WASHINGTON STATE
Department of
Children, Youth, and Families

Report to the Washington State Legislature

EHB 2008

Behavioral Rehabilitation Services Rate Study

December 2018

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CONTENTS

Department of Children, Youth, and Families
Finance Division
Olympia, WA 98503-5710

EXECUTIVE SUMMARY

This report is prepared in response to EHB 2008, Section 2, which requires the Department of Children, Youth, and Families (DCYF) to develop and report on a Behavioral Rehabilitation Services (BRS) rate payment methodology.

The specific requirement set by the Legislature is as follows:

> *Sec. 2. (1) The children and families' services program of the department of social and health services through June 30, 2018, and of the department of children, youth, and families effective July 1, 2018, shall facilitate a stakeholder work group in a collaborative effort to design a behavioral rehabilitation services rate payment methodology that is based on actual provider costs of care. The work group may consider the findings of a contracted rate analysis in designing the methodology. By November 30, 2018, and in compliance with RCW 43.01.036, the department of children, youth, and families must submit a report with the final work group findings and recommendations to the appropriate legislative committees.*
>
> *(2) This section expires December 31, 2018.*

DCYF chose to contract for an independent rate study. DCYF met with Washington Association for Children and Families (WACF), an association of both large and small providers, to discuss the legislation and DCYF's intent to contract for a comprehensive rate study encompassing the continuum of care, starting with BRS. After an RFP, the contract was awarded to Public Consulting Group, Inc. (PCG). PCG began work in May 2018 and completed their report in December 2018. Their full report is attached.

Stakeholder engagement was a critical aspect of this study. One of the primary goals of this project was to create a transparent and open environment for DCYF and providers to discuss the rate-setting process. Over the rate study's seven months, PCG and DCYF met with providers in person in June, October, and November, and conducted four sets of stakeholder webinars remotely. PCG and DCYF conducted several additional ad-hoc calls and webinars with various stakeholders to improve the accuracy and adequacy of the rate calculation methodology.

PCG collected salary and cost data and calculated rates for the following services based on DCYF and stakeholder feedback: Facility-Based Services, In-Home Services, Medically Fragile Services, Short-Term/Emergent Care Services, and Treatment Foster Care. Of the 37 BRS providers contacted, 25 participated (68 percent).

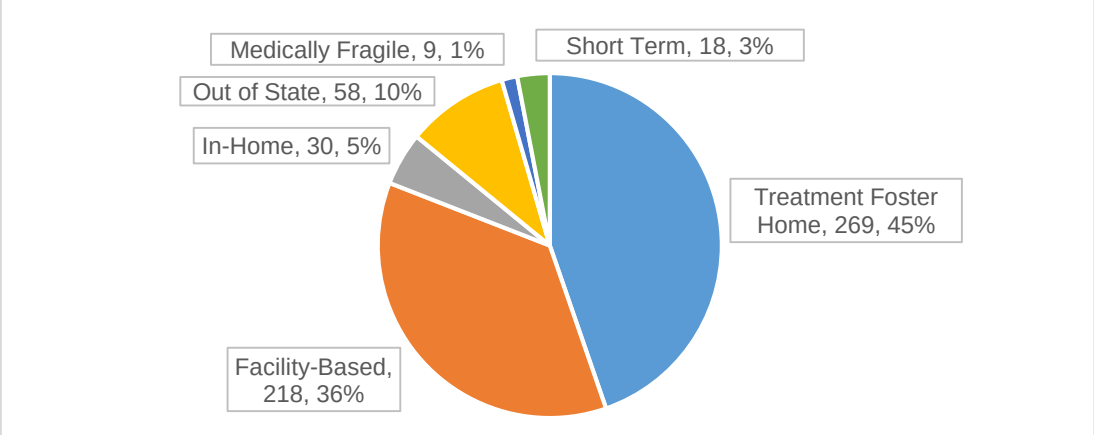
RATE STUDY RECOMMENDATIONS

Based on the rate study the recommendation is as follows:

BRS Placement Type	Recommended Rate	Notes
Facility	$12,804	Residential Care 3:1 Direct Care Staffing (6:1 Overnight) 80% Utilization Benchmark
In-Home*	$5,794	Community-Based Care 6:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included
Medically Fragile	$13,991	Residential Care 3:1 Clinical Staffing (3:1 Overnight) 80% Utilization Benchmark
Short Term/Emergent Care*	$14,015	Residential Care 3:1 Direct Care Staffing (6:1 Overnight) 80% Utilization Benchmark
Treatment Foster Care	$8,266	Community-Based Care 8:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included Foster Parent and Respite Payments Included

The proposed rates also represent a change in methodology. Currently, rates paid to providers are set based upon the acuity level of the child being served. This methodology's integrity has degraded as rates have stagnated. Additionally, no tool currently exists to accurately assess children's acuity levels in BRS. Instead, this new methodology will pay a consistent rate based upon the setting in which children are served. This new methodology recognizes that there are significant differences in the cost centers associated with different settings and programs. These differences in cost drive the different rates. DCYF anticipates having an add-on rate to accommodate those children who need 1:1 supervision, which is not covered in the rates above. In addition, child-specific contracts, where a rate for a specific child is developed, will still be necessary in limited circumstances.

Below is data for how many children, on average, were in various settings per month for state fiscal year (SFY) 2018 (June 2017 to July 2018):



DCYF RECOMMENDATIONS

PCG estimates a **$25,800,847 increase in BRS spending in SFY 2020**. As indicated below, DCYF and PCG estimate an annual BRS cost of $81,459,959 and $82,241,151 in SFY20 and SFY21, respectively. This is a 46 percent annual increase in spending over current BRS costs. DCYF is recommending the legislature provide the funding necessary to implement the rate methodology outlined above and in the PCG report. DCYF anticipates that this significant investment in BRS services will result in both stabilizing existing in-state BRS capacity and incentivizing investment in the additional capacity needed to serve all foster youth needing placement in these intensive services. The rate increases combined with capital investment available through the Department of Commerce should create enough new BRS placements to allow for youth to be served in Washington state and not experience significant placement disruption, such as hotel stays.

These rate recommendations do not recognize all of the new costs that will be incurred for congregate care providers under the Family First Prevention Services Act (FFPSA), a major change in federal funding provisions adopted in 2018. Potential cost impacts from FFPSA are listed in Appendix H of the PCG report. Some elements of the FFPSA will not impact Washington's providers as they have been required to comply with similar standards under BRS contracts. Other elements, such as accreditation costs, are new and are not reflected in this rate. At this time, DCYF is working with BRS providers in determining what these costs will be going forward. Future changes to the rate may be necessary to accommodate FFPSA-related costs as they become more known. DCYF is proposing to review BRS rates annually for programmatic or inflationary cost adjustments. DCYF will also collect cost data a minimum of every four years to ensure the accuracy of rates in the future.

Washington State Department of Children, Youth, and Families

Placement Payment Rate Study

Rate Proposal for Behavioral Rehabilitation Services

Public Consulting Group, Inc.

December 21, 2018

PCG | Human Services
Public Focus. Proven Results.™

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

OVERVIEW

The Washington State Department of Children, Youth, and Families (DCYF) oversees the state child welfare system. DCYF selected Public Consulting Group, Inc. (PCG) to complete a series of rate studies over 18 months for the following services: Behavioral Rehabilitation Services (BRS), child placing agencies, foster parent reimbursement rates, and Exception Cost Foster Care (ECP). This executive summary condenses the following components of the process that are explained in further detail in the report: methodology, stakeholder engagement, rate calculations, and fiscal impact. This report also includes additional findings and recommendations as well as an appendix containing the following information: rate setting options, principles, and considerations; personnel roster and cost report fields; analyses on turnover, employee education, market salaries, and Family First Prevention Services Act cost drivers for BRS; and all of the actual model budget calculations. The calculated rates have an anticipated implementation period of July 1, 2019.[1] The figure below maps out the project timeline.

