Risk Pool Peer Review Committee Report
Eckerd Community Alternatives - Hillsborough
Fiscal Year 2017/2018

Eckerd Community Alternatives - Hillsborough (ECA-H) submitted an application for risk pool funding on September 29, 2017. The application was subsequently reviewed by the Suncoast Region and with the concurrence of the Regional Managing Director was submitted to the Office of Child Welfare.

The department established a Risk Pool Peer Review Committee pursuant to section 409.990(7), F.S. and consistent with the department's Risk Pool Protocol of August 30, 2017. For fiscal year 2017-2018, the Risk Pool application process was informed by lessons learned from the prior year reviews as well as the availability of extensive additional information from reports developed pursuant to proviso language included in the General Appropriations Act, Specific Appropriation 322 (Chapter 2017-70, L.O.F) for fiscal year 2017-2018. In compliance with this proviso language the department completed a comprehensive, multi-year review of the revenues, expenditures and financial position of all Community-Based Care lead agencies including a comprehensive system of care analysis. This submission also included financial viability plans from all lead agencies.

The Risk Pool Protocol provided for priority consideration for any lead agency with increased removals based on a 12-month moving average from June 2015 to June 2017. This criterion was based on the experience from prior year reviews that found that significant increases in removals were a key indicator of financial vulnerability for a lead agency. Tier one for priority consideration was lead agencies with an increase in removals of 11% or more. Based on analysis of relevant data, ECA-H was in Tier 1 for priority consideration with increased removals of 22%.

The Risk Pool Protocol further provided that site visits would be required if no Risk Pool Peer Review site visits had been held in the past 12 months. A Peer Review Committee conducted a site visit on April 4th, 2017, therefore this report updates the prior year report which is attached for reference.

This report also includes a review of relevant contextual information regarding caseloads, financial history and performance as reflected in the comprehensive report referenced above, the Financial Viability Plan, progress made on last year's Risk Pool recommendations and updated financial and programmatic trend data.

This updated report is designed to meet the direction of the statute and departmental protocol in order to:

1. Review, analyze, and discuss the application.
2. Verify the accuracy of the data being reported by the Lead Agency.
3. Conduct an on-site, fact-finding visit to confirm input from the applying Lead Agency (if a visit has not occurred in the last 12 months).
4. Assess need for immediate technical assistance regarding budget development/management, and determine if continued on-site technical assistance is appropriate. In these cases, the Peer Review Committee will serve as the coordinating entity for the provision of technical assistance.
5. Make a final recommendation to the Secretary upon the completion of all required site visits, regarding approval or disapproval of the application. Recommendations for approval will include:
    a. Amount of funding and mix of funds to be made available.
    b. Limitations or requirements on use of additional funding that are linked to correction of factors that caused the shortfall.
    c. Any follow-up actions or additional documentation needed from the Lead Agency or Region.
    d. Report on technical assistance activities completed and remaining, and/or recommendations for future technical assistance.
    e. Access to the risk pool or back-of-bill funding.

This updated information is organized in seven areas similar to the organization of last year's report.:

1. Findings related to the need for services and commitment of resources.
2. Findings related to protective services including removals, referrals for post-investigative services, activities to protect children without removal and use of resources focused on prevention and intervention.
3. Findings related to provision of services for children in care (both in-home and out-of-home).
4. Findings related to exits from care including exits to permanence.
5. Findings related to funding, fiscal trends and fiscal management.
6. Findings related to overall management.
7. Other factors or considerations noted on the application or determined relevant by the Peer Review Committee.

The following summarizes the updated findings. Almost all of the challenges noted in the original report still exist, so this addendum only contains significant updates or changes.

1. **Findings related to the need for services and commitment of resources**

   In Hillsborough County, the Hillsborough County Sheriff is the entity responsible for child protective investigations. The Children's Legal Service function is performed by the Office of the Attorney General. Eckerd Community Alternatives became the Community - Based Care Lead Agency effective July 1, 2012.

2. **Findings related to protective services including removals, referrals for post-investigative services, activities to protect children without removal and use of resources focused on prevention and diversion.**

