

**Report to the Governor and General Assembly
from the
State Executive Council and the Office of Comprehensive Services
*Implementation of the Match Rate System
Under the Comprehensive Services Act***

December 2012

Report Mandate

The 2012 Appropriation Act, Chapter 2, Item 274 requires with regard to the match rate system:

C. 3.b Localities shall review their caseloads for those individuals who can be served appropriately by community-based services and transition those cases to the community for services. Beginning July 1, 2009, the local match rate for non-Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base. Beginning July 1, 2011, the local match rate for Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base.

C. 3.c By October 1 of each year, The State Executive Council (SEC) shall provide an update to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on the outcomes of this initiative.

The Office of Comprehensive Services requested an extension of the due date for reporting on this initiative until December 15, 2012 to allow for inclusion of FY12 data.

Source of Data

Data for this report are derived from local pool reimbursement request reports, "CSA Data Set" reports, and the "Virginia Child Welfare Outcome Reports" as reported by the Virginia Department of Social Services.

Background

The statutory purpose of the Comprehensive Services Act (CSA) is to create a system of services and funding for troubled youth and their families that is child centered, family focused and community based.

Funding for services under the CSA is shared by the state and local governments. The local base match rate is defined in Item 274, C.2 of the 2012 Appropriation Act as follows:

"Local Match. All localities are required to appropriate a local match for the base year funding consisting of the actual aggregate local match rate based on actual total 1997 program expenditures for the Comprehensive Services Act for At-Risk Youth and Families".

Increasing the ratio of community based services to residential services is a key CSA performance measure. In a 2007 report on residential services and the CSA, the Joint Legislative Audit and Review Committee (JLARC) identified that community based service gaps are the primary obstacle to serving children in the most appropriate, least restrictive setting. Further, in 2007-08, the Casey Strategic Consulting Group provided policy advice to reduce reliance on residential care, serve children in their homes and invest funds for the development of community based services. The policy advice recommended the phasing in of a system of financial incentives to encourage the delivery of services consistent with the statutory purposes of the CSA, i.e., to:

- preserve and strengthen families;
- design and provide services that are responsive to the unique and diverse strengths and needs of troubled youth and families and;
- provide appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public.

The following are excerpts from the CSA 2009 Appropriation Act, Chapter 781, mandating the establishment of a system of financial incentives now referred to as the “match rate system,” for CSA pool fund expenditures:

“Notwithstanding the provisions of C 2 of this Item, beginning July 1, 2008, the Secretary of Health and Human Resources shall oversee the implementation of a system of financial incentives that is consistent with the statutory purposes of the Comprehensive Services Act. The financial incentive system shall use the methodology in place on July 1, 2007, for calculating the base rate for each locality...”

“Community Based Services. Beginning July 1, 2008, the local match rate for community based services for each locality shall be reduced by 50 percent. Localities shall review their caseloads for those individuals who can be served appropriately by community-based services and transition those cases to the community for services.

“Beginning January 1, 2009, the local match rate for residential services for each locality shall be increased by 15 percent above the fiscal year 2007 base rate after a locality has incurred a total of \$100,000 in residential care expenditures for the period of January 1, 2009, through June 30, 2009. Beginning July 1, 2009, the local match rate for residential services for each locality shall be 25 percent above the fiscal year 2007 base rate after a locality has incurred a total of \$200,000 in residential care expenditures.”

In July 2008, the State Executive Council approved a hierarchy of service categories with varying local match rates for full implementation effective in FY09. The goal of the match rate system was to reduce the use of congregate care placements through increased use of community supports for youth funded through the Comprehensive Services Act. These service categories have been modified in subsequent years.