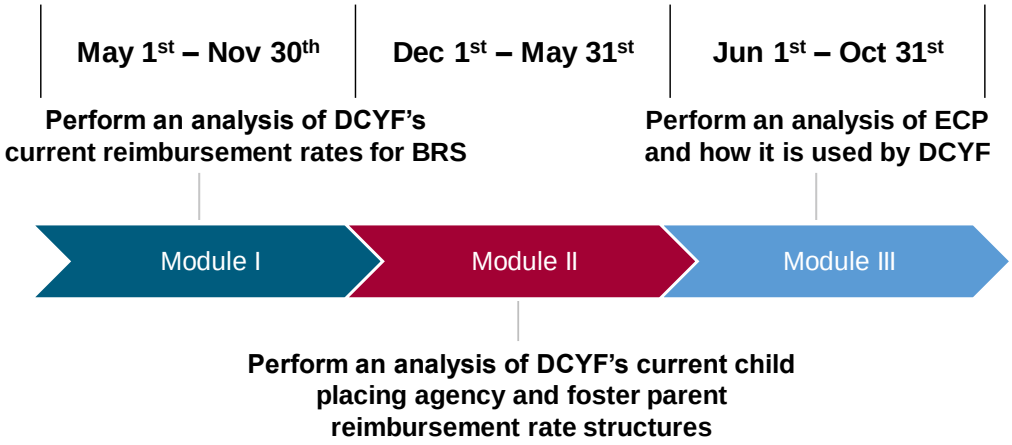


FIGURE 1. PROJECT TIMELINE

METHODOLOGY

PCG collected data and calculated rates for the following services based on DCYF and stakeholder feedback: Facility-Based Services; In-Home Services; Medically Fragile Services; Short-Term/Emergent Care Services; and Treatment Foster Care (TFC). PCG collected salary and cost data from all available BRS providers. Of the 37 BRS providers contacted about the study, 25 provided salary and cost data for a participation rate of 68 percent. The project team created data collection tools to collect data from calendar year 2017.

A model budget rate calculation process was ultimately adopted to correct data discrepancies and inconsistencies. The model budget methodology still calculates service rates similar to a blended methodology (expenses divided by days of care) by dividing eligible expenses by enrollment days. However, the main benefit of the model budget approach is its ability to display and adjust the data inputs, which can address issues with salaries, full-time equivalent (FTE) levels, operating expenses, utilization, and inflation. Each service rate calculation model used different inputs based on survey data, stakeholder input, and DCYF guidance.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement was a critical aspect of this study. One of the primary goals of this project was to create a transparent and open environment for DCYF and providers to discuss the rate-setting process. Over the rate study's seven months, PCG met with providers three times in person (in June, October, and November) and

[1] Please note that all calculations were completed in Excel, which rounds at 15 significant digits, though figures presented in in this report are rounded to the nearest cent ($0.01 or second digit), or in some cases whole numbers. This may result in marginal differences for any calculations redone manually using figures presented.

conducted four sets of stakeholder webinars remotely. PCG also conducted several additional ad-hoc calls and webinars with various stakeholders to improve the accuracy and adequacy of the rate calculation methodology. In addition, PCG and DCYF participated in biweekly status meetings throughout the engagement. Feedback from each session was documented and shared with DCYF. As mentioned above, feedback from stakeholders directly shaped the rate development process.

RATE CALCULATIONS AND RECOMMENDATIONS

PCG considered several methodologies and calculated at least three rate variations for all BRS placement settings. Specifically, each placement type includes a rate baseline and regional variations with at least three different utilization or caseload ratios depending on the placement type. These options are described with calculations outlined in the subsequent report sections and the Appendix. Based on the BRS rate study described in this report, PCG recommends the following BRS rates:

TABLE 1: RECOMMENDED MONTHLY RATES FOR BRS PLACEMENTS

BRS Placement Type	*Recommended Rate*	*Notes*
Facility	$12,804	Residential Care 3:1 Direct Care Staffing (6:1 Overnight) 80% Utilization Benchmark
In-Home*	$5,794	Community-Based Care 6:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included
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Treatment Foster Care	$8,266	Community-Based Care 8:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included Foster Parent and Respite Payments Included

*There are additional policy considerations surrounding these two rates and how they fit into the broader services continuum. See Methodology on page 6.

FISCAL IMPACT

PCG estimates a $25,800,847 increase in BRS spending in state fiscal year (SFY) 2020. As indicated below, DCYF and PCG estimate an annual BRS cost of $81,459,959 and $82,241,151 in SFY20 and SFY21, respectively. This is a 46 percent annual increase in spending over current BRS costs.

TABLE 2. CURRENT COSTS AND PROPOSED BRS COSTS

State Fiscal Year	*Current Costs*	*Proposed Costs*	*Variance $*	*Variance %*
SFY20	$55,659,113	$81,459,959	$25,800,847	46.36%
SFY21	$56,192,877	$82,241,151	$26,048,274	46.36%

While the fiscal impact of these changes appears considerable, it is important to note that providers reported significant deficiencies in the current rate structure. Changes to Washington's state minimum wage requirements account for the majority of the increased spending.[2] The rates were also developed with certain program goals in mind. Higher BRS rates will incentivize in-state providers to bring the children who are currently in out-of-state

[2] Washington State Department of Labor and Industries: https://www.lni.wa.gov/WorkplaceRights/Wages/Minimum/

facilities back in state. The working theory is that Washington BRS providers will be able to improve services and recruit and retain more staff to better support children in their care.

2. METHODOLOGY

GOALS

PCG developed the following goals for the rate study:

- Review and understand the current Behavior Rehabilitation Services (BRS) payment structures and provider environment;
- Gather cost, service, and utilization information through the distribution of a survey;
- Use best practices in child welfare rate setting to analyze the data and inform rate calculations;
- Engage the stakeholder community throughout; and
- Develop rates that adequately support the needs of children and youth in BRS settings and are consistent with program goals, state statute, departmental rules, and federal rules and regulations

APPROACH

At the start of this engagement, PCG considered the following rate methodologies for BRS:

- *Capitated Per Member Per Month (PMPM) or Case Rate:* One rate for all BRS clients at a given level of care that covers a specified period of time.
- *Blended Rate:* Expenses divided by days of care, which "blends" the expenses together so that the rate reflects several expenses. This can be done at the program level so that each BRS program receives its own rate based on historical costs. More commonly this is implemented by service with all of the expenses from several providers added (i.e. blended) together and divided by the total days of care for those providers.
- *Model Cost-Based Rate:* A level of service is required for each BRS setting (within a specific program type) and costs are based on achieving that level of service.
- *Performance-Based Rate:* Each BRS client is reimbursed based on achievement of specified goals.

Each methodology requires provider service and expense details. PCG therefore designed and collected a personnel roster and cost report that collected a wide-array of BRS service and expense information. Appendices B and C list the personnel roster and cost report fields used to develop these rates.

While we identified the four possible rate methodologies early in the module, PCG did not choose a rate-setting methodology until the data collection process was complete, preliminary datasets were analyzed, and several discussions occurred both internally and with DCYF. PCG also reviewed rate structures for comparable wraparound services in six other states. Based on the foregoing, the capitated and performance-based rate methodologies were eliminated because they would require more time to properly implement than was allowed by this phase of work.

A blended rate methodology was not pursued because it produced inconsistent results that made it difficult to align expenses with program requirements. These calculations might also have suppressed the rates because the analyzed costs only reflect what is currently funded. DCYF sought to understand the BRS program models and the true costs of each program element. For these reasons and others described in the Appendix, PCG eventually moved towards a model-based rate methodology. Please see Appendix A for a grid summarizing the rate-setting options, principles, and considerations that PCG analyzed and reviewed with DCYF.

A model budget rate calculation process was ultimately adopted to control for data issues and to drive the rate methodology from staffing ratios. The model budget methodology calculates service rates similar to a blended methodology by dividing eligible expenses by units. However, an additional benefit of the model budget approach

is its ability to display and adjust the data inputs, which can address issues with salaries, FTEs, operating expenses, utilization, and inflation.

