MAXIMUS

FY 2023 Rate Study of Residential and Foster Care Services

Illinois Department of Children & Family Services
PO23-050

maximus

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Illinois Department of Children and Family Services

Rate Study of Residential and Foster Care Services

The Department of Children and Family Services (DCFS), in accordance with its State plan requires multiple child welfare services in 102 counties. The intent of the DCFS RFP was to solicit for a Statement of Work, to research and review the opportunities for developing potential new rates and rate methodologies using objective, public and privately available data sources, standard administrative cost reports, and provider-reported costs in order to determine the resources necessary to create and maintain a robust continuum of care in Illinois to meet the needs of all youth in the Department's care, including, but not limited to, therapeutic residential placements, evidence -based alternatives to residential care including therapeutic foster care and specialized foster care.

1.1 Executive Summary

Maximus was contracted by DCFS to conduct a Rate Study to ensure the rate structure supports a robust continuum of care, the analysis must include whether the current rates are efficient, cost effective, and allow for the purchase of services at the lowest rate that will ensure compliance with the requirements outlined in 89 Ill. Adm. Code 356 – Rate Setting (Rule 356).

Initial Phase of Project

The key activities performed by our project team in the initial phase:

- Scheduled a kick-off meeting to meet the DCFS project team and obtain a full understanding of the issues. Identified the specific descriptor codes that would be researched for the project.
- Held individual meetings with all the members from the DCFS project team to collect their incites and expectations for the rate study.
- Requested key information needed to complete the project, including the rate setting work files, payment history by program type and the private agency consolidated financial reports (CFR).
- Met with the Rates Administrator to review the historical rate setting procedures by program type and obtained a full understanding of the Performance Based Capacity Rate Approach.

Analyzation Phase of Project

Once the key data elements were provided, we commenced the analysis tasks from our statement of work.

- We began with analysis of the residential programs, including group homes, childcare institutions, independent living options, transitional living programs, and emergency shelters.

- We reviewed the rate history for the residential programs and reviewed their CFR information from FY 2021. We analyzed the provider cost reports to test for Rule 356 reasonableness standards.
- After the initial review of residential programs, we repeated the steps for analyzing the foster care program types and providers.
- Our statement of work included identifying and evaluating additional data sources, which including developing a rate comparison with 11 states, including 6 states identified by DCFS.

Summary Phase of Project

In the summary phase we focused on developing a full understanding of the key issues faced by DCFS.

- During the 18-year period from FY 2002 to FY2019, DCFS issued two rate increases for residential and foster care agencies, once in FY 2007 and then FY 2015. The ability to issue rate increases is determined by the General Assembly and the budget appropriation process.
- Since FY 2020, DCFS has implemented a number of rate increases and incorporated performance contracting for the residential programs. In March of FY 2022, an initiative began to increase hourly rates for private agency direct care staff in line with the State's AFSCME pay scale. The plan began by increasing wages to 80% of the union scale and are attempting to increase it to 90% of the AFSCME pay scale moving forward. This initiative has allowed programs to recruit and retain staff in an exceedingly difficult labor market.
- It has been a long time since DCFS completed a rate development cycle for individual programs based on actual expenses from the CFR reports following the guidelines from Rule 356 for residential programs and foster care programs with individual rates. The most recent rate setting cycles continue to use the reasonableness standards outlined in Rule 356, but the program capacity and child divisor elements of the rate setting have been modified for the Performance Based Residential/Group Home Care rates. Rule 356 (Section 356.50.e) states rates shall be determined on the basis of actual units of service provided or the median utilization for all agencies providing similar services,
- The approach to development of residential rates has become a model-based structure that incorporates the increased pay scale, staffing ratio requirements by shift, it adds the family first initiative, and it utilizes a guaranteed contract capacity that enables programs to maintain their staffing levels even when beds open up due to cases making progress and moving into foster care or returning home.
- Due to filing extensions granted to the providers to complete the annual CFR reports, we evaluated provider cost reports from FY 2021. The State's Grant Accountability and Transparency Unit (GATU) offered a filing extension to complete the CFR due to the COVID pandemic. This situation forced us to analyze the FY 2021 cost reports in our review of Rule 356 impact. The FY 2021 cost reports were impacted by the strange nature of events that occurred during that year due to the pandemic.

- The final focus of the summarization phase was development of the rate comparisons to other states. We were able to develop rate comparisons for eight DCFS program types with 11 states included in our research. We were also able to determine that none of the States we surveyed had a policy that required or suggested they pay a specific hourly rate to their direct care staff.

Summary of Findings

1. The efforts of DCFS to implement substantial pay increases for direct care workers has allowed the private agencies to receive the funding that allows them to hire staff and bring stability and continuity to their programs. Historically program managers would have to increase their pay scale with external or borrowed funds and wait up to 24 months before those investments in staff would get built into the DCFS reimbursement per diem rates. By offering the funds to increase staff pay in their current per diem rates, DCFS has provided the working capital needed to improve the private agency staffing model.

2. One of the key objectives and recommendations of the Illinois Department of Human Services Guidehouse study was to improve the hourly wages of the direct care workers. DCFS had already implemented the increased pay scale prior to the start of the Maximus rate study project. For the other states we surveyed, none of them have implemented a minimum or average hourly rate requirement for direct care workers like DCFS implemented starting in March 2022. We were able to generate a comparison of the hourly rates reported by the US Bureau of Labor Statistics, which are presented later in the report.

3. The quality of the private agency FY 2021 CFR information, especially the reporting of program licensed capacity and actual days of care delivered was less than complete. We had to research and modify some of the licensed capacity and days of care information reported on the CFRs. The utilization information may have become less important due to the change in the rate development cycle and the use of contracted capacity by DCFS. We feel it will be important for DCFS providers to establish a sound annual cost reporting process that allows for DCFS to receive the CFR within 6 months of the fiscal year close, which would be by December 31 of each year.

4. We were able to evaluate the FY 2021 CFR data and how the Rule 356 rate setting rules can impact calculated per diem rates. We focused on the measuring of excess costs by expense category. We have documented that the reasonableness standards for fringe benefits, administration, occupancy and support services do not have a major impact on the level of per diem rates established under Rule 356.

5. The survey of rates for child welfare services in other states went well, we have established rate comparisons for eight different DCFS program types. We compared how Illinois ranked against 11 other states, plus we developed a subset to compare Illinois rates to the six states requested by DCFS. Illinois rates were higher than the average in six of the eight

services.

DCFS Program	Average Daily Rate from Peer States	Illinois Average Daily Rate	$ Variance	% Variance	FY22 Payments by Program Type
Foster: Relative/Traditional CPA (1)	$41.86	$39.69	($2.17)	-5.46%	$204,027,767
Foster: Specialized	$129.94	$160.81	$30.87	19.20%	$111,647,845
Independent Living (ILO) (1)	$81.09	$154.33	$73.24	47.46%	$2,256,975
Transitional Living (TLP) (1)	$151.18	$347.41	$196.23	56.48%	$37,247,162
Group Homes	$356.80	$382.10	$25.30	6.62%	$23,552,689
Institutions / Residential Care Ctr (RCC)	$448.40	$483.38	$34.98	7.24%	$131,680,515
Emergency Shelter (1)	$332.38	$475.95	$143.56	30.16%	$6,269,429
Foster Parent Bd 2023 Pmt - Age 16 to 18 (2)	$711.06	$656.00	($55.06)	-8.39%	n/a
Foster Parent Bd 2024 Pmt - Age 16 to 18 (2)	$738.13	$827.00	$88.87	10.75%	n/a

(1) Only 3 of the 6 peer states presented a Rate for this service.

(2) The Foster Parent Board Payments are Monthly Rates.

6. The providers received an increased per diem in March 2022 and a second increase at the beginning of FY 2023, it should be important for DCFS to collect the FY 2023 CFR in a timely manner in order to research if the rate increases flowed through to the program staff. It will also be important for DCFS to monitor the level of program salaries reported on the FY 2023 CFR in comparison to the approved program salaries in the rate calculations. If programs were short staffed during the March to July 2022 period, they may have had a challenging time staffing up to the levels built into their higher rates, due to the limited time frame and the labor market situation.

7. As written in the original RFP, the primary goal for this study was to determine if DCFS needed an updated approach to:

> “developing potential new rates and rate methodologies using objective, public and privately available data sources, standard administrative cost reports, and provider-reported costs in order to determine the resources necessary to create and maintain a robust continuum of care in Illinois to meet the needs of all youth in the Department’s care, including, but not limited to, therapeutic residential placements, evidence -based alternatives to residential care including therapeutic foster care, specialized foster care, community supports for youth in care who are returned home to parents or guardians, and emergency foster care and emergency shelter care.
>
> The analysis must include whether the current rates are efficient, cost effective, and allow for the purchase of services at the lowest rate that will

ensure compliance with the requirements outlined in 89 Ill. Adm. Code 356 – Rate Setting (Rule 356).”

When we began our study, DCFS had already developed a new approach to rate development that utilized a significant increase in the hourly wages paid to the providers' direct care staff. The new approach factored in required staffing ratios by shift, family first resources for some program types and the most critical aspect was the contracted capacity. The implementation of the new rate calculations allows a program to maintain a required staffing level even when a slot opens up.

The contracted capacity approach prevents a situation where a program manager must lay off workers because of several unoccupied slots. Without the per diem for those two beds, workers might be let go or furloughed and then may not be available to return to work when the slots are filled. The older approach could create a cycle of cost cutting followed by accelerated hiring of untrained staff in a very challenging labor market. The new approach allows for a model with staff retainage leading to more experienced staff operating programs serving DCFS placements.

8. Some of the key objectives of Rule 356 are:

Establish reasonable cost standards or cost controls on certain cost elements, capping admin costs at 20% and limiting the level of fringe benefits to 25% of total salaries. It also establishes an approached to setting limits on the level of occupancy and support services. We will demonstrate in section 1.4 and 1.5 of this report that all of these “reasonableness” measures still have a valid presence in the rate development process. We also demonstrate that most of the programs do not see reduced rates due to the measures of reasonableness.

To establish accurate measures of program utilization on a statewide basis for residential programs. Part of the original intent of Rule 356 was to maintain a handle on utilization to prevent the State from funding under-utilized programs, which the minimum child divisor accomplishes. It is our understanding the current approach chosen by DCFS allows them to reserve residential capacity to help manage caseloads.

The Rule 356 is a guide to arriving at the reimbursement rate to ensure the programs have enough resources to take on the responsibility of managing all DCFS and State of Illinois placements in their care. We believe the Performance Based Capacity Rate contracting enhanced by the increase in level of staff payroll needs to be given a trial period of several years to see if it is a sustainable model.

We believe DCFS could return to a rate development process based on actual costs that utilizes the foundation of Rule 356 while also incorporating the performance based contracting approach to ensure programs can operate efficiently while experiencing fluctuations in their placements and utilization. We are not completely confident the FY 2023 CFR data will show programs were able to staff up to the needed level for the full 12 months. The FY 2024 CFR reporting would allow the providers ample time to meet the staffing requirements built into the rate model.

1.2 Methodology

A kick-off meeting was held with the DCFS Project Team to initiate the project and discuss the key issues to be addressed by the team from Maximus and CW Financial & Management Group.

- Discussion of DCFS Project Vision and keys to the current rates situation
  - DCFS explained their initiative for salary increases for private caseworkers, supervisors, and childcare workers to reduce the public/private salary disparity by raising salaries to 80% of the AFSCME starting point, with a goal of achieving 90% in the future.
  - Timeline for implementation of salary increases was executed in March 2022 and then an additional increase for the July 2022 per diem rate increases.
  - A discussion on the types of programs to be included in the rate study identified the focus of the engagement to be on residential and foster care programs. Several days after the kick-off meeting, DCFS provided the specific Descriptor Codes to be incorporated into the scope of review.
  - We were informed that three TLP and ILO programs were utilizing the Youth Villages Lifeset Model as a pilot program.
- Identify DCFS Project Contacts
  - It was determined that the Associate Chief Financial Officer/Budget Chief would be the primary DCFS point of contact for the project. They managed scheduling for all interviews and focus groups.
- Workplan and Communication Plan
  - It was determined that we would provide bi-weekly updates on our progress. Monthly meetings for the full project were discussed but not confirmed.
  - A discussion about the states to be included in rate comparisons and how it will be a critical aspect of the overall success of the project. We planned to review recent surveys completed by Maximus to determine the best five states for comparison in addition to the six identified in the program plan.
- Identify Key Stakeholder Agencies
  - The Illinois Collaboration on Youth (ICOY) was identified as the representative for most of the Illinois providers. A meeting with ICOY was mentioned but no definitive actions were identified during the kick-off meeting but will be addressed in the future.
  - The Child Welfare Advisory Committee (CWAC) Finance and Administration Services subcommittee (FAS) was identified as the key DCFS work group that addresses service rates.
- Identify available information to include in our analysis.

- We had expected to use the FY22 Consolidated Financial Report (CFR) as the baseline data for our study. However, due to cost reporting extensions offered due to the COVID pandemic, we had to use the FY21 CFR data in our study.
- DCFS committed to providing details on historical provider payments and purchased days of care in the next few weeks. The most recent cycle of rate development was discussed, and it was determined we would meet with the Rate Setting Administrator in the next few weeks.
- The topics of Rate Reviews, Rate Appeals and Excess Revenue were also identified as additional topics for meetings with the Rate Setting Administrator.

- Confirm Measures of Cost effectiveness and Quality Control
  - We discussed the Rule 356 Rate Setting measures of reasonableness.
  - We had as part of our plan considered a review Rate Reviews and Rate Appeal processes, however with the revised performance contracting rate setting approach, these topics were not addressed in our report. Our experience with historical Rate Review and Rate Appeals is they tend to be focused on correcting CFR reporting errors or requesting specific program needs. Neither of these actions are impacted by Rule 356.

Once the kick-off meeting was completed, we identified the key decision points for the project.

Key Decision Points

- The next step in the project was to meet with the Rate Setting Administrator to discuss the following key items:
  1. The timeline of historical rate increases in recent years, including the March 2022 and July 2022 rate increases associated with staff pay adjustments.
  2. A review of the step pay increases to align with AFSCME pay scale.
  3. A review of the staff ratios that impact the amount of FTE's assigned to each impacted job titles.
  4. An explanation of how excess revenue calculations are determined, reviewed, and approved.
  5. A review of the non-residential (foster care) rate setting process.

- DCFS provided a summary of the Descriptor Codes to be included in our Rate Study, separated into Foster Care (FC) and Institutions/Group Homes (IGH) categories.

APPR-ACCT-FY-DATE	2022		
VOUC-REGN-USE-9A_Other	Board		
Vouch_Status	Processed		
Sum of TotalPaid	**AppropTag**		
OBLG_DESC_CODE	**FC**	**IGH**	**Grand Total**
PCD	$ 204,027,767.07		$ 204,027,767.07
MCI		$ 109,375,468.74	$ 109,375,468.74
FCN	$ 46,543,828.28		$ 46,543,828.28
TLP		$ 37,247,162.19	$ 37,247,162.19
FCS	$ 30,330,056.05		$ 30,330,056.05
CCI		$ 22,305,046.33	$ 22,305,046.33
FCE	$ 18,867,797.51		$ 18,867,797.51
AFC	$ 15,906,163.04		$ 15,906,163.04
MCG		$ 14,778,851.69	$ 14,778,851.69
GH		$ 8,312,414.73	$ 8,312,414.73
YES		$ 6,269,428.55	$ 6,269,428.55
ILO		$ 2,256,974.72	$ 2,256,974.72
MGF		$ 461,422.50	$ 461,422.50
Grand Total	**$ 315,675,611.95**	**$ 201,006,769.45**	**$ 516,682,381.40**

- **Project Work plan**

  1. A Project Work Plan was developed that emulated the program plan in the original contract.
  2. After meeting with the Rate Setting Administrator, we planned to interview each of the DCFS managers included in the kick-off meeting individually to obtain their insights into the project.
  3. DCFS identified the survey of other states as a key component of the study since the key hourly pay increases had already been implemented into the rate setting process. The rate increases issued to all residential and foster care programs based on the increased pay levels for program staff happened in the last 2 years and the impact of those increases would not be fully realized in the cost report data we reviewed.

