers to make the necessary investments in personnel and infrastructure that will result in the service capacity that DCS says it wants and that will most benefit children and families.

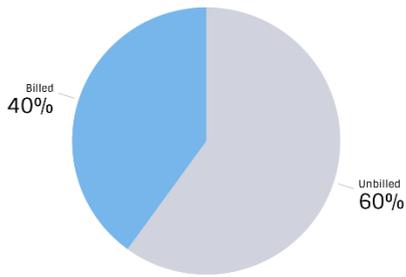
Limitations of current rates: For most of the last decade, DCS has paid substandard wages to its home-based partners. DCS made unilateral and drastic cuts to the 2009 rates in mid-2011. Incrementally seven years, rates for a few services have been restored to 2011 levels. Yet, per the U.S. Bureau of Labor Statistics, inflation alone between 2011 and today has increased costs by 15%. Therefore, these rates represent a 15% decline in real dollars. And, rates for other service are actually less than those set in 2009 - without factoring in inflation.

In addition to low rates, home-based providers struggle with DCS rate structures that leave a significant amount of required work unbillable. DCS rightfully requires provider staff to participate in training, report writing, supervision, travel, and repeated visits with marginally engaged clients but then fails to cover related costs.

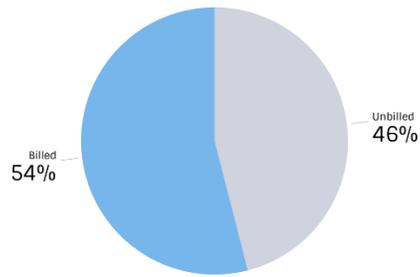
Four Indiana agencies analyzed time their staff spent on required tasks that they could bill for vs required/necessary tasks that could not be billed. In each, the agencies were unable to bill for a significant amount of time a staff member spent working:



Provider C - Case Worker



Provider D - Therapist



Your home-based partners are doing everything they can to stretch the revenue from these rates and this rate structure so that they can fulfill their organizational missions to serve children and families. However, these rates are inadequate in many cases to cover the basic cost of providing contracted services. In those cases, non-profit partners are losing money providing vital services for Indiana's children and families and are making up that short-fall through private fundraising. As you know, private dollars are difficult to raise, fluctuate from year-to-year, and are generally leveraged to pay for services and support that DCS does not cover. Forcing your partners to instead use these funds to underwrite DCS mandated services is neither sustainable nor strategic.

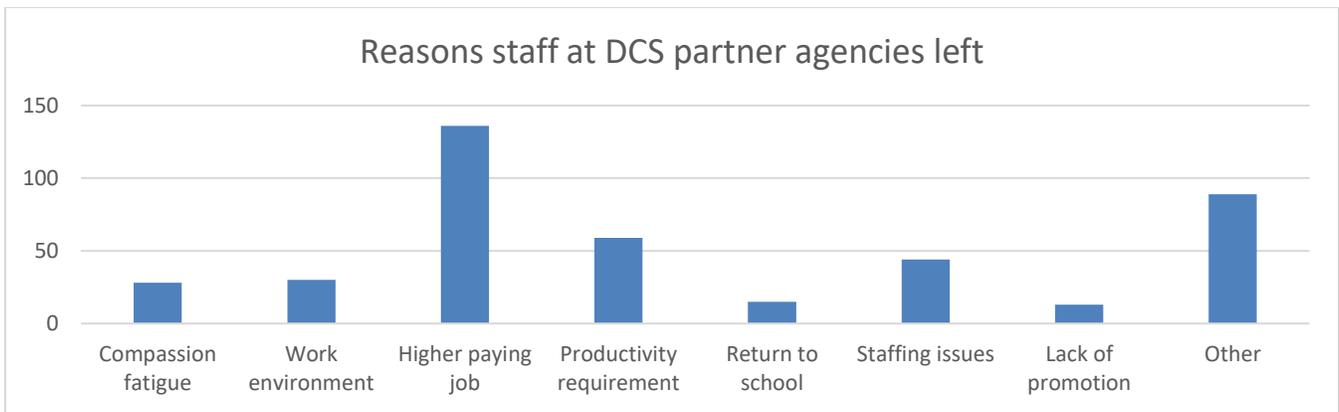
Even when DCS rates cover basic program costs, they are insufficient to provide funds that can be used for investing in capacity building, infrastructure, and innovation in a way that Hoosier children and families need. One shared message of both FFPSA and the CWG evaluation is that Indiana would benefit from keeping more children in their homes with a parent, parents, or other family members. Your home-based partners are your frontline experts in furthering this goal. However, it is unclear how they will expand to meet the increased capacity needs or modify their programming to meet federal reimbursement requirements if they don't have the capital to grow and adapt to changing trends and client needs.