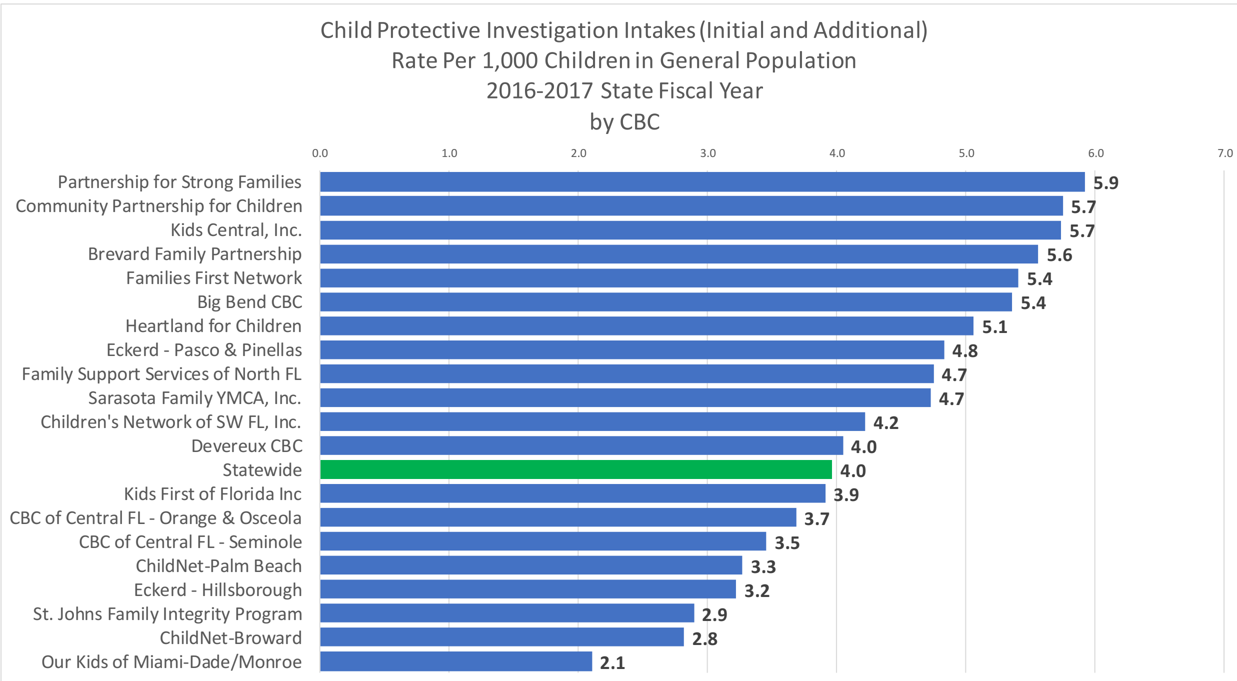
   As indicated by the charts below, ECA-H experienced in increase in removals from SFY 2015 to SFY 2016. The SFY 2017 removals did not increase further, rather, remained the same. SFY 2018 appears to show a decrease back down close to historic levels. The removals were not the result of increased investigations as the increase there was minimal. Note that the removal rate in Hillsborough county has been above the statewide average for several years.

	Investigations Received - Monthly Averages			
County	Thru Aug 2017	SFY 2017	SFY 2016	SFY 2015
Hillsborough	961	1,029	993	974
Change	-6.6%	3.6%	1.9%	
State	15,147	16,395	15,935	15,542
Change	-7.6%	2.9%	2.5%	

	Removals - Monthly Averages			
County	Thru Sep 2017	SFY 2017	SFY 2016	SFY 2015
Hillsborough	126	148	148	120
Change	-14.6%	-0.2%	23.8%	
State	***1,333***	***1,422***	***1,428***	***1,416***
Change	-6.3%	-0.4%	0.9%	

	Removal Rates - per 100 Alleged Victims			
	Thru Sep 2017	SFY 2017	SFY 2016	SFY 2015
ECA-H	9.88	10.37	11.11	8.83
State	6.74	6.66	7.09	7.13

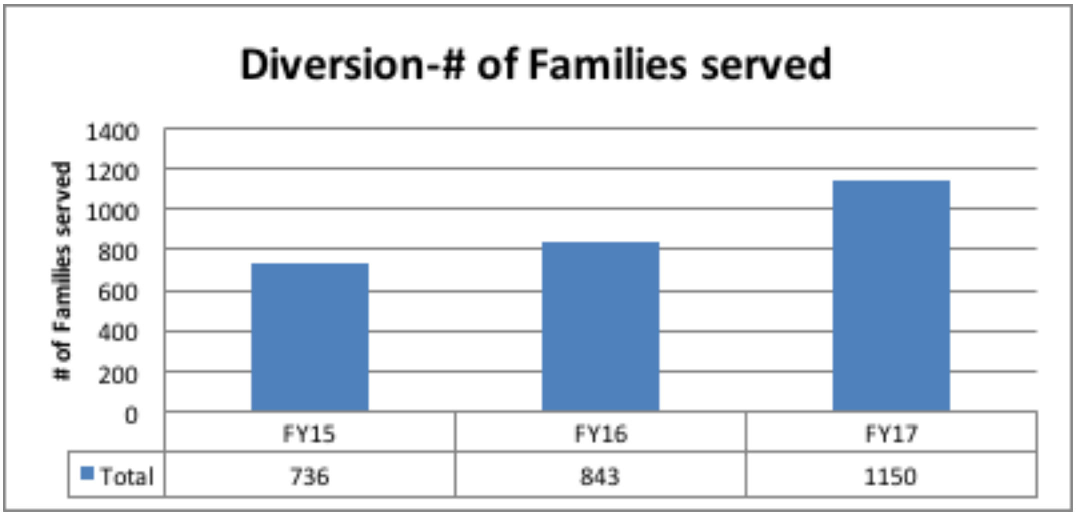
The chart bellows provides context for the rate of intakes relative to the general population and the rest of the state; ECA-H is well below the statewide average.