1.3 Develop Plan for Evaluating Programs to Be Analyzed

Maximus began this project by examining key elements of the rate setting environment, how rates are developed, how they are utilized by DCFS in the payment processes and which specific services would be included in our review. The DCFS project team provided us with information that was the key to our initial activities of the project. The information provided included:

- A summary of final FY2021, FY 2022 and FY 2023 (though 6/28) payment history by Descriptor Code by provider
- A history of the annual rate increase percentages and approaches for the past six years
- A caseload tracking report from FY 2018 through FY 2023
- The most current rate calculation models for Residential and Foster Care, along with a full listing of rates

- The CFR's submitted for FY 2021 and FY 2022 CFRs received as of June 2023.

At the beginning of the review, we identified and grouped the descriptor codes used by DCFS. With the summary of payment history, we identified the total number of programs paid and the total FY 2022 payments by program type. The focus of the study will be the descriptor codes associated with Institutions & Group Home (IGH) and Foster Care (FC) services.

For the residential programs, there were three subgroups. The first grouping was Child Care Institutions (CCI) and Medicaid Private Institutions (MCI). The second grouping includes Group Homes (GH), Medicaid Private Group Homes (MCG) and Medicaid Group Home Fee for Service (MCF) programs. The three remaining descriptor codes included in IGH were Independent Living Option (ILO), Transitional Living Programs (TLP), and Youth Emergency Shelter (YES). The table below shows each Residential descriptor code with a detailed description, the number of programs paid and the amount of board payments in FY 2022.

Residential Programs included in Rate Study

Desc	Descriptor Name	Enhanced description	# of Pgms Paid	2022 Board Paid
CCI	Child Care Institution	Licensed residential child care institutions and other residential support service contracts (non-Medicaid)	10	$22,305,046
MCI	Medicaid Pvt Institutions	Licensed residential facilities certified to provide Medicaid services	41	$109,375,469
GH	Group Home	Licensed group home that is exempt from Residential Treatment Outcomes System standards (no Medicaid carve out)	11	$8,312,415
MCG	Medicaid Pvt Grp Homes	Licensed group homes per Child Care Act certified to provide Medicaid services	12	$14,778,852
MGF	Med Gh Fee For Service	Medicaid certified group home--fee for service is method for claiming	1	$461,423
ILO	Independent Living Option	Independent living	15	$2,256,975
TLP	Transitional Living Pgm.	Interim placement when transitioning from residential or group home to independent living program	30	$37,247,162
YES	Youth Emergency Shelters	Residential emergency shelter for youth in care	5	$6,269,429
TOTAL			125	$201,006,769

The descriptor codes that were analyzed for the Foster Care section include Adolescent Foster Care (ACF), Foster Care Exempt (FCE), Foster Care Spec (FCN), Foster Care Spec (FCS), Performance Traditional/HMR Foster Care (PCD). The table below shows the Foster Care descriptor codes with a detailed description, the number of programs paid and the amount of Board payments in FY 2022.

Foster Care Programs included in Rate Study

Desc	Descriptor Name	Enhanced description	# of Pgms Paid	2022 Board Paid
PCD	Performance Traditional - HMR Foster Care	Private Agency Traditional and Home of Relative Foster Care Downstate Agency Performance Contract	46	$204,027,767
FCN	Foster Care Spec (Was Previously Non-Standardized)	Specialized foster care programs with standardized program plan and rates for both medical and mental health/behavioral/developmental delay issues	22	$46,543,828
FCS	Foster Care Spec (Was Previously Non-Standardized)	Specialized foster care with standardized program plan and rates primarily for children and youth with mental health and behavioral issues	29	$30,330,056
FCE	Foster Care Exempt	Foster care-exempt from standardized performance standards	12	$18,867,798
AFC	Adolescent Foster Care	Specialized foster care placement contracts for youth age 12 and above.	13	$15,906,163
TOTAL			122	$315,675,612

A key factor that influences this rate study is the number of children in care. The total statewide caseload by program, as of March 2023, was 17,407 in FC and 1,112 in IGH programs. Caseload numbers have fluctuated over the last six fiscal years. The table below presents the average caseload for FC and IGH over the last six years, the FY 2023 figures below are a 9-month average.

DCFS Caseload by Program

Program	FY 2018	FY 2019	FY2020	FY 2021	FY 2022	FY 2023
FC Regular / HMR	10,975	11,711	13,479	15,181	15,299	14,990
FC Spec / Other	2,350	2,394	2,441	2,589	2,534	2,409
IGH	896	905	913	897	784	751
Independent Living	544	470	423	398	360	346
Shelters	31	19	17	19	26	33
Total Caseload	**14,796**	**15,499**	**17,274**	**19,084**	**19,001**	**18,529**

The caseload presented for FC showed the largest increases in FY 2020 and FY 2021. IGH caseloads have been declining since FY 2020.

1.4 Analyze Residential Programs

The Residential Programs are impacted by several measures of reasonableness within Rule 356 that do not impact the Foster Care programs. Rule 356 is structured to prevent DCFS from paying for underutilized facilities, high physical plant and occupancy costs, and high support services costs. We will review these measures of reasonableness to help determine if the current rates are efficient, cost effective, and allow for the purchase of services at the lowest rate that will ensure compliance with the requirements outlined in 89 Ill. Adm. Code 356 – Rate Setting (Rule 356).

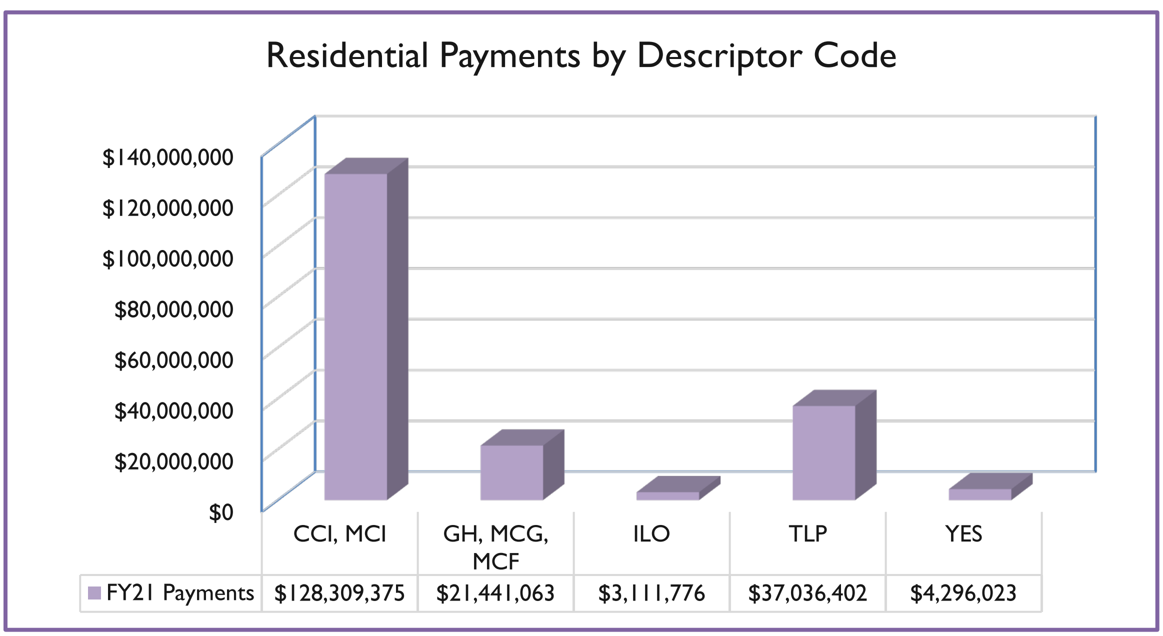
In our initial planned approach, we suggested a review of the impact of Medicaid services delivered through certain descriptor code programs under the Medicaid rule. Since DCFS has incorporated a carve-out approach to Medicaid during the rate development process, we will not focus our efforts on Medicaid services. The Medicaid certified programs understand the requirements for them to meet their required claiming levels to ensure a full recovery of the Medicaid related costs. In our review of other States, we did not see the inclusion of funds for Medicaid or other therapeutic services included in the Title IV-E residential per diem rates in most cases.

Our review of residential programs includes the following actions:

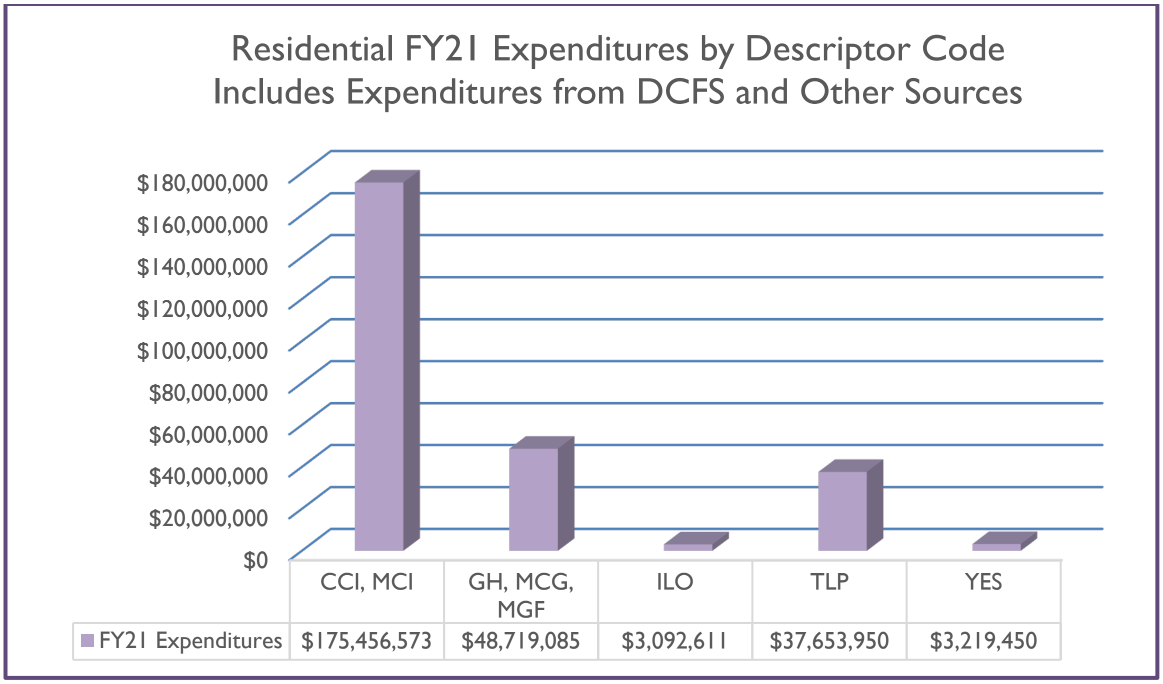
- A review of the DCFS board payments by descriptor code
- A review of the FY 2021 Cost Reports for residential programs
- A review of the residential rate development processes since FY 2020
- An evaluation of whether the annual rate updates are covering the full cost of care in the residential setting
- A review of the other residential programs; ILO, TLP and Emergency Shelters

1.4.1 Residential Payments and Expenditures

Our original proposal assumed there would be data to compare provider payments to program expenditures for the same period. However, due to the pandemic, a cost reporting extension was granted to providers for filing their FY 2022 CFR. Due to the extension, we compared the FY 2021 provider payment information to the FY 2021 CFR data.

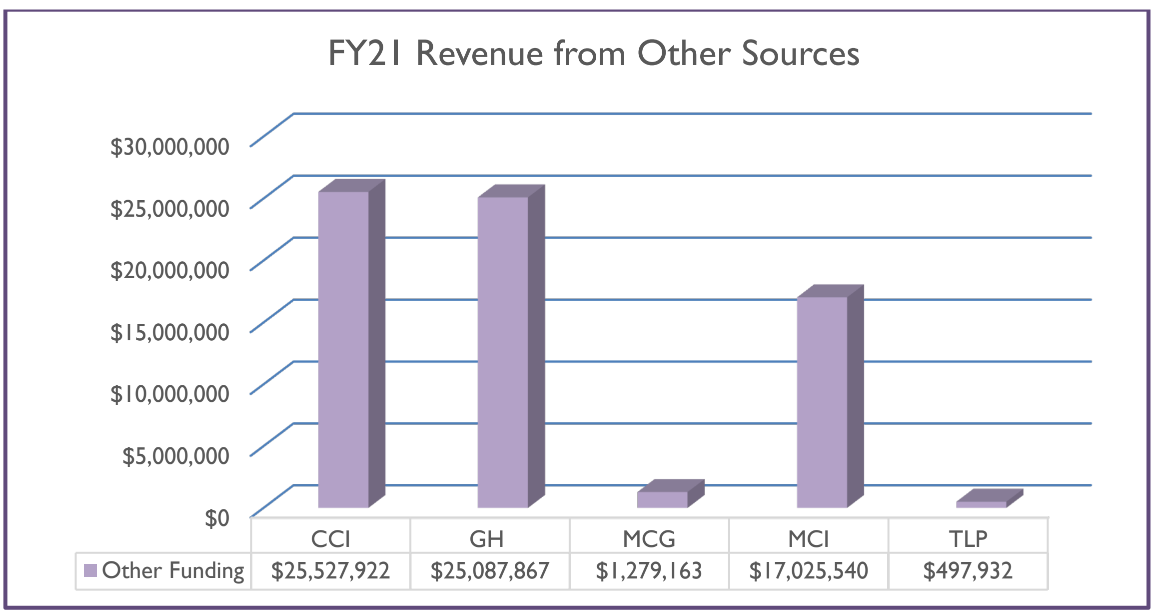


IGH programs received payments from DCFS totaling $194 million in FY 2021, with the CCI & MCI descriptor codes receiving the highest level of payments.



In the 2021 CFR data, total expenditures for residential providers totaled $268 million.

Total reported expenditures on the CFR will be higher than DCFS payments as IGH providers will deliver services to other sources, including other State Agencies, out-of-state and private placements. The table below presents a summary of the non-DCFS revenue reported on the FY 2021 CFRs. The primary source of other funding for IGH was from the Illinois Department of Human Services.



1.4.2 DCFS Rate Setting Rule 356

The Illinois Administrative Code defines the rate setting rules for DCFS. These rules are in Title 89: Social Services, Chapter III: DCFS, Sub Chapter c: Fiscal Administration, Part 356 Rate Setting and is generally referred to as Rule 356. Rule 356 defines the Department's requirements for determining purchase of care rate reimbursements. It also describes certain reporting requirements, audit requirements, defines allowable costs, disallowed costs, cost standards, profit factors, and the relationship between units of service provided and reimbursement rates.

For Residential facilities, reimbursement rates shall be determined based on actual days of care provided, or the median utilization level for all similar providers, whichever is greater. The maximum utilization level that will be used to determine reimbursement rates shall be 98% of licensed or approved program capacity. The median is calculated by determining the utilization for each residential provider and determining the provider utilization in the middle of all residential providers. We have completed the median calculation from the FY 2021 CFRs and will report on that later in this section of the report.

