

**Shelter Care Rate Setting
Final Report**

Prepared for:

**New Jersey Department of Human Services
Division of Youth and Family Services**

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Introduction and Background

During 1998, the New Jersey Division of Youth and Family Services (DYFS) began an effort to rationalize its out-of-home care rate-setting system. In actuality, there were several such systems, one for DYFS foster homes, one for contracted foster homes, one for shelter care and so on. While each of these systems had originally provided a realistic means of reimbursing the type of care for which it was designed, each had also experienced a variety of *ad hoc* changes over the years in response to ever-changing client populations and the evolving needs and capacities of providers. The nearly inevitable results were a growing disparity between the services purchased and the needs of the population to be served, as well as a sense that some providers were reimbursed less adequately than others.

The initial effort to change this situation focused on DYFS foster homes. Working with Hornby Zeller Associates, Inc. (HZA), a national consulting firm specializing in child welfare management issues, in 1999 DYFS introduced a new mechanism for reimbursing foster parents which tied basic rates to the US Department of Agriculture's estimates of the costs of raising a child and calculated enhanced rates for children with special needs on the basis of the additional time and costs incurred by foster parents in addressing those needs.

During the first half of 2000, DYFS turned its attention to shelter care facilities. These are facilities where DYFS places children on a short term basis, either when they are first removed from their homes, or at later points when the child needs to change his or her location but a new placement cannot be identified immediately.

In July of 2000, HZA proposed a new rate-setting structure for shelter care facilities to the New Jersey Division of Youth and Family Services (DYFS). This structure was designed:

- To be equitable and rational;
- To remain cost neutral in relation to state costs;
- To ensure that all facilities receive at least their current level of reimbursement; and
- To maximize federal revenue.

The basic structure proposed envisioned separate rate calculations for each of four components: administration and basic care, case management, child supervision and enhanced intervention. Each of the calculations rested, at least in part, on averaging costs as shown in existing cost reports submitted by the facilities, but also in part on creating a standard model of shelter care service

which would better define what DYFS was paying for and make it more consistent across providers.

After an initial review of the proposal with Division staff, HZA presented the proposal to representatives of the Garden State Coalition for Youth and Family Concerns. The coalition offered to work with DYFS and HZA on revising the proposal to better meet the actual costs incurred by providers. HZA was asked to work with a committee comprised of representatives from DYFS and the coalition to continue the rate setting process. Four meetings were held between December of 2000 and May of 2001 to discuss the issues that had been identified, the rate components and the models to be utilized to set the rate for each component.

During the first meeting, the following objectives for the project were agreed upon:

1. An equitable and rational rate setting system;
2. Cost neutral (state funds) implementation;
3. Maximization of federal revenue (Title IV-E and possibly Medicaid);
4. A guarantee that no shelter program would lose funding;
5. An increase in the quality of care provided; and
6. Promotion of the appropriate use of shelter care and timely movement of children to a more stable placement.

During February, HZA conducted site visits to seven shelter programs of differing sizes, located in all four regions and representing both county operated and private programs. HZA then developed a cost reporting survey and presented it to the workgroup for review. After the survey was finalized, representatives from the private agencies were trained and asked to complete the survey to provide HZA with current cost data.

DYFS also provided HZA with additional background information that included contracts and program descriptions for the shelter care programs, as well as current and proposed regulations related to shelter care.

Rate Components

The initial task of the workgroup was to break down the overall shelter care rate into components and develop a model to be used in determining the rate for each. The components were examined separately because each might require a different method of calculation. The following list of rate components was developed by the workgroup for consideration in the rate setting process:

- Administration
- Building and Facilities
- Basic Care
- Supervision
- Case Management
- Medical
- Education
- Intervention

In the system eventually developed, the administration and building and facilities components were merged.

Rate Models

In developing its rate-setting structures, HZA begins with an array of three types of models. These are:

- Outcome or performance based models;
- Average cost models; and
- Model program models.