The model budgets contain unique inputs for each service but all use the following main inputs:

- *Program Staff and related Tax and Fringe*
  - *Coverage Factor*: A factor to provide coverage and relief staff to account for the non-working hours of direct care staff (Facility and Short-Term). This factor was added to the clinical staff that drive the Medically Fragile model. This factor also affects all case managers in the In-Home and TFC models and includes on-call hours for those services.
- *Operating Expenses*
- *Inflation*: An inflation factor was included based on the Consumer Price Index (CPI) inflation calculator to adjust the rates based on expected inflation between the data reporting period and implementation.

Each service rate calculation model used different inputs based on cost report data, personnel roster information, provider input, and DCYF guidance. PCG collected data and calculated rates for the following services (with definitions taken from and expanded upon within the BRS Handbook):

- *Facility Services:* Licensed BRS group or staff residential home providing 24/7 supervision and care.
- *Short Term/ Emergent Care Services:* 24/7 direct services with the goal of stabilization/resolution of behaviors. Maximum of 90 days for assessment services and 180 days for interim care services.
- *Medically Fragile Services:* Child has medical conditions that require 24-hour skilled care or nursing outside the home.
- *In-Home Services:* Wraparound services provided in the bio-family or permanent family home. Weekly visits with no time limit on services.
- *Treatment Foster Care (TFC):* Services provided by a child placing agency to TFC homes and TFC parents including training, support services, and annual evaluations.[3]

The model budget rate calculation process also allows for flexibility amongst the varying BRS services. Facility-based services (Facility, Short Term/Emergent, and Medically Fragile BRS services) have fundamentally different costs than community-based services (In-Home and TFC Services). In addition, DCYF currently does not have a reliable way of assessing the acuity levels of individual children, nor are providers able to implement a managed care or per capita approach to rates. This new model signifies a fundamental shift from rates based on child acuity to placement-based rates.

Short Term/Emergent Care Services and In-Home Services are also part of a broader solution to the foster care rates. It is important that the rates for the entire continuum of services work with each other. Ultimately, these two rates and the foster parent payment portion of the TFC rate will be revisited as work continues on the rest of the foster care rates.

The model budget controls for personnel and operating expense proportions for each service. Therefore, the model budget approach allows BRS rates to be tied to actual provider data while still being aligned with program requirements. Ultimately, PCG and DCYF selected the model budget approach because it is driven by DCYF program standards and actual practices—particularly, staffing ratios—and all of the rate inputs can be viewed and modified discretely as needed.

DATA COLLECTION

The final rate models and recommendations are built using the following data sources: personnel rosters, cost reports, Consumer Price Index (CPI) inflation data, stakeholder input, and DCYF's BRS contract requirements. The project team developed two data collection tools: a cost report and a personnel roster survey. Tools were developed by PCG and reviewed by DCYF and provider stakeholders prior to distribution. The data collection period ran between July 27, 2018 and August 24, 2018. PCG provided phone and email assistance during the process, and instructional presentations were provided. PCG facilitated live training webinars and shared a

[3] Definitions taken from and expanded upon within the BRS Handbook: https://www.dshs.wa.gov/sites/default/files/CA/pub/documents/BRSHandbook.pdf

recorded webinar with providers. PCG also shared the presentation slides as well as frequently asked questions with all stakeholders.

The cost report captured service details, revenue by source, itemized fringe benefit expenses, and other operating expenses by line item. The personnel roster collected each employee's position, credentials, wages fringe benefits, and BRS service allocations. The project team asked for but did not require backup documentation, such as audited financial statements, payroll reports, etc. PCG instead reviewed cost reports already submitted by providers to DCYF to validate results. Please see Appendices B and C for listings of the personnel roster and cost report fields, respectively.

QUALITY ASSURANCE

After cost reports and personnel rosters were collected, PCG reviewed and scrutinized every submission to validate the results. This was done through a documented quality assurance (QA) process. The QA process focused on identifying and correcting data discrepancies that would call into question the validity of the survey results. Flagged issues were addressed with providers directly. The quality assurance process did not function as an audit, however, as PCG could not identify and correct every potential error in every submission.

The QA process had two main steps. Before aggregating the submitted data, PCG went through each submission with a QA checklist and identified the issues listed below:

- Incomplete personnel roster information
- Incomplete cost report information
- Unreasonable figures or results
- Alignment between personnel roster and cost report data

This process was completed for each personnel and cost survey submitted.

PCG emailed each contact listed in the survey with any reported flags. The next step was to aggregate the datasets and perform an initial personnel and expense analysis. Based on the response, PCG retained, modified or discarded survey data based on the quality assurance process. Once the final dataset was created, PCG continued to test for salary and expense outliers. Staff salaries were updated to $13.50 if they fell below that figure because $13.50 will become Washington's minimum wage in 2020, the anticipated implementation year. Providers located in Seattle were similarly updated to $15.00 because of the forthcoming minimum wage ordinance in Seattle.

The final cost report and personnel roster submission numbers are reflected below.

TABLE 3: COST REPORT AND PERSONNEL ROSTER SUBMISSIONS INCLUDED IN FINAL DATASET

Service Type	Submissions with Services (from 25 Provider Submissions)
Facility	11
Short-Term	3
Medically Fragile	2
In-Home	11
Treatment Foster Care	16

PCG received submissions from 25 out of 37—67.57 percent—of DCYF's BRS providers. PCG worked very closely with DCYF and stakeholders to communicate about submission deadlines, quality assurance, and our methodology. Stakeholder feedback greatly mitigated portions of the development where survey data lacked.

RATE DEVELOPMENT

The following section walks through the model budget development process. The final calculation divides total costs by total enrollment days to get to a cost per day.

BRS Program Model Budget Example			
Capacity: ##		**Enrollment Days:**	**#,###**
	Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries			
Executive	$$,$$$	#.##	$$,$$$
Direct Care Supervisor	$$,$$$	#.##	$$,$$$
Direct Care Staff	$$,$$$	#.##	$$,$$$
etc. (varies by BRS program)	$$,$$$	#.##	$$,$$$
Total Program Staff		**##.##**	**$$$,$$$**
Tax and Fringe	##.##%		$$,$$$
Total Program Personnel			**$$$,$$$**
Other Operating Expenses			
Operating Expenses			$$$,$$$
TOTAL			**$,$$$,$$$**
DAILY RATE WITHOUT CAF:			**$$$.$$**
TOTAL WITH CAF:	#.##%		**$,$$$,$$$**
		Monthly Rate	Daily Rate
		$$,$$$.$$	$$$.$$

FIGURE 2. MODEL BUDGET CALCULATION EXAMPLE

The calculation steps below are completed to arrive at a rate for each service. Please review the Rate Calculation and Appendix D for additional information on the model budget rate calculations.

1. ***Calculate Enrollment Days Based on Capacity***
   - Enrollment days are equivalent to total possible annual days of care. This number becomes the denominator of the rate calculation.
   - Calculation(s):
     - Enrollment Days = Capacity x 365

2. ***Add Direct Care/Case Management and Other Personnel***
   - Depending on the rate type, the Direct Care Staff, Clinical Staff, or Case Manager provide a baseline for the staffing models based on a staff-to-client ratio that was determined by BRS contract requirements and stakeholder feedback. The remaining FTEs were calculated proportionally based off personnel roster results and stakeholder feedback. Salaries were based on the averages reported in the personnel rosters with adjustments for minimum wage compliance, as previously noted.
   - Calculation(s):
     - Personnel Salary x FTEs = Personnel Expense by Position
       - *Note*: This calculation is performed for each position listed in the model. The sum of all positions is the Total Program Staff cost.