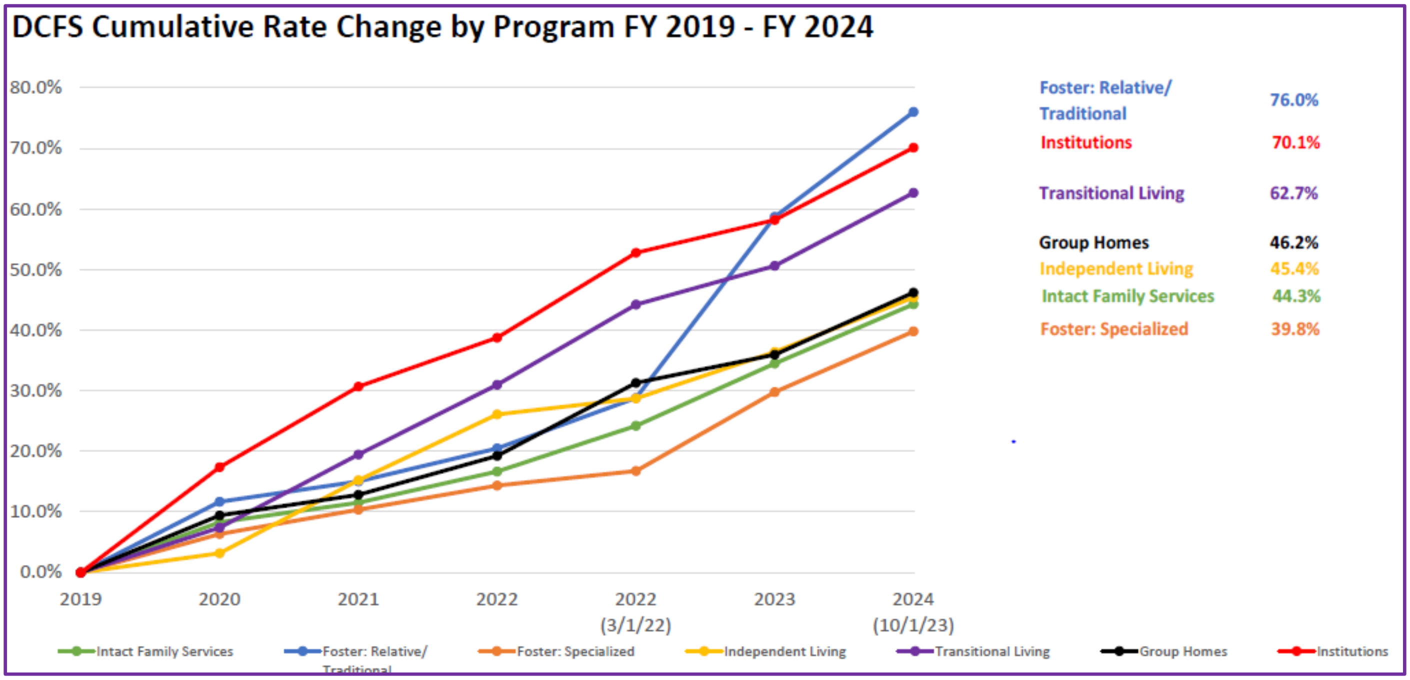
The providers of residential services to DCFS clients have experienced a very turbulent period beginning with the State's budget impasse that occurred from July 1, 2015, to August 31, 2017, Illinois was without a complete state budget for fiscal years 2016, 2017, and part of 2018. Two and a half years later they were faced with the Pandemic and all the challenges that came with that.

Has DCFS stayed in compliance with Rule 356 in recent rate development cycles?

There are sections of Rule 356 that allow DCFS some flexibility in certain areas of rate development, specifically Section 356.30(b)(3) where individual program rates are established for childcare institutions, group homes, independent living arrangements and maternity centers. The approach DCFS used to establish rates in March 2022 and July 2022 for a Performance Based Capacity Rate utilized a 100% divisor for the contracted capacity per diem, which is a minor departure from Rule 356's maximum utilization level of 98%. The 100% divisor results in a slightly lower per diem rate but combined with the guaranteed beds approach it was a benefit for the providers. We will focus on specific areas of the Performance Based Capacity Rate approach in the next sections.

Is DCFS issuing COLA increases vs Rule 356 based rate calculations?

In recent years, DCFS has issued COLA increases as part of the annual rate calculation process rather than utilize an actual cost-based rate development process. Beginning in March 2022, DCFS provided salary increases for multiple program staff positions to bring provider pay closer to the State of Illinois AFSCME contract wages. This new approach would allow providers to offer a higher hourly wage to improve their ability to hire and retain staff. The increases to staff hourly rates were not part of a COLA approach but were factored into a model-based rate calculation driven by new hourly rates and the required staffing ratios for the three daily shifts. The table below shows the percentage increase of the DCFS rates starting in 2019 up through the planned FY 2024 rates. Prior to the FY 2020 rate increase, the previous rate increase was issued in FY 2015. A detailed description of the annual residential rate adjustments is provided below the DCFS table presented below.



Institutions and Group Homes Rate History

<u>**FY 2020**</u>

- 5% COLA plus 0.75% increase to roll the longevity payments into the rate
- Specific Assistance increased to $4.24 for Child Care Institutions and Group Homes based on the 5% COLA on clothing and allowance.
- Rates adopted by other state agencies or out of state agencies, will not receive the COLA; however, these rates will receive the increased $4.24 specific assistance.

<u>**FY 2021**</u>

- 3% COLA
- Specific Assistance increased to $4.37 for Child Care Institutions and Group Homes based on the 3% COLA on clothing and allowance.
- Childcare institution programs are updated to severe model ratios for QRTPs (previously some were moderate)
- Childcare institution programs deemed QRTP ready receive $25.70 to use for Family First readiness, the estimate was based on:

	FTE	Salary	Cost	Divisor	Per Diem
Case Manager / Aftercare Coordinator	2.00	$36,284	$72,568	10,957.50	$6.62
Nurse (Nursing Cost)	1.85	$50,486	$93,399	10,957.50	$8.52
Subtotal Salaries					$15.15
Fringe Benefits/Payroll Taxes				25.0%	$3.79
Subtotal Personnel Costs					$18.93
Training Cost			$19,289	10,957.50	$1.76
Training 30 RTS for 48 hours at $18/hour			$25,920	10,957.50	$2.37
Subtotal Indirect Costs					$23.06
10% MTDC Indirect Costs					$1.89
Total Costs					$24.95
FY2021 CODB				3.00%	$25.70

- Rates adopted by other state agencies or out of state agencies, will not receive the COLA; however, these rates will receive the increased $4.37 specific assistance.

FY 2022

QRTP (CCI/MCI), GH, TLP, ICC, YES

- $1.00 per hour for Child Care Worker Salaries
- 3% on all other Salaries
- Median Caps adjusted for Support and Occupancy (using FY2019 costs)
- Specific Assistance 3%
- Effective Rate of 5.8% increase for Cook & Collar; 5% for Balance of the State

TLP/ILO Elements – 3% COLA (except for Starter Kits)

FY 2022 - March

QRTP (CCI/MCI), GH, TLP, non-performance residential and Shelters

- $3.00 per hour increase for Child Care Worker Salaries ($16.62 to $19.62 per hour)
- Child Care Worker supervisors $42,848 to $46,013
- IGH Effective Rate of 10.07% increase for Cook & Collar; 10.24% for Balance of the State
- TLP Rate increase of 10.03% for Cook & Collar and 10.20% for the balance of the State

FY 2023

- $3.00 per hour increase for Child Care Worker Salaries maintained from March 1, 2022
- Child Care Worker supervisors from $46,013 to $47,827
- Therapist, Intake Worker, and Case Manger increased to the Bachelor salary of $47,827
- Nurse 3% COLA, Other Program staff 12% (based on other increases)
- Support and Occupancy increase based on inflation of 6.4%
- Administration and Fringe increased accordingly based on the changes above.

Note that the FY 2019 CFR data was used to establish the Support Services and Occupancy medians in the FY 2022 rate setting process.

The current DCFS approach is to contract with providers to guarantee a certain number of beds are available for DCFS use. As a result, DCFS guarantees payment to providers for 100% of the contract capacity. A calculated rate based on Rule 356 is still determined for each program for use by other State agencies or for any days of care purchases above the contracted capacity.

Is DCFS using the geographical differential factors as defined by Rule 356?

It has been established for over 30 years in the DCFS residential rate models that there is a geographical difference for Occupancy costs in the measure of reasonableness. The premise has been that the cost of owning and operating facilities in Cook County and the Suburban Collar counties is higher than other parts of the State. DCFS has routinely established a Cook/Collar and Downstate Medians to test Occupancy costs for reasonableness. Support costs, on the other hand, do not present a material difference between different parts of the State and therefore utilizes a single median calculation.

356.50 (f)(3) The reasonable cost standards for support and occupancy costs shall be 120% of the median costs of all similar providers. Providers shall be deemed dissimilar, and subject to an adjusted cost standard if one or more of the following conditions has occurred on or after July 1, 1983:

A) the provider has built an entirely new building used directly by clients of the program,

B) the provider has renovated a building used directly by program clients and the annual depreciation and/or interest costs are $20,000 or more, or

C) the provider has entered a first-time lease for a building used directly by program clients.

If a program qualifies for section 356.50 (f)(3) of Rule 356, the FY 2023 rate development allowed for an additional $7.72 increase to the occupancy per diem. Later in the report when we evaluate the reasonableness measure for occupancy costs, we identified the programs that qualified for the FY 2021 additional $7.05 occupancy per diem and included that in our analysis.

The State of Illinois Consolidated Financial Report – Quality of the FY 2021 data.

A key aspect of our analysis was to focus on the Rule 356 Reasonable Cost Standards, how they are determined and how individual programs are measured against the calculated medians. We encountered a fair amount of incomplete data in our review of the units of service and licensed capacity reported to DCFS on the CFR. For programs that were misreporting their licensed capacity or actual days of care, we researched the rate calculation files provided by DCFS to determine if we could identify correct information on the units of service or licensed capacity. If we could not find additional information in our research, we removed the program from the Median utilization calculation.

Based on the FY 2021 information we deemed to be reliable, we determined the Median utilization for all IGH programs was 84.24%. In our discussion with DCFS, they were aware of the reduced median calculation, we believe the decrease could have been impacted by the pandemic. Section 356.50(e) states, “Reimbursement rates shall be determined on the basis of actual units of service provided or the median utilization for all agencies providing similar services, whichever is greater.” Based on this section of Rule 356, there are three options for the Child Divisor in the rate development process.

- Option 1: If actual utilization is greater than 84.24% and less than 98%, actual days of care will be used as the child divisor.
- Option 2: If actual utilization is less than 84.24%, the child divisor will be based on the licensed capacity times 365.25 times 84.25%.
- Option 3: If actual utilization is greater than 98%, the child divisor will be based on the licensed capacity times 365.25 times 98%.

For the rate calculations completed in March 2022 and July 2022, DCFS used a minimum divisor of 91.5% to determine the per diem rate for use by other Illinois State Agencies. The DCFS performance rate was based on 100% of the program capacity.

In reviewing the CFR data for IGH programs, it became apparent that agencies are not completing the reports in a consistent fashion which made our data analysis more difficult. One area where this was most noticeable was in the reporting of service units, which includes the program’s license capacity and the actual days of care delivered. We encountered instances where the reported license capacity appeared to be entered correctly, but then the days of care delivered also matched the licensed capacity. We would have expected the actual days delivered to be close to the license capacity times 350 to 365 days. To complete our analysis, we attempted to correct the CFR data for any providers where the license capacity or days of care delivered appeared to be entered as less than a full year of service. We made these corrections only to develop the statewide median utilization, we would not attempt to complete a full rate calculation without researching days of care delivered. For any provider where the information could not be obtained, we excluded them from our development of the statewide median utilization. DCFS updated their instructions for the 2023 CFR for providers to properly complete the capacity and days of care delivered information in the cost reports. DCFS is also updating their database to better catch errors in these fields.

Performance Based Capacity Rate Approach

This is the first time in our report that we have described the use of the Child Divisor, which incorporates a program’s license capacity, actual utilization, and the statewide median utilization into the rate development process. DCFS has implemented this approach in creating Performance Based Capacity Rates, while also preserving the statewide Rule 356 approach for other Illinois agencies utilizing the DCFS program rates.

The Performance Based Capacity Rates are designed to reflect 100% utilization of the program capacity. It is our understanding that DCFS determines how many beds they plan to reserve with each program and that determines the contracted capacity. DCFS is then committed to provide funding for those contracted slots even when there is an open slot. The example below presents a sample program serving 15 children.

Performance Based Capacity Divisor is based on the formula 15 x 365.25 = 5,478.5.

In-Excess-of-Capacity Divisor is based on the formula 15 x 365.25 x 91.5% = 5,013.06.

# of Youth	15	<= Sample
Days in Year	365.25	
Capacity Divisor	5,478.75	
Assumed Utilization	91.5%	
In-Excess-of-Capacity Divisor	5,013.06	

The larger divisor for the Performance Based Capacity rate will result in a lower calculated daily rate, however it will be used to pay for a greater number of days of care regardless of actual utilization. The In-Excess-of-Capacity Divisor was calculated at the 91.5% utilization which results in a higher daily rate but is only used to reimburse for actual days of care delivered if used by other Illinois agencies. At the time of the last rate calculations, DCFS used the 91.5% Child Divisor based on the FY 2019 median utilization. Based on our review of the FY 2021 data, the In-Excess-of-Capacity Divisor would be based on the statewide median utilization which we calculated to be 84.24%.

Rule 356 Reasonable Cost Standards

The DCFS rate setting rule imposes limits on certain types of expenditures at a percentage of costs. The limits are as follows:

- Administration expenditures are limited to 20% of total expenditures (less adjusted excess costs) as set by statutory requirements
- Fringe Benefits are limited to 25% of Total Salaries
- Support Service expenditures are limited to 120% of median cost per diem (IGH programs only)
- Occupancy (Cook/Collar or Downstate) are limited to 120% of median cost per diem (IGH programs only)

In the next two sections of the report, we focus on the reasonable cost standards for Group Homes and Child Care Institutions. These sections will provide an analysis on the expenditure trends of the programs. Each of these reviews is designed to determine how many providers are spending above the reasonableness limits and what is the impact to the reimbursement rates based on that data.

Reasonable Cost Standards for Group Homes.

The definition of a "group home" according to DCFS is a childcare facility that provides care for no more than 10 children placed by and under the supervision of a licensed child welfare agency with these homes being owned or rented, staffed, maintained, and otherwise operated by the agency. (Section 2.17 of the Child Care Act of 1969).

Our first area for reasonableness testing is the excess fringe benefit calculation. To develop this calculation, we identify the total fringe benefits reported on the CFR and divide it by the total salaries to determine the fringe benefit percentage of total. Using this calculation on the group homes umbrella, there were seven providers that exceeded the 25% threshold with a range of overages from 25.96% up to 35.52%.

Group Home Excess Fringe Calculations			
DESCD	**Total Salaries**	**Total Fringes**	**Total Excess Fringes**
GH	18,193,636	3,556,793	(28,705)
MCG	9,744,123	2,278,036	(144,990)
MGF	257,791	77,420	(12,972)
Grand Total	**28,195,550**	**5,912,249**	**(186,667)**

Under the Rule 356 defined approach, the excess fringe benefits of ($186,667) are removed from the individual programs with fringe benefit expenses greater than 25%. The calculated excess fringe benefits for group home programs represents 3.16% of the $5.9M in total fringe benefit expense.

The next reasonableness test is for excess support services costs. Support costs represent the labor and other direct costs for food, laundry, and housekeeping activities.

Support Expenses (Food, Laundry, Housekeeping)
Support Salaries
Support Payroll Taxes and Fringe Benefits
Dietary Supplies
Housekeeping and Laundry Supplies
Other Support

The statewide median for support based on the FY 2021 CFR data is $17.62, after applying the 120% factor, the maximum support per diem is $21.15 for all IGH programs.

Group Home Excess Support Calculations			
DESCD	**Total Expenditures**	**Support Expenditures**	**Excess Support**
GH	30,729,081	749,996	(5,892)
MCG	15,909,875	396,425	(2,685)
MGF	435,952	11,876	-
Grand Total	**47,074,908**	**1,158,297**	**(8,577)**

Once the maximum IGH support per diem has been determined, the rate model will calculate the individual program per diem amounts to determine if there are excess support expenses. Of the 20 CFR entries, we calculated 2 providers with excess support. The ($8,5774 in excess support services represents 0.74% of total reported support costs.