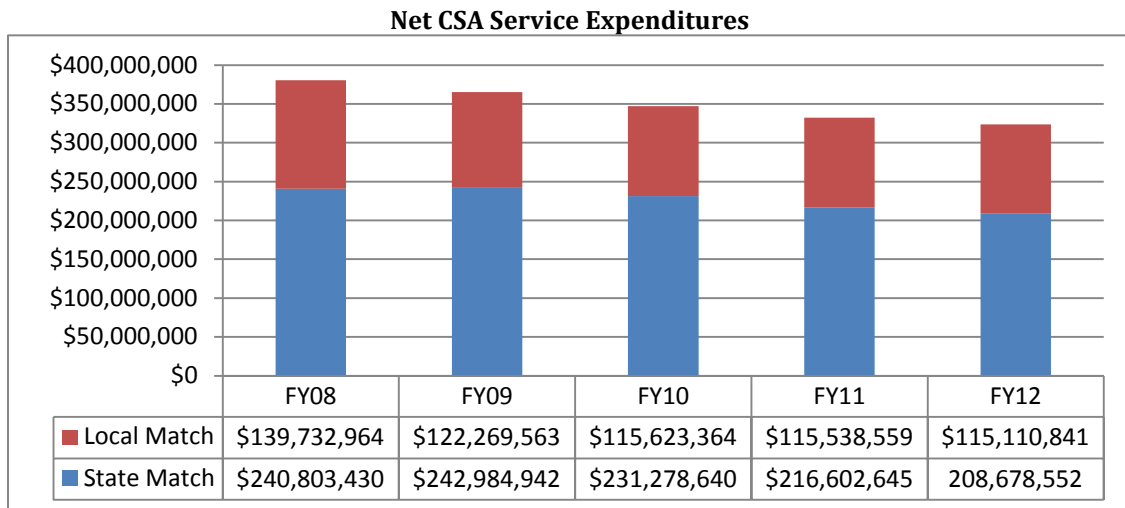
The Appropriation Act repealed effective in FY11 the \$200,000 “hold harmless” match rate language which previously protected initial local expenditures from the disincentive of the increased match rate for congregate care/residential services. Effective July 1, 2010, a 25% higher local match rate was applied to all eligible congregate care/residential services.

The current match rate system lowers the local match rate by 50% for community based services, increases the local match rate by 25% for congregate care/residential services, and maintains at the neutral, or base, match rate treatment foster care services, special education services, and wrap-around services for students with disabilities.

Outcomes of the Match Rate System

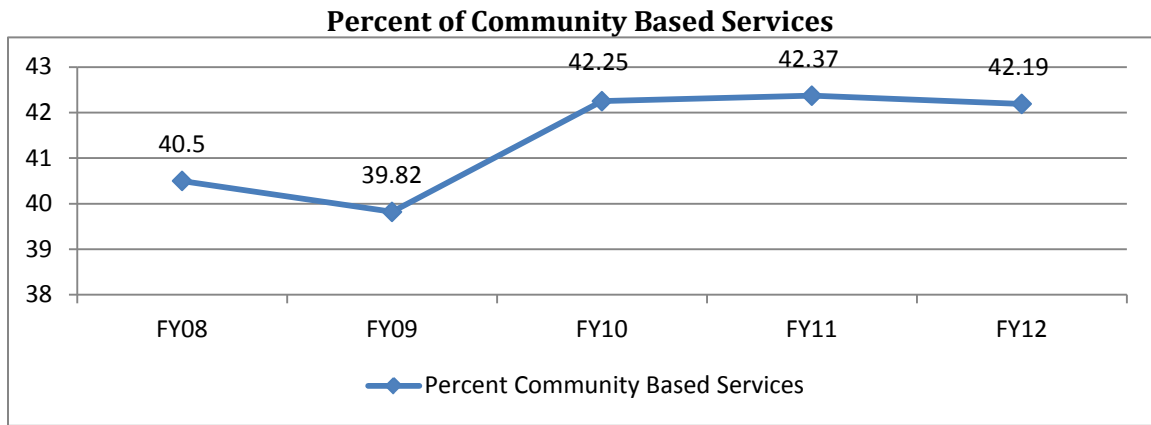
As was intended, the match rate system (implemented concurrently with the *Children’s Services System Transformation* initiative) has had a positive impact on both CSA expenditures and service delivery to youth.