An outcome or performance based model is one in which the reimbursement received by the contractor depends, in part or in whole, on the actual results achieved, generally defined in terms of positive outcomes for the children served. The average cost model is based on the actual costs the contracting agencies incur in aggregate for that particular component, regardless of success or failure. The model program model focuses on the structure of the organization and/or the services which are to be provided and pays on the basis of what it *should cost* to provide an adequate level of service. The program parameters resulting from the model program are not necessarily mandated on the agencies, but rather form the basis for calculating their reimbursement.

These models can be employed individually or in combination to set the rate for the various cost components. For example, a model program could be developed for case management that identifies the number of hours per week per child required of a BSW level social worker and the desired salary for that person. In the same example, the number of hours could be identified by the model program, but the salary paid could be defined by the average BSW salary across all shelter care agencies.

When using the average cost model, the decision must be made as to which agencies to include in the average. Due to factors such as economies of scale,

many of the cost categories vary by the size of the shelter program. For that reason, the agencies have been divided into four groups for rate setting purposes, as shown in Table 1.

Table 1 – Shelter Size Groupings

| Size of Program | Shelter Capacity |
|-----------------|------------------|
| Small | Up to 7 |
| Medium | 8 – 12 |
| Large | 13 – 18 |
| Extra Large | 19 – 24 |

Based on the data received in the cost reports, the average for some categories is calculated using only the agencies within the shelter size group. Other costs do not vary by agency size, and in those cases one average cost is calculated for all agencies.

Staffing

HZA obtained information in the cost report survey about the staffing complement of each agency. While each shelter in New Jersey is unique in the number of staff employed and the manner in which they are utilized to meet the agency's responsibilities, HZA identified a core group of positions employed at most shelters. In developing the model program designs for the four sizes of shelters, the following positions are utilized:

- Administrator
- Clerical
- Social Worker
- Supervisor/Lead Child Care Worker
- Child Care Worker

Shelters are not required to structure their staffing patterns in a manner identical to the model, but the model has been designed to provide a level of staffing sufficient to meet the needs of children in shelter care and is used in determining the rate which will be paid. In the case of child care staff, the model is designed to provide a supervision ratio of one staff for every six children during waking hours.

Rate Setting Methodology

In order to arrive at the final rate for each agency, the costs for each of the rate components must first be determined. The following sections of this report address each of the rate components individually. Total annual costs for administration, supervision and case management for shelters in each size group are determined. A daily per child rate for basic care and a rate for additional intervention services are developed. Finally, the methodology for combining the various rate components into one per diem rate for each agency is presented.

Administration

Costs in this category are those associated with the general operation of the agency and include general administrative expenses, plant operation and maintenance and the costs of the use of capital assets.

A model program model is used to determine the number of administrative staff positions to be included in the rate. An average cost model is used to determine the fringe benefit rate, non-personnel administrative costs and facility costs. Facility costs are averaged within each size group; fringe benefit rate and non-personnel administrative costs are averaged across all shelter agencies.

The number of administrative positions included in the model for each shelter size group is shown in Table 2.

Table 2 – Administrative Staff Positions

| Positions | Shelter Capacity | | | |
|---------------|------------------|------|-------|-------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Administrator | 0.5 | 1 | 1 | 1 |
| Clerical | 0.5 | 1 | 1 | 1 |

Average salaries for administrators and clerical staff are used to calculate average salary costs for each of the four shelter size groups. The average fringe benefits rate for all shelter agencies responding to the survey is 20.5 percent. This rate is added to the salary costs to determine the total administrative personnel costs. The average of the administrative non-personnel costs for all shelter agencies was determined after eliminating the agencies with the single largest and smallest amounts. Facility costs are the average for all shelters within each size group. Total administrative costs included in the rate model for each size group are shown in Table 3.

