Protocol for Requesting Risk Pool Funding

State Fiscal Year 2017-18

This Protocol for Requesting Risk Pool Funding for state fiscal year 2017-18 outlines the process by which Community-Based Care Lead Agencies may apply for potential funding from the Risk Pool appropriation provided in the General Appropriations Act.

The establishment of a statewide risk pool program, administered by the Department, serves to manage and share the financial risks associated with the Community-Based Care (CBC) model for child welfare services in Florida. Should factors outside of a Lead Agency's control (e.g., shifts in the number of children in care, increase in the number of very difficult populations, or a change in the characteristics of the children and families served) cause costs to rise, potentially impeding the Lead Agency's ability to provide ongoing quality services for all children and families served, section 409.990(7), F.S., (Exhibit A) provides qualified Lead Agencies with access to petition for relief from the risk pool in an effort to avoid lead agency failure.

Section 1: Eligibility criteria

Proviso language contained in Specific Appropriation 342 of the General Appropriations Act for state fiscal year 2017-2018 required the Department to conduct a comprehensive, multi-year review of the revenues, expenditures, and financial position of all CBCs for the most recent two consecutive fiscal years (SFY 2015-16 and 2016-17).

To simplify the risk pool process and minimize duplication in requests for data and information, the risk pool protocol will rely significantly on the extensive data used to develop financial viability plans and to support the ongoing monitoring of all CBCs for financial stability and programmatic performance.

A CBC is eligible to apply for risk pool funds in state fiscal year 2017-18 if they meet the following criteria:

- The CBC projects a **current year** deficit in excess of their available carry forward funds. (Note: Prior year deficits carried forward are excluded from the calculation of current year deficits.)
- The CBC has submitted a Plan to Achieve Financial Viability to the Department's Office of CBC/ME Financial Accountability.
- The CBC is implementing its Financial Viability Plan with a high degree of fidelity.

Priority consideration for risk pool funding will be given to any CBC whose percentage change in removals rank in the Tier One category, based on the 12-month moving average for removals from July 2014 to June 2017[1]. (See attached)

Section 2: Application submission process

In addition to the CBC's Financial Viability Plan, a CBC seeking risk pool funds must submit to the Department by **September 15, 2017**, the "Risk Pool Funding Application SFY 2017-18."

Applications will be reviewed and prioritized in two phases. Phase I is intended to meet acute needs, and will provide priority consideration for risk pool funding to any CBC whose percentage change in removals rank in the Tier One category, based on the 12-month moving average for removals from July 2014 to June 2017. Should an identified Tier One CBC not apply and/or be deemed ineligible to apply, the CBC with the next highest percent increase will move up to Tier One. Phase II, subject to funding availability, may afford non-Tier One CBCs an additional opportunity to make a case to be considered for risk pool funding.

Applications will be reviewed with all available cost/expenditure data and all other supporting documentation, including the CBC's Financial Viability Plan. Department personnel, upon request, may review additional records related to this Application for potential funding resolutions.

1.1 The CBC should forward the Risk Pool Funding Application to the Regional Managing Director and the Department CBC Contract Manager.

1.2 Completed applications should be forwarded electronically by the Regional Managing Director, on behalf of the Lead Agency, to the Deputy Secretary for the Department. This step shall be accomplished no later than September 19, 2017.

1.3 The review of all Risk Pool Funding Applications will be governed by a peer review process led by the Deputy Secretary and subject to the approval of the Secretary of the Department of Children and Families. The Peer Review Committee will be selected and facilitated by the Deputy Secretary and will include, but not be limited to the following members (or their designees):

(a) Two (2) Executive Directors (ED) or Chief Executive Officers (CEO) from nonapplicant Lead Agencies; and
(b) One (1) Chief Financial Officer from a nonapplicant Lead Agency.

[1] The 12-month moving average will be calculated by summing total removals between July 2014 and June 2015, and July 2016 and June 2017; and then dividing by 12 for each data point. The June 2015 average was used as the fixed point for calculating the percent change.

