



TITLE IV-E WAIVERS:

Expanding and Modifying Child Welfare Demonstration Waivers to Promote Flexibility and Foster Innovation

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Since the authorization of the very first federal grants for child welfare services in the 1930s, states have made considerable strides to address the needs of children and families entering the child welfare system, but we need to do more. Critical limitations of the existing federal child welfare financing structure limit the ability of states to provide a diverse array of services to families in need and call attention to the need for a comprehensive reform of the fiscal system. While reform is needed, it may take time for Congress to pass comprehensive child welfare financing legislation. Absent a broader reform of the financing structure, states are now in need of greater flexibility in the use of available federal child welfare funds.

Child welfare waiver demonstration projects are a critical vehicle for promoting flexibility and fostering innovation in practice at the state level. Demonstration waivers, available for some time in programs including Medicaid and AFDC, were first authorized for child welfare in 1994. The Social Security Act (SSA) child welfare demonstration waivers (Section 1130) allowed

states to develop and implement innovative approaches to the delivery of child welfare services, and the subsequent 1997 Adoption and Safe Families Act (ASFA) (P.L. 105-89) permitted the Secretary of Health and Human Services (HHS) to approve ten new waiver demonstration projects each year.

The legislative authority to approve new waivers expired on March 31, 2006. States with projects approved before that date could continue to implement their waivers, and, the Secretary retained the authority to consider and approve requests to extend demonstrations beyond the original period.

First Focus urges Congress to reinstitute child welfare demonstration waivers. This policy brief provides a short history of title IV-E waivers and offers recommendations for expanding and improving the program, highlighting lessons learned from Section 1115 waivers in Medicaid and the Children's Health Insurance Program (CHIP).



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Child Welfare Financing Reform

In recent years, various proposals for comprehensive finance reform have been circulating within the advocacy community but none have garnered significant traction in Congress. Each has addressed several key limitations of the current fiscal structure, including: de-linking eligibility for child welfare funds from the legacy criteria of the Aid to Families with Dependent Children (AFDC) program; providing federal incentives for a broad continuum of services for children and families, including prevention, early intervention and treatment services; enhancing state fiscal accountability; improving outcomes for children in care; and supporting a range of permanency options, including reunification, adoption, and guardianship.

A critical first step in finance reform would be to make improvements to the existing child welfare financing structure to ensure flexibility in the use of the primary source of federal dollars dedicated to child welfare services – SSA title IV-E. Currently, restrictions in the allowable use of funds result in the larger portion of federal funding being dedicated to foster care. At present, the use of title IV-E funds is limited to support for foster care, subsidized guardianship and adoption services, as well as administrative costs and caseworker training. In comparison, funding for prevention and reunification services is limited to primarily the Child Welfare Services Program and the Promoting Safe and Stable Families Program funds under SSA title IV-B - a rather small in comparison to resources dedicated to foster care. In fact, of the \$7.9 billion in federal funding dedicated to child welfare services, foster care accounts for \$4.6 billion, and adoption assistance makes up another \$2.2 billion. In contrast, only \$763 million is available for other child and family services and activities such as preventive and reunification services.¹ As a result, states are limited in their capacity to implement innovative policies and practices that support and strengthen families. Restricting the use of funds to foster care hinders the ability of states to develop innovative and effective alternative service delivery models and discourages investment in prevention, intervention and treatment services. The financing structure should be modified to allow states to directly access title IV-E funds for investments in a broad continuum of services for children and families, including prevention, early intervention, treatment and post-permanency services. Doing so will ensure that states have the resources they need to adequately care for the countless children and families that walk through their agency doors each day.

