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MEMORANDUM

State of Alaska

TO John Pugh, Director
Division of Family & Youth Services
Department of Health & Social Services FILE NO

DATE March 24, 1982

TELEPHONE NO 465-3082

FROM  John Anderson, Director
Division of Administrative Services
Department of Health & Social Services

SUBJECT Private Contributions
to Full Cost of Care
Facilities

I am attaching an analysis of private contributions to the various Full Cost of Care facilities, as you requested, for FY 81 and for the first 6 months of FY 82.

The amounts in the analysis were taken from the cost reports submitted by the facilities for the periods shown. All the providers with material revenues from contributions have submitted cost reports through 12/31/82. However, as noted in footnote (A), Alaska Children's Service did not include data on revenue from contributions for the 6 months ended 12/31/81. This is their usual practice; they report the data on the cumulative report they submit for the entire fiscal year.

If there is anything else you need, please give me a call.

Department of Health and Social Services
 Full Cost of Care Facilities
 Contributions Received
 Fiscal Year Ended 6/30/81 and Six Month Period Ended 12/31/81

Provider	FYE 6/30/81			6 Months Ended 12/31/81		
	Private Parties	Church-Mission Boards	Total	Private Parties	Church-Mission Boards	Total
Alaska Child. Svce.	\$ 80,092.47	\$ 63,003.53	\$143,096.00	(A)	(A)	(A)
Ak. Bapt. Fmly Svces.	50.00	17,239.00	17,289.00		\$ 12,240.00	\$ 12,240.00
Alaska Youth Village	73,154.85	-0-	73,154.85	(B)	(B)	(B)
Bethel Group Home	525.00	-0-	525.00	-0-	-0-	-0-
Bethel Receiving Home	-0-	-0-	-0-	(C)	(C)	(C)
Booth Memorial	2,527.37	-0-	2,527.37	672.80	-0-	672.80
Covenant High School (D)	71,768.54	109,000.00	180,768.54	\$ 35,523.53	49,500.00	85,023.53
Hilltop Home, Inc.	12,180.00	-0-	12,180.00	2,001.23	-0-	2,001.23
Juneau Receiving Home	550.40	-0-	550.40	125.00	-0-	125.00
Kennel Pen. Comm. Care Ctr	250.00	-0-	250.00	128.00	-0-	128.00
Ketchikan: Teen I	402.55	-0-	402.55	-0-	-0-	-0-
Ketchikan: Teen II	402.55	-0-	402.55	-0-	-0-	-0-
Kodiak Baptist Mission	54,000.00	113,572.89	167,572.89	-0-	30,392.35	30,392.35
Kome Receiving Home	-0-	-0-	-0-	-0-	-0-	-0-
North St. Boro Rec. Home	-0-	-0-	-0-	-0-	-0-	-0-
North Star Home, Inc.	-0-	-0-	-0-	-0-	-0-	-0-
Presbyt. Hosp. House	11,690.00	13,567.00	25,257.00	10,291.00	-0-	10,291.00
Sitka Receiving Home	119.00	-0-	119.00	-0-	-0-	-0-
Turning Pt. Boys Ranch	159,530.94	-0-	159,530.94	157,611.05	14,850.79	172,461.84
TOTALS	\$467,242.67	\$316,182.42	\$783,425.09	\$206,352.61	\$106,983.14	\$313,335.75

- (A) 12/31/81 Cost Report did not include data on contributions received
- (B) No DHSS children in 6 months ended 12/31/81
- (C) 12/31/81 Cost Report not yet received
- (D) DHSS utilization is insignificant



ALASKA CHILDREN'S SERVICES, INC.