The next reasonableness cost test is based on the level occupancy costs. Occupancy costs consist of the following expense types.

Occupancy Expenses (Building & Associated Costs)
Occupancy Salaries
Occupancy Payroll Taxes and Fringe Benefits
Building & Equip. Operations and Maintenance
Vehicle Depreciation
All Other Depreciation & Amortization
Vehicle Rent
All Other Lease / Rent / Taxes
Equipment Under $500
Mortgage & Installment Interest
Operating Interest
Other Occupancy

Using a similar methodology as the excess support calculation, we first established the 120% median occupancy per diem for two geographical subsets, Cook/Collar Counties or Downstate/All Other. The next step is to divide provider's occupancy costs by their program's divisor to determine if their occupancy per diem exceeds the maximum allowable per diem. The maximum occupancy per diem amount for Cook/Collar was $58.86, for all other locations the cap was $40.46. If the calculation exceeds the maximum amount, the excess costs are removed from the overall per diem. Of the 20 CFR entries, we calculated 7 providers with excess occupancy costs.

Group Home Excess Occupancy Calculations			
DESCD	Total Expenditures	Occupancy Expenditures	Excess Occupancy
GH	30,729,081	4,127,021	(1,365,600)
MCG	15,909,875	1,343,546	(23,751)
MGF	435,952	26,176	-
Grand Total	**47,074,908**	**5,496,743**	**(1,389,351)**

The ($1,389,351) in excess occupancy represents 25.28% of total reported occupancy costs.

The final calculation that we perform on the CFR data for group homes is the excess administration costs. This is calculated by taking the total administration expenditures for each provider and dividing by total expenditures (less any prior excess calculations).

Group Home Excess Admin Calculations			
DESCD	Total Expenditures	Admin Expenditures	Excess Administration
GH	30,729,081	3,266,318	(5,841)
MCG	15,909,875	2,123,571	(119,360)
MGF	435,952	71,933	(1,724)
Grand Total	**47,074,908**	**5,461,822**	**(126,924)**

Child Care Institutions (CCI) and Medicaid Private Institutions (MCI).

The definition of a "Child Care facility" means any person, group of persons, agency, association or organization, whether established for gain or otherwise, who or which receives or arranges for care or placement of one or more children, unrelated to the operator of the facility, apart from the parents, with or without the transfer of the right of custody in any facility as defined in the Child Care Act of 1969, established and maintained for the care of children. (Section 2.05 of the Child Care Act of 1969)

There were 48 IGH programs classified as CCIs or MCIs in the FY 2021 CFR data. Of those 48 CCI programs that were included in the FY 2021 CFR Data, 9 entries did not have any information listed except a voucher amount. Historically, this would mean that the providers were not required to submit a CFR or that the provider is late in providing the report. It is also possible that these programs were combined with another program for reporting purposes. The other key item to note is that only 30 contained license capacity information.

CCI / MCI Descriptor Codes	No License Capacity	License Capacity	Total
CCI	3	6	9
MCI	15	24	39

Child Care Institutions (and all residential providers) had a median Child Divisor, based on FY 2021 CFR data, of 84.24%. When calculating the median, we identified several providers whose individual divisor was well below and well above the average. Using just the CFR data, we could not confirm if these were accurate or the result of errors on the CFR.

The next area of review was to look at providers who had excess fringe benefit expenditures. Using the same calculation as described in the group home section, we were able to identify 15 providers that exceeded this threshold with a range of overages from 25.58% up to 47.40%.

Child Care Institutions Excess Fringe Calculations			
DESCD	Total Salaries	Total Fringes	Total Excess Fringes
CCI	24,530,459	5,044,491	(25,542)
MCI	73,905,164	17,960,729	(1,068,836)
Grand Total	**98,435,623**	**23,005,220**	**(1,094,378)**

The median support services per diem for this group was based on the CFR 2021 data. The median per diem is used in determining if programs incurred support costs in excess of the standard during that year. From the CFR data, we calculated that 19 of these programs incurred excess support expenses. There are factors in the CFR that could impact the accuracy of this calculation. As we noted above, 35% of CCI/MCI programs that did not include license capacity were excluded from the median calculation. In the table below, you can see the excess support amounts calculated by program type. The majority of the excess support is associated with a single provider.

Child Care Institutions Excess Support Calculations			
DESCD	**Total Expenditures**	**Support Expenditures**	**Excess Support**
CCI	42,276,030	5,409,216	(3,904,770)
MCI	128,463,824	6,067,562	(1,021,614)
Grand Total	**170,739,854**	**11,476,778**	**(4,926,384)**

The next analysis that we performed was calculating excess occupancy for CCI. Using the same methodology as the excess support, we first established the 120% median occupancy per diem which was $58.86 for Cook/Collar counties and $40.46 for other counties. From there, we calculated if there was any excess occupancy by provider. The next step was to multiply the provider's Child Divisor by 120% of the median occupancy per diem then compare it to the provider's reported occupancy expenditures to determine if there is an excess amount. Of the 48 CFR entries, we identified 12 providers with excess occupancy costs. Most of the excess occupancy is associated with a single provider.

Child Care Institutions Excess Occupancy Calculations			
DESCD	**Total Expenditures**	**Occupancy Expenditures**	**Excess Occupancy**
CCI	42,276,030	4,327,297	(1,771,059)
MCI	128,463,824	12,753,681	(1,670,106)
Grand Total	**170,739,854**	**17,080,978**	**(3,441,166)**

The final reasonableness test we performed on the CFR costs from CCIs was excess administration costs. This was calculated by dividing each programs total administration expenditures by the total expenditures less any other excess calculations already removed. This calculation resulted in three CCI/MCI providers with excess administration costs.

Child Care Institutions Excess Admin Calculations			
DESCD	Total Expenditures	Admin Expenditures	Excess Administration
CCI	42,276,030	4,889,239	(5,057)
MCI	128,463,824	18,384,860	(1,945,973)
Grand Total	**170,739,854**	**23,274,099**	**(1,951,030)**

The largest issue within CCIs is the data entry errors/omissions when entering license capacity and actual days of care delivered. While DCFS will be able to pull this information from other sources, providers should be expected to enter this information correctly on their CFRs especially since this information is used to calculate the child divisor.

Family First

Under the CCI umbrella there is a specific type of program defined as a Qualified Residential Treatment Program (QRTP). The QRTP rate model added the new Family First rates components in 2022 for the first time. Family First was part of the federal "Family First Prevention Services Act" (FFPSA) from 2018. Its purpose was to turn the focus of the child welfare system toward keeping children safely with their families to avoid the trauma that results when children are placed in out-of-home care. To increase the number of children who can remain safely at home with their families, the law provides families with greater access to mental health services, substance abuse treatment, and/or parenting skills courses. This law significantly shifts how the country provides services for families and youth. In particular, it changed the role of community service providers, the way courts advocate and make decisions for families, and the types of placements that youth placed in out-of-home care experience. The law also created the Title IV-E Prevention Services Clearinghouse, which maintains a continuously updated and comprehensive list of evaluated and tested prevention services and programs. States can use Title IV-E funds toward these services and programs to help prevent disruption within families.

The FFPSA transforms federal financing for child welfare programming in two major ways:

1. FFPSA allows Title IV-E funding to be used to fund up to one year of evidence-based prevention services for children and families who are "candidates for foster care," i.e., at "imminent risk" of child welfare involvement.
2. FFPSA regulates financial support for youth in congregate care settings to limit long stays in congregate care, provides residential treatment options for youth with clinical needs and establishes criteria for QRTPs.

In the QRTP model, DCFS presents new rates that will be added for additional staff and training to manage Family First activities. The most recent QRTP model shows a Family First Per Diem of $26.93 which is broken down as follows.

Additional Program Staff / Item	Cost
Family First Case Mgmt/After care	$ 8.73
Family First Nursing	$ 9.31
Family First Benefits	$ 4.51
Family First training	$ 1.87
Family First Training 30 RTS	$ 2.51
Subtotal Additional Program Staff/Item	**$ 26.93**

In addition to the program staff/items, the QRTP institutions will also receive additional support of $4.51 to cover Family First administration expenditures. This amount is calculated by taking the total of Family First case management/after care, nursing, and benefits multiplied by 20%.

Transitional Living Programs (TLP), Youth Emergency Shelter (YES), and Independent Living Option (ILO).

In addition to GH and CCI, there are three additional provider types that fall under the residential umbrella. These codes are Transitional Living Programs (TLP), Youth Emergency Shelter (YES), and Independent Living Option (ILO). In the FY 2021 CFR, there were 13 ILO providers, 28 TLP providers, and 2 YES providers for a total of 43. DCFS stated that there are more than 2 providers that qualify as YES, but they are classified as CCI in the CFR reports.

These three programs are described as follows:

- ILO provides financial assistance and services to current and former foster/probation youth, 16-20 years of age, who have been determined to be ILO eligible by an ILO Transition Coordinator.
- TLP helps young people make the transition to adulthood. Young people live in a home environment with adult supervision. The program serves young adults between the ages of 17½ to 21 who are in DCFS care.
- YES provides short-term supportive housing for youth ages 6-18. This highly individualized program is designed to meet the immediate needs of homeless youth and to equip them with the tools they need to grow into healthy, independent adults.

The first step in this review was to look at providers who had excess fringe benefit expenditures. Using the same calculation as described in the Group Home section, we were able to identify 16 providers that exceeded this threshold with a range of overages from 25.24% up to 47.36%.

ILO, TLP, & Yes Institutions Excess Fringe Calculations			
DESCD	Total Salaries	Total Fringes	Total Excess Fringes
ILO	1,087,078	293,703	(44,337)
TLP	19,763,334	4,331,696	(209,835)
YES	1,095,913	276,591	(2,613)
Grand Total	**21,946,325**	**4,901,990**	**(256,784)**

The final calculation that we performed on the CFR costs from ILO, TLP, & YES was for excess administration costs. This was calculated by taking the total administration expenditures from a provider divided by the total expenditures with the fringe excess calculations removed. This calculation resulted in two TLP providers with excess administration costs.

ILO, TLP, and YES Excess Admin Calculations			
DESCD	Total Expenditures	Admin Expenditures	Excess Administration
ILO	3,091,786	395,431	(3,200)
TLP	37,432,222	5,309,637	(554,541)
YES	1,775,853	194,193	-
Grand Total	**42,299,861**	**5,899,261**	**(557,741)**

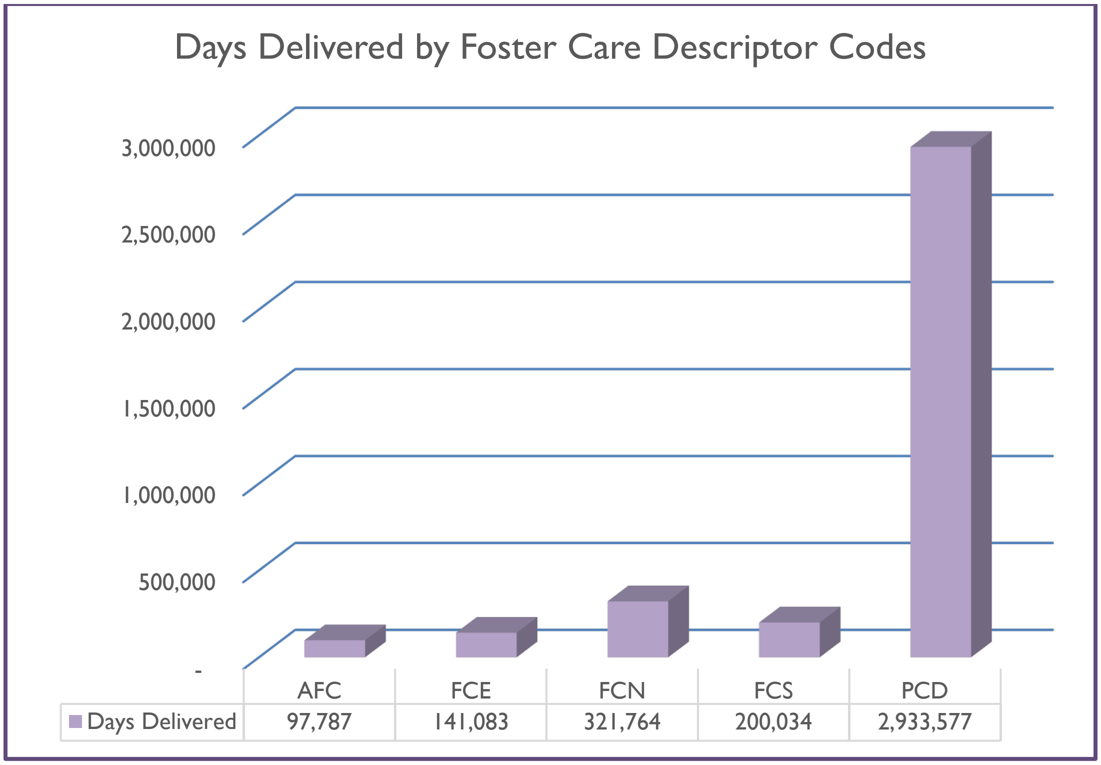
1.5 Foster Care Programs

The Descriptor Codes that were analyzed include Adolescent Foster Care (ACF), Foster Care Exempt (FCE), Foster Care Spec (FCN), Foster Care Spec (FCS), Performance Traditional/HMR Foster Care Downstate (PCD). We received FY 2021 CFR data for 116 programs with these descriptor codes.

Unlike IGH programs, FC programs rates are calculated using the number of days delivered by a program, except for Traditional Foster Care (PCD). Of the 116 programs in this section, only 11 did not include Days Delivered in their CFR report. As we discussed in the IGH sections, cost report accuracy is important for reviews and rate calculation. DCFS is able to obtain some missing cost report data from other internal sources. However, the cost report should include this information. The table below breaks down the number of providers/programs by descriptor code.

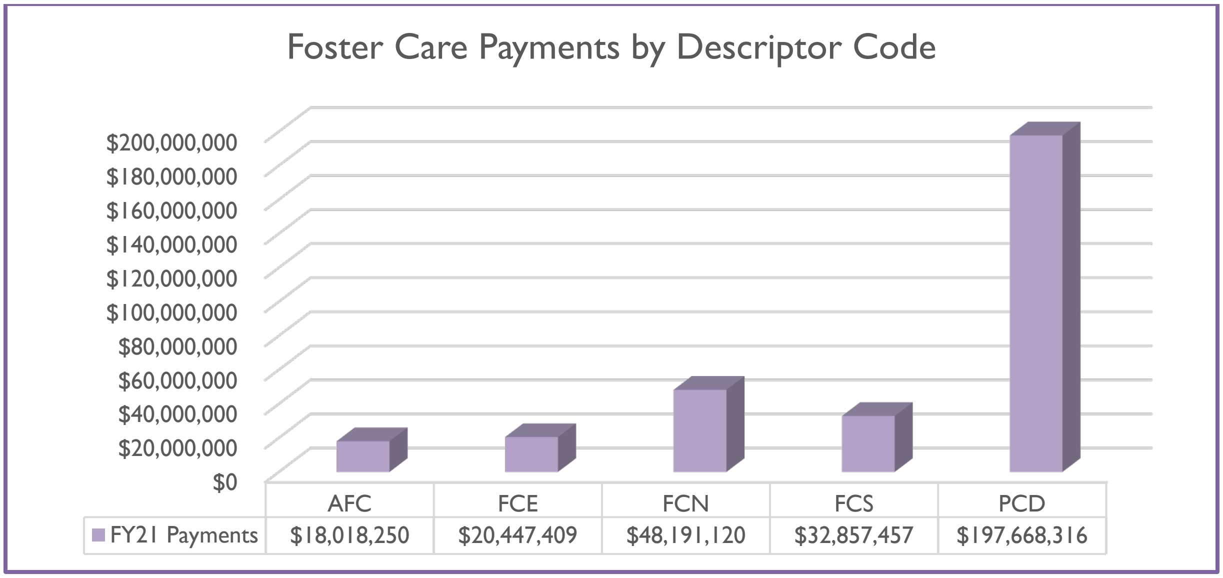
Days Delivered by Descriptor Code			
DESCD	No Days Delivered	Days Delivered	Total
AFC	0	12	12
FCE	0	11	11
FCN	2	25	27
FCS	3	17	20
PCD	6	40	46
Grand Total	**11**	**105**	**116**

There were a few outliers where the days delivered, and the payment received were substantially different. In one instance, the provider's cost report showed 2,240 days delivered and they were paid over $25 million. Another provider's cost report stated they had 839,000 days delivered and a payment of $21 million. No provider/program is alike, but that variance was striking. It is possible that there is an error in one or both of these provider's costs reports. The next table shows the number of days delivered by descriptor code. This demonstrates that most foster care services are tied to the descriptor code PCD which is traditional foster care.