The April 2017 risk pool report recommended that the Lead Agency expand prevention contracts to increase their capacity to meet the increased demand. **The report also recommended** that That the Lead Agency continue to improve and maintain communication with community resources to ensure appropriation utilization of resources available in the community. In discussion with ECA-H leadership, as well as Hillsborough County Sheriff's Office (HCSO) leadership, the decision was made to focus on ensuring that the appropriate families were receiving appropriate services (either funded by ECA-H or within the community) as opposed to increasing services. The following was also noted:

- HCSO indicate that ECA-H continually asks whether more or different services are needed for PI's and that ECA-H is extremely responsive.
- Resource specialists are still co-located but are now becoming more specialized in certain areas such as housing, APD, etc.
- Use of the High Risk Tool has assisted in ensuring that families are referred to the appropriate service
- Use of community services when appropriate has been a focus of prevention effort
- CPI pre-service has expanded from 1 presenter speaking about available services to several people over the course of a half day
- Domestic Violence advocates are now available to go out with PI's
- Work on early identification of potential "lock-outs"
- There has been a decline in removals and while ECA-H cannot definitively state that this is due to the re-tooling of these services, they believe it has had some impact

The following utilization data shows significant increases in families served over the past several years. Data through October indicates that they are on track to increase in the current FY as well.



The April 2017 report also recommended that the Lead Agency and the Hillsborough County Sherriff's Office continue their efforts to facilitate improved communications between from line CPIs and child welfare staff. Per discussion with ECA-H and HCSO leadership, the relationship at the manager level is strong but they are still working together to find ways to strengthen the relationships amongst front-line staff. In fact, ECA-H requested any technical assistance / best practice ideas from CBC peers that could be utilized.

3. **Findings related to provision of services for children in care (both in-home and out-of-home).**

   The In-Home census has been declining since SFY 2016 while the OOHC census has been steadily increasing.

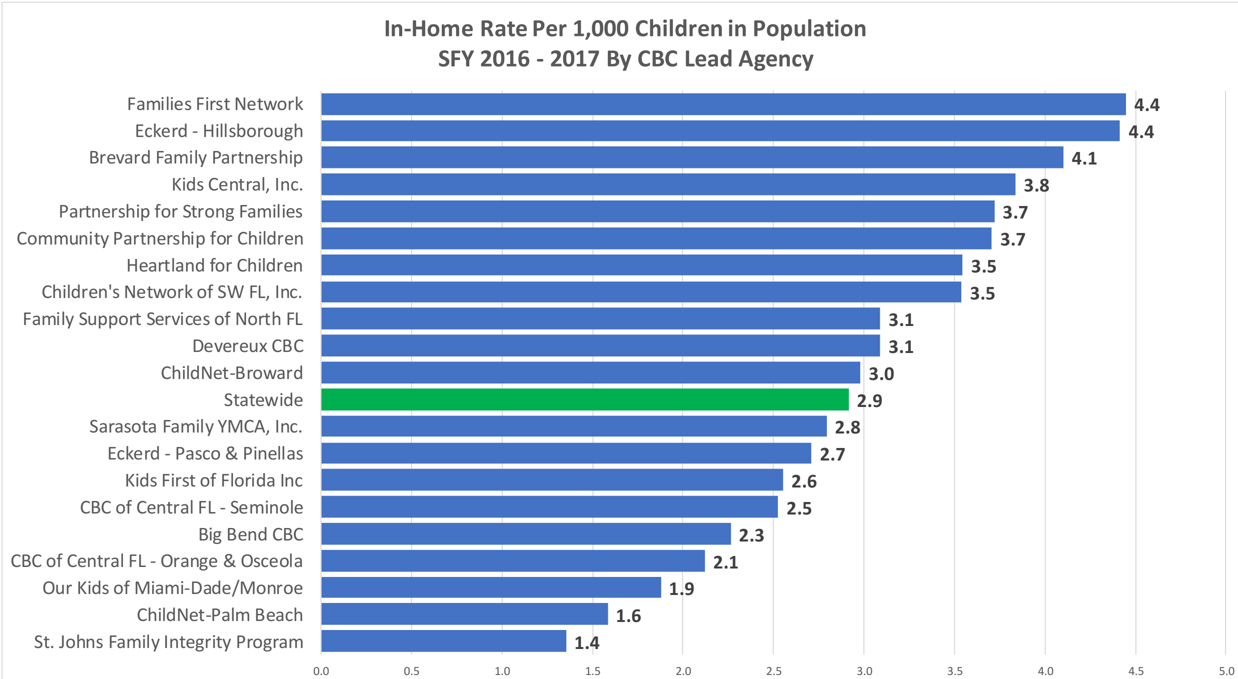
	Ending Census			
ECA-H	9/30/17	6/30/17	6/30/16	6/30/15
In Home	1,278	1,325	1,368	1,089
RCG	1,159	1,132	993	848
nRCG	269	279	259	191
FFH	715	657	596	541
RGC	241	237	209	197
Other	67	73	71	53
Total OOHC	2,451	2,378	2,128	1,830