In addition, changes to the eligibility requirements for title IV-E foster care payments are long overdue. As it stands, eligibility for federal foster care assistance remains tied to the defunct AFDC program. As a result, the federal commitment to foster care has followed a steady downward trend, and each year a greater share of the burden to provide for children in care shifts onto states. The percentage of children eligible for federal foster care assistance was estimated to be less than half of all children in foster care in 2006 (43%) as compared to a high of over 50% in the mid-to late 1990s.² As such, states are forced to compensate by drawing funds from other programs such as Temporary Assistance to Needy Families (TANF) and the Social Security Block Grant (SSBG) to provide for children in care. In fact, over time, states have come to rely heavily on non-dedicated federal funds, including TANF, SSBG and Medicaid to create, augment and expand programs and services for children and families involved in the child welfare system. A 2004 Urban Institute Report highlighted findings from an analysis of 48 states, indicating that federal spending on child welfare activities increased 48 percent between FY 1996 and FY 2002. Importantly, title IV-E foster care expenditures, which have traditionally made up a significant portion of federal expenditures, were not the source of the reported increase. In fact, the increase in total federal spending was driven primarily by increases in TANF and Medicaid spending on child welfare activities.³

While we have a long way to go, the field has seen progress in recent years. Signed into law on October 7, 2008, the Fostering Connections to Success and Increasing Adoptions Act (P.L. 110-351) has led to notable improvements on behalf of children and families involved with the child welfare system. Among others, Fostering Connections provided states the option to place children existing foster care with relative guardians and to support youth aging out of foster care to the age of 21; strengthened the coordination and oversight of health care services for foster children; and established new requirements aimed at improving the oversight of foster children's educational stability and connection to siblings. Fostering Connections generated momentum for change, paving the way for broader reforms of the current fiscal structure. Moving forward, comprehensive finance reform is necessary in order to truly transform child welfare services but achieving such reform may take time. In the interim, states need greater flexibility in the use of available child welfare funds.



Title IV-E waivers are viewed as a vehicle for innovation as they grant states the flexibility to offer a range of services and supports that promote safety and permanency for children in the child welfare system. Waivers enable states to restructure their resource allocations, enabling them to achieve a greater balance between foster care and services that support and strengthen families. In this way, waivers can help states shift resources and efforts away from foster care and maintenance and toward prevention, intervention and treatment approaches. Waivers also require states to track outcomes and include an evaluation component, requiring states to conduct program evaluations after a five-year demonstration period to assess how their particular projects can inform policy decisions. Evaluations are a mechanism for ensuring accountability - and in an increasingly difficult budget climate where states are forced to do more with less - waivers can be a valuable and cost-effective tool for identifying what works in child welfare practice. Additionally, each waiver is required to be cost neutral, which means that expenditures cannot exceed what would have normally been spent without the waiver.

Since 1996, about 32 states have participated in the waiver program, with a number of states applying for and receiving multiple waivers.⁴ Some waivers were implemented state-wide while others focused on parts of the state or portions of the caseload. The majority of waivers were aimed at reducing a child's length of stay in out-of-home care. Other broad categories include waiver projects designed to promote flexible funding or initiatives targeting specific needs and populations such as assisted guardianship and kinship permanence, services for caregivers with substance use disorders and intensive service options.

In practice, a number of title IV-E waivers have yielded positive results. As Fred Wulczyn noted in his July 29, 2010 testimony before the House Committee on Ways and Means, Subcommittee on Income Security and Family Support hearing on title IV-E waivers, four states were able to demonstrate significant gains as a result of the waiver demonstrations. Of these, three implemented guardianship models, one instituted a flexible funding approach and another implemented a substance abuse intervention. Approximately 11 waivers were terminated early or failed to enroll enough children to draw adequate conclusions in waiver evaluations, and about 10 waivers failed to yield especially strong findings. In addition, final reports for 8 waiver projects are due at a later point in time.⁵

Types of Waivers

To date, IV-E waivers have been used to support the following types of projects:

- Assisted Guardianship/ Kinship Permanence
- Managed Care Payment Systems
- Capped Title IV-E Allocations and Flexibility to Local Agencies
- Services to Substance-abusing Caretakers
- Intensive Service Options
- Adoption Services
- Tribal Administration of Title IV-E Funds
- Enhanced Training for Child Welfare Staff



Based on a summary of the title IV-E child welfare waiver demonstrations prepared for the Children's Bureau, some states have experienced increased permanency and decreased maltreatment recurrence rates, reduced length of stay in foster care, and reduced out-of-home placements as a result of waivers.⁶ Guardianship waivers have yielded promising findings, including increased permanency rates and improvements in child wellbeing and behavior.⁷ Flexible funding waivers, utilized by five states, including California, were designed to offer flexibility to local municipalities and states in the spending of capped title IV-E funds. They were associated with reduced probability of out-of-home placement, reduced length of stay in foster care, and increased school attendance.⁸

