



State of Nevada
Department of Administration
Division of Internal Audits

Audit Report

**Department of Health and Human Services
Division of Child and Family Services
Child Mental Health Services**

Report No. 17-01
February 2017

EXECUTIVE SUMMARY
Division of Child and Family Services
Mental Health Services

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**Objective: Can DCFS More Efficiently Provide Specialized
Foster Care Treatment Group Home Services?**

Transition from State-Provided to Community-Based Services When Cost Effective page 2

Transitioning to community-based providers when cost effective could benefit the state by almost \$1.7 million annually. Additionally, transitioning to community based providers could benefit the state over \$1.1 million annually if DCFS' northern treatment group home is required to change its staffing model. Moreover, transitioning to community-based providers may reduce the wait list of over 50 children and youth with severe emotional disorders requiring specialized foster care treatment group home services.

DCFS treatment group homes serve the hardest-to-serve children, youth, and families. DCFS is currently able to provide the services at lower costs than community-based providers in other states, because it recovers about 53 percent of its costs from federal revenues. Should federal revenues decrease or state costs rise by about 44 percent; the state could save approximately \$1.7 million annually by transitioning to community-based providers.

DCFS' treatment group home in the north operates with a family staffing model that is less costly than the shift staffing model in the south. The family staffing model in the north may not be sustainable. DCFS' costs would increase by over \$1.1 million if the north is required to adopt the higher cost shift staffing model used in the south. DCFS could avoid the cost increase by transferring to community-based providers.

Expanding the number of community-based specialized foster care treatment group homes may reduce the wait list of over 50 children and youth requiring services and is likely to minimize behaviors related to emotional disturbances in other settings. These are children, youth, and families with often no place left to go and fall to the safety net provided by DCFS. Expanded community capacity and expertise should provide more options for DCFS and families to make appropriate treatment group home placements.

The extent and pace of transitioning should assure continuity in quality of care. DCFS operates a federally recognized promising practice program, Wraparound in Nevada (WIN), which provides intensive services for children and youth with severe emotional disorders who are in the custody of the state or county child welfare system, including some youth placed in DCFS' treatment group homes. A strategy to build the specialized foster care treatment group home community-based provider network, in conjunction with ongoing efforts funded by the four-year system-of-care grant, may be necessary to leverage federal funds available to DCFS.

Stratify Licenses for Community-Based Providers.....page 11

Stratifying licenses will afford more opportunities for entities that opt to provide various intensive services for youth in treatment group homes and should increase flexibility for DCFS to help build the community-based provider network in Nevada. An increased number of specialized foster care providers may be recruited as a result of licensing some treatment group homes to concentrate on lower and moderate level care and others on higher level care. DCFS and community-based providers need flexibility to serve children, youth, and families at the appropriate level of care they require.

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INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits conducted an audit of the Department of Health and Human Services (department), Division of Child and Family Services (DCFS).

Our audit focused on DCFS child mental health services' use of specialized foster care treatment group homes to provide children, youth, and family mental health care needs.¹ The audit's scope and methodology, background information, and acknowledgements are included in Appendix A.

Our audit focused on the following objective:

- ✓ Can DCFS more efficiently provide specialized foster care treatment group home services?

Division of Child and Family Services Response and Implementation Plan

We provided draft copies of this report to the department and DCFS officials for their review and comments. Their comments have been considered in the preparation of this report and are included in Appendix B. In its response, DCFS accepted our recommendations. Appendix C includes a timetable to implement our recommendations.

NRS 353A.090 specifies within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps DCFS has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six month follow-up results to the committee and department officials.

The following report contains our findings, conclusions, and recommendations.

¹ Treatment Group Homes are a temporary out-of-home placement for children, youth, and families requiring specialized foster care services.

Can DCFS More Efficiently Provide Specialized Foster Care Treatment Group Home Services?

DCFS may be able to provide more efficient specialized foster care treatment group home services by transitioning from state-provided services to community-based providers when cost effective and stratifying licenses for community-based providers. Transitioning to community-based providers when cost effective could benefit the state by about \$2.8 million annually. Stratifying licenses may help build the community-based provider network in Nevada.