3. ***Add Tax and Fringe***
   - Tax and fringe rates were based off the average reported rates in the personnel rosters.
   - Calculation(s):
     - Tax and Fringe Rate x Total Program Staff Expenses = Tax and Fringe Expense
     - Total Program Staff + Tax and Fringe Expense = Total Program Personnel Expenses

4. Add Other Operating Expenses

- Each rate type included other operating expenses. These expenses were reported by providers and were added into the different models using the days of care provided (i.e., enrollment days or units). Note that the In-Home and TFC models also included operating expenses for respite payments, foster parent payments, and first responder stipends, as indicated in the calculations below and in the appendix model details.
- Calculations:
  - Operating Expenses: Other Operating Expenses Per Unit x Enrollment Days = Other Operating Expenses
  - In-Home First Responder Stipend: Stipend x Service FTEs = In-Home Stipend
  - TFC First Responder Stipend: Stipend x Service FTEs = TFC Stipend
  - TFC Respite Payment by Unit: 24 Respite Days Per 365 Period Proportion x Enrollment Days x Respite Payment = TFC Respite Payments
  - TFC Foster Parent Payment: Foster Parent Payment x Enrollment Days = TFC Foster Parent Payments

5. Inflation

- The total costs are then increased by an inflation factor based on the Consumer Price Index (CPI). This is because the costs are based on 2017 costs but the rates are expected to be implemented in 2020 (or possibly earlier). PCG used the CPI Inflation calculation published by the Bureau of Labor Statistics to calculate the inflation percentage.[4]
- Calculations:
  - Total Program Expenses x (CAF x 1.0) = Total Program Expenses with CAF
  - Total Program Expenses with CAF / Enrollment Days = Rate with CAF

[4] Bureau of Labor Statistics, CPI Inflation Calculator: https://www.bls.gov/data/inflation_calculator.htm

3. STAKEHOLDER ENGAGEMENT

Both DCYF and the BRS providers were instrumental in the rate development process. One of DCYF and PCG's primary goals in this process was to create transparent and functional stakeholder participation. PCG worked closely with providers directly throughout the engagement. This included numerous exchanges with providers during the survey period alone. PCG and DCYF also facilitated official engagement sessions during the analysis period. The following list provides the schedule and topics of the onsite sessions.

TABLE 4. STAKEHOLDER ENGAGEMENT DATES AND TOPICS

Dates	Topic	Type	Attendees
June 11	Project Kick Off, Goals, Methodology	In Person	DCYF, PCG
June 12	Project Kick Off, Goals, Methodology	In Person	DCYF, PCG, BRS Providers
July 19-20	Data Collection Training	Webinar	DCYF, PCG, BRS Prog
September 27-28	Preliminary Data Analysis	Webinar	PCG, BRS Providers
October 11	Initial Rate Model Development	In Person	DCYF, PCG, BRS Providers
October 25	In-Home & TFC Rate Development	Webinar	DCYF, PCG, In-Home & TFC BRS Providers
November 6-7	Preliminary Rate Presentation	In Person	DCYF, PCG, BRS Providers
November 26	In-Home & TFC Rate Revisions	Webinar	DCYF, PCG, BRS Providers
Bi-Weekly Throughout	Status and Progress Calls	Phone	DCYF, PCG

The feedback collected at these sessions directly influenced the rate development process. The project team was able to present data, make decisions about model budget benchmarks, and collect other guidance which was worked into the final recommendations presented in this report.

Due to feedback received in the October 11th presentation of the initial rate models, PCG conducted two additional ad-hoc webinars with the In-Home and TFC providers to improve the accuracy and adequacy of the rate calculation methodology. In addition, PCG met with DCYF on a biweekly basis throughout the project engagement. Feedback from each session was documented and shared with DCYF. All phone calls, emails and files shared with PCG were reviewed and responded to promptly, usually within a business day or sooner. The stakeholder session PowerPoint presentations are available upon request to expand upon the information provided in this section and were distributed publicly after each session.

4. RATE CALCULATIONS

The rate calculations summarized in this section are based on unique model budget calculations as described in the Methodology section. PCG worked closely with DCYF and the BRS provider stakeholders to calculate rates that are tied to each BRS setting.

PCG calculated at least three rate variations for all BRS placement settings. Specifically, each placement type includes a rate baseline and regional variations with at least three different utilization or caseload ratios depending on the placement type. Residential rate models (Facility, Short-Term, and Medically Fragile) have baseline rates for five different utilization rates: 100 percent, 90 percent, 80 percent, 70 percent, and 60 percent. Community-based rate models (In-Home and Treatment Foster Care) have baseline rates for three different caseload scenarios: 10:1, 8:1, and 6:1. Where there was sufficient regional data, regional variation was calculated such that if a given region had higher costs than the statewide average, those higher costs were built into the regional rates.[5] All rate models use the average reported staff salaries and the average non-personnel costs from the surveys. All rate models use the same 22.00 percent tax and fringe and the same cost adjustment factor (3.85 percent). The following summarizes the differences among the rate calculations:

- *BRS Residential Facility:* The Facility rates assume a 3:1 direct care staff-to-child ratio for daytime and evening shifts, and a 6:1 staff-to-child ratio for overnight shifts. This model is driven by direct care staff, which account for 59 percent of facility-based staffing. Other staff in the model are assigned proportionally as submitted in the personnel rosters, with the following two exceptions: Direct Care Supervisors must have a 5:1 managing ratio, and Direct Care Relief/Coverage were included to cover the 14 percent of time classified as non-working time.

- *BRS Short Term/Emergent Care:* The short term rates also assume a 3:1 staff-to-child ratio during the days/evenings and 6:1 for overnights. This model is also driven by direct care staff, though these staff account for 56 percent of the Short-Term staffing. Mirroring the Facility rate, the Direct Care Supervisors must have a 5:1 managing ratio and Direct Care Relief/Coverage is included to cover the 14 percent of non-working time. This rate is higher than the Facility rate due to the higher bed turnover and churn in short term/emergent care versus a longer term Facility stay.

- *BRS Medically Fragile:* One of the main differences in the Medically Fragile rates is the assumption of a 3:1 staff-to-child ratio at all times, overnight included. The other main difference is in the type of staff necessary. The Medically Fragile model is driven by clinical staff—a mix of RNs, LPNs, and CNAs—which account for 75 percent of the Medically Fragile staffing. The rate as it is here represents the total cost per month; however, a portion of the nursing hours and overhead can be paid through Medicaid funds and a portion by DCYF. Nurse salaries account for 65 percent of personnel salaries and 51 percent of the overall rate when allocating shared costs. This means that 34 percent of the rate can be billed to Medicaid when accounting for the 16-hour daily Medicaid limit.[6]

- *BRS In-Home:* The In-Home rates are driven by the case manager staff, which account for 20 percent of the In-Home staffing. Other staff in the model are assigned proportionally as submitted in the personnel rosters, with the following exception: the On-Call Relief/Coverage is based on four hours per week (16 hours per month) of on-call response time by direct care positions (case manager, behavioral specialist

[5] Note that we did not report regional variations when fewer than 70 employees were reported for a placement type in a given region.

[6] Medically fragile has always been a room and board contract that assumed that the nursing costs would be paid by originally Developmental Disabilities Administration (DDA) and now by Apple Health Core Connections (AHCC). Under either contract, Washington state has had to supplement the nursing hours if a youth does not meet the requirements to get nursing paid for by the Medically Intensive Children's Program (MICP) through DDA (originally) and most recently through AHCC. Minimum criteria used to determine eligibility includes the following requirements. The child must be enrolled in the Medicaid program and eligible for the categorically needy (CN) or medically needy (MN) scope of care, specifically Fee for Service. It also requires at least four continuous hours of skilled nursing care per day that can be provided safely outside of an institution.

staff, behavioral supervisor, other direct, and clinical). There is also an annual First Responder Stipend of $3,000 alloted for each of the five direct care positions to account for the time staff are on call but not called in.

- *BRS Treatment Foster Care (TFC):* The TFC rate functions similarly to the In-Home rate in that it is driven by the case manager staff, which account for 16 percent of the TFC staffing. Other staff in the model are assigned proportionally as submitted in the personnel rosters, except for the Licensing staff and the on-Call Relief/Coverage. On-Call Relief/Coverage is based on the same four hours per week (16 hours per month) of on-call response time by direct care positions as in the In-Home rate. The provider stakeholders expressed concern that there was insufficient licensing staff to open and maintain homes, so the Licensing staff is held even with the case management staff, inflating the necessary FTEs. The annual First Responder Stipend of $3,000 alloted for each of the five direct care positions is similar to the In-Home rate, but the TFC rate has a daily foster parent payment of $65 and allows for two days of respite care per month at $50 per day. The tables below summarize the calculated rates for each placement type.