A recent Casey Family Programs report highlighted the success of IV-E waivers, noting that flexible funding efforts in California, Florida, Indiana, Ohio and Oregon have yielded rather promising findings.⁹ For instance, in Alameda County, California, the Department of Children and Family Services reduced its foster care population by 21 percent in the two years following implementation, and in Los Angeles County, the number of children in foster care declined by 23 percent between July 2007 (beginning of waiver implementation) and February 2010. In Florida, the number of children in foster care declined by more than one-third in just four years, from 29,000 in 2006 – the year the waiver was implemented - to 18,534 in 2010. Ohio has also seen a significant reduction in foster care loads; at the end of 2009, the state's foster care population stood at 12,360 – a 29 percent decrease since 2005. Importantly, counties participating in the waiver have reported more significant reductions in foster care populations than comparison counties.¹⁰

Admittedly, some waiver initiatives have yielded more promising results than others. Even so, waivers have clearly driven innovation and informed our understanding of what works at the practice level. First Focus urges Congress to reinstitute and expand child welfare demonstration waivers. In reauthorizing title IV-E waivers, we ask Congress to consider the following modifications to the waiver program:

Recommendation: Modify Title IV-E Foster Care and Adoption Assistance Demonstration Waivers by Adopting Successful Elements of SSA Section 1115 Waivers for Medicaid and CHIP

Section 1115 provides the Secretary of HHS the authority to waive provisions of major health programs, including certain requirements of Medicaid and

CHIP. Under Section 1115, the Secretary can allow states to use federal funds for Medicaid and CHIP to test new coverage approaches, and in doing so, foster innovation at the state level. This waiver authority has served several key functions. It has allowed states and the federal government to test new, innovative, and more cost-effective approaches to delivering and financing health care services and helped to advance an administration's policy priorities. It has also given Congress an opportunity to direct HHS to test promising new approaches to service delivery and payment. First Focus recommends modifying title IV-E foster care and adoption assistance waivers to include elements that have been critical to the success of Section 1115 waivers. Our recommendation is driven by the demonstrated success of Medicaid and CHIP waivers. Specifically, we ask Congress to consider the following changes to the IV-E waiver program:

Permit Negotiations around the Terms of a Waiver. Unlike 1130 waivers, the Secretary's waiver authority under 1115 is rather broad. Section 1115 waivers are essentially approved through a series of negotiations between a state and HHS, including around the waiver's financing – a key element of the waiver. There are however, some program elements that cannot be waived, such as the federal matching payment system for states. Also, 1115 waivers – similar to 1130s - must be budget neutral. States that use waivers to expand coverage to groups not otherwise covered under Medicaid are required to identify savings or redirect existing resources to offset expansion costs. States are restricted to identifying savings within Medicaid or CHIP.

Under 1115 waivers, each state develops a negotiated budget neutrality agreement with Centers for Medicare and Medicaid Services (CMS) by projecting costs for a demonstration based on its existing Medicaid program without the demonstration. As such, federal costs under the waiver are not to exceed costs expected for that state without the waiver. The federal government enforces this budget neutrality by establishing a cap on federal funds. The state is responsible for any costs incurred beyond the cap. States calculate the cost of running their existing Medicaid programs by projecting growth in per person costs and beneficiary enrollment over the course of the demonstration period. Spending limits are based on estimates of growth that are the lower of (a) the state's historical growth for Medicaid in recent years or (b) Medicaid growth rates projected for the nation.

In negotiating with CMS, a state can leverage flexibility in the Medicaid

First Focus recommends broadening the Secretary's waiver authority under section 1130, to allow for negotiations around key elements of the program. Such an effort can be modeled after section 1115 waivers.



program to boost federal support for demonstrations and make a case for federal support beyond that provided by their historical spending. HHS may permit a state to use a higher-than-benchmark growth rate so long as the state can argue that available data fail to accurately depict anticipated growth in its Medicaid program. First Focus recommends broadening the Secretary's waiver authority under section 1130, to allow for negotiations around key elements of the program. Such an effort can be modeled after section 1115 waivers.