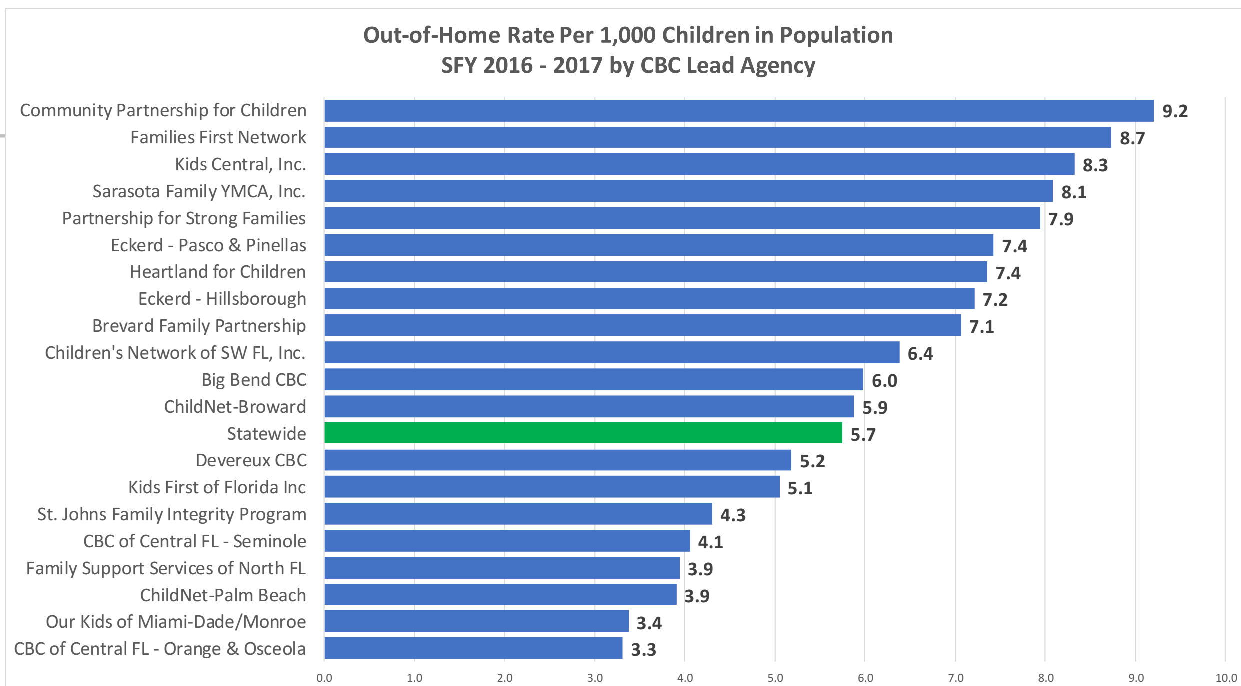
   Percentages of children in OOHC by placement type shows ECA-H slightly above the statewide average for relative caregiver placements, very close to the statewide average for family foster homes, but slightly above for RGC. The break-out in RGC by age cohort shows that the percentage is higher for all ages. ECA-H places 18.5% of children outside of the county which is an improvement since 12/31/2016 when it was 22.4%. The statewide average is 18.4%. ECA-H leadership indicate they have a very high focus on reducing RGC placements.

	% by Placement Type			
ECA-H	9/30/17	6/30/17	6/30/16	6/30/15
RCG	47.3%	47.6%	46.7%	46.3%
nRCG	11.0%	11.7%	12.2%	10.4%
FFH	29.2%	27.6%	28.0%	29.6%
RGC	9.8%	10.0%	9.8%	10.8%
Other	2.7%	3.1%	3.3%	2.9%
State				
RCG	44.6%	45.1%	45.0%	44.6%
nRCG	12.1%	11.9%	11.2%	10.7%
FFH	29.7%	29.1%	29.3%	30.5%
RGC	9.0%	9.2%	10.0%	10.1%
Other	4.7%	4.7%	4.4%	4.1%

Age Cohort	ECA-H	State
0 to 5	5.4%	3.4%
6 to 12	30.2%	25.7%
13 – 17	65.9%	62.9%

The following charts show context for In-Home and OOHC by child population relative to the rest of the state.