Transition from State-Provided to Community-Based Services When Cost Effective

DCFS should transition state-provided specialized foster care treatment group home services to community-based providers when cost effective. Transitioning to community-based providers could benefit the state by almost \$1.7 million annually if federal funds are reduced and Nevada receives less revenue to cover treatment group home costs. Moreover, a different staffing model in the north may increase costs by about \$1.1 million annually if DCFS retains responsibility for providing treatment group home services. DCFS will need to assess the extent and pace of transitioning to community-based providers to mitigate risk and assure quality of care for Nevada children, youth, and families.

DCFS provides specialized foster care treatment group home services to almost 150 Nevada children, youth, and families annually. Treatment group homes provide a temporary home and family environment for children and youth with behavioral health, juvenile justice, and child protective needs. Treatment group homes function as both:

- A step-up placement in treatment intensity for children and youth not being successful in an in-home environment; and
- A step-down placement in treatment intensity for children and youth transitioning from placement in residential treatment centers with the goal of successfully integrating back to an in-home, family environment.

DCFS Treatment Group Homes Serve the Hardest-to-Serve Children, Youth, and Families

DCFS serves children, youth, and families who Nevada's urban counties and private treatment group home providers cannot or will not serve. These are the hardest-to-serve children, youth, and families and generally incur greater costs because of the intensity of services this population requires. These children, youth, and families generally fall in the moderate to high range of severity and care needs.

DCFS operates three treatment group homes: two in the north – Family Learning Home (FLH), Adolescent Treatment Center (ATC); one in the south – Oasis:

- **FLH and Oasis** are treatment group homes in a family-style residential setting providing intensive, highly structured treatment for severely emotionally disturbed children and adolescents 6-17 years of age. Services include:
 - Individual, family, and group therapies and behavior management;
 - Clinical case management;
 - Psychological, and psychiatric assessment and evaluation; and
 - Parent training.

FLH is a four cottage campus in Reno. In fiscal years 2015 – 2016, the average daily census for FLH was about 17 youth with an average length of stay of almost 118 days.

Oasis is a five cottage campus in Las Vegas. In fiscal years 2015 – 2016, the average daily census for Oasis was about 16 youth with an average length of stay of just over 95 days.

- **ATC** is a residential program providing staff secure, 24-hour supervised treatment for the most severely emotionally disturbed and behaviorally disordered adolescents 12-17 years of age. Services include:
 - Psychiatric evaluation and medication management;
 - Individual, family, and group therapies;
 - Psychological assessment and evaluation;
 - Special education through Washoe County School District;
 - Nursing care; and
 - Emergency evaluation and stabilization.

ATC is single cottage on the department's health services campus in Sparks. In fiscal years 2015 – 2016, the average daily census for ATC was about 14 youth with an average length of stay of about 99 days.

In fiscal year 2016, DCFS spent almost \$5.7 million on treatment group home services, up about 3.5 percent from the previous year. DCFS offset expenditures with revenues totaling almost \$3 million, about 53 percent of costs, from reimbursable services provided by the state. Exhibit I summarizes cost information for the treatment group homes.

Exhibit I

Comparison of DCFS's Treatment Group Home Costs

Treatment Group Home	Fiscal Year 2016 Costs	Fiscal Year 2016 Revenues	Percent of Costs Covered
Family Learning Home (Reno)	\$1,521,712	\$534,492	35
Oasis (Las Vegas)	\$2,624,008	\$1,647,880	63
Adolescent Treatment Center (Sparks)	\$1,526,945	\$809,240	53
Total	\$5,672,665	\$2,992,612	53

Medicaid reimbursements, in part as a result of Medicaid expansion under the Affordable Care Act and more families having insurance benefits, were approximately 23 percent of all revenues in 2016. Almost 75 percent of DCFS' specialized foster care treatment group home revenues came from Title XX funding, which is part of the Social Security Act and the Social Security Block Grant administered by the Social Security Administration. These federal funds support children and youth with a Social Security-eligible disability.

Medicaid funding may change depending on congressional action. DCFS reports state revenues resulting from expanded Medicaid funding account for only those children and youth remaining under parental custody while placed in a specialized foster care treatment group home and the family is insured under Medicaid. DCFS was unable to identify the specific number of families who received specialized foster care treatment group home services as a result of expanded Medicaid eligibility but notes a majority of the children and youth in state specialized foster care treatment group home facilities are under county or state custody and Medicaid eligible as a result.