Rather than limiting waivers to ten per year, more states should be allowed to replicate promising waiver models. First Focus recommends opening the waiver program to all states.

Eliminate the Cap on IV-E Waivers. Section 1115 waivers are uncapped and open to all states. In contrast, child welfare demonstrations are capped at ten per year, thereby limiting the opportunity for innovation to just a few states. Section 1115 waivers have not had to contend with a limit on the number of demonstrations allowed per year and as a result, Medicaid and CHIP programs have been able to implement change throughout the entire country. In Medicaid, most states are essentially replicating promising or proven practice. In order to learn whether promising demonstrations can be taken to scale, they must be replicated. Replication is the single most valuable approach to learning what works. Rather than limiting waivers to ten per year, more states should be allowed to replicate promising waiver models. First Focus recommends eliminating the cap on IV-E waivers, and opening the program to all states.

It is critical that we streamline the process for renewal of demonstrations. A state should not have to wait until after final evaluation report is out to renew its waiver. The IV-E waiver program should streamline the process for renewing demonstrations, especially if a program is proving to be effective and showing growth and development.

Streamline Waiver Extensions. One of the key issues faced by waiver states is a difficulty in renewing demonstration projects after the initial five-year period. At present, in order to extend an existing IV-E waiver, a state must submit a letter requesting an extension no later than 6 months before the termination date of the demonstration project. In addition, the state must complete the final evaluation report on an expiring waiver. In the interim, HHS grants short-term “bridge” extensions. A bridge extension is a temporary extension that lasts for 4 months after the due date of the final evaluation report and allows HHS time to review the final evaluation and financial reports before granting the actual extension. HHS makes its final decision within 4 months of receiving the final evaluation report. As with the original waivers, extensions may be granted for up to 5 years. This process is very different from the renewal of 1115 waivers, which can be and often are negotiated before the end of a waiver period and create a more seamless transition to a new waiver.

Short term extensions cause a number of technical challenges for states. From a state perspective, especially for global capped allocation waivers, the current waiver extension process is problematic, given that the expiration dates for waivers may not coincide with State fiscal years (e.g., a waiver may expire just after the start of the fiscal year). A state should not have to wait until after a final evaluation report is out to renew its waiver. It is critical to streamline the process for renewal of demonstrations, especially for programs that are proven effective, show promise and demonstrate growth. First Focus urges Congress to streamline the waiver renewal process. In doing so, it is important to strike a balance between the need to provide states continuity for budget and planning purposes and the desire to obtain valuable information from states on their waiver programs. In this way, waivers can both meet the needs of states and continue to inform policy decisions and benefit the broader field.

Recommendation: Modify Title IV-E Waiver Evaluation Requirements

Currently, states must obtain an evaluation from an independent contractor, comparing the existing state program (control group) to the waiver project (experimental group). Evaluation designs vary considerably from state to state. For instance, states including North Carolina, Ohio and Oregon have used a comparison group design in the evaluation. Other states, such as Indiana, used a matched case comparison design which included a comparison group. In contrast, California used a time-series design and Florida used a similar longitudinal design to evaluate its project. In some instances, a state's study design did not include a cross-sectional comparison group (e.g., counties where IV-E Waiver was not implemented) because the demonstration was implemented statewide and data were not available for a suitable comparison group from another state.

Experimental designs are often viewed as the most rigorous of all research designs but not necessarily the most appropriate approach to every waiver evaluation. Conducting experimental designs in community settings can be problematic for a number of reasons, and according to state reports, the evaluation requirement has presented a few challenges. States have reported that evaluation findings were limited by a variety of factors: inclusion of a wide range of child characteristics and target populations in study design that may wash out effects; small sample sizes (e.g., comparison across counties); limited availability of data; the provision of services to children and families in the

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Promising Programs: Youth Villages

Title IV-E waivers have allowed states to implement promising interventions and partner with providers including Youth Villages - which offers a continuum of programs and services designed to help children with emotional and behavioral problems - to provide services to youth in the child welfare system. In Florida, Youth Villages worked with local privatized child welfare organizations to provide intensive reunification and targeted prevention services. Youth Villages report that of 225 children and families served across the states, over 77% were still living at home or in a home-like environment at six months post-discharge. It is estimated that the savings to the state associated with serving these families amounts to roughly \$19 million dollars (considering recidivism rates associated with both intervention and non-intervention placements).¹²

comparison group that were similar to those provided to the “treatment” group; difficulty capturing meaningful changes in child welfare outcomes in a relatively short time frame; and the challenge of parceling out findings that may be uniquely attributed to the demonstration in an environment of co-occurring reforms.

