

**MINUTES OF THE
JOINT SUBCOMMITTEE ON HUMAN RESOURCES/K-12
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-third Session
February 24, 2005**

The Joint Subcommittee on Human Resources/K-12 of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:08 a.m. on Thursday, February 24, 2005. Chair Barbara Cegavske presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Barbara K. Cegavske, Chair
Senator William J. Raggio
Senator Dina Titus
Senator Bernice Mathews

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Sheila Leslie, Chair
Mr. Mo Denis
Ms. Heidi S. Gansert
Ms. Chris Giunchigliani
Ms. Debbie Smith
Ms. Valerie E. Weber

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Senior Program Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

Jone M. Bosworth, J.D., Administrator, Division of Child and Family Services,
Department of Human Resources
Robert W. McLellan, Deputy Administrator, Juvenile Services, Division of Child
and Family Services, Department of Human Resources
Diane Comeaux, Deputy Administrator, Division of Child and Family Services,
Department of Human Resources
Susan Klein-Rothschild, Director, Family Services, Clark County
Michael Capello, Director, Washoe County Department of Social Services
Madilyn Zike, Information Systems Manager, Division of Child and Family
Services, Department of Human Resources
Theresa Anderson, Deputy Administrator, Northern Region, Division of Child and
Family Services, Department of Human Resources
Robin Landry, Social Services Manager, Division of Child and Family Services,
Department of Human Resources
Barbara Legier, Family Program Officer, Division of Child and Family Services,
Department of Human Resources

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Stephen Thaler, Director, China Spring Youth Camp
Leonard Pugh, Washoe County Juvenile Services
Kirby L. Burgess, Director, Juvenile Justice Services, Clark County
Audrey Fethers, Superintendent, Summit View Youth Correctional Center,
Division of Child and Family Services, Department of Human Resources
Jamie D. Killian, Superintendent, Caliente Youth Center, Division of Child and
Family Services, Department of Human Resources
Dale Warmuth, Superintendent, Nevada Youth Training Center, Division of Child
and Family Services, Department of Human Resources
Patricia Merrifield, Social Services Manager, Division of Child and Family
Services, Department of Human Resources

CHAIR CEGAVSKE:

Today we are hearing the budgets for the Division of Child and Family Services.

JONE M. BOSWORTH, J.D. (Administrator, Division of Child and Family Services,
Department of Human Resources):

You have been provided a booklet entitled *Presentation to Assembly Committee
on Ways and Means and the Senate Committee on Finance, Joint Subcommittee
on K-12/Human Resources* ([Exhibit C](#), original is on file at the Research Library).

The Division of Child and Family Services (DCFS) provides a wide range of services and funding for children, youth and families in Nevada. These services and funding for programs include child welfare, child protective services, foster care, adoption, independent living, the Interstate Compact on the Placement of Children, oversight of county child welfare agencies, the review of child deaths in Nevada and child care licensing. We also fund statewide domestic violence programs, legal services for victims and many community-based nonprofit programs to serve victims of abuse and neglect. We offer juvenile justice services, supervise youth on parole, have a grant-funded reentry program for violent offenders, have a specialized transitional aftercare program for delinquents and we pass funds to the county-operated youth camps, as well as provide funding for local jurisdictions which serve delinquents. We provide community-based and outpatient mental health services to hundreds of families in the State, many of which would enter the child welfare or juvenile justice systems without appropriate treatment and intervention. Our mental health programming also includes early childhood services, residential care such as family learning homes, a residential treatment center for adolescents and an acute residential treatment center. The DCFS touches the lives of thousands of Nevadans every year.

In the past biennium, DCFS has undergone several assessments. One involved a federal review of the child and family services system. We have had an ongoing U.S. Department of Justice (DOJ) review at our juvenile justice facility in Elko, a Legislative Counsel Bureau (LCB) audit and numerous stakeholder input processes that helped shape our budget.

In our budget-building process, we focused on three primary approaches. These three strategies are increasing Nevadan's access to DCFS services, meeting national standards and enhancing our organizational and professional competence.

DIVISION OF CHILD AND FAMILY SERVICES

CFS Juvenile Justice Programs – Page DCFS-1 (Volume II)
Budget Account 101-1383

ROBERT W. MCLELLAN (Deputy Administrator, Juvenile Services, Division of Child and Family Services, Department of Human Resources):

The Juvenile Justice Programs Office handles grants and provides support to the Nevada Juvenile Justice Commission, the Youth Parole Bureau, the Nevada Youth Training Center, the Caliente Youth Center and Summit View Youth Correctional Center.

This budget provides for programs which include federally-mandated standards such as removal of juveniles from adult jails, deinstitutionalization of status offenders, programs to address disproportionate minority contact, special programs, enforcement of underage drinking laws and community-based delinquency prevention. The work of the Nevada Juvenile Justice Commission is supported by the funds within this budget account. The Juvenile Justice Commission reviews and makes award recommendations for grants.

Nevada has been successful in applying for and obtaining grant funds to address the enforcement of underage drinking laws in the State, having obtained grants in 2003 and 2004. We have also obtained discretionary grants that have allowed pass-through awards to Clark County, Washoe County, Elko, North Las Vegas and rural communities in Nevada. Nevada is one of four states receiving funds this year and has \$2.5 million in discretionary grants which is more than any other state in the nation.