DCFS notes the uncertainty in Medicaid funding in general increases the importance of successfully implementing the four-year system-of-care grant to build the mental health community-based provider network in Nevada.² The first goal in DCFS' strategic action plan for implementing the grant is to increase access to community-based providers for children, youth, and families, thereby reducing reliance on state-provided specialized foster care treatment group homes. The implementation of the grant supports the department's goal to

² In October 2015, DCFS received a Substance Abuse and Mental Health Services Agency (SAMHSA) System of Care Implementation grant.

transition as many state-provided services to community-based providers as feasible.

Lowering “Back End” Specialized Foster Care Treatment Group Home Costs Depends on Access to “Front End” Mental Health Services

Lowering the need for costlier, back end services for children and youth requiring specialized foster care treatment group home care is dependent in part on access to earlier, front end services to manage mental health challenges while they are with their families and living at home. These earlier services are to be increasingly available through community-based providers as the division implements its four-year system of care grant meant to help build the network of community-based providers throughout Nevada. The number of children and youth as a percent of the population requiring specialized foster care treatment group home care should decline as a result of more successful early, front end interventions and treatment that will be available through the growing network of community-based providers.

Specialized Foster Care Treatment Group Home Services Provided by Community-Based Providers in Other States

We surveyed five western states and found specialized foster care treatment group home services were delivered through community-based providers.³ None reported providing treatment group home services as a state-provided program.

Nevada must, in the near term, continue to provide treatment group home services because unlike other states we surveyed, the existing community-based provider network does not have the capacity or expertise to serve the hardest-to-serve population of children and youth with severe emotional disorders who require treatment group home placements. Moreover, DCFS is delivering specialized foster care treatment group home services more efficiently than community-based providers in other states.

DCFS may be able to transition some or all of these services as other states have done as it implements the on-going system of care grant to build the network of community-based providers for mental health services throughout the state. Transitioning services will depend in large part on DCFS' determination community-based providers have the capacity and expertise to assure continuity in quality of care for children, youth, and families requiring specialized foster care treatment group home services.

³ We surveyed eight western states and received comparable, in-depth responses from Arizona, Idaho, Montana, New Mexico, and Utah. States with responses we deemed insufficient for audit purposes included Washington, Oregon, and Colorado.

Transitioning to Community Providers Reduces Costs If Revenues Fall

Should all of the moderate to high severity treatment group home services be transitioned to community-based providers, the state could reduce its costs by about 29 percent based on the rate other states pay for these services. Our estimate uses costs because of the uncertainty of future federal funding and to compare with costs in other states that do not bill Medicaid for services DCFS is able to bill. Exhibit II summarizes the potential cost savings.

Exhibit II

Potential Cost Savings

Nevada Average Per Day/Per Youth Cost ^a	\$279
State Survey Average Per Day/Per Youth Cost	\$197
29 Percent Reduced Nevada Cost	\$ 82
29 Percent Cost Savings – \$5,672,665 (2016)	\$1,667,196

Table Note:

^a The Nevada Average Per Day/Per Bed Cost is a weighted average based on the sum of the percent of children and youth in each facility multiplied by the actual cost of each facility.

Our review shows DCFS is currently able to provide specialized foster care treatment group home services at lower costs than community-based providers in other states because it is recovering some of the cost from billing revenues, mostly from Title XX funding and Medicaid. See Exhibit III.

Exhibit III

Net Costs to DCFS

Nevada Average Per Day/Per Youth Cost	\$279
DCFS Revenues (53 percent of Cost)	\$148
Nevada Per Day/Per Youth Net Cost	\$131
State Survey Average Per Day/Per Youth Cost	\$197
Lower Nevada Cost (State Survey less Nevada Net Cost)	\$ 66
Lower Nevada Cost/Percent of DCFS Revenues	44 %

DCFS revenues for providing specialized foster care group treatment home services would need to fall by about 44 percent to be cost effective to transition to community-based providers under current conditions. Revenues could fall because of changes to Medicaid, Title XX funding prioritized or directed to other programs, or other circumstances, including growing costs for DCFS.