1200 East 27th Avenue
Anchorage, Alaska 99508-3999
(907) 276-4515

March 24, 1982

MEMORANDUM

TO: Alaska State Legislators and Department of Health and Social Services Administrators

FROM: Thomas H. Dahl, President
Alaska Children's Services Board of Directors

RE: Residential Child Care Rate Determination

The Alaska Children's Services, Inc., Board of Directors recognizes its responsibility to cooperate with legislators and the Department of Health and Social Services in addressing the important issues related to escalating cost of care rates. At its meeting in Anchorage on March 23, 1982, the Board unanimously passed the following resolution which strongly supports maintaining Alaska Statute 47.40 (Full Cost of Care Statute) and recommends amending the regulations based on AS 47.40 so that a limit is placed on State reimbursement for services rendered. The resolution is as follows:

The Board of Directors of Alaska Children's Services is in opposition to the repeal or major amendment to Alaska Statute 47.40; and furthermore, supports the following amendment to State Regulations, 7 AAC 50.106(h) by adding a new sub-paragraph (7) to read as follows: "all expenses which are in excess of the preceding fiscal year's established per person, per day cost of care rate for services"; so that 7 AAC 50.106 shall be as follows:

7 AAC 50.106. DETERMINATION OF RATES FOR SERVICES.

- (a) Rates for services shall be determined by the per person, per day cost, based upon or including
- (1) preceding fiscal year reimbursable costs;

Serving Alaska's

Children and Families through:

- Residential Treatment Centers
- Group Homes
- Emergency Shelter Services

- American Board
- American Lutheran
- United Methodist Churches

Member

- United Way of Anchorage
- Child Welfare League of America
- Alaska Association of Homes for Children
- Alliance of the National Secretariat Association of the Christian Church (Disciples of Christ)

- (2) anticipated cost of living adjustment on costs in (1) above, other than salaries;
 - (3) staff salary increases.
- (b) But excluding
- (1) expenses, including salaries, related costs and fees incurred in fund raising;
 - (2) funds expended for construction, major equipment, and other capital expenditures, including leases for any of these categories wherein title reverts to the lessee;
 - (3) depreciation and replacement costs of, and costs of additions to, major property and equipment;
 - (4) religious training and education;
 - (5) medical and dental care;
 - (6) services provided which are sub-standard to, or exceed the requirements of the Department;
 - (7) ALL EXPENSES WHICH ARE IN EXCESS OF THE PRECEDING FISCAL YEAR'S ESTABLISHED PER PERSON, PER DAY COST OF CARE RATE FOR SERVICES.
- (c) Exceptions to sub-sections (b), (2) and (3) of this section, which are reimbursable are equipment costing less than \$2,000.00 and repairs to property costing less than \$2,500.00.
- (d) Rates will be further determined as the Department reviews proposed program expansion, requests for new positions, or other additional factors affecting basic rates.

NOTE: The effect of this resolution will be to remove from the rate determination procedure all costs, whether allowable or not, which are paid for by an institution's supplemental funding sources such as contributions, grants, contracts, interest earned on investments, etc., as well as those expenditures related to deficit spending.

Currently, expenses paid for by funds received from the above methods have the effect of escalating the cost of care payments from one year to the next in excess of the cost of living adjustments and salary increases granted by the Department under 7 AAC 50.106(a)(2) and (3). Additional rate adjustments could still occur under provisions in 7 AAC 50.106(d)

Privately raised funds could still be used for program enrichment, salaries and benefits, and other expenditures; however, they would not have the power to escalate the cost of care rates from one year to the next. Supplemental agency income now used to fund allowable costs has this escalating effect. Deficit spending is currently another means of escalating costs and would no longer apply, except in years when population was lower than normal.

So long as population remains constant from one year to the next, rates for service would only increase by the percentage granted by the Department for cost of living and salary increases.

March 24, 1982

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An agency's total income would still be related to the number of units of service provided (population) and by its ability to develop supplemental resources. This aspect is not attractive to agencies with substantial fund raising capability. It does, however, give the Department certain management controls that it now lacks over rate determination. Agencies would still have the ability to negotiate with the Department for rate adjustments related to program expansion and/or enhancement.

It is to be noted that the Department is currently in the process of revising its regulations related to Alaska Statute 47.40. Public hearings have already been held on proposed changes in the sections relating to program content. Those sections of the regulations pertaining to cost reimbursement have yet to be drafted. This, however, could proceed immediately and is the responsibility of the Department.