1.4 The Peer Review Committee will:

(a) Review, analyze, and discuss the application.
(b) Verify the accuracy of the data being reported by the Lead Agency.
(c) Conduct an on-site, fact-finding visit to confirm input from the applying Lead Agency (visits to Tier One sites are not required if visited in the last 24 months; visits to other Tier sites are not required if visited in the last 12 months – final determination to be made by the Secretary and Deputy Secretary).
(d) 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.
(e) 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:
    i. Amount of funding and mix of funds to be made available.
    ii. Limitations or requirements on use of additional funding that are linked to correction of factors that caused the shortfall.
    iii. Any follow-up actions or additional documentation needed from the Lead Agency or Region.
    iv. Rating for both Family Support Services and Safety Management Services.
    v. Report on technical assistance activities completed and remaining, and/or recommendations for future technical assistance.
    vi. Access to the risk pool.

1.5 If at the end of the year, a Lead Agency that received assistance from the Risk Pool concludes with a surplus, the Department reserves the right to require the Lead Agency to refund the Department the relative portion of the surplus that was accumulated as a result of the awarded risk pool funds.

Risk Pool Funding Application SFY 2017-18

Please complete all items and submit electronically to the Regional Managing Director. Upon review and concurrence of the Risk Pool Funding Application, the Regional Managing Director will submit the application to the Deputy Secretary for the Department.

Lead Agency Name: Partnership for Strong Families, Inc.

Region: Northeast Contract No.: CJ149

Address: 5950 NW 1st Place, Suite A, Gainesville, FL 32607

Lead Agency Contact: Stephen Pennypacker, CEO Phone No.: 352-244-1500

Contract Manager: Melissa Trentham Phone No.: 352-415-6269

This request is being submitted in response to an anticipated current year deficit in excess of available carry forward funds.

Financials:

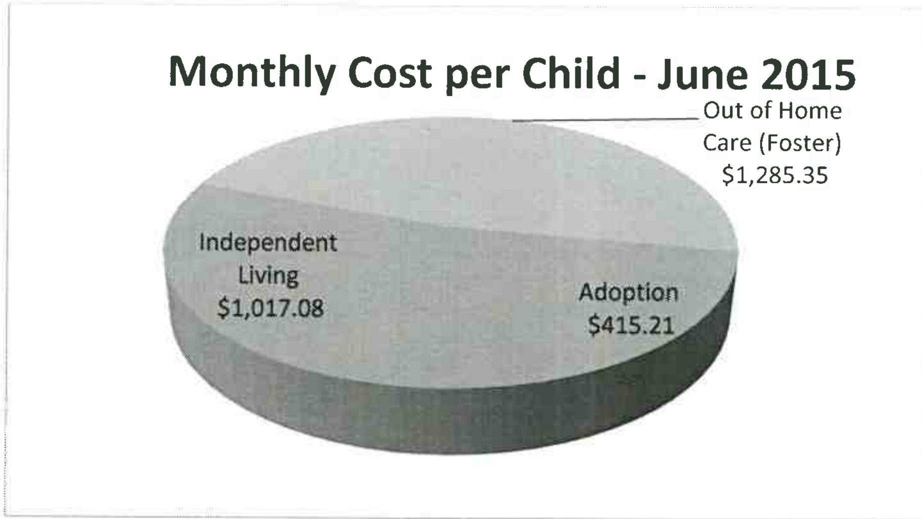
1) Confirm the dollar amount being requested: $ **1,723,402.00**