The financial impact of the match rate system has been a decrease in overall CSA service expenditures for the past four years. The chart below illustrates total net CSA service expenditures, broken down by local and state match, one year prior (FY08) and since implementation of the match rate system:

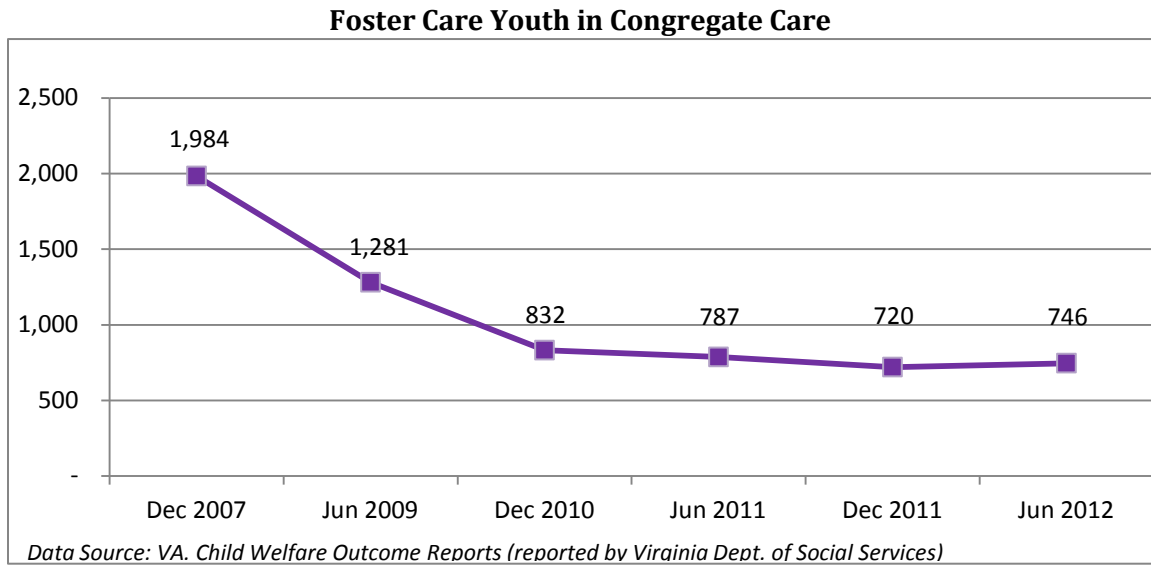


Impact on the Care and Treatment of Youth

Since implementation of the match rate system, changes to the services provided to youth are evident. With full implementation of the match rate system in FY10, the percent of youth receiving solely community based services increased and has remained fairly stable as illustrated in the chart below:



The *Children's Services System Transformation* initiative, supported by implementation of the incentive-based match rate system, targeted primarily youth in foster care. The chart below illustrates the change in the number of foster youth served in congregate care since 2007:



The table below illustrates key outcome measures for youth in foster care, comparing current measures to measures prior to implementation of the match rate system:

Virginia Department of Social Services Division of Family Services Critical Outcome Measure	Dec 2007	State Target	Jun 2012	Percent Change
Children in Foster Care	7,557		5,324	-29.55%
Re-Entries (within 12 Months of Reunification)	9.59%	<9.6%	1.30%	-86.44%
Children in Kinship Placements	5.62%		6.20%	10.32%
Percentage of Discharges to Permanency	64.29%	86%	73.30%	14.01%
Percentage of Family-based Placements	71.43%	> 80%	79.40%	11.16%
Children in Congregate Care	1,984		746	-62.40%
Percentage of Children in Congregate Care	25.51%	<16%	14.76%	-42.14%

Data Source: VA. Child Welfare Outcome Reports (reported by Virginia Dept. of Social Services)