Effective September 1, 2016, Eckerd increased their subcontracts for the number of case managers from 191 to 213 for a net increase of 22 in order to manage the increase in caseload. CMO subcontracts were increased by $1.365 million.

For SFY16/17, Eckerd – Hillsborough had three (3) providers for dependency case management. The SFY16/17 contracted amounts for these Case Management Organizations (CMOs) were:

Devereux –	$ 5,153,838
Gulf Coast Jewish Family and Community Services –	$ 4,224,492
Youth & Family Alternatives, Inc. –	$ 9,130,713
Total	$18,509,044

For SFY17/18, these CMOs have contracted amounts of:

Devereux –	$ 5,627,011
Gulf Coast Jewish Family and Community Services –	$ 5,186,764
Youth & Family Alternatives, Inc. –	$ 9,867,880
Total	$20,681,655

Per the 9/30/17 spending plan received from Eckerd – Hillsborough, Youth & Family Alternatives, Inc. is already projected to end the year with a $233,755 deficit.

In addition, not included in these CMO contract projections are Eckerd – Hillsborough's plan to provide retention bonuses to the front line case managers this state fiscal year in the amount of $135,000.

Adding the expected deficit for Youth & Family Alternatives, Inc. and the retention bonuses, the increased amount for the CMO contracts for this state fiscal year, assuming the CMOs projected deficit will be covered, the increase in the CMO contracts when compared to last fiscal year is $ 2,541,366.

4. Findings related to exits from care including exits to permanence.

Three key permanency indicators relate to the percent of children in care who achieve permanency within 12 months, the percent in care for 12 to 23 months who achieve permanency within an additional 12 months and the percent in care for 24 or more months who achieve permanency within an additional 12 months. The chart below shows the percentage for each measure currently as well as from December 2016.[1] Performance has declined in 2 of the 3 measures.

Measure	National Standard	ECA-H (prior report, current)	Statewide (prior report, current)
Children Achieving Permanency within 12 months of removal	40.5%	49%/41.3%	42.9%/39.1%
Children in Care 12-23 Months Who Achieved Permanency within an Additional 12 Months.	43.6%	51%/43.4%	53.9%/53%
Children in Care 24 or More Months Who Achieved Permanency within an Additional 12 Months.	30.3%	43%/43.3%	40.8%/36.9%

Recent data shows that ECA-H has a slightly higher percentage than the state of children who have been in care for longer than 18 months. Also note that average monthly discharges for SFY 2018 are lower than the prior 2 years. ECA-H leadership indicate that this is of concern, but that September may have been impacted by hurricanes and that they typically have higher discharges close to the holidays and at the end of the fiscal year. It should be noted that October discharges are 132 – much higher than prior months.

ECA-H leadership indicate that there are 2 issues related to discharges - case manager capacity and lack of utilization of conditions for return. The overall caseload increase from SFY 2015 to SFY 2016 of 20% significantly impacted their capacity. Then the additional 6% increase in SFY 2017 further stressed that capacity. While positions have been added to reach caseloads of 1:17 (they had historically been at 1:12) they have still not reached the capacity needed to adequately serve the current number of children (due to turnover). In addition, many staff are still new and carrying protected caseloads. Data provided by ECA-H shows that of the 215 authorized positions, 177 are currently case carrying, or 82.3% capacity (and an average caseload of about 21). This is an improvement over July when they were at 77.2% capacity. If fully staffed, average caseloads would be just over 1:17.

ECA-H leadership also indicate that their circuit has been slow to embrace conditions for return. They indicate they are working with the judiciary and other stakeholders on this critical issue.

[1] Child Welfare Key Indicators Monthly Report, October 2017.

Percent of Children in OOHC by current Length of Stay		
	0-17	18+
ChildNet-Broward	60.16%	39.84%
Community Partnership for Children	62.49%	37.51%
ChildNet-Palm Beach	63.93%	36.07%
Brevard Family Partnership	66.07%	33.93%
Families First Network	66.26%	33.74%
Our Kids of Miami-Dade/Monroe, Inc	67.09%	32.91%
Kids Central, Inc.	68.87%	31.13%
Eckerd Community Hillsborough	69.22%	30.78%
Big Bend CBC	71.54%	28.46%
Community Based Care of Central Fla	71.79%	28.21%
Community Based Care of Central Fla (Seminole)	71.96%	28.04%
Kids First of Florida, Inc.	72.66%	27.34%
Family Integrity Program	72.73%	27.27%
Sarasota Y/Safe Children Coalition	74.20%	25.80%
Eckerd Community Alternatives	74.95%	25.05%
Childrens Network of SW Florida	75.08%	24.92%
Heartland for Children	76.40%	23.60%
Devereux CBC	76.85%	23.15%
Partnership for Strong Families	79.46%	20.54%
Family Support Services of North Fla	81.79%	18.21%
Grand Total	70.33%	29.67%

	Average Monthly Discharges			
	Thru Sep 2017	SFY 2017	SFY 2016	SFY 2015
ECA-H	103	124	125	114