Consequences of Inadequate Rates

DCS's rates have real and measurable effects on your partners statewide. Many home-based providers are facing significant institutional stress as they attempt to balance their commitment to children and families against the flaws in DCS's current rates and rate structure. Providers struggle to keep staff on the job and working effectively, build systems – including technological systems – with few resources, and create and adopt innovative interventions that meet existing and emerging needs and mandates. For example:

A. Staffing

The decline in real value of DCS's rates has resulted in DCS's home-based partners freezing wages or only offering minimal cost of living adjustments. This means that DCS partners have a difficult time rewarding staff as they develop new skills or increase their effectiveness in serving and supporting youth. As a result, turnover, especially of highly trained staff, is a constant challenge.



IARCA and the Coalition surveyed thirty-three home-based providers in preparation for this paper. We found that only a small number of employees who have left those agencies in the last year did so because of compassion fatigue or the general work environment. Far outpacing those reasons was the attraction of higher paying jobs, staffing issues, and the productivity requirements that low rates have forced on providers.

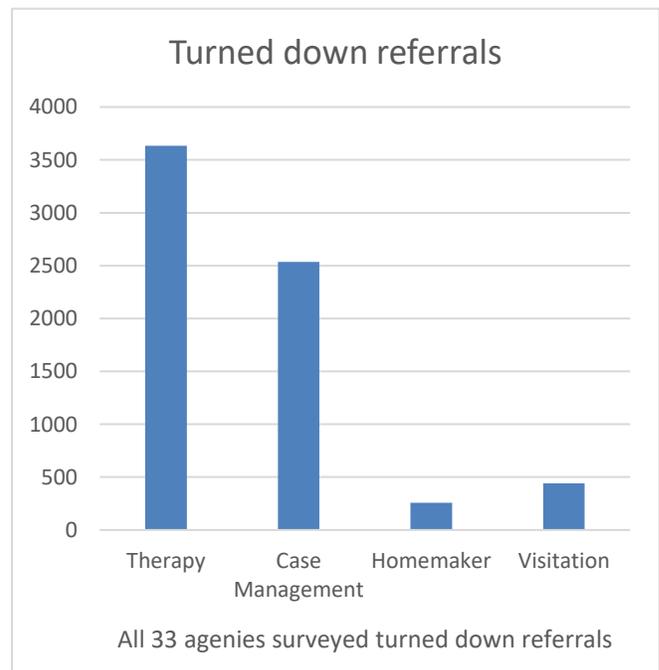
One reason for this turnover is that starting pay at your partner agencies is falling further and further below market. At a time when the demand for trained social workers is increasing across fields (for example, health care and insurance, k-12 education, and juvenile justice), DCS’s partners are less able than ever before to aggressively compete for employees.

DCS’s partners continue to attract talent because of the power of their missions and efforts to create welcoming work environments. However, they are able to attract less talent than the field needs at this crucial point.

B. Reduction in Services

Similar to last year, our survey found that - because of a lack of capacity - agencies turned down referrals, reduced services, and eliminated service areas. If DCS is going to meet its goals of keeping more children in homes with relatives rather than in foster care, you have to invest in the professionals and agencies who are going to help you meet that goal. DCS will not be able to expand the effectiveness of its home-based systems if its partners are continually turning down referrals and contracting instead of expanding.