TABLE 5: CALCULATED MONTHLY RATES FOR RESIDENTIAL MODELS BY UTILIZATION

Placement Type	*Utilization Rate*				
	100%	*90%*	*80%*	*70%*	*60%*
BRS Facility	$10,243	$11,381	$12,804	$14,633	$17,072
BRS Short Term/Emergent Care	$11,212	$12,458	$14,015	$16,017	$18,687
BRS Medically Fragile	$11,193	$12,436	$13,991	$15,990	$18,655

TABLE 6: CALCULATED MONTHLY RATES FOR COMMUNITY-BASED MODELS BY CASELOAD RATIO

Placement Type	*Caseload Ratios*		
	6:1	*8:1*	*10:1*
BRS In-Home	$5,794	$4,919	$4,198
BRS TFC	$9,483	$8,266	$7,266

For more information on how the rates were calculated, please reference the Methodology, Stakeholder Engagement, Rate Calculations, and Appendix D of this report.

5. RECOMMENDATIONS

RATE RECOMMENDATIONS

PCG recommends the following BRS rates summarized below and described in the preceding sections.

TABLE 7: RECOMMENDED MONTHLY RATES FOR BRS PLACEMENTS

BRS Placement Type	*Recommended Rate*	*Notes*
Facility	$12,804	Residential Care 3:1 Direct Care Staffing (6:1 Overnight) 80% Utilization Benchmark
In-Home*	$5,794	Community-Based Care 6:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included
Medically Fragile	$13,991	Residential Care 3:1 Clinical Staffing (3:1 Overnight) 80% Utilization Benchmark
Short Term/Emergent Care*	$14,015	Residential Care 3:1 Direct Care Staffing (6:1 Overnight) 80% Utilization Benchmark
Treatment Foster Care	$8,266	Community-Based Care 8:1 Caseload for Case Manager Staffing First Responder Stipend Included On-Call Hours Included Foster Parent and Respite Payments Included

*There are additional policy considerations surrounding these two rates and how they fit into the broader services continuum. See Methodology on page 6.

PCG makes these recommendations based on the preceding sections and reasons below.

- ***Rate Study Results:*** The models are based on a reasonable methodology that uses actual provider data to determine the actual cost of care and are driven by staffing ratios.
- ***Stakeholder Feedback:*** While it was not always possible for the providers to agree on every element of the model budgets or the rates themselves, these rates were developed with significant stakeholder feedback.
- ***Alignment with Program Goals:*** The recommended rates better align with program goals, realistically reflect actual provider staffing levels and expenses, are more transparent, and allow for program changes and future updates to the rates as the programs evolve. These rates represent a fundamental shift in the program that focuses on placement instead of assigned level of care. These rates support the level of care needed by children and youth intended to be served in each of these placement settings.

A couple of rate-specific recommendations that PCG makes are below:

- ***Residential-Based Rates (Facility, Short Term, & Medically Fragile):*** Ultimately, the level of utilization depends on the program goals. PCG recommends an 80 percent utilization benchmark across all three residential-based rates for consistency, though it is possible to change one or another of the three to better align with future program goals. The 80 percent utilization will also allow for sufficient space in the system for available beds or for a bed to be held for a child, but also incentivize programs to fill their space and maximize their rate payments.
- ***Community-Based Rates (In-Home & TFC):*** The feedback received from providers was emphatic in the impact foster parents make on the case management necessary for children in a TFC setting. That

support is absent for children in the In-Home setting. As a result, more case management is necessary and the two rates have different staffing levels with 8:1 for TFC cases and 6:1 for In-Home cases.

PCG recommends the structure above as a statewide fee schedule that can replace the current multi-tiered structure. In analyzing regional differences, PCG did observe higher salaries in the Facility (regions 2-4) and TFC (region 5) personnel rosters. However, no regionally calculated rates exceeded the statewide rates by more than eight percent. PCG also noticed uniform and significant rate increases across all services. DCYF may consider regional rate increases in the future.

In addition to the rates above, providers will still be able to negotiate for higher rates as needed, particularly where a 1:1 level of care is necessary. However, given the considerable time and effort expended by all parties to make these rates better align to their intended populations, it is anticipated that the need for individual rate negotiations should be significantly reduced.

PROGRAMMATIC RECOMMENDATIONS

1. **The rates should be adjusted annually for inflation and other programmatic changes.**
   The rates should be updated to account for the inflation factor on an annual basis.[7] The rates should also be updated to account for any legislative mandates, such as minimum wage increases or the requirement for new personnel. There needs to be a way to fund the inflation factor, minimum wage changes, and any other programmatic changes so that providers can support the annual increases.

2. **DCYF should consider the high turnover rates among some of the BRS positions and consider increasing the salaries in these positions within the models accordingly.**
   PCG did not see consistent variations between the average reported salaries and market salaries available from DCYF and BLS. However, PCG did observe a relationship between turnover and the lowest paid staff (direct service staff). Further, increasing the provider-based salaries for the lowest-paid positions should allow for better recruitment and retention of staff. Studies have found a correlation between staff turnover and delays in permanency, making staff stability an important factor for child outcomes .[8] See Appendices E, F, and G for Turnover, Employee Education, and Market Salary Analyses, respectively.

3. **DCYF should collect and review cost information annually or every other year to update personnel and operating expenses as programs evolve.**
   Annual cost collection (Personnel and Non-Personnel) would allow DCYF to better understand and monitor the adequacy of the rates. This would allow DCYF to monitor provider spending and enforce contractual requirements. Providers already complete a similar cost report, so this may be combined with the current process to save a duplication of efforts. The quality of the information would improve in subsequent years as providers gain familiarity with the process.

4. **DCYF should complete similar rate studies in the future every five years or sooner if programs/policies change for provider services.**
   Regular rate studies will ensure the appropriateness and fairness of the rates. This should occur at least every five years. Programmatic changes often require revisions to existing rate structures.

5. **DCYF may need to adjust this rate structure and related policies to comply with the Family First Act.**
   The Family First Prevention Services Act (FFPSA, or Family First Act) was signed into law as part of the Bipartisan Budget Act on February 9, 2018. PCG has provided some guidance on this recommendation, but DCYF will need to take a critical look at its child welfare system to ensure compliance with the Family First Act. It is possible this will result in the FFPSA accreditation and maintenance costs being paid outside of the rate, but it will be important to consider those costs in addition to the rate model for which providers are being reimbursed. PCG added a list of cost drivers in Appendix H.

[7] These inflation factors can be found in the calculator on the Bureau of Labor Statistics website here: https://www.bls.gov/data/inflation_calculator.htm

[8] National Council on Crime and Delinquency's Children's Research Center: https://www.nccdglobal.org/sites/default/files/publication_pdf/focus09_agency_workforce_estimation.pdf

6. FISCAL IMPACT

The fiscal impact outlines the current total costs and compares to the proposed costs. Please note that these figures are projections based on a conversion of the current costs and rate structures into the new five-rate structure described in this report. To determine current costs, PCG relied on a DCYF analysis where the average monthly expenditure by category was developed using complimentary data categorization methods. DCFY assigned previous transactions into the five new placement setting categories to arrive at a monthly per capita cost was established for each category.

TABLE 8. CURRENT TO RECOMMENDED RATE COMPARISON

BRS Placement Type	Average 2018 Rate Paid	Recommended Rate	Variance $	Variance %
Facility	$8,765	$12,804	$4,038	46.07%
Medically Fragile	$4,417	$13,991	$9,574	216.74%
Short-Term/Emergent Care	$6,404	$14,015	$7,612	118.87%
In-Home	$4,779	$5,794	$1,015	21.23%
Treatment Foster Care	$6,000	$8,266	$2,266	37.77%

The number of children in BRS placement each month was then used to calculate both the current and proposed costs. DCYF projects 634 children, on average, in the BRS program each month. (Note that 72 of these children are placed in out-of-state facilities at an average rate of $9,228 per month.)