Table 3 – Administrative Costs

| Positions | Shelter Capacity | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Administrator @ \$51,917 | \$25,959 | \$51,917 | \$51,917 | \$51,917 |
| Clerical @ \$24,835 | \$12,418 | \$24,835 | \$24,835 | \$24,835 |
| Administrative Salaries | \$38,377 | \$76,752 | \$76,752 | \$76,752 |
| Fringe Benefits @ 20.5% | \$ 7,867 | \$15,734 | \$15,734 | \$15,734 |
| Administrative Personnel Cost | \$46,244 | \$92,486 | \$92,486 | \$92,486 |
| Administrative Non-Personnel | \$44,216 | \$44,216 | \$44,216 | \$44,216 |
| Facility | \$38,113 | \$50,499 | \$83,483 | \$92,485 |
| Total Administration | \$128,573 | \$187,201 | \$220,185 | \$229,187 |

Supervision

The supervision component of the rate is developed using a model program model, and is designed to conform to staffing ratios of one staff person for every six children with a minimum of two staff on duty when children are present. Table 4 shows a full week of child care staffing levels with each day divided into three shifts. The AM shift represents an eight hour period that would typically extend from approximately 8:00 a.m. to 4:00 p.m. It is assumed that most children would be attending school for most of this period of time. It is also assumed that other staff, such as an administrator or social worker, would be present during these hours. For those reasons, one child care worker is included in the model during this shift on Monday through Friday to supervise children not attending school.

The PM shift represents an eight hour period that would typically extend from approximately 4:00 p.m. until 12:00 a.m. This period of time, together with the AM shift on Saturdays and Sundays, requires a full complement of child care staff sufficient to satisfy the supervisory ratio of one staff for every six children. During this time period most children would be present in the program and most other staff would not be present at the facility.

The night shift represents an eight hour period that would typically extend from 12:00 a.m. until 8:00 a.m. During the majority of this time period, children will be asleep. Regulations allow for one staff person to be present and asleep if another staff person is awake. Shelters have reported that many schedule only staff who remain awake during the overnight shift, and those that do schedule staff to be sleeping pay them at the full hourly rate. For this reason, the model does not differentiate between awake and non-awake staff.

The table below represents the number of staff persons included in the model for each shift during the week for each shelter size group. Where shifts are

represented on the table by a letter, the number of staff for that shift is displayed in the lower portion of the table for each shelter size group. For example, during the PM shift, the number of child care staff included in the model is represented by the letter "A." The lower portion of the table shows that for small and medium shelters, the number of staff included is two, for large shelters the number included is three, and for extra large shelters the number included is four.

Table 4 – Child Care Staffing Levels

| | Sun | Mon | Tues | Wed | Thur | Fri | Sat |
|-----------|------------------|------|-------|-------|------|-----|-----|
| AM | A | 1 | 1 | 1 | 1 | 1 | A |
| PM | A | A | A | A | A | A | A |
| Night | B | B | B | B | B | B | B |
| Positions | Shelter Capacity | | | | | | |
| | Up to 7 | 8-12 | 13-18 | 19-24 | | | |
| A | 2 | 2 | 3 | 4 | | | |
| B | 2 | 2 | 2 | 3 | | | |

Based on this schedule, the total number of child care staff was calculated. For larger shelters, it is recognized that the larger number of child care staff will require supervision and direction. For that reason, some of the positions are designated as supervisor/lead child care worker. In calculating the number of staff to include in the rate, additional positions or fractions of positions were included to account for vacation, holiday, sick and other leave time when staff would be paid but not present to supervise children. Table 5 shows the number of positions included in the model for each shelter size group.

Table 5 – Number of Child Care Staff Positions

| Positions | Shelter Capacity | | | |
|-----------------------------------|------------------|------|-------|-------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Lead Child Care Worker/Supervisor | 0 | 1 | 2 | 2 |
| Child Care Worker (FTE's) | 8 | 7 | 9 | 11.5 |

The cost of the supervision component is calculated by multiplying the number of staff required for each position by the salary rate. The model utilizes the midpoint of the New Jersey salary scale for child care staff at state facilities. Table 6 shows the total costs of supervision, including salary and fringe benefits, for each shelter size group.