There are three key standards for timeliness of judicial handling that are tracked monthly. For children with a disposition in the period July 1, 2016 through June 30, 2017, the median number of days from shelter to disposition in Circuit 13 was 47 days compared to the statewide median of 60 days (prior report for Circuit 13 was 53 days and statewide was 58 days). Median days from Termination of Parental Rights (TPR) to Entry of Final Order was 203 days (prior report was 194 days) compared to the statewide median of 154 days (prior report was 153 days). On the measure of the percentage of children with a goal of reunification extended past 15 months and no TPR activity, Circuit 13's percentage of 12% was the highest in the state compared to the statewide average 6.9% (prior report was 10 % for circuit 13 and 7.8% for the statewide average).

5. **Findings related to funding, fiscal trends and fiscal management.**

Core Services Funding for Eckerd-Hillsborough has increased each fiscal year since SFY13/14 but the single greatest increase occurred in SFY17/18 when they received ~$3.6M more in core services funding. Eckerd-Hillsborough has a recent history of carry forward balances ranging from ~ $2.0 million to $3.1 million. However, for SFY16/17 they had deficit of $419,724 (after receiving $1m in back-of-bill funding).

Total Funding

DCF Contract Funds Available (by Fiscal Year)	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Core Services Funding	$49,820,273	$49,809,812	$50,307,347	$51,150,751	$51,950,806	$55,584,469
Risk Pool Funding	$0	$0	$0	$0	$0	$0
CBC Operations "Back of the Bill" Funding	$0	$0	$0	$0	$1,026,682	$0
Other Amendments to Initial Allocations	$0	$13,086	$70,332	$708,559	$64,683	$0
Amended Core Services Funding	**$49,820,273**	**$49,822,898**	**$50,377,679**	**$51,859,310**	**$53,042,171**	**$55,584,469**
Funding not defined as core servcies funding						
Independent Living (IL and Extended Foster Care)	$1,848,532	$1,848,532	$1,848,532	$1,848,532	$1,848,532	$2,010,922
Children's Mental Health Services (Cat 100800/100806)	$728,973	$728,973	$728,973	$728,973	$728,973	$728,973
PI Training, Casey Foundation or other non-core svcs	$0	$352,464	$0	$0	$0	$0
Safety Management Services (Nonrecurring)	$0	$0	$0	$0	$708,225	$0
Total at Year End	**$52,397,778**	**$52,752,867**	**$52,955,184**	**$54,436,815**	**$56,327,901**	**$58,324,364**
Maintenance Adoption Subsidy (MAS)	$14,060,722	$15,177,141	$15,445,010	$17,450,786	$18,437,980	$18,826,310
MAS Prior Year Deficit	$0	$0	$0	-$640,520	$0	$0
Carry Forward Balance from Previous Years	$501,082	$939,744	$3,102,287	$2,806,968	$1,915,130	-$419,724
Total Funds Available	**$66,959,582**	**$68,869,752**	**$71,502,481**	**$74,054,049**	**$76,681,011**	**$76,730,950**

Expenditures for licensed care have increased every year since SFY13/14. Total license care expenditures increased from ~$10.5M in SFY13/14 to ~$11.1M (SFY14/15), ~$12.1< (SFY15/16) and ~$14.1M (SFY17/18). Eckerd-Hillsborough is projecting to spend ~$14.2M in SFY17/18.

Administrative costs have also increased each year from ~$2.2M in SFY13/14 to ~$2.87M in SFY16/17. The percentage of administrative costs has also increased relative to the total funding each year.

Expenditures on Core Services and Administration

Reported Expenditures by Fiscal Year	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
Administrative Costs	$2,305,758	$2,191,563	$2,459,151	$2,632,251	$2,868,854
Admin Cost Rate (Exp as % of Total Allocations)	3.5%	3.2%	3.6%	3.7%	3.8%
Core Services Expenditures					
Dependency Case Management	$27,503,247	$25,545,302	$26,465,456	$26,785,780	$28,487,044
Adoption Services Promotion & Support	$1,230,870	$2,268,292	$2,689,709	$1,918,666	$1,449,305
Prevention/Family Support/Family Preservation	$3,904,319	$4,437,823	$4,339,331	$4,571,410	$3,536,236
Client Services	$1,236,253	$2,732,183	$3,178,407	$3,602,403	$3,540,747
Training - Staff and Adoptive/Foster Parent	$473,130	$590,485	$685,241	$1,646,587	$1,934,998
Licensed Family Foster Home Care	$3,914,901	$3,892,474	$3,641,636	$3,775,912	$4,370,392
Licensed Facility Based Care	$8,902,860	$6,640,139	$7,497,008	$8,297,708	$9,691,655
Other	$284,001	$426,004	$487,620	$552,067	$1,608,940
Core Services Expenditures	**$47,449,581**	**$46,532,703**	**$48,984,409**	**$51,150,534**	**$54,619,317**

Eckerd – Hillsborough submitted a revised risk pool application to DCF in November 2017 requesting $3.4m in risk pool funds.