It is also to be noted that children generally placed in residential care and treatment programs are among the most vulnerable and abused, neglected and troubled persons in our society. Appended are excerpts from the agency's case records of the type of children requiring professional care and treatment.

Excerpts From: Case Records - Alaska Children's Services, Inc.

(Names have been changed to insure confidentiality.)

SHERRY

The Division of Social Services in Anchorage referred Sherry to Jesse Lee Home because of her chronic running away and alleged emotional abuse by the natural mother. There were also indications Sherry had been overworked in the parental home doing child care and housework.

Sherry was conceived as a result of her mother being raped. When Sherry was a year old, she was placed with the maternal grandparents. At five years of age, Sherry was returned to her mother's home. Her mother had married in the mean time and the stepfather subsequently adopted Sherry. There were reports of child abuse, neglect due to the grandparent's problems with alcoholism and the parents took her home. There is a suspicion that Sherry was sexually molested by the grandfather.

MARI

Mark is a slender, attractive 7-year-old Caucasian boy who has been a resident at Jesse Lee Home for 7 months. Mark was originally referred by The Division of Social Services, with the concurring recommendation of Alaska Psychiatric Institute, where he had been evaluated at the Children's Unit.

Presenting problems at the time of referral included severe anxiety and out-of-control behavior demonstrated by daily wetting and frequent soiling of himself, self injuring acts (biting nails, to the quick, burning himself, having many accidents resulting in bruises and cuts), destruction of property at home and school, lying, stealing, fire setting, almost continuous unmanageable temper tantrum behavior in the school setting, frequent fighting with peers in the community. Mother and siblings were emotionally worn down by the effort of trying to manage Mark. Tempers were frayed and relationships strained.

DARLENE

Darlene was born in Germany to an unwed German national and an American soldier. The first few years of her life were spent in Germany while her father served in Korea. He returned to Germany, married Darlene's mother and moved the family to the United States, when Darlene was about four. Darlene remembers being severely threatened and abused by her mother while they were living alone, relating one incident in which her mother was stopped only seconds before she pushed Darlene from the side of the bridge. It was at this time the father and mother separated, the mother leaving for Germany, and never returning.

Darlene
Cont'd

Her father remarried approximately eight years ago and the family relocated to Fairbanks. Darlene relates that her stepmother was very abusive often spanking her with a chain. This marriage lasted only a short time, ending badly. According to Darlene, her father was hospitalized psychiatrically in the military hospital and she stayed with another family for several months. When Darlene and her father were reunited, he was no longer in the service and was able to find only erratic and poorly paying work. Often there was not enough food. Her father provided Darlene with little to no supervision and intervened only erratically. Intervention consisted of harsh spankings with a belt which left scratches, bruises, and welts. Darlene relates that she was never able to live up to her father's unrealistic expectations of her. Before Darlene came to Anchorage, her father had 'given' her to a friend's mother who is an alcoholic, so she might raise her in exchange for money from the Division of Social Services.

ROBERT

Robert is a 17-year-old Tlingit youth being evaluated for group home placement in Anchorage. Robert had been raised by various relatives since age 11. His mother had been killed, allegedly by the father, at age 7, and his father died of suicide after having killed a woman, when Robert was 11. He has had school and behavior problems and more recently, problems with theft although he apparently has not been charged with theft.

Robert complains of a pain in his head that accompanies an auditory hallucination which tells him to hurt people or destroy property. These hallucinations occur, primarily, when Robert is mad and out of control. Robert contradicts himself when he discusses how much control he has over this 'voice' inside his head. At times, Robert contends that the voice scares him because he can't control it. Other times, Robert has described his relationship with his 'little guy' in such a way as to make his counselors believe that he manipulates this voice to suit his own ends and purposes.