As you can see, all thirty-three agencies who completed the survey turned away referrals last year. Not surprisingly, home-based therapy led the list with the most overall turn aways (3,635). As you would expect, under-resourced agencies struggle to fill positions that require in-demand professionals. But even home-based case

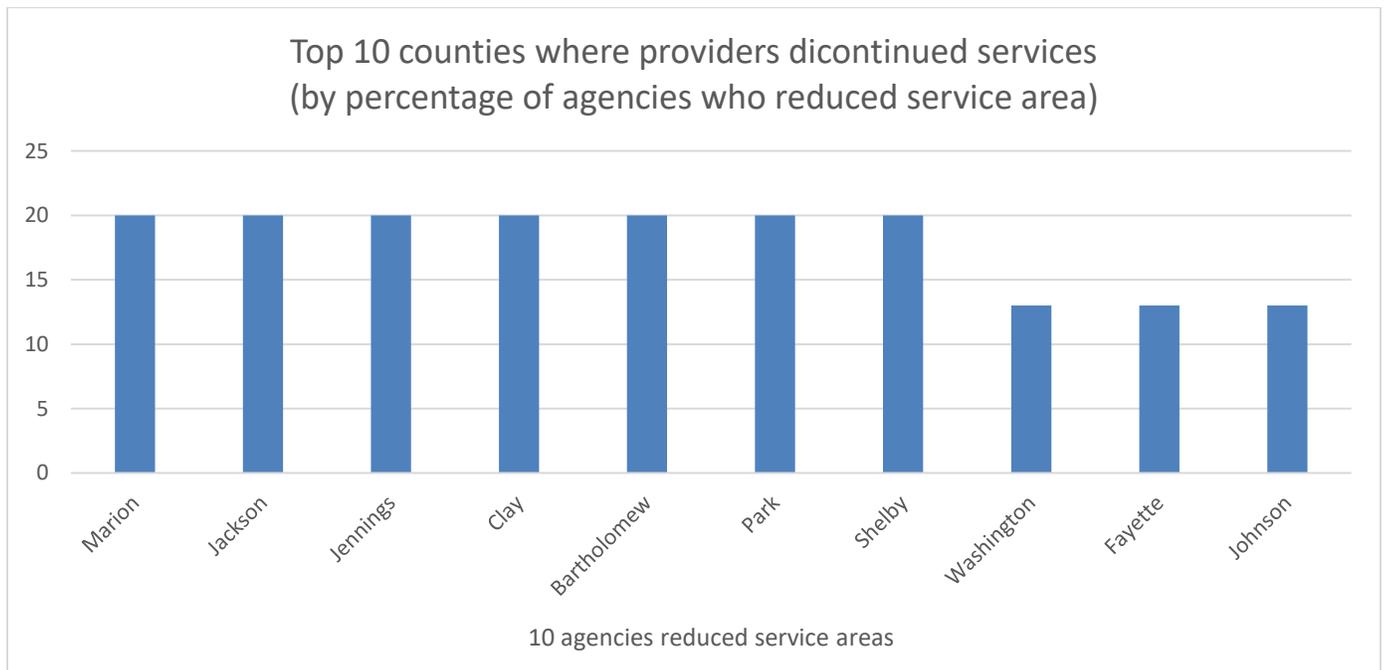
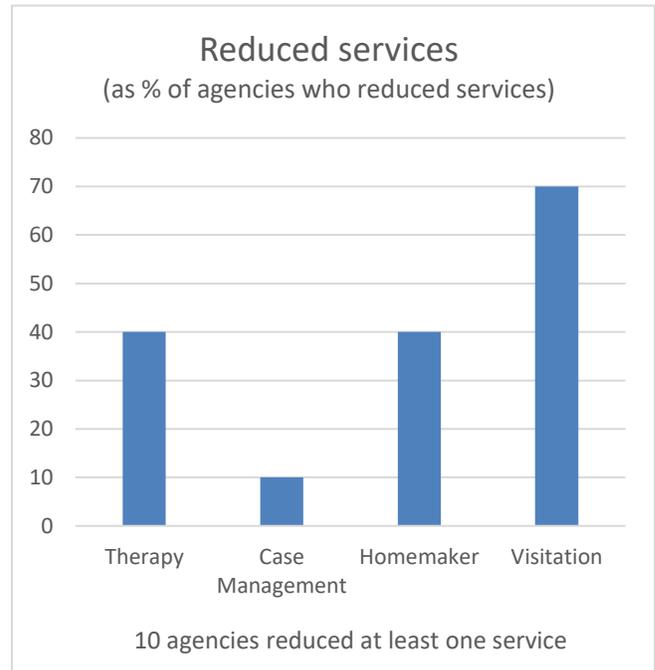