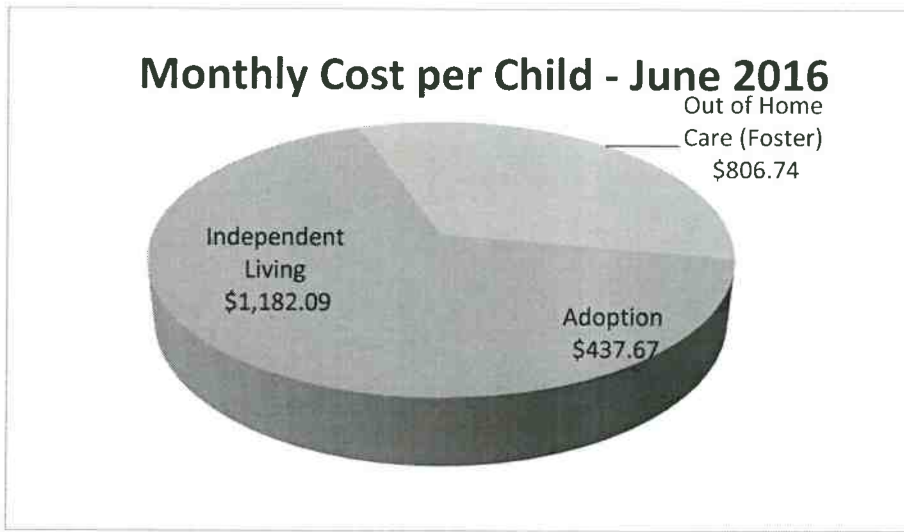
2) Confirm that funds will be expended by the end of the current fiscal year: ☒ Yes ☐No

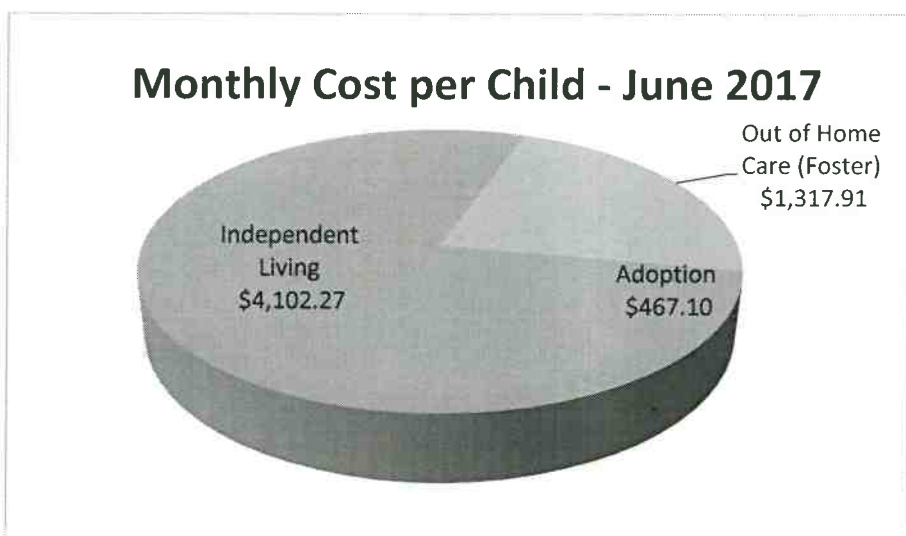
3) How do you propose to use these funds to address or correct the underlying cause of the shortfall?

Trend Analysis

1. Beginning in June of 2014, Circuits 3 & 8 have experienced a steady increase in the Out of Home Care (OHC) population. In June 2014 PSF had 624 children in OHC placements. By August 2016, this number increased to 905, a 45% increase. This steady rise is a result of an increase in removals and corresponds directly with the number of children in OHC, and consequently, OHC costs. There were 640 removals in FY14-15, 722 removals in FY15-16, and 760 removals in FY16-17.
2. **In July 2015, PSF had $1.62 M in carry forward funds**. In order to address the increase in OHC costs, PSF has expended those carry forward funds as follows:
    - FY 15-16 and FY16-17, PSF has spent **$822,000** of the **$1.62M** in carry forward funds, and **begins the 2017-18 Fiscal year with $800,000** in carry forward funds.
    - While the number of children in care has plateaued over the last six months, the costs have increased.