It remains likely that this hardest-to-serve patient population will continue to depend on state-provided care if community-based providers cannot be recruited or integrated into DCFS' future network of mental health care resources. DCFS officials note the state is responsible for caring for children and youth that Nevada's counties and community-based providers decline to serve. The policy consideration for DCFS will be how best and where to serve these children, youth, and families.

Should federal funding remain largely the same, DCFS is best positioned to deliver specialized foster care treatment group home services for the hardest-to-serve children, youth, and families. As DCFS implements the system-of-care grant, specialized foster care treatment group home services should be among the last of DCFS' services transitioned to community-based providers, if at all.

Nevada Treatment Group Homes Operate with Different Staffing Models

FLH uses a family staffing model; staff work and live at the home for three to four days. ATC and Oasis use a shift staffing model; staff work for an 8 or 10-hour shift for up to 40 hours a week.

Academic credentials for the staff differ as well. FLH direct care staff members are in general college graduates. Oasis direct care staff members are in general high school graduates. ATC direct care staff members are a mix of college and high school graduates.

The two different staffing models may also reflect employee satisfaction, staff stability, and outcomes for children, youth, and families. The average length of employment for FLH (family staffing model) is twice as long (10 years) as Oasis (shift staffing model – 5 years). A staff representative from FLH told us they preferred the family staffing model because of the flexibility for longer periods of off-time between work periods and away from the nature and intensity of their work. The average length of employment at ATC is 7.5 years.

Net Costs to DCFS Consistent Although Outcomes Vary

A comparison shows the highest cost specialized foster care treatment group home is the least successful with helping children and youth transition back to a family in-home environment. Oasis, in southern Nevada, is almost twice the cost and has a readmission rate almost two and half times that of FLH in the north. See Exhibit IV.

Exhibit IV

Comparison of DCFS's Treatment Group Homes

Treatment Group Home	Staff	Costs per Day/per Youth Fiscal Year 2016^a	Costs Adjusted for Revenue per Day/per Youth Fiscal Year 2016	Readmission Rate Fiscal Years 2014-2015	Readmission Rate Fiscal Years 2016-Dec 2017
Family Learning Home (Reno)	17.5	\$230.81	\$149.74	6.6%	0.0%
Oasis (Las Vegas)	43	\$405.13	\$150.71	16.2%	14.1%
Adolescent Treatment Ctr. (Sparks)	21	\$194.81	\$ 91.27	5.1%	1.4%

Table Note: ^a Per Day/per Youth based on actual costs divided by number of children and youth served, divided by the average length of stay.

DCFS notes differences in readmission rates may be attributable to staff turnover and less developed relationships between staff and the children, youth, and families they support. Additionally, Oasis serves southern Nevada, which has unique considerations because of the largely urban setting as opposed to northern Nevada.

Family Staffing Model May Not Be Sustainable

While the family staffing model provides the best results for youth at a lower cost to the state, the model may not be sustainable. The model may not be sustainable in part because long-term FLH employees will be retiring and DCFS has been unable to recruit staff for the family model in the south. Additionally, community-based providers in other states we surveyed almost exclusively used the shift staffing model.

DCFS officials report they appreciate the unique employee pool circumstances that have prevailed at FLH and allow using the more successful family staffing model. However, a different staffing model in the north may increase costs if DCFS retains responsibility for providing services.

- Should employee pool conditions change in the north and FLH need to adopt the shift staffing model, there would be increased costs of over \$1.1 million because of the higher cost of the shift staffing model.⁴

DCFS reports attempting to implement the family staffing model at Oasis and was unable to successfully recruit and meet staffing needs. Conditions in the south in the future may provide an appropriate employee pool to implement the family staffing model, which could lower costs to DCFS; however, our review shows such a change in the employee pool is unlikely.

DCFS reports potential employees with college degrees drawn to public service have higher paying options working for Clark County. Consequently, DCFS must rely on lower credentialed employees who are less trained and often less experienced in appropriate skills and strategies for working with children, youth, and families in treatment group home care. As a result, there are additional training and other costs in the south because of staffing requirements.