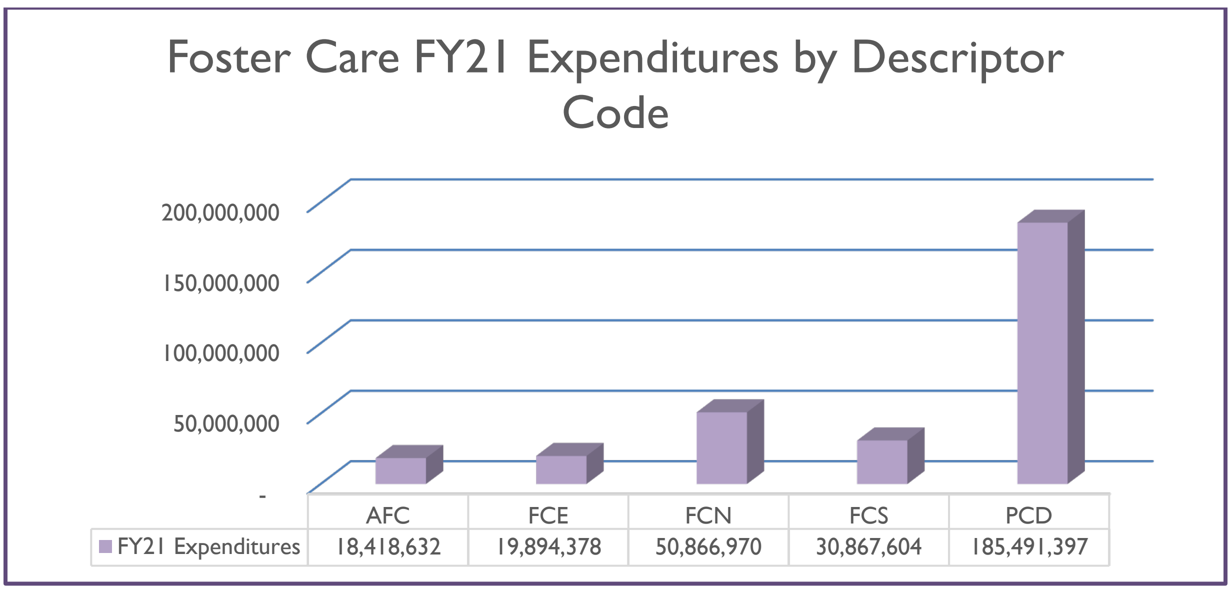


Our next analysis took the total vouchered amount by provider & program divided by the number of days delivered. This created an average costs per day delivered. This number varied greatly. At the high end, there were 3 programs that had an average cost per day delivered greater than $1,000 with the highest figure being $1,606. On the opposite end of the spectrum, 52 programs had a cost per day delivered figured below $100 with the lowest figure being $25. The large cost per day variances is based on the different types of services required for children in the different descriptor codes and can vary between each child based on their specific needs.

FC programs received payments from DCFS totaling $317m in FY 2021, $316m in FY 2022, and $341m in partial FY 2023 data, with the largest descriptor code being PCD. For PCD programs, the rates are standardized rates established for all programs within that descriptor code, there are no individual rates.



In the 2021 CFR data, total expenditures by providers totaled $305,538,981. Total expenditures will be higher than DCFS payments as FC providers can receive funding from other sources. The table below presents a summary of the amount of total funding that is presented on the FY 2021 CFR. The majority of this other funding for FC is identified only as “Other POS.”



Like residential programs, our review analyzed excess costs for providers. Unlike residential programs, excess support and occupancy expenditures is not applicable to FC providers. The reasonableness tests for excess costs were calculated for fringe benefits (limited at 25%) and administration (limited at 20%).

The first area we reviewed for FC providers was the excess fringe benefit calculation. Using the same methodology as described in the IGH area, there were 28 providers whose calculation showed an excess fringe benefit percentage. The percentage of excess ranged from 25.08% up to 35.33%.

Foster Care Excess Fringe Calculations			
DESCD	Total Salaries	Total Fringe Benefits	Excess Fringes
AFC	5,532,170	1,178,482	(7,829)
FCE	7,657,725	1,893,521	(45,271)
FCN	19,195,127	3,799,552	(33,086)
FCS	10,946,418	2,496,577	(116,438)
PCD	73,690,122	16,166,978	(473,019)
Grand Total	**117,021,562**	**25,535,110**	**(675,642)**

Under the Rule 356 defined approach, the excess fringe benefits of ($675,642) are removed from the individual programs with fringe benefit expenses greater than 25%. The calculated excess fringe benefits for FC programs are 2.65% of the $25.5M in total fringe benefit expense.

The next calculation that we performed on the CFR costs from FC was excess administration costs. This was calculated by taking the total administration expenditures from a provider divided by the total expenditures less any excess fringe benefits. FC administration costs are capped at 20% of all other allowable costs using this calculation. This resulted in one FC provider with excess administration costs with the rate of 21.33%.

Foster Care Excess Admin Calculations			
DESCD	Total Expenditures	Admin Expenditures	Excess Administration
AFC	16,027,611	2,293,980	-
FCE	19,813,967	2,362,009	-
FCN	50,357,256	6,117,802	-
FCS	29,598,620	3,155,765	(21,749)
PCD	185,491,397	18,984,729	-
Grand Total	**301,288,851**	**32,914,285**	**(21,749)**

1.6 Identify and Evaluate Additional Data Sources

Maximus committed to finding additional information sources to collect data on Residential and Foster Care programs throughout the country. We were able to access public data sources available from websites of the state agencies responsible for child welfare services. In addition, we were able to utilize data sources documented in previous Maximus child welfare studies.

1.6.1 Guidehouse Development Disability Services Rate Study

We reviewed the *Guidehouse Developmental Disability Services Rate Study: Residential Services & Related Supports*, prepared for the Illinois Department of Human Services. We identified with three of the report recommendations and have these observations.

- The Guidehouse study focused primarily on the need to increase hourly wages for the private agency staff. Since DCFS had already instituted a new approach to increasing the pay levels of private agency staff, we focused our efforts on this engagement with the current Rule 356 guidelines and the other state rate comparisons.
- The report recommended that direct service rates for Cook and collar counties needs to be higher. The current Rule 356 tests the level of occupancy by the two geographical regions, so that has been in place for decades. Transportation costs is an area that may need to be monitored for geographical disparities, however transportation expense is not a large component of the Residential and Foster Care cost structure. Since DCFS identifies every program by location, it is an issue to continue to monitor and test for disparities.
- The study recommended increasing the allowable fringe benefit level limit to 29.9% for DSPs across services, including similar staff types in ICF/IDDS. In our review of the FY 2021 CFR data, we observed excess fringe benefits of 3.73% across all staff types, which means the overall ratio of fringe benefits to salaries was 28.73%. We would recommend this issue be monitored at this time, with the large increase in direct staff wages, private agencies may not see a full 25% increase in fringe benefit costs with each dollar increase to payroll. The fringe benefit ratio to salaries has the potential to drop with the increase to salaries occurring in March and July 2022.

1.6.2 Review of Labor Costs for DCFS contracted program positions

In March 2022, DCFS initiated a plan to increase hourly rates for private agency direct care staff in line with the State's AFSCME pay scale. The plan began by increasing hourly wage rates to 80% of the union scale and with a plan to increase it to 90% of the AFSCME pay scale moving forward. This initiative has allowed programs to recruit and retain staff in a very difficult labor market.

As part of our review, we began a search to determine if any other states establish recommended or required minimum hourly rates for providers of child welfare residential and foster care services. We were unable to identify any states that require a set hourly pay scale for their purchase of service contracts beyond meeting the State or Federal minimum wage requirements.

The methodology for development of per diem rates for residential and foster care programs for the States we researched fall into two primary approaches. The first approach is to establish a single statewide per diem rate for all programs serving a defined population. The second approach is the development of individual program rates based on the historical operating costs of each program.

Single Statewide Rates are usually developed based on a review of the expenditure and operating reports for all like programs. This approach utilizes an average cost approach often with an inflation factor applied. Statewide average cost rates have features that do not incentivize programs to invest in their staff or program. A program may choose to increase their program costs but if most of the programs statewide reduce their operating expenses, rates could remain flat or even decline. Often, this approach leads to an annual cost of living increase to the rate, but it does not provide enough additional financial resources for programs to increase salaries and retain staff.

Individualized provider rates offer the opportunity to invest in their program knowing their future per diem rate will increase due to their investment in higher staff wages or other program needs. There are risks to this approach when States do not implement new rates due to budget concerns and keep rates level for more than a one-year period. The underlying characteristic of this approach is for programs to increase their expenditures and it will lead to an increase in a future period rate due to the increase in program costs.

What Illinois did by establishing per diem rates based on an increased hourly rate for program staff should have allowed these programs to increase their labor costs right away beginning in March 2022 while receiving adequate funding to cover the new costs. DCFS providers were not required to fund the increase to payroll costs in hopes of receiving a higher per diem rate in a future period.

US Bureau of Labor Statistics

Since we were unable to identify any states that established required hourly rates for their contracted residential and foster care programs, we researched the National and State averages for several of the program staff positions identified for pay increases by DCFS.

The Bureau of Labor Statistics (BLS) is a unit of the United States Department of Labor. It is the principal fact-finding agency for the U.S. government in the broad field of labor economics and statistics and serves as a principal agency of the U.S. Federal Statistical System. They collect, analyze, and publish reliable information on many aspects of our economy and society. They measure employment, compensation, worker safety, productivity, and price movements. We chose to compare the median and average hourly rates for the three positions DCFS identified for hourly rate increases in March and July 2022.

The Occupational Employment and Wage Statistics (OEWS) survey is a semiannual survey measuring occupational employment and wage rates for wage and salary workers in nonfarm establishments in the United States. The OEWS data available from BLS include cross-industry occupational employment and wage estimates for the nation as well as by state.

The OEWS survey is a cooperative effort between BLS and the state workforce agencies (SWAs). BLS funds the survey and provides the procedures and technical support, while the SWAs collect most of the data. The May 2022 estimates are based on responses from six semiannual panels collected over a 3-year period: May 2022, November 2021, May 2021, November 2020, May 2020, and November 2019. The unweighted sampled employment of 80 million across all six semiannual panels represents approximately 57 percent of total national employment. The overall national response rate for the six panels, based on the 50 states and the District of Columbia, is 65.4 percent based on establishments and 62.5 percent based on weighted sampled employment.

The May 2022 OEWS estimates contain approximately 830 occupational categories based on the Office of Management and Budget's 2018 Standard Occupational Classification (SOC) system. We selected three SOC codes that closely align with the DCFS position titles.

Minimum Education (Degree or Qualifying Equivalence)	Position*	Average Hourly Rate - FY23 Rate Model	Standard Occupational Classification (SOC)	SOC Description
High School / GED	Child Care Workers	$19.62	Child Care Worker - Occupation Code 39-9011	Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play. Excludes "Preschool Teachers, Except Special Education" (25-2011)
Bachelors (BA) Degree	Caseworkers, Residential CCW Supervisors	$22.99	Child, Family, and School Social Workers - Occupation Code 21-1021	Provide social services and assistance to improve the social and psychological functioning of children and their families and to maximize the family well-being and the academic functioning of children. May assist parents, arrange adoptions, and find foster homes for abandoned or abused children.
Masters (MA) Degree	Casework Supervisor (CWS Referral, Intact Family, Foster Care); Residential Program Director	$32.10	Social and Community Service Managers - Occupation Code 11-9151	Plan, direct, or coordinate the activities of a social service program or community outreach organization. Oversee the program or organization's budget and policies regarding participant involvement, program requirements, and benefits. Work may involve directing social workers, counselors, or probation officers.

Child Care Worker Occupation Code 39-9011			Child, Family, and School Social Workers Occupation Code 21-1021		
State	**Median Hourly Wage**	**Average Hourly Wage**	**State**	**Median Hourly Wage**	**Average Hourly Wage**
Indiana	$12.37	$12.69	Indiana	$20.84	$23.05
Iowa	$10.99	$11.61	Iowa	$22.38	$24.74
Kentucky	$12.39	$12.28	Kentucky	$20.92	$21.98
Michigan	$12.96	$13.45	Michigan	$24.89	$25.85
Missouri	$13.50	$13.80	Missouri	$18.63	$19.83
Wisconsin	$12.66	$13.00	Wisconsin	$23.15	$24.49
Arkansas	$12.36	$12.65	Arkansas	$19.59	$20.27
Colorado	$16.74	$16.84	Colorado	$25.99	$28.33
Kansas	$11.27	$12.29	Kansas	$22.47	$24.08
Minnesota	$14.00	$14.76	Minnesota	$30.57	$31.00
Oklahoma	$10.84	$11.67	Oklahoma	$22.26	$24.55
Average	$12.73	$13.19	Average	$22.88	$24.38
National	$13.71	$14.22	National	$24.43	$27.25
Illinois	$13.84	$14.86	Illinois	$27.41	$29.20
DCFS - FY 2023 Funded Average	$19.62	$19.62	DCFS - FY 2023 Funded Average	$22.99	$22.99
Comparison to Six DCFS Selected States			Comparison to Six DCFS Selected States		
Average	$12.48	$12.81	Average	$21.80	$23.32
Illinois	$13.84	$14.86	Illinois	$27.41	$29.20
DCFS - FY 2023 Funded Average	$19.62	$19.62	DCFS - FY 2023 Funded Average	$22.99	$22.99
DCFS - FY 2024 Funded Average	$21.04	$21.04	DCFS - FY 2024 Funded Average	$25.97	$25.97

The data for Child Care workers shows low average hourly rates, we believe this is due to data including staff at traditional day care facilities as well as home-based day care.

The second SOC category we chose aligns with Caseworkers and Residential CCW Supervisors. The hourly rates used by DCFS in the FY 2023 and FY 2024 rates are higher than the DCFS selected state averages but less than the Illinois and National average.

Social and Community Service Managers Occupation Code 11-9151		
State	Median Hourly Wage	Average Hourly Wage
Indiana	$29.35	$31.80
Iowa	$29.08	$30.38
Kentucky	$30.49	$34.08
Michigan	$37.39	$37.26
Missouri	$27.89	$31.13
Wisconsin	$35.43	$37.08
Arkansas	$23.68	$25.88
Colorado	$39.60	$43.22
Kansas	$30.89	$33.65
Minnesota	$36.25	$37.99
Oklahoma	$30.46	$32.44
Average	$31.86	$34.08
National	$35.69	$38.13
Illinois	$34.61	$36.70
DCFS - FY 2023 Funded Average	$32.10	$32.10
Comparison to Six DCFS Selected States		
Average	$31.61	$33.62
Illinois	$34.61	$36.70
DCFS - FY 2023 Funded Average	$32.10	$32.10
DCFS - FY 2024 Funded Average	$34.43	$34.43

The last SOC classification, Social and Community Service Managers - Occupation Code 11-9151, aligns with program staff having a master's degree. The hourly rates used by DCFS in the FY 2024 rates are higher than the DCFS selected state averages but less than the Illinois and National average.