Table 6 – Supervision Personnel Costs

| | Shelter Capacity | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Lead CCW/Supervisor @ \$32,655 | \$0 | \$32,655 | \$65,310 | \$65,310 |
| Child Care Worker @ \$28,316 | \$226,528 | \$198,212 | \$254,844 | \$325,634 |
| Supervision Salaries | \$226,528 | \$230,867 | \$320,154 | \$390,944 |
| Fringe Benefits @ 20.5% | \$46,438 | \$47,328 | \$65,632 | \$80,144 |
| Total | \$272,966 | \$278,195 | \$385,786 | \$471,088 |

Case Management

Case management includes those functions related to case planning, case coordination, and case monitoring. It does not include the direct delivery of treatment or therapeutic services. Examples of specific case management activities include developing and documenting service plans, arranging for the provision of direct services by others, arranging for family visits, and contacts with other service providers or DYFS staff.

The case management component is developed using a model program model. The number of full time equivalent (FTE) case manager positions is shown in the table below. The model is designed so that the case load for each case manager is approximately twelve children. It is recognized that due to the temporary nature of shelter care, and the fact that children are often placed in shelter care as a result of some type of crisis, the level of case management activity required is higher than in many other types of placements.

Table 7 – Number of Case Management Positions

| | Shelter Capacity | | | |
|----------------------|------------------|------|-------|-------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Case Manager (FTE's) | 0.5 | 1 | 1.5 | 2 |

The cost of the case management component is derived by multiplying the number of case manager FTE's by the salary rate. The model utilizes Step 3 for a Family Service Specialist on the DYFS salary scale. Table 8 shows the total costs of case management, including salary and fringe benefits, for each shelter size group.

Table 8 – Case Management Personnel Costs

| | | Shelter Capacity | | | |
|-----------------|------------|------------------|-----------------|-----------------|-----------------|
| | | Up to 7 | 8-12 | 13-18 | 19-24 |
| Social Worker | @ \$36,158 | \$18,079 | \$36,158 | \$54,237 | \$72,316 |
| Fringe Benefits | | \$3,706 | \$7,412 | \$11,119 | \$14,825 |
| Total | | \$21,785 | \$43,570 | \$65,356 | \$87,141 |

Basic Care

Basic care costs include those associated with providing for the basic needs of the child, including food, linens, laundry, housekeeping, clothing, personal needs, recreation, transportation, and allowance.

The basic care component of the rate was developed using the average costs. While there was some variation in the basic care cost among the shelter programs, there was no pattern to that variation based on the size of the shelter or between county-run and private shelters. For that reason, the basic care rate component is calculated at the average cost across all shelter programs of \$10.50 per day per child.

Medical

Shelter programs have a responsibility to ensure that each child's health needs are met adequately and promptly. This includes providing for routine and emergency needs through agency or community resources. The analysis of the cost report survey shows that this responsibility is generally met by child care staff in the course of their daily duties. Total reported staff hours devoted to medical activity in all agencies amounted to five minutes per week per child. Sixty-seven percent of shelters reported no medical activity hours by their staff.

The direct costs of routine and emergency treatment should be provided by Medicaid or third party insurance in most cases. Sixty-seven percent of shelters reported \$0 total non-personnel medical costs, and all shelters reported \$0 extraordinary medical services.

Therefore, for rate setting purposes, personnel and non-personnel costs associated with addressing the routine and emergency medical needs of children are considered part of the basic care and supervision of children in the shelter and are not broken out as a separate rate component.

Education

Shelter programs also have a responsibility to ensure that each child receives a minimum educational program. These educational services are currently being delivered in three different ways.

1. The child attends his/her home or local school.
2. The child attends an educational program delivered at the shelter facility by employees of the local public educational entity.
3. The child attends an educational program delivered by employees of the shelter program.

Four of fifteen reporting agencies indicated that employees of their shelter provide classroom instructional services to children. Six of fifteen reported staff time related to activities dealing with children's education. The child care staff positions reported an average of one hour of educational activity per week, but this is assumed to be related to helping children with homework or other related tasks as part of their responsibilities for basic care and supervision.