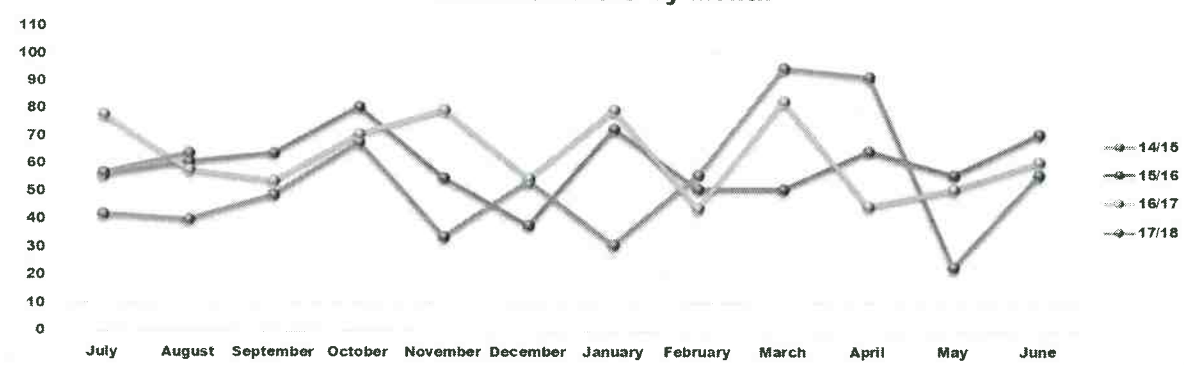

Monthly Cost per Child - June 2015
Out of Home Care (Foster) $1,285.35
Independent Living $1,017.08
Adoption $415.21


Monthly Cost per Child - June 2016
Out of Home Care (Foster) $806.74
Independent Living $1,182.09
Adoption $437.67


Monthly Cost per Child - June 2017
Out of Home Care (Foster) $1,317.91
Independent Living $4,102.27
Adoption $467.10

		TOTAL			
		14/15	15/16	16/17	17/18
REMOVALS	July	42	56	78	57
	August	40	61	58	64
	September	49	64	54	
	October	68	81	71	
	November	34	55	80	
	December	54	38	55	
	January	31	73	80	
	February	56	51	44	
	March	95	51	83	
	April	92	65	45	
	May	23	56	51	
	June	56	71	61	
	Total	**640**	**722**	**760**	**121**

Total Removals By Month



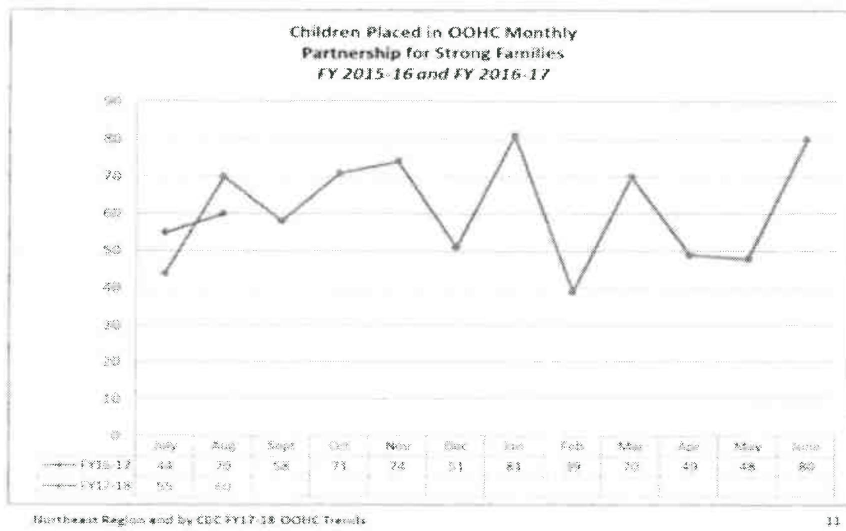
3. During this same period described in 1. above, PSF experienced a significant increase in lockouts, underserved APD children, youth with complex behavioral health needs, and identified victims of Human Trafficking. These children require specific and significant treatment services, as well as very high, above average cost placements. DCF's allocation of funds for services related to treatment/services for Human Trafficking Victims in fiscal year 2015-2016 was $61,224.00. By year's end we expended $208,438.69, in OCA SEC00. FY16-17 trended similarly, but slightly downward, with $ 84,070.50 in expenses. However, we are beginning to see an upward shift in current increases for the same population coming into care, which indicates that we should anticipate an increase in the number of children in similar placements, and therefore a resulting increase in costs by year's end, possibly mirroring the end of FY15-16. In the first two months of FY 17-18, expenditures for CSEC children are:

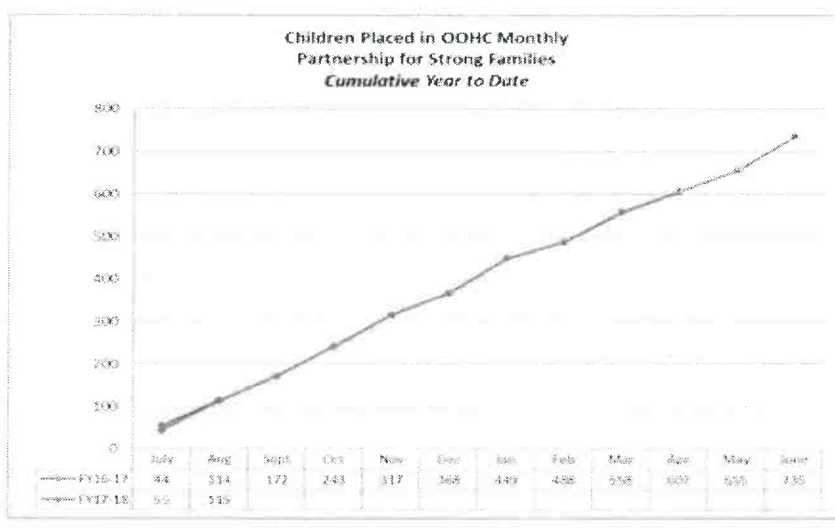
   - July – $8,990.00

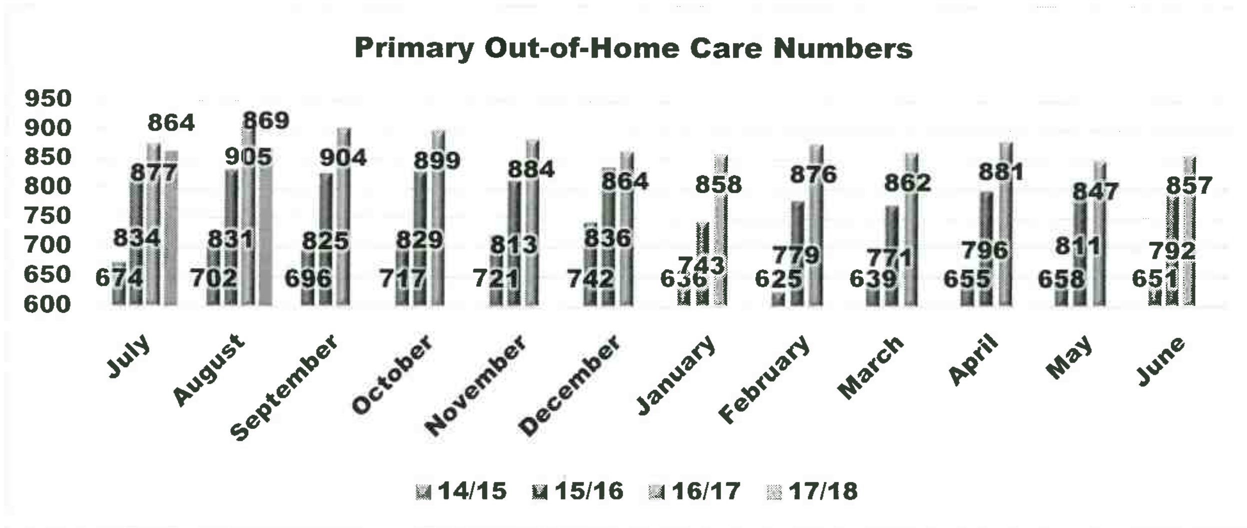
- August - $14,463.00

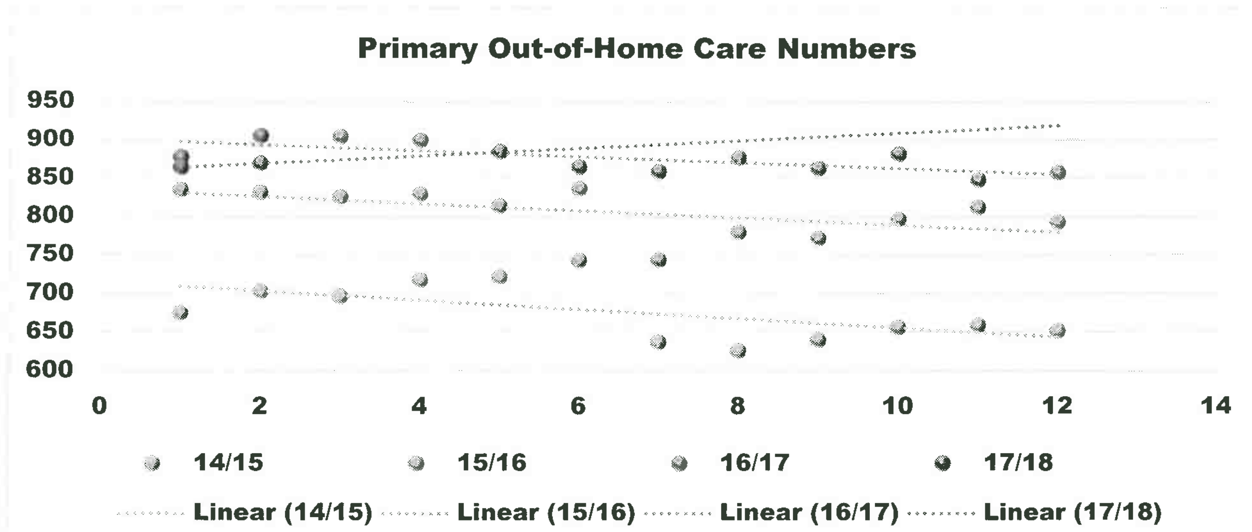
There are additional children in the pipeline, who will come in to care in the next two months, which will increase the monthly expenses, certainly beyond the $61,224 funds which we have been awarded.

4. Out of home care costs have continued an upward trajectory for the first two months of the FY 17-18 fiscal year, per DCF Expenditure Report:
    - July - $404,323
    - August - $362,798 – this does not include one invoice typically submitted for holidays, as there were none in August. In September, we anticipate additional costs for Hurricane (Irma) coverage, which have not yet been presented for payment.









5. PSF ended Fiscal Year 2015-2016 spending in excess of two million dollars in Mental Health and Substance Abuse assessment and treatment services. The increase in volume of services directly correlates to the increase in the number of children (and families) in OHC. Of our 13 service counties, 11 counties are primarily rural and do not have non-profit providers available for all services needed. As a result, PSF must retain private providers. PSF was successful in getting the Managing Entity (ME) to reimburse us for $ 54,000 in services. PSF continues to seek ME and Medicaid assistance to fund services in rural counties, but has been largely unsuccessful. This has significantly impacted our budget.