1.6.3 Review of Foster Care and Residential Rates in other states

Maximus researched the foster care and residential rates in 11 states, although information was not available for every provider type from each state. To gather data, Maximus first reviewed state websites, policy, statute, and other publicly available documentation regarding the foster care and residential rates in the selected states.

Comparing the rates across states should be done with caution, particularly for residential care facilities, given that the types of costs, methodology for setting the rates, and level of services may differ from Illinois. In addition, since the report compares the range of rates for each provider type, there may be outliers driving the range of rates in either Illinois or the comparison states. Information on each state's average provider rate (in states with individual rates) should be viewed cautiously.

When we initiated the research for rate information it was in the late spring of 2023. For purposes of our comparisons, we attempted to collect data on rates in use during each State's fiscal year 2023, which for Illinois was from July 1, 2022 to June 30, 2023. We were also aware that some states issue rates by calendar year, so in those instances we collected data on rates in effect during all of 2023. As we moved past July 2023, some states updated their online rates for their fiscal year 2024, unless clearly noted, we kept the state rate comparisons to the 2023 time frame.

Selection of Comparison States

In order to identify the states for comparison to Illinois, DCFS had already identified the five states contiguous to Illinois plus Michigan. Our statement of work required us to look at those six states plus up to five other comparable states.

States selected by DCFS	Additional States
Indiana	Arkansas
Iowa	Colorado
Kentucky	Kansas
Michigan	Minnesota
Missouri	Oklahoma
Wisconsin	

Our initial approach was to identify more than the five additional states listed in the table above. We looked at some previous child welfare rate comparisons to determine which states offered accessible public information as well as rate structures that lent themselves for comparison to Illinois' model.

The state of Ohio is an example that we initially thought would be very comparable to Illinois and had planned to include them in our review. However, Ohio's human service agencies are county based so there is less of a centralized approach to child welfare rates. The state does publish a very long list of programs and rates; however, the counties have the ability to negotiate directly with providers and may negotiate higher rates to ensure local placements. The range of rates in Ohio and the number of outliers made it a difficult state to develop a meaningful comparison. We did attempt to utilize states within the Midwest, all of the states we selected have a mixture of rural and urban programs even though Illinois' population may be larger than most of the states selected.

Illinois' performance based residential and group home programs also has an impact on comparisons to other states. The use of contracted capacity in developing their residential rates results in slightly lower rates because they are based on 100% utilization. We have removed the Medicaid carve-out for all DCFS rates, and we have attempted to ensure none of the other States' rates include a component for Medicaid funded services. Here are some additional points to consider when evaluating the rate comparisons.

- We have developed state comparisons to the program rates provided by DCFS, the rates we are presenting for Illinois are based on the actual board payment history. We have been provided a weighted average rate for all payments for the services we are comparing.
- The data we are using for other states is either their single rate for all providers, or we have used an average rate based on a listing of program rates. We did not receive information on how many beds the State is purchasing with each rate, so we do not have the details to develop a weighted average rate. The outlier rates for the high dollar programs can impact our average calculation. As suggested earlier about using caution when comparing rates due to all the variables states may build into their models.
- We have not attempted to identify or evaluate the various add-on components that can be paid to support the DCFS placements, especially the extra items available to foster care placements. Our focus has been on the core rates by program type.
- When converting a daily rate to a monthly rate or vice versa, we have used a factor of 30.42 days (365/12), unless we could determine the individual states were using 30 or 31 days as a conversion factor.
- The table below presents the weighted average rates for Illinois provided to us by DCFS based on actual payment history.

Illinois Department of Children & Family Services
Rate History FY 2022 - FY 2023 Estimated

Program	Service Unit	2022	2022 3/1/22 (Estimated	2023 (Estimated)
Foster: Traditional (Placing Agency)	Month	$916.04	$979.35	$1,206.58
Foster: Specialized	Day	$141.69	$144.67	$160.81
Independent Living (ILO)	Day	$142.67	$145.65	$154.33
Transitional Living (TLP)	Day	$302.13	$332.65	$347.41
Group Homes	Day	$335.18	$369.03	$382.10
Institutions	Day	$424.02	$466.85	$483.38
Emergency Shelters	Day			$475.95

The basis of our comparisons to other states is listed in the 2023 estimated column in the table above. The foster parent board payments were not listed on the original DCFS table, but we have included them in our analysis. The listing of program types below represents the order of our rate comparison.

- Licensed child placing agency (administrative rates)
- Specialized or Therapeutic foster family homes
- ILO and TLP programs
- Group homes
- Residential treatment facilities
- Emergency shelter care facilities
- Basic foster family board payments

The next section of our report will present a rate comparison for the 11 states with DCFS. After we have presented a comparison for the seven program types, we will present a side-by-side comparison of DCFS to each of the 11 states. Those schedules will include more details to help understand the structure of each state. You will see foster care rates by level that do not align perfectly with the DCFS structure. Our goal was to provide DCFS with additional details for individual state comparisons.

Foster Care: Relative/Traditional Child Placing Agencies (CPA)

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	$2,215.79	$72.84	Avg Rate - Range is $33.07 to $130.41, 372 pgms
Iowa	n/a	n/a	
Kentucky	n/a	n/a	
Michigan	$1,678.08	$55.20	
Missouri	n/a	n/a	
Wisconsin	$2,420.14	$79.61	Avg Rate - Range is $67.75 to $91.00, 21 pgms
Arkansas	$1,368.00	$45.00	
Colorado	$1,778.70	$58.80	
Kansas	$804.61	$26.45	Basic 3
Minnesota	$1,207.67	$39.70	Avg Rate - Range is $20.00 to $56.00, 14 pgms
Oklahoma	$780.00	$26.00	
Average	$1,531.62	$50.45	Includes Outliers IN and WI
Illinois	$1,206.58	$39.69	
Variance	($325.04)	($10.76)	
Comparison to States less IN and WI			
Average	$1,269.51	$41.86	Average for 6 States
Illinois	$1,206.58	$39.69	
Variance	($62.93)	($2.17)	Variance for 6 States

The monthly CPA rate for Indiana is based on the average of 372 placing agencies. They do not differentiate the CPA rate based on the type of foster care program, so the range of rates spans from $33.07 to $130.41, with the average rate being $72.84. We have confirmed in follow-up communications that they are unable to identify the average rate for only traditional foster care placements.

The monthly rate for Wisconsin is based on the average of 21 placing agencies. We were unable to obtain a complete explanation for the relatively high rates, but based on cost reporting samples we believe the rates may include program staff for all levels of foster care not included in the Illinois CPA rate for traditional foster care.

In order to provide a meaningful comparison, we believe the comparison to six states that excludes the Indiana and Wisconsin rates provides the most valid comparison to Illinois.

Specialized Foster Care

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	$4,451.48	$146.35	Therapeutic Plus 14 to 18 years
Iowa	n/a	n/a	Low Outlier - excluded
Kentucky	$4,254.78	$139.96	Therapeutic or Treatment FC III
Michigan	$3,111.44	$102.35	Treatment FC
Missouri	$3,984.89	$131.08	Level 2 (TFC) Parent Home
Wisconsin	n/a	n/a	
Arkansas	$5,031.20	$165.50	TFC Level 2 w/ PLPA
Colorado	$5,492.19	$181.56	Therapeutic
Kansas	$3,941.52	$129.57	Intensive Level 2
Minnesota	$3,081.24	$101.29	Avg Rate - Range is $41.00 to $90.17, 13 pgms+CPA
Oklahoma	$3,669.00	$122.30	ITFC Component (Intensive TFC) + Std Board Pmt
Average	$4,113.08	$135.55	
Illinois	$4,888.62	$160.81	
Variance	$775.54	$25.26	
Comparison to Six DCFS Selected States			
Average	$3,950.65	$129.94	Average for 4 States
Illinois	$4,888.62	$160.81	
Variance	$937.98	$30.87	Variance for 4 States

In building the comparison for specialized foster care, we were faced with some states having several rates for Level 1, 2, and 3. To develop a realistic comparison we have utilized the Level 2 rates when faced with tiered rate structures. Since the average Illinois rate is a weighted average, comparing it to the middle tier seems to be the best option.

The variances identified above, show Illinois' rates for specialized FC to be much higher than eight of the ten states evaluated. One explanation for this may be the structure of other State programs, several of them use Level classifications above the basic FC program. We are not able to measure or compare the level of case management and program services built into the other states rates with Illinois' rates.

Independent Living (ILO)

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	n/a	n/a	
Iowa	$1,851.36	$60.90	Scattered Site Supv'd Apt Living (SAL) + ILO Stipend
Kentucky	$2,528.06	$83.16	Level I or II
Michigan	$3,015.98	$99.21	ILP Host Home Housing
Missouri	n/a	n/a	
Wisconsin	n/a	n/a	Part of Group Homes Rates
Arkansas	n/a	n/a	
Colorado	n/a	n/a	
Kansas	$3,985.02	$131.00	IL-Community Integration Pgm
Minnesota	n/a	n/a	
Oklahoma	n/a	n/a	
Average	$2,845.11	$93.57	
Illinois	$4,691.63	$154.33	
Variance	$1,846.53	$60.76	
Comparison to Six DCFS Selected States			
Average	$2,465.14	$81.09	Average for 3 States
Illinois	$4,691.63	$154.33	
Variance	$2,226.50	$73.24	Variance for 3 States

There were a limited number of states to compare the ILO rate structure with, Illinois was the highest of the four other states.

Transitional Living (TLP)

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	n/a	n/a	
Iowa	$3,140.93	$103.32	Clustered Site SAL
Kentucky	$4,254.78	$139.96	Level III
Michigan	$6,391.60	$210.25	ILP Staff Supported Housing
Missouri	n/a	n/a	
Wisconsin	n/a	n/a	Part of Group Homes Rates
Arkansas	n/a	n/a	
Colorado	n/a	n/a	
Kansas	$4,289.22	$141.00	IL-Transitional Living Program
Minnesota	$8,196.97	$269.46	Avg Rate - Range is $195.66 to $362.00, 19 pgms
Oklahoma	n/a	n/a	
Average	$5,254.70	$172.80	
Illinois	$10,561.26	$347.41	
Variance	$5,306.56	$174.61	
Comparison to Six DCFS Selected States			
Average	$4,595.77	$151.18	Average for 3 States
Illinois	$10,561.26	$347.41	
Variance	$5,965.49	$196.23	Variance for 3 States

Like the ILO programs, there were a limited number of states to compare the TLP rate structure with, Illinois was the highest of the five states with TLP programs.

One of the issues with the State comparisons is that some states may be including ILO and TLP rates within their residential programs. This has the potential to skew the residential rate comparisons and eliminates the possibility of ILO and TLP comparisons.

Group Homes

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	$19,183.22	$631.03	Weighted Avg of 54 pgms
Iowa	$8,116.80	$267.00	QRTP ($200 Unfilled Bed)
Kentucky	$5,882.40	$193.50	Non-QRTP Residential
Michigan	$11,891.48	$390.91	General Residential - Day Ratio (1:4)
Missouri	$1,882.98	$61.94	Non-QRTP, Level 3 - Room & Bd only , Rehab Rates paid by MHD or SMHK - Excluded from Average
Wisconsin	$9,167.42	$301.56	Avg Rate - Max Daily Rate $338.09
Arkansas	$5,025.42	$165.31	Same for all programs
Colorado	$5,188.18	$171.51	
Kansas	$5,506.02	$181.00	Youth Residential Center II (YRCII)
Minnesota	$9,996.83	$328.63	Avg Rate - Range is $165 to $595.00, 31 pgms
Oklahoma	$5,653.86	$185.86	Level C
Average	$8,561.16	$281.63	Average for all States, excludes MO
Illinois	$11,615.84	$382.10	
Variance	$3,054.68	$100.47	Variance for all States, except MO
Comparison to Six DCFS Selected States			
Average	$10,848.27	$356.80	Average for 5 States - excludes MO
Illinois	$11,615.84	$382.10	
Variance	$767.57	$25.30	Variance for 5 State Average

The table above demonstrates that Illinois' group home rate structure is paying a higher rate than other states. Illinois weighted average rate is 36% higher than the 10-state average, and 7% higher than the five DCFS selected states.

Institutions/Residential Care Center (RCC)

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	$18,705.03	$615.30	Weighted Avg of 94 pgms
Iowa	$8,724.80	$287.00	Specialized QRPT program - $287 to $300
Kentucky	$9,074.40	$298.50	QRTP Residential
Michigan	$14,169.60	$465.85	General Residential - Day Ratio (1:3)
Missouri	$3,202.64	$105.35	Non-IMD – QRTP, Level 4 - Room & Bd only , Rehab Rates paid by MHD or SMHK
Wisconsin	$17,490.34	$575.34	Max Rate - Avg Daily Rate $609.77, Incl Education Costs
Arkansas	$5,025.42	$165.31	Same for all programs
Colorado	$9,396.56	$310.63	RCC or QRTP
Kansas	$9,126.00	$300.00	QRTP
Minnesota	$12,981.39	$426.74	Avg Rate - Range is $292.00 to $600.00, 20 pgms
Oklahoma	$10,059.89	$330.70	Level ITS
Average	$11,475.34	$377.54	Average for all States, excludes MO
Illinois	$14,694.75	$483.38	
Variance	$3,219.41	$105.84	Variance for all States, except MO
Comparison to Six DCFS Selected States			
Average	$13,632.83	$448.40	Average for 5 States - excludes MO
Illinois	$14,694.75	$483.38	
Variance	$1,061.92	$34.98	Variance for 5 State Average

The table above demonstrates that Illinois' Institution rates are near the top of the 11 other States. Illinois weighted average rate is 28% higher than the 10-state average, and 8% higher than the five DCFS selected states average. It was pointed out in our research that Wisconsin programs include approximately 12% of their personnel expenditures for education related staff, aides, and principals, which can be misleading when comparing rates. Wisconsin also established a maximum rate they will fund if a provider rate calculates above the maximum rate level.

Emergency Shelter

State	2023 Monthly Rate	2023 Daily Rate	Comments
Indiana	n/a	n/a	
Iowa	$6,809.60	$224.00	
Kentucky	$5,882.40	$193.50	Emerg Shelter w/ Treatment License
Michigan	$17,632.95	$579.65	Shelter Residential Care - Day Ratio (1:4)
Missouri	n/a	n/a	
Wisconsin	n/a	n/a	
Arkansas	n/a	n/a	
Colorado	n/a	n/a	
Kansas	$4,745.52	$156.00	
Minnesota	n/a	n/a	
Oklahoma	n/a	n/a	
Average	$8,767.62	$288.29	Average for all States
Illinois	$14,392.65	$475.95	
Variance	$5,625.03	$187.66	Variance for all States
Comparison to Six DCFS Selected States			
Average	$10,108.32	$332.38	Average for 3 States
Illinois	$14,392.65	$475.95	
Variance	$4,284.33	$143.56	Variance for 3 States

There were only a limited number of states that identified emergency shelters, we believe some of the states may be classifying emergency shelters within the other categories of placements. Illinois is showing much higher rates for YES programs.

Basic Foster Parent Board Payments

Basic Foster Parent Board Payments					
	2023 Rates		2024 Rates		
State	Lowest Monthly Rate 0 Years Old	Highest Monthly Rate 18 Years Old	Lowest Monthly Rate 0 Years Old	Highest Monthly Rate 18 Years Old	Comments
Indiana	$728.08	$912.00	$758.90	$950.52	
Iowa	$503.40	$580.50	$510.39	$588.56	
Kentucky	$703.70	$765.70	$733.04	$793.88	
Michigan	$628.98	$751.18	$679.81	$811.82	
Missouri	$509.00	$712.00	$509.00	$712.00	
Wisconsin	$420.00	$545.00	$441.00	$572.00	
Arkansas	$410.00	$500.00	$410.00	$500.00	
Colorado	$1,234.20	$1,913.01	$1,278.11	$1,981.34	
Kansas	$729.60	$729.60	$729.60	$729.60	
Minnesota	$710.00	$994.00	$731.00	$1,023.00	
Oklahoma	$531.60	$678.60	$538.98	$688.03	
Average *	$587.44	$716.86	$604.17	$736.94	
Illinois	$544.00	$656.00	$672.00	$827.00	
Variance	($43.44)	($60.86)	$67.83	$90.06	
Comparison to Six DCFS Selected States					
Average	$582.19	$711.06	$605.36	$738.13	Average for 6 States
Illinois	$544.00	$656.00	$672.00	$827.00	
Variance	($38.19)	($55.06)	$66.64	$88.87	Variance from 6 States
* This calculation of the Average rate excludes Colorado as outlier.					