Introduced: 1/12/82
Referred: Health, Education &
Social Services and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 651

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state payment for child care costs
7 for foster homes."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 47.40.040(a) is amended to read:

10 (a) In this chapter, "full cost" of services shall be determined
11 by the per person, per day cost in the preceding fiscal year plus a
12 proportionate share of anticipated cost of living and staff salary
13 increment increases for the fiscal year for which the full cost of
14 services, determined to be necessary by the department, is being deter-
15 mined. [CHILD CARE COSTS FOR ^{specialized} FOSTER HOMES SHALL BE COMPUTED IN THE
16 SAME MANNER AS FOR CHILD CARE AND NURSING HOME INSTITUTIONS, EXCEPT THAT
17 ~~NO SALARY COSTS MAY BE CONSIDERED.~~

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

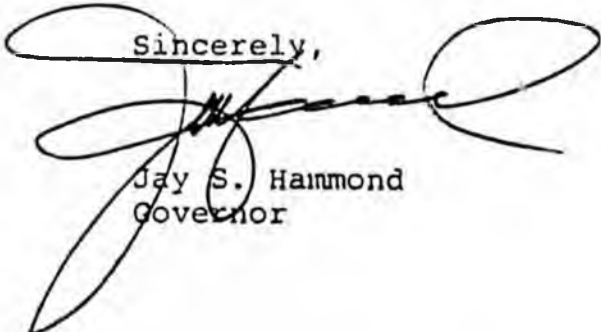
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill regarding state payment for child care costs for foster homes. The bill amends AS 47.40.040 by deleting the provision in the "full cost of care" chapter that requires foster home care costs to be calculated in the same manner as institutional care costs, and that prohibits consideration of salary costs as a component of child care costs paid by the state for foster home care.

One purpose of this amendment is to allow the Department of Health and Social Services to develop a specialized foster care program to serve children for whom institutional placement is not appropriate, but who cannot be effectively dealt with in regular foster homes due to their acute behavioral or emotional problems, and who therefore require care from foster parents who have been specially trained to work with such children and who are paid for their services. Another purpose is to recognize the infeasibility of treating foster homes the same as institutions in this regard.

The department expects that this bill will have no fiscal impact because, by broadening placement alternatives, specialized foster care would divert some children from out-of-state placements and institutional placements, and its costs would be absorbed by the savings in those two areas.

Sincerely,



Jay S. Hammond
Governor

POSITION PAPER

SENATE BILL NO. 651

"An Act relating to state payment for child care costs for foster homes."

A specially prepared professional foster home environment is necessary to provide a service for children and adolescents manifesting emotional or behavioral disturbances who cannot remain in their own homes for a variety of reasons. Specialized foster care is a growing treatment resource for emotionally disturbed children, as well as delinquent and handicapped children. It has developed most fully with the de-institutionalization movement of the past two decades in response to more family oriented and community-based programs for children who would otherwise have no alternative to institutional placement.

Specialized foster care is not for every child, but for children who require more structure than a normal foster home but less than an institutional placement. In addition, specialized foster care offers a viable alternative for some children who are re-entering the community from institutional placements. Because of the training and the time commitment that is required of "specialized" foster parents, programs which have used this concept, have seen the foster parent as an adjunct to the staff of the agency, and, therefore, have salaried them for the "job" they perform. Alaska Statutes presently prohibit the payment of salaries to foster parents.

The Department of Health and Social Services supports the Governor's recommendation to remove the language in Section 1, AS 47.40.040, which currently prohibits the salarizing of foster parents.

RECOMMENDED BY: John R. Pugh
John R. Pugh, Director
Division of Family and
Youth Services

DATE: 1/25/82

APPROVED BY: Helen D. Beirne
Helen D. Beirne
Commissioner

DATE: 1-25-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 651
Title "relating to state payment for child care costs for foster homes."
Requested by Rules Committee by Request of the Governor Date

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected
BRU, Program, Or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Senate Bill No. 651 has no fiscal impact on the Department of Health and Social Services.

Any increase in costs in foster care will be offset by decreases in residential care.

IV. DATE 1/25/82 PREPARED BY John R. Pugh John R. Pugh, Director
AGENCY Division of Family and Youth Services
Original: Legislative Finance PHONE 465-3070
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

JCC