TABLE 9. BRS POPULATION DISTRIBUTION

BRS Placement Type	Population
Facility	50.66%
Medically Fragile	1.63%
Short-Term/Emergent Care	3.36%
In-Home	5.51%
Treatment Foster Care	38.83%

The figures above estimate a $25,800,847 increase in BRS spending in state fiscal year (SFY) 2020. As indicated below, DCYF and PCG estimate a cost of $81,459,959 and $82,241,151 in SFY20 and SFY21, respectively. This is a 46 percent annual increase in spending over current BRS costs.

TABLE 10. CURRENT COSTS AND PROPOSED BRS COSTS

State Fiscal Year	Current Costs	Proposed Costs	Variance $
SFY20	$55,659,113	$81,459,959	$25,800,847
SFY21	$56,192,877	$82,241,151	$26,048,274

While the fiscal impact of these changes appears considerable, it is important to note that providers reported significant deficiencies in the current rate structure. Changes to Washington's state minimum wage requirements account for the majority of the increased spending. The rates were also developed with certain program goals in mind. Higher BRS rates will incentivize in-state providers to bring the children who are currently in out-of-state facilities back in state. The working theory is that Washington BRS providers will be able to improve services and recruit and retain more staff to better support children in their care.

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APPENDIX

A. Rate-Setting Options, Principles, and Considerations

B. Personnel Roster Fields

C. Cost Report Fields

D. Rate Calculation Models

    a. Facility-Based Services

    b. Short Term/Emergent Care Services

    c. Medically Fragile Services

    d. In-Home Services

    e. Treatment Foster Care (TFC)

E. Turnover Analysis

F. Employee Education by Position

G. Market Salary Comparison

H. Family First Cost Drivers for BRS

APPENDIX A: RATE-SETTING OPTIONS, PRINCIPLES, AND CONSIDERATIONS

TABLE 11: RATE-SETTING OPTIONS, PRINCIPLES, AND CONSIDERATIONS

Rate-setting Options, Principles, and Considerations[9]				
Rate-setting Option	**Capitated PMPM Rate or Case Rate**	**Blended Rate**	**Model Cost-based Rate**	**Performance-based Rate**
Description	One rate for all BRS clients at a given level of care	Expenses divided by units. Can be for each individual program or using all costs for each service	The level of service determines the rate for each level of care (within a specific program type) and costs are based on achieving that level of service	Each client is reimbursed based on achievement of specified goals
Underlying Principle	Financial incentive for least intrusive intervention	Support for existing infrastructure of programs	State defines appropriate staffing levels and program models	State defines what it pays for in terms of outcomes
Possible Issues	Doesn't account for real differences in cost between different types of programs	May promote existing program inefficiencies	Not always appropriate for all facility costs and perhaps not for administration or room and board; benchmarks or other methods may be used for these costs	Programs may find it difficult to survive; cash flow issues
	Dependent on unchanging distribution of clients across program types; risk if acuity levels change more than anticipated	Likely to underestimate appropriate costs	May require provisions for exceptional care cases	May be dependent on unchanging distribution of clients across program types; risk if acuity levels change
	More complex to distinguish allowable costs for IV-E and XIX	Should be no reimbursability issues	Should be no reimbursability issues	More complex to distinguish allowable costs for IV-E and XIX

[9] All options can be applied either to the entire rate or to specific components of the rate. Suggested components are administration, facility costs, room and board, supervision and treatment.

APPENDIX B: PERSONNEL ROSTER FIELDS

- Contact/Program Information
  - Provider Name
  - Contact Name
  - Contact Position/Title
  - Contact Email
  - Contact Phone
  - Program Name
  - License or Contract Number
  - IRS Tax Status
  - Number of Sites Included
- Fields for each listed employee:
  - Name or ID and Site Location
  - County
  - Employee or Subcontractor
  - Official Title
  - Primary Role
  - Secondary Role
  - Years of Professional Experience
  - Years of Industry Experience
  - Certifications and Licensure(s)
  - Start Date
  - End Date
  - Highest Education Obtained
  - Number of Hours Worked Annually
  - Total Annual Salary Paid
  - Total Annual Fringe Benefits Paid
  - Percent Time Allocated to BRS Program Services

APPENDIX C: COST REPORT FIELDS

- BRS Contact/Provider Information: Captured contact information for the program and basic program information.
    - Provider Name, IRS Tax Status, License/Contract Number, Program Name, Program Address/City/State/Zip/County
    - Contact Name, Contact Position, Contact Email, Contact Phone
    - Date Program Opened, Months the Program Operated in Calendar Year 2017, Number of Locations Included
    - BRS Program Certifications, Licenses, and Accreditations
    - Multiple Counties
    - Percent BRS Expenses Allocated to BRS Programs
- BRS Services: Captured the services delivered in Calendar Year 2017.
    - Days of Care Provided
    - Days of Care Available
    - Total Youth Served
    - Staff:Child Ratio (Day)
    - Staff:Child Ratio (Night)
    - Youngest Age Served
    - Oldest Age Served
    - Gender Served
    - BRS Service-Levels Provided
- BRS Public Revenue: Captured all public revenue received in Calendar Year 2017.
    - Revenue from DCYF
    - Medicaid
    - Federal Education Payments
    - State Education Payments
    - SSI Payments
    - Federal Grants
    - Revenue from Other State Agency
    - Other Public Revenue
- BRS Private Revenue: Captured all private revenue received in Calendar Year 2017.
    - Fundraising and Development
    - United Way
    - Endowments/Donations
    - Interest/Investments
    - Private Client Fee/Insurance
    - Other Private Revenue
- BRS Personnel: Captured FTE, time off and expenses associated with program personnel.
    - Personnel Time Off
        - Holidays
        - Vacation Days
        - Sick Days
    - Personnel FTEs
        - Employee FTEs
        - Employee FTEs Vacant
    - Personnel Salaries, Taxes and Fringe Benefits
        - Employee Salaries
        - Personnel Taxes
        - Worker's Compensation
        - Healthcare
        - Retirement
        - Other Fringe Benefits

- BRS Non-Personnel Expenses: Captured all other expenses incurred by the program.
  - Program Subcontractor
  - Foster Parent Payments
  - Parent Organization Allocation
  - Consumable Supplies and Miscellaneous Expenses
    - Office Supplies
    - Postage
    - Printing
    - Telephone
    - Program and Craft Supplies
    - Health and First Aid Supplies
    - Food and Beverage
    - Household and Janitorial Supplies
    - Child's School Supplies
    - Allowance and Personal Items
    - Clothing
    - Staff Training
    - Other Consumable/Misc. Expenses
  - Occupancy Costs
    - Mortgage Interest
    - Mortgage Principal
    - Building Usage/Depreciation
    - Rent/Lease
    - Building Insurance
    - Liability Insurance
    - Utilities
    - Property Tax
    - Maintenance and Repair
    - Other Occupancy Expenses
  - BRS Travel Costs
    - Purchased Transportation for Client
    - Agency Vehicle Operating Cost
    - Agency Vehicle Insurance
    - Staff Mileage Allowance
    - Rental Vehicles
    - Out of Town Travel
    - Equipment Rental
    - Vehicle Service/Repair
    - Local Transportation
    - Other Travel Expenses
  - BRS Equipment Costs
    - Vehicle/Equipment Loan Interest
    - Vehicle/Equipment Loan Principal
    - Rental and Maintenance of Equipment
    - Depreciated Equipment
    - Equipment Insurance
    - Other Equipment Expenses
- BRS Attestation and Notes
  - Authorized Attestation Name, Staff Title, Electronic Signature, Date
  - Memo – Additional Comments/Information