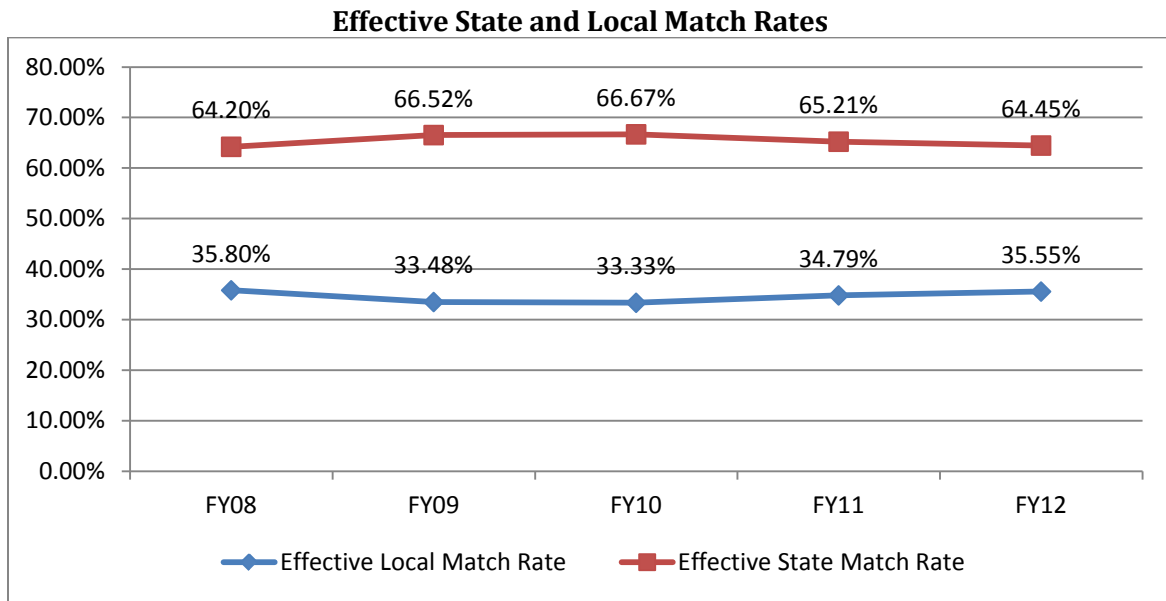
Each measure shown above indicates a positive trend in youth outcomes since the match rate and transformation initiatives have been implemented. Significant to note is the decrease in the percentage of youth who re-enter foster care within twelve months of their return home.

Impact on Effective Match Rate

The match rate system has changed the “effective” match rate for both local governments and the state. The ultimate share of costs varies depending upon the mix of funded services within the fiscal year, i.e., the mix of congregate care at the higher local match, community based services at the lower local match, and other service categories at the base local match rate.

Since implementation of the match rate system, the effective state match rate has increased with corresponding decrease to the effective local match rate. Attachment A includes a list of effective local match rates. It is important to note that, while implementation of the match rate system has increased the effective state share of service costs (with a corresponding decrease to the effective local share of service costs), the decrease in total expenditures resulting from changing practice has resulted in overall savings to the state and to localities.

The effective state and local match rates one year prior (FY08) and since implementation of the match rate system are illustrated in the chart below:



Summary

A primary intended outcome of the match rate system was to reduce reliance on highly restrictive congregate care placements and increase use of community based services. The match rate system was implemented concurrently with the *Children’s Services System Transformation* which was designed to change local practice to improve services to youth, primarily foster youth, through decreasing congregate care placements. In addition to decreasing overall service expenditures for the past four years, these initiatives have successfully changed local practice with the following measurable results:

- reduction to the number of residential placements,
- increased family-based placements, and
- fewer youth in foster care.

While the transformation initiative can be considered complete, focused discipline on aligning practice and policies must be maintained. The role that the match rate system has played in supporting change to local practice, i.e., use of congregate care placements, should not be underestimated.