As we neared the completion of this report and were informed about the significant increase to the DCFS rates for FY 2024, we decided to build a rate comparison for FY 2023 and FY 2024. The table above presents comparisons for a two-year time frame. The schedules on the following two pages presents the Basic Foster Parent Board Rates for every age by state.

We chose to use the rate for 18-year-olds for the comparison above to ensure all States were on the same level. Most states have rates for 3 to 5 specific age ranges, but age ranges vary by State. The table shows that Illinois' basic foster parent board payment (18 years old) was 8% lower than the average of the other 10 states in 2023. However, Illinois added a transportation component to the 2024 rate, and now the Illinois rate is 11% higher than the average of other 10 states.

Basic Foster Parent Board Payments – Monthly Rates by Age of Child – 2023 Rates

Basic Foster Care Monthly Rates by Age of Child - 2023										
State	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Arkansas	$410	$410	$410	$410	$410	$410	$440	$440	$440	$440
Colorado	$1,234	$1,234	$1,234	$1,234	$1,234	$1,234	$1,234	$1,234	$1,234	$1,574
Indiana	$728	$728	$728	$728	$728	$790	$790	$790	$790	$790
Iowa	$503	$503	$503	$503	$503	$503	$524	$524	$524	$524
Kansas	$730	$730	$730	$730	$730	$730	$730	$730	$730	$730
Kentucky	$704	$704	$704	$704	$704	$704	$704	$704	$704	$704
Michigan	$629	$629	$629	$629	$629	$629	$629	$629	$629	$629
Minnesota	$710	$710	$710	$710	$710	$710	$841	$841	$841	$841
Missouri	$509	$509	$509	$509	$509	$509	$577	$577	$577	$577
Oklahoma	$532	$532	$532	$532	$532	$532	$613	$613	$613	$613
Wisconsin	$420	$420	$420	$420	$420	$460	$460	$460	$460	$460
Illinois - FY23	$544	$544	$544	$544	$544	$611	$611	$611	$611	$656
Monthly Variance from Average below	($43.44)	($43.44)	($43.44)	($43.44)	($43.44)	$13.36	($19.65)	($19.65)	($19.65)	$25.35
	Calculations below do not include Illinois data, or Colorado (Outlier)									
Average	$587	$587	$587	$587	$587	$598	$631	$631	$631	$631
Median	$580	$580	$580	$580	$580	$580	$621	$621	$621	$621
Lowest	$410	$410	$410	$410	$410	$410	$440	$440	$440	$440
Highest	$730	$730	$730	$730	$730	$790	$841	$841	$841	$841

Basic Foster Care Monthly Rates by Age of Child - 2023									
State	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
Arkansas	$440	$440	$470	$470	$470	$500	$500	$500	$500
Colorado	$1,574	$1,574	$1,574	$1,574	$1,913	$1,913	$1,913	$1,913	$1,913
Indiana	$790	$790	$790	$790	$912	$912	$912	$912	$912
Iowa	$524	$524	$573	$573	$573	$573	$581	$581	$581
Kansas	$730	$730	$730	$730	$730	$730	$730	$730	$730
Kentucky	$704	$704	$766	$766	$766	$766	$766	$766	$766
Michigan	$629	$629	$629	$751	$751	$751	$751	$751	$751
Minnesota	$841	$841	$841	$994	$994	$994	$994	$994	$994
Missouri	$577	$577	$577	$712	$712	$712	$712	$712	$712
Oklahoma	$613	$613	$613	$679	$679	$679	$679	$679	$679
Wisconsin	$460	$460	$522	$522	$522	$545	$545	$545	$545
Illinois - FY23	$656	$656	$656	$656	$656	$656	$656	$656	$656
Monthly Variance from Average below	$25.35	$25.35	$5.00	($42.62)	($54.81)	($60.11)	($60.86)	($60.86)	($60.86)
	Calculations below do not include Illinois data, or Colorado (Outlier)								
Average	$631	$631	$651	$699	$711	$716	$717	$717	$717
Median	$621	$621	$621	$721	$721	$721	$721	$721	$721
Lowest	$440	$440	$470	$470	$470	$500	$500	$500	$500
Highest	$841	$841	$841	$994	$994	$994	$994	$994	$994

Basic Foster Parent Board Payments – Monthly Rates by Age of Child – 2024 Rates

Basic Foster Care Monthly Rates by Age of Child - 2024										
State	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Arkansas	$410	$410	$410	$410	$410	$410	$440	$440	$440	$440
Colorado	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,630
Indiana	$759	$759	$759	$759	$759	$823	$823	$823	$823	$823
Iowa	$510	$510	$510	$510	$510	$510	$531	$531	$531	$531
Kansas	$730	$730	$730	$730	$730	$730	$730	$730	$730	$730
Kentucky	$733	$733	$733	$733	$733	$733	$733	$733	$733	$733
Michigan	$680	$680	$680	$680	$680	$680	$680	$680	$680	$680
Minnesota	$731	$731	$731	$731	$731	$731	$866	$866	$866	$866
Missouri	$509	$509	$509	$509	$509	$509	$577	$577	$577	$577
Oklahoma	$539	$539	$539	$539	$539	$539	$621	$621	$621	$621
Wisconsin	$441	$441	$441	$441	$441	$483	$483	$483	$483	$483
Illinois - FY24	$672	$672	$672	$672	$672	$746	$746	$746	$746	$796
Monthly Variance from Average below	$67.83	$67.83	$67.83	$67.83	$67.83	$131.18	$97.63	$97.63	$97.63	$147.63
	Calculations below do not include Illinois data, or Colorado (Outlier)									
Average	$604	$604	$604	$604	$604	$615	$648	$648	$648	$648
Median	$609	$609	$609	$609	$609	$609	$650	$650	$650	$650
Lowest	$410	$410	$410	$410	$410	$410	$440	$440	$440	$440
Highest	$759	$759	$759	$759	$759	$823	$866	$866	$866	$866

Basic Foster Care Monthly Rates by Age of Child - 2024									
State	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
Arkansas	$440	$440	$470	$470	$470	$500	$500	$500	$500
Colorado	$1,630	$1,630	$1,630	$1,630	$1,981	$1,981	$1,981	$1,981	$1,981
Indiana	$823	$823	$823	$823	$951	$951	$951	$951	$951
Iowa	$531	$531	$581	$581	$581	$589	$589	$589	$589
Kansas	$730	$730	$730	$730	$730	$730	$730	$730	$730
Kentucky	$733	$733	$794	$794	$794	$794	$794	$794	$794
Michigan	$680	$680	$680	$812	$812	$812	$812	$812	$812
Minnesota	$866	$866	$866	$1,023	$1,023	$1,023	$1,023	$1,023	$1,023
Missouri	$577	$577	$577	$712	$712	$712	$712	$712	$712
Oklahoma	$621	$621	$621	$688	$688	$688	$688	$688	$688
Wisconsin	$483	$483	$548	$548	$548	$572	$572	$572	$572
Illinois - FY24	$796	$796	$827	$827	$827	$827	$827	$827	$827
Monthly Variance from Average below	$147.63	$147.63	$158.03	$108.93	$96.22	$90.06	$90.06	$90.06	$90.06
	Calculations below do not include Illinois data, or Colorado (Outlier)								
Average	$648	$648	$669	$718	$731	$737	$737	$737	$737
Median	$650	$650	$650	$721	$721	$721	$721	$721	$721
Lowest	$440	$440	$470	$470	$470	$500	$500	$500	$500
Highest	$866	$866	$866	$1,023	$1,023	$1,023	$1,023	$1,023	$1,023

Program Rates Comparison of Illinois to Indiana

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Indiana 2023 Monthly Rate	Indiana 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$2,215.79	$72.84	Avg Rate of 372 pgms
					Foster Care W/ Services
Foster: Specialized	$4,888.62	$160.81	$3,180.37	$104.56	0 to 4 years
			$3,240.90	$106.55	5 to 13 years
			$3,359.83	$110.46	14 to 18 years
					Therapeutic Foster Care
			$3,549.63	$116.70	0 to 4 years
			$3,610.15	$118.69	5 to 13 years
			$3,729.08	$122.60	14 to 18 years
					Therapeutic Plus
			$4,272.02	$140.45	0 to 4 years
			$4,332.55	$142.44	5 to 13 years
			$4,451.48	$146.35	14 to 18 years
Independent Living (ILO)	$4,691.63	$154.33			
Transitional Living (TLP)	$10,561.26	$347.41			
Group Homes	$11,615.84	$382.10	$19,183.22	$631.03	Weighted Avg of 54 pgms
Institutions / Residential Care Ctr (RCC)	$14,694.75	$483.38	$18,705.03	$615.30	Weighted Avg of 94 pgms
Emergency Shelter	$14,392.65	$475.95			

Foster Parent Board Payments	Illinois	Indiana	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$728.08	0 to 4 years
5 through 8 years	$611.00	$790.10	5 to 13 years
9 through 11 years	$656.00	$912.00	14 to 18 years
12 and over	$656.00		

Program Rates Comparison of Illinois to Iowa

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Iowa 2023 Monthly Rate	Iowa 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	No Placing Agency Rate		
Foster: Specialized	$4,888.62	$160.81	$1,019.48	$33.52	12 & over - Difficulty of Care Add-on Level 3
Independent Living (ILO)	$4,691.63	$154.33	$1,851.36	$60.90	Scattered Site Supv'd Apt Living (SAL) + ILO Stipend
ILO Child Stipend			$787.00	$25.89	
Transitional Living (TLP)	$10,561.26	$347.41	$3,140.93	$103.32	Clustered Site SAL-$103.32/day
Group Homes	$11,615.84	$382.10	$8,116.80	$267.00	QRTP ($200 Unfilled Bed)
Institutions	$14,694.75	$483.38	$8,724.80	$287.00	Specialized QRPT program - $287 to $300
Emergency Shelter	$14,392.65	$475.95	$6,809.60	$224.00	

Foster Parent Board Payments	Illinois	Iowa	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$503.40	0 through 5
5 through 8 years	$611.00	$523.50	6 through 11
9 through 11 years	$656.00	$573.00	12 through 15
12 and over	$656.00	$580.50	16 or over

SFC Difficulty of Care Add-on	Iowa Monthly	Iowa Daily
Level I	$146.22	$4.81
Level II	$292.45	$9.62
Level III	$438.98	$14.44
Enhanced Foster Family Home (1)	$1,520.00	$50.00

(1) Enhanced Foster Family Homes are paid a total of $50 a day per child. Enhanced foster homes serve youth that have extreme behavior issues or disabilities that cannot be served in a traditional

Psychiatric medical institutions for children (PMICs) provide psychiatric care for children and adolescents within a medical institution under the Medicaid program. Payment for the PMIC program is from state and federal funds based on the child's eligibility for Medicaid. PMIC should be utilized for children whose psychiatric needs take precedence over their inability to live in a family situation due to social or emotional needs.

9 PMIC Programs

Iowa	Daily Rate
Average	$322.60
Median	$317.68
Lowest	$276.52
Highest	$387.60

There is one Enhance PMIC program with a per diem rate of $762.93

OTHER PAYMENTS	Iowa
Kinship Placement (HMR) Monthly	$310.00
Clothing allowance at time of removeal 0 to 12 - Annual	$500.00
over 13 years - Annual	$750.00
ILO Clothing - Annual	$630.00
School fees per year	$50.00
Respite 24 days per year @ $20/day	$480.00

Program Rates Comparison of Illinois to Kentucky

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Kentucky 2023 Monthly Rate	Kentucky 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	No Placing Agency Rate		
Foster: Specialized	$4,888.62	$160.81	$1,362.53	$44.82	Basic and Level I
			$2,528.06	$83.16	Therapeutic or Treatment FC II
			$4,254.78	$139.96	Therapeutic or Treatment FC III
Independent Living (ILO)	$4,691.63	$154.33	$2,528.06	$83.16	Level I or II
Transitional Living (TLP)	$10,561.26	$347.41	$4,254.78	$139.96	Level III
Group Homes	$11,615.84	$382.10	$5,882.40	$193.50	Non-QRTP Residential
Institutions	$14,694.75	$483.38	$9,074.40	$298.50	QRTP Residential
			$9,183.84	$302.10	Level 5 - Residential
Emergency Shelter	$14,392.65	$475.95	$5,882.40	$193.50	Emerg Shelter w/ Treatment License
			$4,411.65	$145.12	Emerg Shelter no Treatment License

Foster Parent Board Payments	Illinois	Kentucky	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$703.70	0 - 11 years - Basic
5 through 8 years	$544.00	$771.90	0 - 11 years Advanced
9 through 11 years	$611.00	$765.70	12 and over - Basic
12 and over	$656.00	$833.90	12 and over - Advanced
		$1,240.00	Medically Complex - Basic
		$1,395.00	Medically Complex - Advanced

NO INDIVIDUAL RATES

A statewide median cost, including board, care, and treatment components, for each level of care shall be calculated by using a utilization factor of ninety (90) percent for residential treatment and seventy-five (75) percent fora group home.

Program Rates Comparison of Illinois to Michigan

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Michigan 2023 Monthly Rate	Michigan 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$1,678.08	$55.20	Placing Agency F/C & Ind Living rates
Foster: Specialized	$4,888.62	$160.81	$3,111.44	$102.35	Treatment F/C
Independent Living (ILO)	$4,691.63	$154.33	$3,015.98	$99.21	ILP Host Home Housing
Transitional Living (TLP)	$10,561.26	$347.41	$6,391.60	$210.25	ILP Staff Supported Housing
Group Homes	$11,615.84	$382.10	See Table below		
Institutions / Residential Care Ctr (RCC)	$14,694.75	$483.38	See Table below		
Emergency Shelter	$14,392.65	$475.95			

Service Description	Michigan Daily Per Diem Rates: Day Ratio (1:2)	Day Ratio (1:3)	Day Ratio (1:4)	Day Ratio (1:5)	Day Ratio (1:6)
RFCAN: Residential Foster Care Abuse/Neglect					
General Residential	$636.83	$465.85	$390.91		
DD/CI (Dev Disabled/Cognitively Impaired)	$983.43	$744.46	$420.47		
Human Trafficking Reintegration		$654.67			
Human Trafficking Stabilization		$659.33			
Intensive Stabilization	$735.95	$735.95			
Mental Health Behavior Stabilization	$968.90	$774.40			
Specialized Dev Disabled - Autism	$1,032.02				
Substance Abuse Treatment		$483.81			$370.52
Youth with Problematic Sexual Behaviors		$720.98		$419.05	
SHFC: Shelter Foster Care					
Shelter Residential Care	$855.78	$675.68	$579.65		

Foster Parent Board Payments	Illinois	Michigan	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$628.98	0 - 12 Years
5 through 8 years	$611.00	$751.18	13 - 18 Years
9 through 11 years	$656.00	$775.81	Independent Living Monthly Total
12 and over	$656.00		

Determination Of Care (DOC) Supplements	Michigan		
Age or Special Need - Monthly Add-on	Level I	Level II	Level III
AGE 0-12	$152.00	$304.00	$456.00
AGE 13-18	$182.40	$334.40	$486.40
Medically Fragile	$243.20	$395.20	$547.20

Note: DOC Level IV is a negotiated rate up to $80 per day or $2,432 per month.