6. A financial analysis at the end of the 2016-2017 fiscal year, revealed an emerging trend very similar to the trend evident at the beginning of the 2016-17 fiscal year, indicating out of home care costs above both prior fiscal years of 2014-2015 and 2015-2016. As a result, PSF is anticipating the following economic impact, in the current FY 2017-2018:

- Total utilization of **$800,000** in carry forward funds. **The current OHC budget includes all $ 800,000 of carry forward funds.**
- In addition to budgeted carry forward funds, continued over utilization (103%) of out of home care funds for the next 10 months, which will be approximately **$113,926** (amount over monthly budget $9,494.84 x 12); We are already over utilized by $23,324 and typically costs increase as the year progresses.
- Continued over utilization (108%) of Purchased services for the next 10 months, which will be approximately **$232,990** (amount over monthly budget $23,299 x 10); We are already overutilized by $39,868.
- Current SEC00 expenditures average $11,726.50, for the July and August 2017(actual figures presented above). If we continue to experience similar or greater than average costs in this OCA, by November, we will have exhausted our $ 61,224 budget from DCF. In order to continue to service the same number of children in this population, beyond November 2017, we will need an additional **$82,086** added to our budget. This estimate is based on the current population remaining in care. Please note than an increased number of clients will directly translate to higher than projected costs.
- We have 2 children in the process of approval for placement which is proposed to cost $ 900/day. The total anticipated cost is **$494,400** for both children.
- The total cumulative financial impact of these events will result in a deficit of **$1,723,402.00, against current year funds.**
- This is not including additional costs that may be incurred by our three contracted Case Management Agencies, for overtime expenses incurred in providing safety management services to this ever-increasing population. In FY15-16, PSF amended $300,000 into its budget to assist these agencies with escalating overtime costs.
- Case Management example for 2016-2017(one agency):
  - Actual expenditures for last year showing a $91,000 deficit. $40,000 of that was a one-time workers comp charge so the deficit was more near $51,000. Last year was the beginning of the increase in costs and it was mostly reflected in mileage and fuel costs.
  - Overtime 2016-17: As mentioned above, overtime was $9,800 for the year
  - Actual expenditures for July and August of 2017-2018 are showing a $32,000 deficit so far.
  - Overtime 2017-18: Through the first two months of this year, we have already incurred $7,000 in overtime.
- If an additional $300,000 is required at some point in the last two quarters of this fiscal year to assist, this would increase the budgetary impact to **$2,023,397.00.**

7. These factors underscore the need for submitting this request for assistance to support our fiscal foundation to maintain the level of services provided to clients coming into care.

Actions taken toward remaining Fiscally Viable in FY 17-18

1. PSF has put in place several organizational safeguards intended to minimize administrative costs. These safeguards include, but are not limited to the following:
   i. Contracted out HR services – Saving $15,000 annually
   ii. Retained computers and other equipment well past the average life cycle – Saving up to $ 150,000 for laptops and $ 40,000 for Desktops, by not replacing end of life equipment annually.
   iii. Retained FY 17-18 Case Management and provider contracts at FY 16-17 levels – Saving potentially $ 30,000 in total annual costs.
   iv. Worked with out of home care population to accomplish a 25% reduction in high cost placements. In Q3 of FY 16-17, there were 9 high cost placements. An adoption was finalized for one high cost placement. One teen on the run was recovered and had to be placed in a high cost placement – maintaining OOHC costs just below the impact ceiling.
   v. The YTD target for Licensing Foster Homes was exceeded – PSF is still desperately seeking to identify additional homes for teens currently in our care, to reduce out of home care costs.
   vi. The CEO has been visiting foster homes, with the goal of visiting all foster homes before the end of the Fiscal Year – this positively impacts retention.
   vii. Maintaining a 3% staff vacancy rate for this fiscal year.
2. The goals of the Financial Viability Plan for FY 17-18 are as follows:
   i. Reduce % of out of home children in licensed care settings – thus reducing the average cost of care.
   ii. Increase % of clients being served in home – thus reducing out of home placements.
   iii. Increase % of clients assigned for Safety Management Assistance (secondary to CMA) within 3 business days of initiation of a safety plan – thus increasing the number of children in safe environments.
   iv. Increase the utilization of alternative funding sources for services by 5%.
   v. PSF has entered into a contract with the Managing Entity to fund a pilot project to address issues relating to domestic violence with the provision of perpetrator intervention services as a prevention effort.
   vi. Reduce the number of children ages 16 and 17 in care as this directly impacts out of home and Independent Living Aftercare costs.
   vii. Enter cost of care orders against removal caregivers for every shelter unless an exemption is granted – to recoup costs associated with the increased number of shelters.
3. Risk Pool funds will be used to directly mitigate the negative impact of increasing costs in programs and services for children coming into care in this 2017-2018 fiscal year.