Per the 9/30/17 spending plan received from Eckerd – Hillsborough, the projected deficit is $3,397,619 in DCF related funding; however, a surplus from their CBC Integrated Health (CBCIH) revenues would reduce the deficit projection.

$ 3,397,619 - Eckerd – Hillsborough's SFY17/18 spending plan projected **deficit**
$ 54,162 - Adding the Maintenance Adoption Subsidy projected surplus payback
$ (392,674)- Reduced by the available CBCIH projected surplus

$ 3,059,107 SFY17/18 projected **deficit**

What is not included in the above projected deficit is the amount of $461k for the one-time initiatives Eckerd – Hillsborough included in their November 2017 revised risk pool funding application. Since these costs have not yet been incurred, they are not contemplated in the allocation of the initial $5m in risk pool funds.

In addition, adoption incentive funds were earned for meeting adoption goals under the CBC contract; however, the allocation of these funds has not yet been determined for SFY17/18, nor has it been included in Eckerd's available revenue for SFY17/18.

Without receiving any risk pool funds, Eckerd will have to use a combination of delaying payments to providers, accessing a line of credit, and requesting expedited payment of monthly invoices from the State; however, based upon the projected deficit, even these strategies will not be enough to make it through the end of the fiscal year without affecting cash flow. Safely decreasing the number of children in licensed facility based (residential group) care, as well as the number in out-of-home care in general would also help, but it is not anticipated that this will occur in time for Eckerd to end the fiscal year without a deficit.

The prior risk pool report recommended that ECA-H review the cost effectiveness of continuing to contract with Child Placing Agencies and consider performing this function as is done in Circuit 6. ECA-H leadership indicate that they reviewed the cost and determined that it would be slightly less costly to bring the function in-house. However, this is a function that they feel is best left with their community partners and have decided not to bring it in-house. They report that the main issue with foster home capacity is more related to retention (as opposed to recruitment) and that retention has been primarily impacted by the large number of children in the system (i.e. over-crowding) which is not within the control of the Child Placing Agencies. They also report that net increases in foster homes have improved – the net gain in homes through 10/9/2017 of 24 is already at the same level as the entire prior fiscal year. ECA-H also indicated that they have augmented the recruitment effort with some targeted efforts towards foster homes for teens.

Review of the SFY16/17 General Ledger for Eckerd - Hillsborough, approximately $255,000 was spent on mental health services for adults and children. More needs to be explored between Eckerd - Hillsborough and the ME to determine if these types of costs could be paid for by the ME.

The prior risk pool report also recommended that the Lead Agency continue with the corrective actions underway to resolve issues identified in the CPA audit and that the Region continue to monitor this corrective action plan. The new audit has not been completed yet so we were unable to follow-up on this recommendation.

The $5M in Risk Pool Funding is not sufficient to meet the projected deficits of all CBC applicants therefore prioritization on allocating based upon meeting minimum cash flow needs through the end of April is necessary. Eckerd-Hillsborough is in need of risk pool funding to meet cash flow needs. In general, several CBCs are in need of additional funding from the Legislature during the 2018 Session in order to meet projected deficits or at a minimum provide additional funding to allow CBCs to meet cash needs until receiving their two month advance in July 2018.

6. Findings related to overall management.

Since 2012, ECA-H has had 4 unique Executive Directors and 5 changes in ED (the first ED has been interim twice – once in SFY 2017 and currently). During SFY 2017, In the last 2 years, the Directors of Operations, Support Services, Diversion, Licensing and Quality all left their positions (only 1 due to promotion). The Director of Out-of-Home Care position has changed 7 times since 2012. This level of instability in key leadership positions creates issues even in stable systems. For a system already made unstable by increasing removals, this turnover makes recovery that much more difficult. It can sometimes also lead to a lack of consistent focus. In reviewing ECA-H Financial Viability Action Plan, there are many action steps but it is not always clear how the steps will positively impact the system of care. In addition, some of the recent updates do not provide information on progress for the specific action step.

7. Other Findings and Considerations – Financial Viability Plan

The Financial Viability Plan submitted by ECA-H describes the increase in licensed care as the driver of increased costs. They also note that case managers were added to achieve a ratio of 1:17. Their Action Plan is lengthy – there are 29 individual action steps. **The April 2017 risk pool report recommended** that the Lead Agency continue the actions outlined in the Financial Viability Plan and that the Region continue to monitor and support those actions. As noted above (in section 6), it does not appear that the plan or updates contain sufficient information to appropriately monitor progress.