Our state survey shows other states' community-based providers do not use the family staffing model in general; one of fifteen providers in Utah uses the family staffing model. Some private, religious affiliated organizations are able to use this model. We noted in Las Vegas, Boys Town operates five treatment group homes

⁴ Oasis cost (\$405.13) minus (-) Family Learning Home cost (\$230.81) = \$174.32 x 48 (number of youth served annually at FLH) x 137.35 (average length of stay in days) = \$1,149,257.

on its 22-acre campus and uses the family staffing model; more specifically, children of all ages receive care from married couples called family-teachers.⁵

- Should employee pool conditions change in the south and DCFS be able to adopt the family staffing model, there could be a savings of over \$1.1 million because of the lower cost of the family staffing model.⁶

Community-Based Specialized Foster Care Treatment Group Homes May Reduce Wait List

There are over 50 children and youth waiting for services at DCFS' three specialized foster care treatment group home facilities. See Exhibit V.

Exhibit V

Wait List for DCFS Treatment Group Homes

Facility	Number Children/Youth Waiting
Family Learning Home (Reno)	12
Oasis (Las Vegas)	26
Adolescent Treatment Center (Sparks)	15

DCFS reports children, youth, and families may wait from three to six weeks for an opening in a specialized foster care treatment group home. As additional community-based providers with requisite capacity and expertise become available, children, youth, and families currently waiting for or receiving services from DCFS may be able to be directed into community-based programs. Many of these programs maybe closer to their homes than one of the three state facilities and provide the benefits of treating children, youth, and families in their home communities.

Reducing the number of children, youth, and families waiting for services in a specialized foster care treatment group home is likely to minimize behaviors related to emotional disturbances in other settings. These behaviors can manifest in many different ways, including physical violence and trauma, causing undue stress on children, youth, families, and the community.

Expanding the network of community-based providers should help reduce the wait list for the hardest-to-serve children and youth with severe emotional disorders. These are children, youth, and families with often no place left to go and fall to the safety net provided by the DCFS specialized foster care treatment group home facilities. Expanded community capacity and expertise should provide more options for DCFS and families to make appropriate specialized foster care treatment group home placements for children, youth, and families.

⁵ Boys Town recently closed one of the treatment group homes because of revenue judgements to support its family staffing and treatment model, according to a Boys Town official.

⁶ Oasis cost (\$405.13) minus (-) Family Learning Home cost (\$230.81) = \$174.32 x 51 (number of youth served annually at Oasis) x 127 (average length of stay in days) = \$1,129,071.

Extent and Pace of Transitioning Should Assure Quality of Care

An important consideration for determining the extent and pace of transitioning to community-based providers is mitigating risk to assure continuity in quality of care. DCFS has developed and operates a federally recognized promising practice program, Wraparound in Nevada (WIN). This limited program provides intensive community-based services for children and youth with severe emotional disorders who are in the custody of the state or county child welfare system, including some youth placed in DCFS' treatment group homes.

As with previously identified challenges in providing mental health services in Nevada, availability of community-based providers may be an issue. Our recent audit of mental health services showed DCFS was implementing a strategy to build community-based provider networks to better serve children, youth, and families, and in part limit out-of-home placements in residential treatment centers.⁷ A similar strategy for treatment group homes, in conjunction with ongoing efforts, may be necessary to leverage federal grant funds available to DCFS to build Nevada's network of community-based mental health service providers. Such a strategy could benefit the state by about \$2.8 million annually.

⁷ Division of Internal Audits, Report No.16-08, June 2016.

Stratify Licenses for Community-Based Providers

DCFS should facilitate stratifying licenses for specialized foster care treatment group home community-based providers. Stratifying licenses will provide more opportunities for entities that opt to provide various intensive services for youth in treatment group homes and should increase flexibility for DCFS to help build the community-based provider network in Nevada.

DCFS licenses small group homes in Nevada's rural counties. Washoe and Clark counties license small group homes in their jurisdictions. DCFS has oversight responsibility for Washoe and Clark County licensing processes. Larger facilities of 16 or more beds are licensed through the Division of Public and Behavioral Health for children, youth, and adults. Licenses are not stratified; all providers are licensed to perform training and care across the spectrum of severity of needs (low, medium, high). This one-size-fits-all policy limits the number of community-based providers to which DCFS could transition specialized foster care treatment group home services. Our state survey revealed the greater flexibility a state and community-based providers have, based on the stratification of the licenses, more prospective providers may be recruited to provide services children, youth, and families require.