**ATTACHMENT A
EFFECTIVE LOCAL MATCH RATES FY2012**

FIPS	Locality	2012 Total Exp	Local Share	Local Match Rate
1	Accomack	589,045	136,495	23.17%
3	Albemarle	6,643,782	2,910,629	43.81%
5	Alleghany	1,120,364	217,873	19.45%
7	Amelia	332,287	113,141	34.05%
9	Amherst	916,991	259,470	28.30%
11	Appomattox	875,337	218,397	24.95%
13	Arlington	8,722,328	4,035,636	46.27%
15	Augusta	3,439,867	1,052,427	30.59%
17	Bath	134,355	57,477	42.78%
19	Bedford County	1,286,534	425,177	33.05%
21	Bland	341,759	73,120	21.40%
23	Botetourt	1,174,177	426,008	36.28%
25	Brunswick	449,011	109,877	24.47%
27	Buchanan	1,404,354	464,432	33.07%
29	Buckingham	1,213,535	221,976	18.29%
31	Campbell	1,710,830	491,960	28.76%
33	Caroline	1,652,093	550,079	33.30%
35	Carroll	1,845,937	504,328	27.32%
36	Charles City	186,255	55,376	29.73%
37	Charlotte	699,047	142,681	20.41%
41	Chesterfield	6,198,095	2,350,380	37.92%
43	Clarke	717,582	348,247	48.53%
45	Craig	575,663	163,100	28.33%
47	Culpeper	3,576,570	1,173,053	32.80%
49	Cumberland	507,529	157,649	31.06%
51	Dickenson	1,342,890	364,509	27.14%
53	Dinwiddie	867,333	295,844	34.11%
57	Essex	349,140	133,192	38.15%
61	Fauquier	3,458,201	1,530,083	44.25%
63	Floyd	408,058	83,399	20.44%
65	Fluvanna	2,363,363	811,986	34.36%
67	Franklin County	3,477,639	915,445	26.32%
69	Frederick	2,136,714	804,250	37.64%
71	Giles	1,482,620	424,540	28.63%
73	Gloucester	922,692	340,111	36.86%
75	Goochland	961,739	464,351	48.28%
77	Grayson	574,996	121,573	21.14%
79	Greene	1,435,391	495,922	34.55%
83	Halifax	3,005,014	689,281	22.94%
85	Hanover	5,177,721	2,250,918	43.47%
87	Henrico	5,994,427	2,247,889	37.50%
89	Henry	613,178	175,587	28.64%
91	Highland	0	0	
93	Isle of Wight	534,666	195,526	36.57%
95	James City	578,137	251,111	43.43%
97	King & Queen	708,368	221,052	31.21%
99	King George	2,292,655	871,612	38.02%
101	King William	364,004	132,119	36.30%
103	Lancaster	518,255	250,300	48.30%
105	Lee	708,546	159,699	22.54%
107	Loudoun	5,418,545	2,540,347	46.88%
109	Louisa	1,819,128	778,688	42.81%
111	Lunenburg	1,348,511	185,932	13.79%
113	Madison	2,066,275	627,300	30.36%
115	Mathews	431,868	185,347	42.92%
117	Mecklenburg	952,990	209,530	21.99%
119	Middlesex	332,914	143,417	43.08%
121	Montgomery	1,897,942	539,667	28.43%