Summary of Findings and Conclusions

- Removals are down and likely due to increased use of front-end services
- While 1:17 caseload is certainly desirable, average caseloads would have been under 20 at the previous level (191) and the deficit would not have been increased
- Of the 6 recommendations in the prior report (prior report attached – the 7th recommendation was related to the risk pool request), ECA-H appears to have completed item 1 (see section 5), to have made good progress on 2 and 3 (see section 2), and to be still challenged by item 4 but continue to work on it (see section 3). There does not appear to have been progress made on recommendation 5 (see discussion under section 7), and item 6 cannot be reviewed at this time (see section 5).

- With the decline in performance related to timely permanency, and the fact that while removals did not increase in SFY 2017 and have decreased this year, but out-of-home care continued to increase, it seems that the primary issue in the system is now the back-end. Per ECA-H staff, Q1 discharges were unusually low due to hurricanes and they expect them to be significantly higher in November and December.

Recommendations

The Peer Review Committee recommendations that ECA-H be considered for initial risk pool funding using their projected deficit amount ($3.059m) and for any additional funding above a total of $2.5m subject to further review and validation by DCF Office of CBC/ME Financial Accountability (see Attachment 1 for further discussion). At this time, it is not recommended that one-time initiatives (to the extent that funds are available) be considered. All funding is contingent upon the agreement of the Region and the Lead Agency to implement the following:

1. ECA-H and the Region should work collaboratively to focus on utilizing conditions for return.
2. ECA-H and the Region should refine reporting on Financial Viability including considering reducing the number of initiatives, identifying specific reports to be utilized in assessing progress, and more clearly stating tasks and objectives.
3. ECA-H should continue their strong commitment and focus to prevention services.
4. ECA-H should continue working towards better relationships amongst front-line staff.
5. ECA-H should work to reduce turnover in leadership positions.
6. ECA-H should review their process and assumptions for their monthly spending plan to ensure accurate and reliable projections on-going.
7. ECA should analyze and implement a plan to prudently reduce their administrative costs which have increased each year since SFY13/14.

ATTACHMENT 1 – Assessment of reasonableness of request

SFY 2016 saw an increase in removals resulting in 336 more children coming into system and SFY 2017 stayed at that same level. SFY 2018 appears to have dropped back down to historical levels. However, the Lead Agency will continue to experience cost impacts related to 2 years of increased removals.

The total OOHC census increased by 297 during SFY 2016 and by 250 during SFY 2017 – both less than the increase in removals. This tells us that the Lead Agency had some success in managing the increased removals (i.e. the back-end did not deteriorate). This may have been through increased funding in initiatives to facilitate discharges. We also see that they are generally managing to an average length of stay of about 16 months – a removal rate of 148 per month would result in an average OOHC census of 2368 which is very close to where they were 6/30/2017.

In order to assess reasonableness of the risk pool request, we first look at the cost impact of licensed care in SFY 2017. The SFY 2016 removals of 336 translates to an average daily census (ADC) impact for cost of 56. The SFY 2017 removals of 336 translates to an average daily census (ADC) impact for cost of 280. Thus, the total ADC cost impact from the prior year removals will impact SFY 2018 is about 336.

Average monthly cost of licensed care in SFY 2015 (prior to the increase) was $1203, but in SFY 2017 it had increased to $1314. The placement rate in licensed care in SFY 2015 was 43% (57% were in RCG / nRCG placements). If we apply the SFY 2015 rate, we would expect a fiscal impact of $2.1m (ADC impact of 336 times 43% times $1203 times 12 months). If we use the most recent average monthly cost, the impact would be $2.3m.

If we add other variable costs (referred to as Other Client Services, or OCS) we would add another $326k (at $971 per client) to the amount to get to $2.6m. In SFY 2018, ECA-H received $3.1m in new funds. $400k of this is needed to offset the prior year deficit, leaving $2.7m for expected increased costs. Based on this analysis, it would appear that ECA-H should have a small amount of current year funding ($100k) remaining.

When there is a short-term increase in removals, it can often be managed with increases in licensed care payments and other client services only. If the increase is sustained, other costs may need to be increased such as case management and front-end services to manage the increase. In ECA-H's case, the removal increase has been sustained for 2 years which would require the addition of other service costs, specifically case management. As noted in the narrative, ECA-H added $2.5m in additional case management costs in SFY 2018. If we include this in our calculation, the deficit would only be $2.4m. It is unclear why their projected deficit exceeds this by $600k. In addition, as noted in the report, there is some question about the need to increase funding for a ratio of 1:17 if it will result in a deficit.

That being said, it is extremely difficult to estimate what the correct number of case manager positions should be because turnover plays a significant role – if turnover is high, there are a lot of new case managers who carry limited caseloads for a certain period of time. This means that average caseload numbers are deceiving – the range of caseloads can still result in some case managers having very high caseloads, resulting in a need for a lower average caseload. June 30, 2017, data for ECA-H shows an average caseload of 21.8 but that more than 30% of the case managers had caseloads in excess of 25 (49 of 166 filled positions).