DCFS and Community-Based Providers Need Flexibility to Help Increase Capacity

The average cost per day/per youth in other states ranged from \$114 – \$350, depending on the level of care youth require. For example, youth being treated for a sexually aggressive condition require higher level supervision, different room arrangements, and other considerations. Consequently, the cost for a treatment group home placement is higher than for youth with non-aggressive conditions.

An increased number of specialized foster care providers may be recruited as a result of licensing some treatment group homes to concentrate on lower and moderate level care and others on higher end care. While all providers would, as a matter of public policy, need to meet a basic level of service standards, licenses and associated costs could be stratified and address specific levels of care children, youth, and families may require. Such stratification would allow the state, communities, and providers the maximum flexibility to provide care in the least restrictive and most cost efficient manner for Nevada's children, youth, and families.

Conclusion

Transitioning from state-provided specialized foster care treatment group homes to community-based provider services when cost effective could reduce costs by about \$2.8 million annually and improve outcomes for families by eliminating the wait list for children and youth with severe emotional disorders. Stratifying licenses for community-based specialized foster care treatment group home providers will help build Nevada's network of community-based providers and increase flexibility for DCFS, communities, and providers to serve children, youth, and families at the appropriate level of care they require. DCFS will need to determine the extent and pace of the transition to establish community-based provider licensing regulations and guidelines, mitigate risk, and assure quality of care for Nevada's children, youth, and families requiring specialized foster care treatment group home services.

Recommendations

1. Transition state-provided specialized foster care treatment group home services to community-based providers when cost effective.
2. Stratify licenses for specialized foster care treatment group home community-based providers.

Exhibit VI

Summary of Audit Benefits

Recommendation	Annual Benefit
1. Transition state-provided specialized foster care treatment group homes services to community-based providers when feasible.	
• Savings from lower per day/per youth cost.	\$1,667,196
• Avoiding increased costs in north (shift model).	\$1,149,257
Total	\$2,816,453
2. Stratify licenses for specialized foster care treatment group home providers.	Help build community-based provider network.

Appendix A

Scope and Methodology, Background, Acknowledgements

Scope and Methodology

We began the audit in July 2016. In the course of our work, we interviewed department and DCFS staff and discussed processes inherent to their responsibilities. We reviewed DCFS records, applicable Nevada Revised Statutes, and other state guidelines. We reviewed applicable federal Department of Health and Human Services reports, studies, and recommendations. We also surveyed other states, comparing state strategies and policies for providing youth treatment group home services. We concluded field work and testing in November 2016.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

DCFS is one of five divisions in the Department of Health and Human Services and is funded by the state general fund and federal revenues.⁸ DCFS' budget for fiscal year 2015 was approximately \$260 million. Exhibit VIII summarizes DCFS' budget and provides context for the total amount of DCFS' funding dedicated to mental health services for children, youth, and families in Nevada. Almost 15 percent of DCFS' budget is dedicated to mental health services for Nevada's children, youth, and families.

⁸ Department of Health and Human Services' divisions: Aging and Disability Services, Child and Family Services, Health Care Financing and Policy, Public and Behavior Health, and Welfare and Supportive Services.