While the advantages and disadvantages of a child attending a full time educational program at the shelter facility site can be debated, the appropriate source of funding for this service is clear. Child welfare funds are not intended to provide a service that is the responsibility of another public entity to fund. Both current and proposed shelter regulations contain requirements that the shelter program access the public education system for delivery of this service. Therefore, no educational component has been included in the overall shelter care rate.

Intervention

Intervention is defined as therapeutic or treatment service that includes such activities as individual, group or family therapy conducted in a structured setting by a credentialed therapist. Some shelter programs in New Jersey meet the therapeutic needs of children by accessing community based services, some provide the service using agency staff, and some use both methods.

Each child's need for intervention services is unique and also changes over time. Rather than include intervention services as a component of the overall rate, this system has been designed so that an individualized plan for intervention can be developed for each child. The number of weekly hours of intervention services would be determined, and an additional amount of \$7.15 would be added to the daily rate for each weekly hour of service to be delivered. This amount is based on the New Jersey hourly rate paid for psychological/therapeutic services for

individual counseling paid to an MSW of \$50.05. The hourly rate is divided by seven so that it can be added to the per diem paid for the child. An alternative to making the payment part of the total per diem would be for shelters to provide all intervention services on a fee-for-service basis, billing DYFS for each hour of treatment service actually provided. Under this type of system, DYFS should require prior authorization for any treatment services that it would fund.

Computing the Rate

The rate for the child is determined by combining the various total cost components based on the size of the agency and dividing them by 365 to determine the daily total cost, as shown in Table 9.

Table 9 – Daily Total Cost

| | Shelter Capacity | | | |
|-----------------------------|------------------|----------------|----------------|----------------|
| | Up to 7 | 8-12 | 13-18 | 19-24 |
| Administration and Facility | \$128,573 | \$187,201 | \$220,185 | \$229,187 |
| Supervision | \$272,966 | \$278,195 | \$385,786 | \$471,088 |
| Case Management | \$21,785 | \$43,570 | \$65,356 | \$87,141 |
| Total | \$423,324 | \$508,966 | \$671,326 | \$787,415 |
| Daily Total | \$1,160 | \$1,394 | \$1,839 | \$2,157 |

The proposed system is designed to fund shelter programs at a 90% utilization level. This means that a shelter is assumed to have an average daily population that is 90% of its capacity. In order to calculate a per diem that reflects this utilization level, the daily total cost is divided by the agency's capacity multiplied by 0.9.

For example, a shelter with a capacity of 10 is in the medium size category. The shelter would multiply its capacity of 10 by 0.9. The result of 9 represents their average daily population when operating at 90% utilization. The daily rate per child is then arrived at by dividing \$1,394 by 9, resulting in a per child rate of \$154.89.

The basic care amount of \$10.50 is added to the daily total, together with the amount for any intervention services. In the previous example, assuming no intervention services, the total per diem at the shelter with a capacity of 10 would be \$165.39. For each weekly hour of intervention service to be provided for the child, the per diem rate would be increased by \$7.15.

Fiscal Impact

In examining the fiscal impact of changing the funding of shelter programs to the proposed system, information provided on the cost reporting surveys was used. Eleven shelters provided responses to the survey sufficiently detailed for HZA to compare the current and proposed rate structures. Using the total number of reported DYFS care days for 2000 times the cost per child per day, HZA computed the annual costs to DYFS for each of the eleven shelters under the current system. HZA then calculated the per diem under the proposed system for each agency using the reported capacity. The new per diem rate was multiplied by the reported total care days for 2000 to determine the total cost to DYFS. Table 10 shows the results of these calculations.