In addition, states have reported the potential for a selection bias in cases where a limited number of counties participated in the demonstration. For instance, in California, the counties who have chosen to participate - Alameda County and Los Angeles County - might have different characteristics and conditions than counties who chose not to participate in the demonstration. Those characteristics may impact the outcome of the evaluation. In addition, the use of an experimental design leads us to ask: if an evaluation finds that a program is highly effective, should everyone (including the control group) then have access to the intervention?

Given the challenges states have identified in utilizing experimental designs, moving forward, First Focus recommends that states be given the flexibility to determine the most appropriate evaluation design for their program. Although fewer states will likely utilize an experimental design, one approach to encouraging a pseudo-experimental design is to allow a state to replicate a promising waiver model. Such replication efforts could be incentivized. For instance, if a state is proposing to implement a program that is similar to one that is working in another state, HHS could reduce the time it takes to process the waiver application or “fast track” it.

Alternatively, as Mark Testa suggested in an April 2005 report¹¹, HHS could establish a tiered evaluation system, consisting of Phase I, defined as previously untested innovations that must be evaluated using a randomized design and

Phase II for projects that have already been tested and can be replicated with less rigorous evaluation designs. Phase I evaluations could be reimbursed at a higher rate to encourage innovation

Recommendation: Foster Innovation Using New Waiver Models

Waivers are intended to foster innovation. While the types of projects supported by IV-E waivers to date have been critical to increasing our knowledge base and informing best practices, First Focus believes that IV-E waiver authority could be broadened to support new areas. Specifically, First Focus recommends expanding IV-E waivers to support projects that address the needs of youth aging out of care, foster family resiliency and address poverty, test approaches to financing reform, and coordinate services between Medicaid and title IV-E.

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Identifying what works for Youth Aging Out of Care. Fostering Connections (P.L. 100-351) provides new resources aimed at promoting permanency and improving wellbeing of older youth in foster care. Specifically, it provides a new state option to continue providing title IV-E reimbursable foster care, adoption, or guardianship assistance payments to children beyond age 18 and a requirement that personal transition plans are developed for youth aging out of care within 90 days prior to exiting. Fostering Connections also extends eligibility for Independent Living Program services to children adopted or placed in kinship guardianship at age 16 or older as well as education and training vouchers to children who exit foster care to kinship guardianship at age 16 or older. Knowing what programs and services work for youth aging out of care will help to inform efforts to implement the law. States should be able to develop demonstrations to address the needs of youth aging out of the foster care system. For instance, waivers could allow states to use independent living dollars to develop and implement an “enhanced” independent living program rather than the standard model, or to use TANF funds - in limited amounts – to provide a broad range of support services for teens aging out of care.

States should be able to develop demonstrations to address the needs of youth aging out of the foster care system. For instance, waivers could allow states to use independent living dollars to develop and implement an “enhanced” independent living program rather than the standard model, or to use TANF funds - in limited amounts – to provide a broad range of support services for teens aging out of care.

Data suggest that nearly 17% of foster care alumni are currently dependent on TANF, compared to 3% of the general population.¹³ Even so, a significant number of at-risk youth may not currently be eligible for TANF assistance. Allowing a transfer of a percentage of TANF funds to address the needs of youth transitioning to self-sufficiency from foster care would be critical, and



An Extension of Current Child Welfare Demonstration Waivers

Congress may opt to simply extend current child welfare demonstration waiver authority without making substantive changes to the program. If current waiver authority is extended, we urge Congress to expand waivers and allow all states to apply. A program that has seen effective results should be taken advantage of by all states who feel there is room for growth. In a reauthorization of the waiver program, it would be necessary to eliminate the cap of ten demonstration projects per year in order to allow more states the opportunity to participate in and promote innovation.