Exhibit VIII

Division of Child and Family Services 2016 Budget

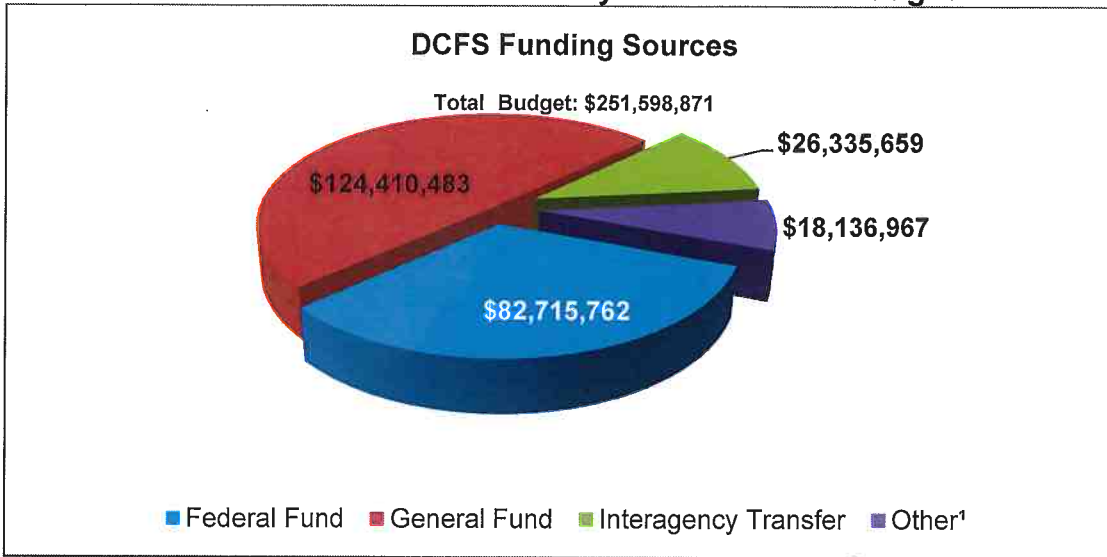
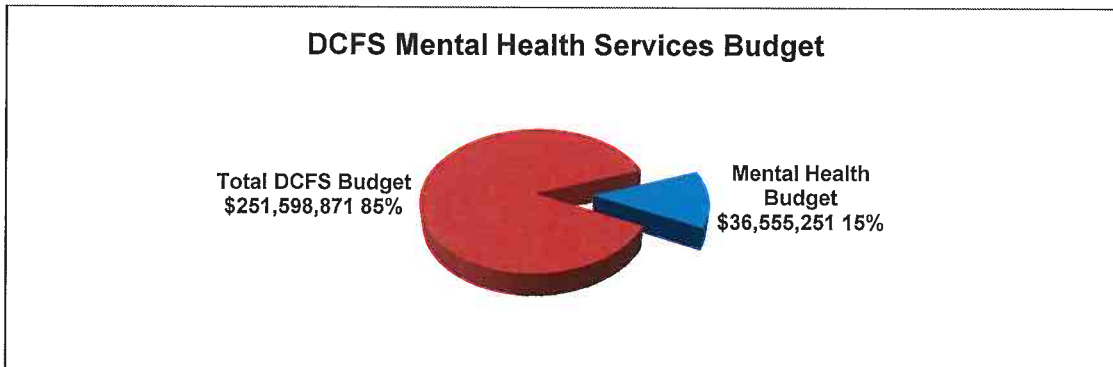


Table note:

¹Other includes balance forward from prior year.



DCFS is responsible for:

- Child protective and welfare service delivery in rural Nevada;
- Oversight of urban county-operated child protective and welfare services;
- Children and youth's mental health services;
- Outpatient and inpatient acute residential services in urban Nevada; and
- Statewide juvenile justice services including state-operated youth training centers and youth parole.

DCFS has several program areas that include:

- **Child Mental Health Services** provides early childhood services, outpatient therapy, screenings and evaluations, wraparound case management, mobile crisis, and residential and inpatient/acute treatment services.
- **Juvenile Justice Services** provides treatment and community safety, youth rehabilitation and youth commitment to state-operated juvenile facilities, and supervision (parole) of youth upon release to their communities.
- **Child Welfare Services** provides intensive family preservation services, clinical and case management services that respond to caregiver maltreatment/abuse of child, foster care, adoption services, and independent living services.

Child Mental Health Services has offices statewide: Northern Nevada Child and Adolescent Services (NNCAS), Southern Nevada Child and Adolescent Services (SNCAS), and Rural Services. Children and youth are referred by parents, schools, child welfare, juvenile justice, and private and adult mental health providers for mental health services.

Acknowledgments

We express appreciation to the department director, DCFS administrator, deputy administrators, and staff for their cooperation and assistance throughout the audit.

Contributors to this report included:

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Appendix B

Division of Child and Family Services Response and Implementation Plan

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BUDGET DIVISION

January 13, 2017

Mr. Steve Weinberger, Administrator
Department of Administration
209 E. Musser St. Suite 302
Carson City, NV 89701

Mr. Weinberger,

This letter is in response to the Executive Branch Audit Committee regarding The Division of Child and Family Services (DCFS), Children's Mental Health Treatment Home audit. The Division appreciates the opportunity to receive feedback regarding current operations.