Table 10 – Cost Comparison of Current and Proposed Rate Structures

| Facility | Capacity | 2000 Bed Days | FY2000 Rate | Current DYFS Cost | New Rate | New DYFS Cost |
|---------------------|----------|---------------|-------------|--------------------|----------|--------------------|
| Anchor House | 12 | 2008 | \$67.23 | \$134,998 | \$139.61 | \$280,344 |
| Atlantic Co. YS | 14 | 1725 | \$63.45 | \$109,451 | \$156.47 | \$269,915 |
| Hunterdon YS | 12 | 1614 | \$63.45 | \$102,408 | \$139.61 | \$225,337 |
| Mercer House | 12 | 3189 | \$63.45 | \$202,342 | \$139.61 | \$445,228 |
| Middlesex Co. | 24 | 8136 | \$63.45 | \$516,229 | \$110.38 | \$898,012 |
| Morris Co. | 13 | 4861 | \$63.45 | \$308,430 | \$129.68 | \$630,384 |
| Newark Transitional | 12 | 2875 | \$96.14 | \$276,403 | \$139.61 | \$401,389 |
| Somerset YS | 16 | 3751 | \$137.50 | \$515,763 | \$138.23 | \$518,485 |
| St. Paul's | 7 | 2364 | \$133.11 | \$314,672 | \$231.84 | \$548,065 |
| Together, Inc. | 14 | 2472 | \$101.45 | \$250,784 | \$156.47 | \$386,799 |
| VOA | 5 | 1726 | \$194.85 | \$336,311 | \$268.23 | \$462,967 |
| Total | | 34,721 | | \$3,067,792 | | \$5,066,924 |

Because intervention costs are not part of the per diem cost under the proposed system, they represent an additional cost to DYFS. HZA reviewed cost report surveys to determine the number of hours of intervention services reported, the nature of those services, and the level of education, certification and licensure of the staff persons providing those services. Of the eleven shelters reporting, three reported no intervention service hours and three others reported only child care staff providing the intervention. A total of 54 hours per week of intervention services that DYFS could reasonably be expected to purchase for an additional fee were reported. Using the proposed rate structure, these hours would represent an additional DYFS cost of \$140,927, none of which is federally reimbursable under Title IV-E.

While DYFS has a federal penetration rate of over 70 percent for its entire foster care program, i.e. 70 percent of the children in out-of-home care are eligible for federal reimbursement, the comparable rate for children in shelter care is about half that level under the current system. Since the shelter population is not substantially different from the rest of the foster care population, one has to assume that the difference lies in the processes and practices used by DYFS to determine eligibility and to file claims. The proposed rate structure eliminates problems that existed with the old system concerning cost reimbursement contracts with providers by establishing a daily rate to be paid for each child. That rate includes components for administration and facility, supervision, case management and basic care costs, all of which are federally reimbursable at a 50 percent rate. Intervention costs are not federally reimbursable under Title IV-E, but under the proposed system they are not included in the basic per diem rate.

In order to compare the federal reimbursement under the current and proposed systems, HZA assumed a current penetration rate of 35 percent and a rate of 70 percent under the proposed system. The Table 11 shows the total costs for children eligible for federal reimbursement, the amount of Title IV-E funds available, and the resulting level of state funds required under the two systems.

Table 11 – Federal Reimbursement Comparison for Current and Proposed Systems

| | Current System | Proposed System |
|----------------------------|----------------|-----------------|
| Total DYFS Cost | \$3,067,792 | \$5,066,924 |
| IV-E Penetration Rate | 35% | 70% |
| Cost for Eligible Children | \$1,073,727 | \$3,546,847 |
| IV-E Reimbursement Rate | 50% | 50% |
| IV-E Revenue | \$536,864 | \$1,773,424 |
| State Funds | \$2,530,928 | \$3,293,501 |
| Intervention Costs | N/A | \$140,927 |
| Total State Funds | \$2,530,928 | \$3,434,428 |

Table 11 shows that it is not possible to implement the full extent of changes developed under the proposed system and still meet the project objective of no increase in state funds expended. There are two possible solutions to this situation – adjusting the models or implementing only a percentage of the proposed increases. The proposed system reflects supervision ratios, salary levels and staff complements that are considered appropriate for the programs. HZA would recommend that DYFS make no adjustment to those parameters but treat them for the present as a goal. In the pursuit of that goal, HZA recommends that each agency receive an increase in its daily per child rate which is consistent with the goal of keeping the system cost neutral in relation to

state funding. This can be accomplished if each agency receives 70 percent of the proposed increase.