management saw more than 2,500 turn aways despite the larger pool of potential employees who can successfully conduct the core duties of this position. DCS will not be able to meaningfully expand into prevention services if the partners it needs to provide those services are already working at close to their maximum capacity.

Agencies not only had to turn away clients, some also reduced services. Above, nearly a third of the agencies that responded to the survey saw some service reduction. Seventy percent of them reduced visitation services. Again, this makes sense, as visitation rates are still below the rates for the same service in 2011.

And that service reduction did not affect the state equally. As you can see below, seven counties lost at least four providers each.

Appropriate investments in your home-based partners can reverse these trends and provide DCS with the capacity and reach it wants to leverage the CWG recommendations and FFPSA opportunities for the benefit of children and families statewide.



C. Deferment of Investment

At the same time, providers have had to defer or significantly pair down investments in infrastructure and innovation – exactly the kind of investments DCS needs providers to be making in order to respond to changing landscapes. These cost savings measures hit some of the smallest, most locally focused

agencies the hardest. As DCS enters the next few years, it needs partners who have significant connections to the communities they serve and who are able to modify existing, and add new, programs. DCS's current rates and rate structure does not allow for this in most cases.

As a result, many DCS partners are unable to pilot innovative programs or take chances on evidence based programs that have proven effective elsewhere because there simply isn't capital to fund these common-sense but unattainable initiatives. What operating capital may be available is generally used on necessary IT or physical improvements – many of which have been deferred over the last five or more years when funds were unavailable.

Recommendations

While this paper highlights a number of challenges DCS's rates and rate structure create for providers, there is good news to share too. DCS has a large number of talented, effective home-based partners who share its goal of serving and supporting Indiana's children and families – and increasing the number of children who have the resources they need to stay in a home with their families. The fact that so many providers continue to deliver life changing services despite the difficulties outlined above is proof of this.

To do that, DCS's partner agencies must be better resourced. Here are two common-sense steps DCS can take to provide those resources:

A. Increase rates

The simplest way to address many of the challenges outlined in this paper is to increase rates across the board for home-based programs. Simply comparing 2018 rates to 2011 rates makes clear that DCS is underfunding its home-based services. IARCA and the Coalition welcome a collaborative rate adjustment process to recalibrate rates so that DCS can support the kinds of services it wants for our state's children and families.

B. Provide payment for tasks that are currently unpaid

As outlined above, DCS's home-based partners are required to spend significant amounts of time on required, necessary tasks that are not billable. At one time, the hourly rate for services was supposed to be inclusive of these tasks. However, that intent has not been realized in many years.

As a result, the true value of DCS's "hourly rate" is greatly diminished. DCS can remedy this problem by assigning set rates to the tasks that are not currently billable. As an example, DCS can pay a set amount for properly completed, required progress reports. By paying for these routine tasks with a set amount, DCS can promote efficiency and also have the ability to deny payment for reports, or other tasks, that are not properly completed. DCS already does this in other programs and can incorporate it into its home-based standards as well.

Conclusion

DCS's home-based partners stand ready to help you achieve your goals of leveraging the CWG recommendations and opportunities created by FFPSA to strengthen families of origin and help reunify children when temporary separation is necessary. These agencies were built to provide services and

support to children and families in need; your goals align with their missions. In order to best accomplish your goals, though, home-based agencies need to be appropriately compensated for their work so they can attract and retain the best talent, build strong organizations, and invest in creative and effective solutions to long-standing challenges.