A waiver could allow a percentage of TANF funds (e.g., 5 or 10 percent) to be transferred to title IV-E or IV-B to support youth transitioning to adulthood and independence – while maintaining the global limit of 30% cap on TANF transfers. These funds could augment available resources and support a more robust package of services for teens transitioning to independence.

come at a time when these teens are at great risk and could benefit from such support. Currently, states may transfer up to 30% of the federal TANF grant to the Child Care and Development Block Grant (CCDBG), or to a combination of CCDBG and the Social Services Block Grant (SSBG). SSBG transfers are limited to 10% of the TANF grant.¹⁴ A waiver could allow a percentage of TANF funds (e.g., 5 or 10 percent) to be transferred to title IV-E or IV-B to support youth transitioning to adulthood and independence – while maintaining the global limit of 30% cap on TANF transfers. These funds could augment available resources and support a more robust package of services for teens transitioning to independence.

Fostering Family Resiliency and Addressing Poverty. IV-E waivers could be a valuable tool for addressing poverty-related issues for families at risk of entering the child welfare system. Waivers could be used to move people out of poverty and to keep kids at home. Specifically, waivers could support front-end services (e.g., child care) to address the needs of families and children in their own homes. An example is a waiver that would support enhanced in-home support to families impacted by poverty and at risk for neglect.

IV-E waivers could be a valuable tool for addressing poverty-related issues for families at risk of entering the child welfare system. Waivers could be used to move people out of poverty and to keep kids at home. Specifically, waivers could support front-end services (e.g., child care) to address the needs of families and children in their own homes.

For instance, Texas recently implemented a program to deliver family preservation and reunification services, and provided additional monetary benefits to participants. The goal of the effort was to prevent removals from home - and in cases where removal was necessary, to expedite reunification. The program provided two forms of assistance: the first was a family enhancement one-time cash payment of \$250 (available during the first four months of service) and the second was a family empowerment benefit of up to \$3,000 in the form of in-kind purchases over the life of the in-home services.¹⁵ Although only preliminary evaluation data are available, findings indicate that families receiving in-home services who participated in the program had fewer removals vs. a comparison group who did not participate in the intervention. This is an illustration of a promising model for addressing

family poverty and boosting resiliency. Another example is a waiver to provide child care, which has been viewed as an important service for at-risk families and effective in reducing the risk for maltreatment. In fact, research on Head Start and other child care programs suggests that child care services can help reduce child abuse.¹⁶

Another approach to fostering resiliency is to use waivers to help youth exiting foster care improve their future prospects and gain financial independence by saving money through an individual development account (IDA). Individual development accounts can help youth learn about financial management, gain access to the mainstream banking system and save money. Available research indicates that IDAs foster financial security and contribute to more stable communities.¹⁷ A waiver could permit title IV-E funds to be used to establish IDAs for youth. The federal government could utilize title IV-E funds to establish IDA accounts and the state could draw down the federal funds and provide a match. The federal IDA program and participants would also contribute to the account.

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In his 2005 report,¹⁸ Testa suggests another innovative approach for supporting prevention services. Specifically, states could be offered the option of graduated IV-E match rates to incentivize the delivery of front-end services. Specifically, certain demonstrations could have higher reimbursement rates initially and reimbursement rates could be reduced the longer children are maintained in foster care.^a

Fixing the Look-Back Provision. As mentioned previously, eligibility for federal foster care assistance remains tied to the defunct AFDC program. Today, a child is eligible for federal foster care support only if the family from which the child is removed would have been eligible for AFDC in 1996. As a result, each year, fewer children are eligible for federal support. In fact, while in 1998, 53 percent of the children in foster care were eligible for federal assistance, in 2005, the percentage had fallen to 46 percent, and that number is projected to decline by 5,000 children every year.¹⁹

Section 1115 waivers have been utilized by a number of states as a vehicle for

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^a We should note that this approach could be viewed as problematic however given that children who stay in care for extended periods are more likely than those who quickly leave the system to experience chronic and acute problems. Caring for these children often is more costly and reducing the reimbursement rate for this population could leave the system with few resources to address their needs.