Table 12 shows each agency's current and new proposed rates, the new rate adjusted to 70 percent of the proposed new rate, and the total DYFS dollars using the adjusted new rate.

Table 12 – Current Rates, Full New Rates and Adjusted New Rates

| Facility | FY2000 Rate | New Rate | Adjusted New Rate | DYFS Adjusted New Cost |
|---------------------|-------------|----------|-------------------|------------------------|
| Anchor House | \$67.23 | \$139.61 | \$97.73 | \$196,241 |
| Atlantic Co. YS | \$63.45 | \$156.47 | \$109.53 | \$188,940 |
| Hunterdon YS | \$63.45 | \$139.61 | \$97.73 | \$157,736 |
| Mercer House | \$63.45 | \$139.61 | \$97.73 | \$311,660 |
| Middlesex Co. | \$63.45 | \$110.38 | \$77.26 | \$628,608 |
| Morris Co. | \$63.45 | \$129.68 | \$90.78 | \$441,269 |
| Newark Transitional | \$96.14 | \$139.61 | \$97.73 | \$280,973 |
| Somerset YS | \$137.50 | \$138.23 | \$137.50 | \$515,763 |
| St. Paul's | \$133.11 | \$231.84 | \$162.29 | \$383,645 |
| Together, Inc. | \$101.45 | \$156.47 | \$109.53 | \$270,760 |
| VOA | \$194.85 | \$268.23 | \$194.85 | \$336,311 |
| Total | | | | \$3,711,905 |

New rates equal to 70 percent of the full new proposed rate result in a total DYFS cost for these eleven agencies of \$3,698,855. Table 13 shows the rate and amount of federal reimbursement under the current system, the fully implemented proposed system, and the adjusted proposed system for the eleven agencies responding to the cost reporting survey.

Table 13 – Federal Reimbursement and State Funds

| | Current System | Full Proposed System | Adjusted Proposed System |
|----------------------------|----------------|----------------------|--------------------------|
| Total DYFS Cost | \$3,067,792 | \$5,066,924 | \$3,711,905 |
| IV-E Penetration Rate | 35% | 70% | 70% |
| Cost for Eligible Children | \$1,073,727 | \$3,546,847 | \$2,598,333 |
| IV-E Reimbursement Rate | 50% | 50% | 50% |
| IV-E Revenue | \$536,864 | \$1,773,424 | \$1,299,167 |
| State Funds | \$2,530,928 | \$3,293,501 | \$2,412,738 |
| Intervention Costs | N/A | \$140,927 | \$140,927 |
| Total State Funds | \$2,530,928 | \$3,434,428 | \$2,553,665 |

When the new rate for each agency is limited to 70 percent of the full rate represented in the model, state costs remain essentially neutral. No agency receives a reduction in its daily rate per child, and all but two receive an increase. These increases range from \$.00 to \$46.08 with the average being \$20.47.

While the replacement of cost reimbursement contracts is the most important step that can be taken to increase the Title IV-E penetration rate, additional policy or practice changes should also be addressed that can have an impact on reimbursement.

1. Shelters should receive payment for services only upon submission of appropriate attendance data. This policy is in effect for shelters currently receiving per diem payments. Shelters moving to a per diem contract should understand that this procedure is to be strictly enforced. The policy has worked in the foster care system to ensure that children are entered into the system in a relatively accurate and timely manner.
2. Payment to shelters should be prohibited for any case that has gone 30 days without an eligibility determination. This presses the facilities to help enforce documentation procedures that ensure greater federal reimbursements for DYFS, which in turn enriches the rate structure for all facilities.