Lead Agency Name: Partnership for Strong Families

Region: Northeast Contract No.: CJ149

Lead Agency CEO/ED Name: Stephen Pennypacker

Lead Agency CEO/ED Signature 9/29/17 Date

CBC Contract Manager Name: Melissa Trentham [redacted]

CBC Contract Manager Signature [redacted] Date

Regional Managing Director Name: Click here to enter text.

Please confirm the following:

The Lead Agency submitted a Financial Viability Plan. ☒ Yes ☐ No

The Lead Agency is actively working its Financial Viability Plan. ☒ Yes ☐ No

Please check the applicable box to indicate your level of support of this application:

☒ Concur

☐ *Do Not Concur

Patricia Medlock

Regional Managing Director Signature Date

*Rationale:

(This item must be completed if "Do Not Concur" is checked.)

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Exhibit A

Section 409.990(7), Florida Statutes:

(a) The department, in consultation with the Florida Coalition for Children, Inc., shall develop and implement a community-based care risk pool initiative to mitigate the financial risk to eligible lead agencies. This initiative must include:

1. A risk pool application and protocol developed by the department which outlines submission criteria, including, but not limited to, financial and program management, descriptive data requirements, and timeframes for submission of applications. Requests for funding from risk pool applicants must be based on relevant and verifiable service trends and changes that have occurred during the current fiscal year. The application must confirm that expenditure of approved risk pool funds by the lead agency will be completed within the current fiscal year.

2. A risk pool peer review committee, appointed by the secretary and consisting of department staff and representatives from at least three nonapplicant lead agencies, which reviews and assesses all risk pool applications. Upon completion of each application review, the peer review committee shall report its findings and recommendations to the secretary, providing, at a minimum, the following information:

a. Justification for the specific funding amount required by the risk pool applicant based on the current year's service trend data, including validation that the applicant's financial need was caused by circumstances beyond the control of the lead agency management;

b. Verification that the proposed use of risk pool funds meets at least one of the purposes specified in paragraph (c); and

c. Evidence of technical assistance provided in an effort to avoid the need to access the risk pool and recommendations for technical assistance to the lead agency to ensure that risk pool funds are expended effectively and that the agency's need for future risk pool funding is diminished.

(b) Upon approval by the secretary of a risk pool application, the department may request funds from the risk pool in accordance with s. 216.181(6)(a).

(c) The purposes for which the community-based care risk pool shall be used include:

1. Significant changes in the number or composition of clients eligible to receive services.

2. Significant changes in the services that are eligible for reimbursement.

3. Continuity of care in the event of failure, discontinuance of service, or financial misconduct by a lead agency.

4. Significant changes in the mix of available funds.

(d) The department may also request in its annual legislative budget request, and the Governor may recommend, that the funding necessary to effect paragraph (c) be appropriated to the department. In addition, the department may request the allocation of funds from the community-based care risk pool in accordance with s. 216.181(6)(a). Funds from the pool may be used to match available federal dollars.

1. Such funds shall constitute partial security for contract performance by lead agencies and shall be used to offset the need for a performance bond.

2. The department may separately require a bond to mitigate the financial consequences of potential acts of malfeasance or misfeasance or criminal violations by the service provider.