Program Rates Comparison of Illinois to Missouri

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Missouri 2023 Monthly Rate	Missouri 2023 Daily Rate		COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69		Room & Bd	Rehab Treatment	
Foster: Specialized	$4,888.62	$160.81	$1,315.41	$43.27	$129.81	Traditional TFC Level 1
			$1,991.20	$65.50	$196.52	Traditional TFC Level 2
			$1,119.00	$36.81		Youth w/ Elevated Needs-Level A/ Medical FC
			$2,034.00	$66.91		Youth w/ Elevated Needs-Level B FC
			$2,632.26	$86.59		Treatment Foster Care (TFC) Parent Home **
			$3,984.89	$131.08		Level 2 (TFC) Parent Home **
Independent Living (ILO)	$4,691.63	$154.33				
Transitional Living (TLP)	$10,561.26	$347.41				
			Total	Room & Bd	Rehab Treatment	
Group Homes	$11,615.84	$382.10	$4,570.34	$61.80	$88.54	Non-QRTP, Level 2 *
			$4,580.37	$61.94	$88.73	Non-QRTP, Level 3 *
			$6,020.72	$81.42	$116.63	Non-QRTP, Level 4 *
			$10,830.00	$81.42	$274.83	Non-QRTP, Above Level *
Institutions / Residential Care Ctr (RCC)	$14,694.75	$483.38	$5,142.46	$70.41	$98.75	IMD – QRTP, Level 2 *
			$5,612.75	$76.83	$107.80	IMD – QRTP, Level 3 *
			$6,739.07	$92.02	$129.66	IMD – QRTP, Level 4 *
			$11,548.35	$92.02	$287.86	IMD – QRTP, Above Level *
			$5,911.89	$80.96	$113.51	Non-IMD – QRTP, Level 2 *
			$7,270.46	$99.57	$139.59	Non-IMD – QRTP, Level 3 *
			$7,715.52	$105.35	$148.45	Non-IMD – QRTP, Level 4 *
			$12,524.80	$105.35	$306.65	Non-IMD – QRTP, Above Level *
Emergency Shelter	$14,392.65	$475.95				

* Rehab Treatment Rates are paid by MO HealthNet (MHD) or Show Me Healthy Kids (SMHK)

** These minimum rates are for TFC homes who are fully licensed and have completed the TFC training requirements. TFC Placing Agencies are responsible for these payments to TFC homes.

Foster Parent Board Payments	Illinois	Missouri	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$509.00	0 to 5 years
5 through 8 years	$611.00	$577.00	6 to 12 years
9 through 11 years	$656.00	$712.00	13 to 18 years
12 and over	$656.00		
		$455.00	ILA (Paid to foster youth) 16+

Program Rates Comparison of Illinois to Wisconsin

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Wisconsin 2023 Monthly Rate	Wisconsin 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$2,420.14	$79.61	Avg Rate - Max Daily Rate $91.00
Foster: Specialized	$4,888.62	$160.81			
Independent Living (ILO)	$4,691.63	$154.33			Part of Group Homes Rates
Transitional Living (TLP)	$10,561.26	$347.41			Part of Group Homes Rates
Group Homes	$11,615.84	$382.10	$9,167.42	$301.56	Avg Rate - Max Daily Rate $338.09
Institutions / Residential Care Ctr (RCC)	$14,694.75	$483.38	$17,490.34	$575.34	Max Rate - Avg Daily Rate $609.77
Emergency Shelter	$14,392.65	$475.95			

(1) Wisconsin calculates individual program rates but also establishes a Maximum Daily Rate for program types CPA, GH and RCC

__Note from 2021 Study:__ RCC providers (10 of 11) reported 12% of their total personnel expenditures are spent on education staff, including teachers, aides, principals, etc. In most states, these costs are typically funded by local education authorities, and not through child welfare agencies.

Daily Rates	Wisconsin CPA's	Wisconsin GH's	Wisconsin RCC's
Average	$79.61	$301.56	$609.77
Median	$78.03	$289.00	$642.35
Lowest	$67.75	$175.00	$312.50
Highest	$91.00	$419.91	$766.27
Program Maximum	$91.00	$338.09	$575.34
# of Program Rates	21	63	26

Foster Parent Board Payments	Illinois	Wisconsin	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$300.00	0 to 18 - Level I
5 through 8 years	$611.00	$420.00	0 to 4 - Above Level I
9 through 11 years	$656.00	$460.00	5 to 11 - Above Level I
12 and over	$656.00	$522.00	12 to 14 - Above Level I
		$545.00	15 to 18 - Above Level I

__Additional Payments for Special Needs - Supplemental and Exceptional Rates__

For a foster home that is certified to provide care at a level of care that is higher than Level One care. If your foster child has emotional, behavioral, or medical needs, you may request an additional monthly payment to cover the costs of caring for the child's special needs. When approved, this payment is called a SUPPLEMENTAL RATE.

If a child has extraordinary needs, you may receive an additional payment called an EXCEPTIONAL RATE. This payment may be provided if the child's placement in your home allows the child to be released from a more restrictive setting or prevents the child's placement in such a setting. Only providers certified above a Level One can receive exceptional rates.

No monthly payment for the combined Basic Maintenance, Supplemental, and Exceptional Rates may exceed $2,000.

Program Rates Comparison of Illinois to Arkansas

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Arkansas 2023 Monthly Rate	Arkansas 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$1,368.00	$45.00	Private License Placement Agency (PLPA)
Foster: Specialized	$4,888.62	$160.81	$3,344.00	$110.00	TFC Level 1 w/ PLPA
			$5,031.20	$165.50	TFC Level 2 w/ PLPA
			$5,760.80	$189.50	TFC Level 3 w/ PLPA
Independent Living (ILO)	$4,691.63	$154.33			
Transitional Living (TLP)	$10,561.26	$347.41			
Group Homes	$11,615.84	$382.10	$5,025.42	$165.31	Same for all programs
Institutions	$14,694.75	$483.38	$5,025.42	$165.31	Same for all programs
Emergency Shelter	$14,392.65	$475.95			

Foster Parent Board Payments	Illinois	Arkansas	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$410.00	0 through 5
5 through 8 years	$611.00	$440.00	6 through 11
9 through 11 years	$656.00	$470.00	12 through 14
12 and over	$656.00	$500.00	14 and over

Program Rates Comparison of Illinois to Colorado

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Colorado 2023 Monthly Rate	Colorado 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$1,778.70	$58.80	
Foster: Specialized	$4,888.62	$160.81	$5,492.19	$181.56	Thereputic Foster Care
			$7,127.51	$235.62	Treatment Foster Care
Independent Living (ILO)	$4,691.63	$154.33			
ILO Child Stipend					
Transitional Living (TLP)	$10,561.26	$347.41			
Group Homes	$11,615.84	$382.10	$5,188.18	$171.51	
Institutions	$14,694.75	$483.38	$9,396.56	$310.63	RCC or QRTP
Emergency Shelter	$14,392.65	$475.95			

Foster Parent Board Payments	Illinois	Colorado	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$1,234.20	0 through 5
5 through 8 years	$611.00	$1,234.20	5 through 8
9 through 11 years	$656.00	$1,573.61	9 through 13
12 and over	$656.00	$1,913.01	14 and over

Program Rates Comparison of Illinois to Kansas

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Kansas 2023 Monthly Rate to FFH	Kansas 2023 Monthly Rate to CPA	Kansas 2023 Daily Rate to FFH	Kansas 2023 Daily Rate to CPA	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$730.00	$344.66	$24.00	$11.33	Basic 1
			$1,216.67	$629.09	$40.00	$20.68	Basic 2
			$1,825.00	$804.61	$60.00	$26.45	Basic 3
Foster: Specialized	$4,888.62	$160.81	$2,281.25	$1,068.05	$75.00	$35.11	Intensive 1
			$2,737.50	$1,203.72	$90.00	$39.57	Intensive 2
			$3,285.00	$1,203.72	$108.00	$39.57	Treatment Transition LOC
			$4,623.33	$1,581.84	$152.00	$52.00	Therepeutic
Independent Living (ILO)	$4,691.63	$154.33		$3,985.02		$131.00	IL-Community Integration Pgm
Transitional Living (TLP)	$10,561.26	$347.41		$4,289.22		$141.00	IL-Transitional Living Program
Group Homes	$11,615.84	$382.10		$5,506.02		$181.00	Youth Residential Center II (YRCII)
Institutions / Residential Care Ctr (RCC)	$14,694.75	$483.38		$9,126.00		$300.00	QRTP
Emergency Shelter	$14,392.65	$475.95		$4,745.52		$156.00	Emergency Shelter
				$5,049.72		$166.00	Emergency Shelter Crossover Svcs

Foster Parent Board Payments	Illinois	Kansas	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$730.00	0 through 4 years
5 through 8 years	$611.00	$730.00	5 through 8 years
9 through 11 years	$656.00	$730.00	9 through 11 years
12 and over	$656.00	$730.00	12 and over

Program Rates Comparison of Illinois to Minnesota

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Minnesota 2023 Monthly Rate	Minnesota 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$1,207.67	$39.70	Avg Rate - Range is $20.00 to $56.00, 14 pgms
Foster: Specialized	$4,888.62	$160.81	$3,081.24	$101.29	Avg Rate - Range is $41.00 to $90.17, 13 pgms + CPA of $39.70
Independent Living (ILO)	$4,691.63	$154.33			
Transitional Living (TLP)	$10,561.26	$347.41	$8,196.97	$269.46	Avg Rate - Range is $195.66 to $362.00, 19 pgms
Group Homes	$11,615.84	$382.10	$9,996.83	$328.63	Avg Rate - Range is $165 to $595.00, 31 pgms
Institutions	$14,694.75	$483.38	$12,981.39	$426.74	Avg Rate - Range is $292.00 to $600.00, 20 pgms
Emergency Shelter	$14,392.65	$475.95			

Foster Parent Board Payments	Illinois	Minnesota	
Child's Age	Monthly Total		Child's Age
0 through 4 years	$544.00	$710.00	0 through 5
5 through 8 years	$611.00	$841.00	6 through 12
9 through 11 years	$656.00	$994.00	13 and over
12 and over	$656.00		

Program Rates Comparison of Illinois to Oklahoma

Program Type	Illinois 2023 Monthly Rate	Illinois 2023 Daily Rate	Oklahoma 2023 Monthly Rate	Oklahoma 2023 Daily Rate	COMMENTS
Foster: Relative/Traditional CPA	$1,206.58	$39.69	$780.00	$26.00	
Foster: Specialized	$4,888.62	$160.81			
Foster: Thereputic			$918.60	$30.62	TFC Component
			$1,458.60	$48.62	TFC Std Board Payment + CPA
					Plus add'l $77.64 in daily Medicaid billings not in rate
			$2,210.40	$73.68	ITFC Component (Intensive TFC)
			$1,458.60	$48.62	ITFC Std Board Payment +CPA
					Plus add'l $152.45 in daily Medicaid billings not in rate
Independent Living (ILO)	$4,691.63	$154.33			
ILO Child Stipend					
Transitional Living (TLP)	$10,561.26	$347.41			
Group Homes	$11,615.84	$382.10	$5,653.86	$185.86	Level C
Institutions	$14,694.75	$483.38	$5,531.88	$181.85	Level D
			$6,465.77	$212.55	Level D+
			$7,277.99	$239.25	Level E
			$9,964.38	$327.56	Level E+
			$11,129.46	$365.86	Level Enhanced E
			$10,059.89	$330.70	Level ITS
Emergency Shelter	$14,392.65	$475.95			

1.7 Review Impact of Rule 356 Rate Setting Standards with DCFS

The following schedules summarize the reasonableness measures for the excess expenditure calculations that were presented earlier in the report and reviews those results against the Rule 356 defined measures of reasonableness. The four excess calculations include fringe benefits, support, occupancy, and administration. The reasonableness tests for support and occupancy expenses are based on 120% of the median calculations for all providers with IGH descriptor codes and are only applicable to IGH programs.

One item that we mentioned earlier in the report was for programs that may qualify for Section 356.50 (f)(3) of Rule 356. This Rule allowed for an additional $7.05 increase to the occupancy per diem for those providers that qualified. 13 programs across 7 Agencies in FY21 qualified for this increase. IGH providers are the only programs effected by the occupancy expenditures limitation.

Our first review of Rule 356 is related to fringe benefits. As part of this review, we looked at all 113 IGH providers/programs and all 116 FC providers/programs. The current Rule limits fringe benefits to 25% of total salaries. Using that calculation, we determined that there was a total of $2.2m in excess fringe benefits (3.73% of total Fringes). Of the 229 providers reviewed, 66 providers reported some excess fringe benefits. The table below breaks down the excess fringe benefits percentage between IGH and FC. In addition, it provides the overall excess fringe benefits percentage.

Excess Fringe Summary

	Fringes Benefits	Excess Fringes	Excess %
IGH	33,819,459	(1,537,829)	-4.55%
FC	25,535,110	(675,642)	-2.65%
Total	**59,354,569**	**(2,213,471)**	**-3.73%**

Should DCFS want to explore changing the rules for measuring excess fringe benefits, they could explore increasing the cap from 25% to a higher percentage. With the percentage of excess fringes at (3.73%), we can measure the impact of increasing it from 25% to 28.73%. This would decrease the number of programs with excess from 66 to 21. It should be noted that there are 5 programs included in the amounts above that had substantial amounts of excess fringe benefits. Those 5 providers caused the fringe excess percentage in the table above to increase by almost a full percent. We recommend DCFS take into consideration there may be programs that exceed the fringe benefit test regardless of the maximum level. If a change in the cap is to be considered, removing the outliers would help identify what an acceptable level should be. We also pointed out earlier that our review of the FY 2021 CFR data precedes the increased funding for program salaries in March 2022. The increases to program salaries will increase the overall 25% allowance for fringe benefits. We recommend waiting until the FY 2024 CFR reports are submitted to review the fringe benefit levels so they can be evaluated against the increased pay scale for direct care staff.

The next area of review was excess administration expenditures. The current statute limits Administration expenditures to 20% of total expenditures (less any identified excess costs). Using the excess administration calculation, we determined there were a total of $2.7m in excess administration, 3.93% of total administration expense. Of the 229 providers reviewed, 24 providers reported some level of excess administration. The table below breaks down the excess administration percentage by IGH and FC. In addition, it provides an overall excess percentage.

Excess Administration Summary			
	Administration	Excess Administration	Excess %
IGH	34,635,182	(2,635,695)	-7.61%
FC	32,914,285	(21,749)	-0.07%
Total	**67,549,467**	**(2,657,444)**	**-3.93%**

In addition to reviewing the excess tables above, We also reviewed the utilization levels (Child Divisor) for the providers using the 2021 CFR data. Utilization levels can have an impact on the IGH portion of these calculations. As we documented earlier in this report, DCFS had previously set a minimum utilization figure of 91.5% and a maximus percentage at 98%. DCFS's current methodology involves paying providers for 100% of their contracted capacity instead of using the minimum & maximum child divisors. There are pros and cons to every methodology. For the current contracted capacity methodology, there are some benefits.

- Providers will know exactly what the DCFS rate will cover and can budget accordingly.
- Providers are able to retain staff and maintain their expected staffing levels even when a program slot becomes empty. Under the previous approach, providers may have to lay off staff until a new placement is received, which creates many operational issues including the ability to re-hire staff to stay in compliance with the required staffing rations.
- DCFS is ensuring they have available placement slots should they be needed.

The major disadvantage of this methodology is that DCFS may pay for placement slots that may not be used for a period of time. The benefit of keeping continuity within the providers program staff is justification for the approach.

There is one section of Rule 356 we have not evaluated in this report, it is section 356.50(f)(5). It states, "The maximum increase in a facility's reimbursement rate shall be 150% of the inflation adjustment factor for the most current year." This rule means if the annual inflation factor for the most current year was 3%, the maximum per diem rate increase would be 4.5%. This section of Rule 356 had an impact on provider rates in the 1990 to 2000 time period, when CFR based rate setting was completed every year. We can't predict the impact this could have on rates, we are citing it to ensure all parties are aware of its existence within Rule 356.