



ADVANCING EXCELLENCE IN  
**FEDERAL CHILD WELFARE POLICY**  
*through Innovation & Collaboration*

**Pass the Family-Based  
Foster Care Services Act, S.429/HR.835**

**HOT TOPIC**

**ACTION**

- Pass Legislation to Improve Foster Care Services For Thousands of Children in Foster Care with Special Behavioral Needs

The *Family-Based Foster Care Services Act* is bipartisan, bicameral legislation introduced in the 114th Congress on February 10th, 2015. The legislation would clarify in Medicaid policy a definition of therapeutic foster care that is consistent and could be applied through all the states, and thereby substantially increasing its accessibility. The Senate bill, S. 429, is sponsored by Senators Tammy Baldwin (D-WI), Rob Portman (R-OH), Debbie Stabenow (D-MI), Bob Casey (D-PA) and Sherrod Brown (D-OH). The House bill, H.R. 835, is sponsored by Representatives Rosa DeLauro (D-CT), Tom Cole (R-OK), Karen Bass (D-CA), and George Butterfield (D-NC).

The challenge is that there is not a standard definition within the law of therapeutic (or treatment) foster care under Medicaid. Some interpretations and some applications across the states can be different. The lack of a clear understanding of Medicaid policy can and has discouraged some practitioners from implementing this vital practice.

**The Importance of Medicaid  
to Children in Foster Care**

In 2013, 402,000 children were in foster care at the end of the federal fiscal year.<sup>1</sup> Over the course of a year approximately 641,000<sup>2</sup> children and youth will spend at least some time in care. Medicaid is a vital part of the safety net for the children and youth in the child welfare system. Under federal statute children receiving Title IV-E<sup>3</sup> foster care and adoption assistance are categorically eligible for Medicaid. Additionally, all states currently

extend Medicaid benefits to non-IV-E eligible children in foster care.

Children in foster care are at higher risk for physical and mental health concerns, stemming from the abuse or neglect or other forms of maltreatment that led to their placement. These conditions may then be compounded by the trauma that results from being removed from home and family and their placement in a new setting. In addition some children may also have preexisting health conditions and unmet long-term health care needs when they enter foster care.

As a result of these experiences, children in foster care account for a higher share of Medicaid expenditures when compared to other children in the Medicaid program. For example, although children in foster care represent only 3.7% of the nondisabled children enrolled in Medicaid, they account for 12.3% of total expenditures and 25 to 41% of Medicaid mental health expenditures.<sup>4</sup>

Children covered by Medicaid are eligible for basic health care needs and services and Medicaid is the primary source of coverage for special services. These include rehabilitative services, targeted case management, and in-patient psychiatric services. Federal laws and regulations require states to provide Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services, and comprehensive medical services needed to correct and ameliorate health conditions, based on certain federal guidelines, to Medicaid eligible children under the age of 21. For children in therapeutic foster care there are a number of important services needed before a child or young person can leave care. Most youth at this level of care need multiple, intensive clinical services. Medicaid is the principle reimbursement stream for these services.

**Importance of Therapeutic Foster Care**

Therapeutic Foster Care or TFC is a distinct and powerful intervention that provides children with a combination of the best elements of traditional foster care and residential treatment centers. In TFC, the positive aspects of the

nurturing and therapeutic family environment are combined with active and structured treatment. TFC provides individualized and intense treatment for children and adolescents who might otherwise be placed in institutional settings.

Privately licensed and contracted agencies and TFC caregivers play a critical role in helping children access necessary services and supports. Children are referred to TFC to address their serious levels of emotional, behavioral and medical challenges. TFC is active and structured, and occurs in a specialized foster family home. Traditional foster care and TFC are two distinct program models intended to serve different populations. The primary reason for placement in traditional foster care is the need for care and protection. The role of the foster parent is that of caregiver and nurturer.

TFC is a clinically effective and cost-effective alternative to residential treatment facilities for youth with serious mental health or behavioral health conditions that combines the treatment technologies typically associated with more restrictive settings with a nurturing and individualized family environment. TFC is evidence-based and trauma-informed. TFC foster parents are essential members of the clinical team and provide daily behavioral health interventions according to each child's individualized treatment plan.

TFC provides critical services to approximately 40,000 foster children across the country out of the total 400,000 children in care. The model works to keep vulnerable youths in treatment and in the community. In addition, it provides needed clinical therapy options for children and youths in lieu of overmedication.

Though TFC services are provided across the country—and are reimbursed through Medicaid and other child welfare funding streams—the lack of a federal standard definition impairs access to services.

Under this legislation a qualified Therapeutic Foster Care program: is licensed by a state and accredited by the appropriate organizations; provides structured daily activities and support services; and offers bio-families, foster care parents, and kinship families' specialized training and consultation. The Family-based Foster Care Services Act of 2015 establishes a federal definition of TFC and a baseline quality standard for providers.

## CONCLUSION

TFC is an important tool to successfully move children from foster care, to help find loving homes for some of the more than 100,000 children in care waiting to be adopted and to reduce the more than 23,000 youth in foster care who leave simply because they "age-out" of eligibility, without necessary medical support. We need a continuum of services to provide children and youths in foster care with the services they deserve. One of the most important of these, therapeutic foster care, can be enhanced through Medicaid if we clarify the definition and services.

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<sup>1</sup> U.S. Department of Health and Human Services, Administration for Children and Families (ACF), The AFCARS Report, Number 21, (2014).

<sup>2</sup> U.S. Department of Health and Human Services, Administration for Children and Families (ACF), Trends in Foster Care and Adoption: FFY 2002 – FFY 2013, (2014).

<sup>3</sup> Title IV-E of the Social Security Act provides partial federal reimbursement for foster care maintenance payments, adoption assistance and related administrative costs if a child meets the eligibility requirements.

<sup>4</sup> Rubin, D., Alessandrini, E.A., Feudtner, C., Mandell, D.S., Localio, A.R., & Hadley, T. (2004).



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