		2012 Total Exp	Local Share	Local Match
125	Nelson	640,426	198,323	30.97%
127	New Kent	635,674	283,408	44.58%
131	Northampton	523,973	106,415	20.31%
133	Northumberland	151,368	50,144	33.13%
135	Nottoway	656,969	203,526	30.98%
137	Orange	2,106,501	791,756	37.59%
139	Page	953,576	254,806	26.72%
141	Patrick	53,872	12,877	23.90%
143	Pittsylvania	3,581,228	853,278	23.83%
145	Powhatan	1,473,634	635,701	43.14%
147	Prince Edward	705,222	149,627	21.22%
149	Prince George	1,080,407	408,447	37.80%
153	Prince William	8,400,529	2,813,981	33.50%
155	Pulaski	4,044,959	1,169,310	28.91%
157	Rappahannock	1,096,421	450,152	41.06%
159	Richmond County	212,978	65,918	30.95%
161	Roanoke County	4,588,630	1,990,283	43.37%
163	Rockbridge	1,742,805	399,771	22.94%
165	Rockingham	4,512,243	1,545,866	34.26%
167	Russell	1,502,758	296,512	19.73%
169	Scott	812,793	249,728	30.72%
171	Shenandoah	2,292,706	760,574	33.17%
173	Smyth	611,211	118,896	19.45%
175	Southampton	494,370	162,057	32.78%
177	Spotsylvania	6,520,760	3,039,372	46.61%
179	Stafford	4,389,355	1,919,141	43.72%
181	Surry	144,467	59,353	41.08%
183	Sussex	538,334	126,143	23.43%
185	Tazewell	1,926,399	439,581	22.82%
187	Warren	1,973,634	750,088	38.01%
191	Washington	1,002,956	268,265	26.75%
193	Westmoreland	1,009,495	314,571	31.16%
195	Wise	1,759,887	456,136	25.92%
197	Wythe	2,534,572	677,932	26.75%
199	York	755,234	281,885	37.32%
510	Alexandria	9,265,584	4,738,724	51.14%
515	Bedford City	385,479	100,086	25.96%
520	Bristol	1,305,088	344,641	26.41%
530	Buena Vista	874,264	201,897	23.09%
540	Charlottesville	8,237,105	2,466,416	29.94%
550	Chesapeake	3,377,757	1,209,724	35.81%
570	Colonial Heights	556,800	224,198	40.27%
580	Covington	1,032,242	265,254	25.70%
590	Danville	3,252,839	733,865	22.56%
620	Franklin City	175,862	65,119	37.03%
630	Fredericksburg	1,622,548	525,441	32.38%
640	Galax	328,999	93,972	28.56%
650	Hampton	6,801,006	1,691,649	24.87%
660	Harrisonburg	4,181,474	1,533,084	36.66%
670	Hopewell	3,427,766	817,584	23.85%
678	Lexington	319,885	104,742	32.74%
680	Lynchburg	4,164,897	1,137,438	27.31%
683	Manassas City	946,105	400,938	42.38%
685	Manassas Park	833,395	354,081	42.49%
690	Martinsville	68,901	20,035	29.08%
700	Newport News	6,303,972	1,643,400	26.07%
710	Norfolk	9,144,091	2,241,348	24.51%
720	Norton	314,226	101,749	32.38%
730	Petersburg	3,255,610	1,174,634	36.08%

**ATTACHMENT A
EFFECTIVE LOCAL MATCH RATES FY2012**

		2012 Total Exp	Local Share	Local Match
735	Poquoson	141,566	35,458	25.05%
740	Portsmouth	3,305,743	832,908	25.20%
750	Radford	710,393	144,832	20.39%
760	Richmond City	10,885,238	4,202,890	38.61%
770	Roanoke City	10,017,362	3,069,720	30.64%
775	Salem	1,146,427	390,800	34.09%
790	Staunton	2,141,450	548,011	25.59%
800	Suffolk	1,038,287	255,353	24.59%
810	Virginia Beach	12,330,432	4,641,000	37.64%
820	Waynesboro	1,315,727	459,759	34.94%
830	Williamsburg	166,867	77,612	46.51%
840	Winchester	1,504,051	642,151	42.69%
1200	Greensville/Emporia	507,069	114,075	22.50%
1300	Fairfax/Falls Church	42,115,288	19,102,916	45.36%
STATE TOTALS		323,789,393	115,110,841	35.55%