APPENDIX D: RATE CALCULATION MODELS

Facility Rate Model			
Capacity: 12		**Enrollment Days:**	**4,380**
	Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries			
Executive	$93,486	0.56	$52,218
Program Director	$60,242	0.46	$27,633
Program Manager	$46,486	0.66	$30,734
Direct Care Supervisor	$37,807	2.80	$105,860
Direct Care Staff	$30,168	14.00	$422,350
Direct Care Relief/Coverage	$25,778	1.99	$51,368
Other Direct	$39,909	1.37	$54,815
Clinical	$51,911	1.42	$73,907
Administrative	$40,348	2.31	$93,015
Total Program Staff		**25.57**	**$911,900**
Tax and Fringe	22.00%		$200,618
Total Program Personnel			**$1,112,518**
Other Operating Expenses			
Operating Expenses (Non-Personnel Costs by Unit)	$73.68		$322,730
TOTAL			**$1,435,248**
DAILY RATE WITHOUT CAF:			**$327.68**
TOTAL WITH CAF:	3.85%		**$1,490,506**
		Monthly Rate	Daily Rate
DAILY RATE WITH CAF, 100% Utilization:		**$10,242.97**	**$340.30**
DAILY RATE WITH CAF, 90% Utilization:		**$11,381.08**	**$378.11**
DAILY RATE WITH CAF, 80% Utilization:		**$12,803.72**	**$425.37**
DAILY RATE WITH CAF, 70% Utilization:		**$14,632.82**	**$486.14**
DAILY RATE WITH CAF, 60% Utilization:		**$17,071.62**	**$567.16**

FIGURE 3. FACILITY MODEL BUDGET CALCULATION

In-Home Rate Model - 6:1 Staffing				
Capacity:	**16**		**Enrollment Days:**	**5,840**
		Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries				
Executive		$109,714	0.37	$41,118
Program Director		$71,432	0.49	$35,266
Program Manager		$52,172	0.61	$32,045
Case Manager		$38,865	2.67	$103,640
Behavioral Specialist Staff		$30,135	4.18	$125,957
Behavioral Supervisor		$36,797	0.50	$18,223
Other Direct		$40,379	0.78	$31,325
Clinical		$53,228	2.02	$107,755
On-Call Relief/Coverage		$38,149	1.01	$38,690
Administrative		$44,270	1.74	$76,853
Total Program Staff			**14.37**	**$610,872**
Tax and Fringe		22.00%		$134,392
Total Program Personnel				**$745,263**
Other Operating Expenses				
Operating Expenses (Non-Personnel Costs by Unit)		$57.73		$337,146
First Responder Stipend by Responder FTE (Yearly)		$3,000.00		$30,425
TOTAL				**$1,082,410**
DAILY RATE WITHOUT CAF:				**$185.34**
TOTAL WITH CAF:		3.85%		**$1,124,082**
	Caseload	FTEs	Monthly Rate	Daily Rate
Case Manager Caseload 6:1	**6**	**14.37**	**$5,793.64**	**$192.48**
Case Manager Caseload 8:1	**8**	**10.78**	**$4,918.52**	**$163.41**
Case Manager Caseload 10:1	**10**	**8.62**	**$4,198.02**	**$139.47**

FIGURE 4. IN-HOME MODEL BUDGET CALCULATION

Medically Fragile Rate Model			
Capacity: 12		**Enrollment Days:**	**4,380**
	Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries			
Executive	$118,410	0.27	$31,882
Program Director	$55,147	0.38	$20,700
Clinical Supervisor	$77,097	0.54	$41,838
Clinical	$52,850	10.08	$532,733
Clinical Relief/Coverage	$52,850	1.43	$75,826
Behavioral Tech	$37,728	0.46	$17,399
Other Direct	$45,243	0.24	$10,791
Administrative	$60,552	1.49	$90,384
Total Program Staff		**14.89**	**$821,552**
Tax and Fringe	22.00%		$180,741
Total Program Personnel			**$1,002,293**
Other Operating Expenses			
Operating Expenses (Non-Personnel Costs by Unit)	$129.23		$566,034
TOTAL			**$1,568,328**
DAILY RATE WITHOUT CAF:			**$358.07**
TOTAL WITH CAF:	3.85%		**$1,628,708**
		Monthly Rate	Daily Rate
DAILY RATE WITH CAF, 100% Utilization:		**$11,192.72**	**$371.85**
DAILY RATE WITH CAF, 90% Utilization:		**$12,436.36**	**$413.17**
DAILY RATE WITH CAF, 80% Utilization:		**$13,990.90**	**$464.81**
DAILY RATE WITH CAF, 70% Utilization:		**$15,989.60**	**$531.22**
DAILY RATE WITH CAF, 60% Utilization:		**$18,654.53**	**$619.75**

FIGURE 5. MEDICALLY FRAGILE MODEL BUDGET CALCULATION

Short Term/Emergent Care Rate Model				
Capacity:	**12**		**Enrollment Days:**	**4,380**
		Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries				
Program Director		$80,400	0.75	$60,422
Program Manager		$59,017	1.64	$96,750
Direct Care Supervisor		$47,716	2.80	$133,604
Direct Care Staff		$35,579	14.00	$498,104
Direct Care Relief/Coverage		$31,824	1.99	$63,416
Other Direct		$41,268	0.85	$35,281
Clinical		$49,122	0.90	$44,199
Administrative		$42,580	1.56	$66,596
Total Program Staff			**24.50**	**$998,372**
Tax and Fringe		22.00%		$219,642
Total Program Personnel				**$1,218,014**
Other Operating Expenses				
Operating Expenses (Non-Personnel Costs by Unit)		$80.60		$353,037
TOTAL				**$1,571,051**
DAILY RATE WITHOUT CAF:				**$358.69**
TOTAL WITH CAF:		3.85%		**$1,631,536**
			Monthly Rate	Daily Rate
DAILY RATE WITH CAF, 100% Utilization:			**$11,212.16**	**$372.50**
DAILY RATE WITH CAF, 90% Utilization:			**$12,457.95**	**$413.89**
DAILY RATE WITH CAF, 80% Utilization:			**$14,015.19**	**$465.62**
DAILY RATE WITH CAF, 70% Utilization:			**$16,017.36**	**$532.14**
DAILY RATE WITH CAF, 60% Utilization:			**$18,686.93**	**$620.83**

FIGURE 6. SHORT TERM/EMERGENT CARE MODEL BUDGET CALCULATION

TFC Rate Model - 8:1 Staffing				
Capacity:	**16**		**Enrollment Days:**	**5,840**
		Salary, Unit or %	**FTE**	**Expense**
Program Personnel Salaries				
Executive		$91,682	0.26	$23,770
Program Director		$82,098	0.29	$23,819
Program Manager		$52,197	0.59	$30,821
Case Manager		$42,663	2.00	$85,325
Licensing Supervisor		$56,166	0.39	$21,894
Licensing Staff		$45,799	2.00	$91,599
Behavioral Specialist Supervisor		$38,689	0.82	$31,621
Behavioral Specialist		$30,843	3.74	$115,319
Clinical		$57,560	1.58	$91,147
On-Call Relief/Coverage		$41,100	1.05	$43,277
Administrative		$46,249	1.69	$78,185
Total Program Staff			**14.41**	**$636,777**
Tax and Fringe		22.00%		$140,091
Total Program Personnel				**$776,868**
Other Operating Expenses				
Non-Personnel Costs by Unit		$57.73		$337,146
Foster Parent Payment by Unit		$65.00		$379,600
Respite Payment by Unit		$50.00		$19,200
First Responder Stipend by Responder FTE (Yearly)		$3,000.00		$31,588
Total Program Operating Expenses				$767,535
TOTAL				**$1,544,402**
DAILY RATE WITHOUT CAF:				**$264.45**
TOTAL WITH CAF:		3.85%		**$1,603,862**
	Caseload	FTEs	Monthly Rate	Daily Rate
Case Manager Caseload 6:1	**6**	**19.22**	**$9,483.47**	**$315.07**
Case Manager Caseload 8:1	**8**	**14.41**	**$8,266.48**	**$274.63**
Case Manager Caseload 10:1	**10**	**11.53**	**$7,265.76**	**$241.39**

FIGURE 7. THERAPEUTIC FOSTER CARE MODEL BUDGET CALCULATION

APPENDIX E: TURNOVER ANALYSIS

Using data from the personnel rosters (start and end dates) we calculated the average turnover for 2017 across all BRS programs. The formula takes the number of employees that left or were terminated in 2017 and divides it by an average number of employees for the year to get a percentage. The total turnover across all BRS programs in 2017 was 45 percent.