One way to begin testing approaches to fixing the look-back is to create a separate waiver authority on financing reform and allow a limited number of waivers to modify current eligibility requirements for title IV-E foster care payments. HHS could allow for partial waivers for a limited number of states and counties to implement initiatives to address the look-back provision. This would allow states to test a budget neutral approach to eliminating the look-back.

A waiver providing limited authority to link title IV-E and Medicaid could be used to enhance health-related services - including mental and behavioral health care - for children and families. A proposal to coordinate services under title IV-E and Medicaid would offer states the local flexibility to implement demonstrations that coordinate the two programs, for the purpose of promoting child health and well-being.

coverage expansion. Using IV-E waivers to address the AFDC look-back is essentially a coverage-expansion effort. Waivers could be used in several ways to address the look-back provision. One way to begin testing approaches to fixing the look-back is to create a separate waiver authority on financing reform and allow a limited number of waivers to modify current eligibility requirements for title IV-E foster care payments. HHS could allow for partial waivers for a limited number of states and counties to implement initiatives to address the look-back provision. This would allow states to test a budget neutral approach to eliminating the look-back. For instance, the waiver could allow states to ignore the look-back for a brief period of time (e.g., first 3 months). The waiver could also allow states to test approaches to streamlining or simplifying eligibility or implementing “presumptive eligibility” policies. One example is to allow states presumptive eligibility for IV-E based on eligibility for food stamps or Medicaid. Savings resulting from reduced administrative services could be reinvested into the system.

Linking Title IV-E and Medicaid. A waiver providing limited authority to link title IV-E and Medicaid could be used to enhance health-related services - including mental and behavioral health care - for children and families. A proposal to coordinate services under title IV-E and Medicaid would offer states the local flexibility to implement demonstrations that coordinate the two programs, for the purpose of promoting child health and well-being. It would allow states to utilize innovative approaches to strengthen health care and child welfare service systems and provide more coordinated and effective service delivery. It could be used to transfer money from one program to another, modify eligibility requirements, and implement new initiatives among others while maintaining critical program requirements (e.g., budget neutrality, rigorous evaluation, accountability).

It would be feasible to link title IV-E and Medicaid given that both use the Federal Medical Assistance Percentage (FMAP) and both are open-ended entitlements. Rather than using limited title IV-E dollars for critical health-related services, such a waiver could be used to provide these vital services, including behavioral health care for children and parents. Moreover, programs could be tailored to provide substance abuse and mental health treatment or other needed health-related services while keeping in mind the goal of making permanency planning more expedient. Further, programs could identify providers who are specifically trained or specialize in substance abuse or mental health treatment and could assist in coordinating services with other



family reunification efforts. Additionally, as part of this waiver, targeted case management could be counted as medical assistance under Medicaid.

Looking Ahead

Before adjourning in late September, the House passed H.R. 6156, a bill sponsored by Representative Jim McDermott which would reinstate the authority for states to petition HHS to implement IV-E waivers. The Senate however, did not act on this legislation. We hope that the 112th Congress will take the necessary steps to reauthorize child welfare demonstration waivers.

In doing so, we urge Congress to consider modifying title IV-E waivers to incorporate elements of SSA Section 1115 waivers, improving the waiver evaluation requirements and allowing for the implementation of new waiver models. To date, title child welfare demonstration waivers have been a critical vehicle for promoting flexibility and fostering innovation in child welfare practice at the state level. By reauthorizing the program, Congress can see to it that waivers continue to drive needed change in child welfare practice for years to come.



Notes:

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- 5 Ibid.
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Acknowledgements:

*The author wishes to thank **Mark Tajima**, Analyst in the Chief Executive Office for the County of Los Angeles, **Jane Burstain**, Senior Policy Analyst at the Center for Public Policy Priorities, and **Sowmya Ramanathan**, intern at First Focus, for their input, ideas, and feedback on the development of this paper.*

*For their assistance in reviewing this paper, the author would like to acknowledge **Rob Geen** and his colleagues at the Annie E. Casey Foundation, and **Joan Smith** and **JooYeun Chang** and their colleagues at Casey Family Programs.*

The opinions contained herein are strictly those of First Focus.



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