Recommendation No. 1

Transition state-provided specialized foster care treatment group home services to community-based providers when cost effective.

Response: DCFS accepts this recommendation. It is recognized that transitioning from state-operated specialized foster care treatment group home services to community-based providers could yield a cost savings for the State. DCFS was awarded a System of Care Implementation Grant in October, 2015. A strategic action plan was created to address each of the goals in the grant. The primary goal is to increase access to community based services for children and families, reducing the reliance of residential services. This should translate to a decreased need in state-operated group homes, which currently operate at near capacity and have significant waitlists. Several subgrants have been executed, focusing on front end preventative services, administered by providers in the community. In addition, through the efforts of the grant, DCFS is expanding its role in providing training, technical assistance, and quality assurance to community providers, focused on evidence based and evidence informed practices. This will support and assist community-based providers in working with children and adolescents with the highest acuity and emotional disturbances, which is the population that state-operated group homes most often serve. DCFS, through the grant implementation, will continue to foster and develop community-based preventive programs, as well as community-based group homes. DCFS will monitor ongoing Medicaid funding and congressional action. However, as the majority of children and adolescents in the state-operated group homes are in in Child-Welfare custody, it is expected at this time that Medicaid eligibility and funding will continue for the overwhelming majority of the youth we serve. This should continue to offset operational costs in the event that state-operated group homes continue to be a need in the community.

*Nevada Department of Health and Human Services
Helping People -- It's Who We Are And What We Do*

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DCFS will continue its efforts to expand community based services and providers. In addition, it will continue to monitor the need, cost, and efficacy of both state and community operated group homes. DCFS is confident that it can foster and support the development of community providers, minimizing the need to state-operated homes. It is also expected that both Clark County Department of Family Services and Washoe County Social Services will enhance recruitment of "advanced foster homes" as a result of SB107 that was passed in the 2015 legislative session. This should reduce reliance on group treatment foster homes. It is expected this recommendation will be fully implemented at the end of the four year grant, or by September 2019.

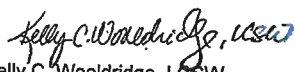
Recommendation No. 2

Stratify licenses for specialized foster care treatment group home community-based providers.

Response: DCFS accepts this recommendation. DCFS recognizes that youth in need of treatment group home care present with varying needs and acuity. The stratification of licenses could provide more opportunities for providers to offer services at differing levels of intensity, depending on the presenting needs of the youth. This is already being realized in part through Specialized Foster Care, which recognizes that some youth present with a greater service need. Entities operating as a Specialized Foster Care provider receive specialized training and support, and in turn receive a higher reimbursement rate per day than traditional foster care. The Division is currently working with Clark County Department of Family Services and Washoe County Social Services to change the definitions of specialized foster care, advanced foster care, family foster care, and group treatment foster care under NAC424. It is expected this will be completed by December 2017.

The Division appreciates the opportunity to improve services for Nevada's Children and Families. If you have any further questions regarding this information please feel free to contact me at 775-684-4559 or at kwooldridge@dcsf.nv.gov.

Sincerely,



Kelly C. Wooldridge, LCSW
Administrator
Division of Child and Family Services

CC: Warren Lowman, Executive Branch Audit Manager
Richard Whitely, Director, Department of Health and Human Services
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Ryan Gustafson, Deputy Administrator, Division of Child and Family Services

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the Department of Health and Human Services (department) and the Division of Child and Family Services (DCFS), the Division of Internal Audits categorized the recommendations contained within this report into one of two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). The department and DCFS should begin taking steps to implement all recommendations as soon as possible. The department and DCFS target completion date is incorporated from Appendix A.

Category 2: Recommendations with an anticipated implementation period exceeding six months.

<u>Recommendations</u>	<u>Time Frame</u>
1. Transition state-provided treatment group home services to community-based providers. (page 12)	Sep 2019
2. Stratify licenses for specialized foster care treatment group home community-based providers. (page 12)	Dec 2017

The Division of Internal Audits shall evaluate the action taken by DCFS concerning the report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the committee and the department.