Formula for Turnover:

$$\frac{\#\ of\ Employees\ who\ left\ in\ 2017}{(\#of\ Employees\ at\ the\ start\ of\ 2017 + \#of\ Employees\ at\ the\ end\ of\ 2017)/2}$$

TABLE 12: TURNOVER ANALYSIS

Position*	2017 Turnover Rate	Average Years w/ Agency as of 12/31/2017
Case Aide	41%	2.91
Case Manager	37%	2.47
CEO/Executive director	0%	15.14
Clinical Director/Supervisor	0%	8.93
Counselor	24%	5.57
Direct Care Relief/Coverage	62%	2.44
Direct Care Staff	58%	2.50
Direct Care Supervisor	37%	4.27
Finance Staff	19%	8.26
Information Technology Staff	23%	6.53
Licensing Staff	11%	5.03
Licensing Supervisor	0%	7.56
Nurse (All three positions)	46%	2.75
Registered Nurse (RN)	49%	2.09
Licensed Practical Nurse (LPN)	24%	6.72
Certified Nursing Assistant (CNA)	52%	1.92
Other Administrative Staff	15%	7.31
Program Director	5%	13.39
Program Manager	59%	5.67
Support Staff (Food, Maint. etc.)	33%	5.77
Therapist	17%	3.94

Red: 50 percent or higher
Orange: 40 percent to 49 percent
Yellow: 30 percent to 39 percent
*Did not calculate turnover for positions with fewer than 10 employees listed.

APPENDIX F: EMPLOYEE EDUCATION BY POSITION

The highest education obtained by each employee was collected on the Personnel Roster, allowing us to look at education by position in the BRS Programs. While there is some variation among positions, most of the BRS workforce has a bachelor-level degree.

TABLE 13: EMPLOYEE EDUCATION BY POSITION

Position	% of Highest Education Obtained								
	Some High School	High School or Equivalent	Some College	College Degree (Associate)	College Degree (Bachelor)	Trade or Vocational School	Some Graduate	Masters (MA/MS)	PhD
Case Aide	3%	43%	20%	8%	24%	0%	0%	1%	0%
Case Manager	0%	1%	1%	1%	72%	0%	2%	22%	0%
CEO/Executive director	0%	0%	0%	13%	25%	0%	0%	63%	0%
Clinical Director/Supervisor	0%	0%	0%	0%	8%	0%	0%	92%	0%
Counselor	0%	0%	15%	0%	45%	0%	0%	40%	0%
Direct Care Relief/Coverage	0%	36%	3%	3%	55%	0%	0%	4%	0%
Direct Care Staff	0%	31%	10%	7%	47%	1%	0%	4%	0%
Direct Care Supervisor	0%	38%	5%	10%	38%	0%	2%	7%	0%
Finance Staff	0%	14%	29%	14%	32%	4%	0%	7%	0%
Information Technology Staff	0%	9%	27%	0%	55%	0%	0%	9%	0%
Licensing Staff	0%	2%	7%	2%	69%	0%	0%	19%	0%
Licensing Supervisor	0%	0%	10%	0%	50%	0%	0%	40%	0%
Nurse	0%	0%	8%	38%	15%	39%	0%	1%	0%
Registered Nurse (RN)	0%	0%	3%	56%	33%	5%	0%	3%	0%
Licensed Practical Nurse (LPN)	0%	0%	10%	43%	5%	43%	0%	0%	0%
Certified Nursing Assistant (CNA)	0%	0%	10%	26%	7%	57%	0%	0%	0%
Other Administrative Staff	0%	21%	17%	14%	34%	0%	0%	14%	0%
Program Director	0%	4%	0%	0%	30%	0%	4%	61%	0%
Program Manager	0%	5%	8%	0%	62%	0%	0%	23%	3%
Support Staff (Food, Maint. etc.)	0%	67%	13%	10%	3%	7%	0%	0%	0%
Therapist	0%	0%	0%	0%	52%	0%	2%	47%	0%
Vice President	0%	0%	0%	0%	40%	0%	0%	40%	20%

The darker the green highlighting, the higher the percentage with a given education level within a position.

APPENDIX G: MARKET SALARY COMPARISON

Salaries for positions comparable to the BRS provider positions were compiled from Washington State salary data as well as the Bureau of Labor Statistics salary data on Washington state. While many of the positions' wages were often similar, there was not a single source of the three that consistently had the highest wage.

TABLE 14: MARKET SALARY COMPARISON

Position	WA Personnel Roster Wage	WA State Wage*	WA BLS Wage^
Case Aide	$16.94	$15.37	$15.81
Case Manager	$18.84	$22.03	$16.40
CEO/Executive director	$44.68	$44.64	$55.78
Clinical Director/Supervisor	$24.99	$25.61	$17.90
Counselor	$26.68	$20.34	$19.43
Direct Care Relief/Coverage	$12.36	$13.82	$12.87
Direct Care Staff	$13.64	$17.17	$13.53
Direct Care Supervisor	$18.25	$19.94	$17.90
Finance Staff	$21.63	$20.19	$28.65
Fundraising and Development Staff	$31.37	$35.87	$27.51
Information Technology Staff	$16.45	$29.50	$26.32
Licensing Staff	$18.84	N/A	$13.53
Licensing Supervisor	$25.33	$25.63	$17.90
Registered Nurse (RN)	$33.59	$37.78	$35.38
Licensed Practical Nurse (LPN)	$31.25	$22.37	$23.34
Certified Nursing Assistant (CNA)	$18.56	$12.52	$14.12
Other Administrative Staff	$19.86	$21.97	$18.75
Physician	$101.85	$77.48	$115.88
Physician Assistant	$19.04	$54.30	$58.59
Placement Supervisor	$28.44	$21.54	$17.90
Program Director	$24.54	$25.72	$17.90
Program Manager	$20.09	$22.10	$36.25
Psychologist	$56.25	$35.42	$38.60
Social Worker	$20.04	$35.27	$21.81
Support Staff (Food, Maintenance etc.)	$16.36	$18.57	$15.48
Therapist	$20.00	$20.34	$24.89
Vice President	$42.69	$44.64	$55.78

Green highlighting denotes highest wage amongst the three wage categories.

*WA State Wages came from: http://fiscal.wa.gov/salaries

^WA BLS Wages came from: https://www.bls.gov/oes

APPENDIX H: FAMILY FIRST COST DRIVERS FOR BRS

TABLE 15: FAMILY FIRST COST DRIVERS FOR QUALIFIED RESIDENTIAL TREATMENT PROGRAMS (QRTP)

QRTP Cost Drivers	Type of Costs	Cost Estimate: Low end	Cost Estimate: High end	Schedule	Notes
Accreditation	See estimates	$6,870	$121,658	Every 3 years	Process takes 12-18 months on average.
Achieving accreditation standards	TBD	TBD	TBD	1 time before survey	TBD upon choosing accreditor; accreditors typically charge for access to their standards, though some waive these fees upon application.
Achieving trauma-informed treatment model outlined in treatment plan	Consulting costs, or none	TBD	TBD	1 time before survey	May be achieved through accreditation, and thus may not have unique costs.
Child abuse and neglect registry check	~$20 per staff	TBD	TBD	Depends on state plan	CRC Form: DSHS 23-041. May already be included in current BRS programs.
Criminal background check	~$20 per staff	TBD	TBD	Depends on state plan	States have the option to conduct one background check of their preference in lieu of the criminal and child registry checks. May already be included in current BRS programs.
Onsite registered nurse/licensed clinical staff *available* 24/7	Mean BLS RN Salary: $79,810 (Hourly Wage: $38.37)	TBD	TBD	Ongoing	Cost will depend on how many clinical staff programs already have based on state requirements.
Family involvement—Outreach & documentation	Hourly staff costs	TBD	TBD	Ongoing	Will impact staff bandwidth. May already be included in current BRS programs.
Providing discharge planning and family-based aftercare support up for to 6 months after discharge	Hourly staff costs	TBD	TBD	Ongoing	Will impact staff bandwidth. May already be included in current BRS programs.
Writing placement assessment—assessment must be conducted and documented in the treatment plan within 30 days after the placement	Hourly staff costs	TBD	TBD	Ongoing	Will impact staff bandwidth. May already be included in current BRS programs.