Some programs supported by the grants received to enforce underage drinking laws include compliance checking, third-party purchaser enforcement, controlled juvenile party dispersal, alcohol theft prevention and special events controls. We also sponsor high school programs that focus upon normalizing nondrinking behaviors, as well as point-of-sale training for retail clerks and server training. The Juvenile Justice Programs Office has implemented the use of the Massachusetts Youth Screening Instrument which is part of the frontline screening for mental health and substance abuse disorders.

CHAIR LESLIE:

Is some of the Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant money used to keep children out of the state institutions?

MR. MCLELLAN:

That is also part of the grant.

CHAIR LESLIE:

Why do we not have a performance indicator that tells us if we are succeeding? Do you have any information about trends? Are we seeing fewer children getting into the state institutions because of the activities of this grant? That would be a good performance indicator.

MR. MCLELLAN:

We do not have a performance indicator in this grant component of the budget account. However, we have been able to see a relatively flat commitment rate of youth to the state-operated facilities.

CHAIR LESLIE:

Do you track that back to the activities from this budget account?

MR. MCLELLAN:

Not at present. Some outcomes are reported as part of the compliance for each of the individual grants, but it is not an item we track all the way back.

CHAIR LESLIE:

It would be helpful if you could measure that in some way so we can see if the money being used for that purpose is successful.

MR. MCLELLAN:

The Base Budget for Juvenile Justice Programs recommends the continuation of the three full-time employees who are in the Juvenile Justice Programs Office. The one-time cost and the partial year expenditures have been removed from this budget account. The maintenance items reflect the reductions we have observed in federal funds and the end of some of the grants.

ASSEMBLYWOMAN GIUNCHIGLIANI:

I am looking at your performance indicators. Is it correct that you do site visits, but you do not investigate?

MR. MCLELLAN:

We do not conduct investigations. We perform compliance checks. The compliance checks are relative to the federal requirement for "sight and sound separation" of juveniles.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Would it make sense to refer to it as compliance checks instead of inspections? That is misleading and does not reflect what you do. It would be interesting to see how many of the areas where we have been out of compliance over the last few years have been brought back into compliance.

MR. MCLELLAN:

The inspections are listed as part of the performance indicators.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The inspections in performance indicators 1 and 2 do not reflect what you do and should be eliminated. Please revise these, or I will hold you accountable for inspections you are not doing.

HR, Child and Family Services Administration – Budget Page DCFS-6 (Volume II)
Budget Account 101-3145

MS. BOSWORTH:

Throughout the DCFS budget you will see numerous E-900 transfer units. Realignment of budget accounts is recommended to enhance our organizational

competence and improve fiscal accountability. Budget account 101-3145 reflects costs associated with the administrator's office, deputy administrators, systems advocate unit, fiscal services and other administration-related functions. All costs associated with the rural child welfare services in budget accounts 101-3142, 101-3145 and 101-3149 are recommended for transfer to 101-3229, a rural region budget account. Budget account 101-3141 was created to pass funds to Washoe County to support child welfare integration. Budget account 101-3142 now reflects only the funds passed through to Clark County for child welfare integration. The Wraparound in Nevada (WIN) program budgets were transferred to the northern and southern child and adolescent services budgets and 101-3149 is only for child care licensing.

CHAIR CEGAUSKE:

This is a hard one to follow. We would appreciate it if you would explain a little more while you are discussing those budgets. We would like it more defined and also want to know what the anticipated benefits are.

MS. BOSWORTH:

The Base Budget for budget account 101-3145 recommends continuing the 160.59 full-time equivalents (FTEs) and their associated operating and travel expenses. One-time expenditures have been removed and partial-year expenditures have been annualized. The DCFS successfully applied for, and was one of only seven sites in the nation to receive, a federal substance abuse and mental health services administration grant to support improving the infrastructure to children's mental health. These grant dollars are in the *Executive Budget*.

E-457 Effectiveness of Family Services – Page DCFS-11

Decision unit E-457 recommends funding for two FTEs to develop organizational competence in federal funding. The unit will be responsible for developing cost allocation plans, submitting claims to the federal sources and establishing, negotiating and monitoring Medicaid service rates.

E-458 Effectiveness of Family Services – Page DCFS-12

Decision unit E-458 recommends funding a six-person contract unit to assist in the redesign and continuous evaluation of private residential treatment care provider contracts that are performance based. Nevada's present contracting system for higher levels of care does not support optimal outcomes for children. This contract unit will be accountable for implementing a new system redesign and contracts that reinforce quality residential treatment services for children.

CHAIR LESLIE:

What is the time frame for this? Is it going to be two years before we make a change?

MS. BOSWORTH:

Other states that tried to implement performance-based contracting used a two-year time frame. They found that to be optimal for redesigning a system. That is the time frame we presented to the Interim Legislative Committee on Children, Youth and Families. I hope we can do it more quickly since we have

received a Substance Abuse and Mental Health Services Administration grant which enables us to sub-grant for financing strategies and bring in national experts to help redesign the system.

CHAIR LESLIE:

Two years is not going to be acceptable. Before I would be comfortable with approving this, I need to see something in writing about what the time frame really is. We do not have the luxury of two years. We have serious problems with the court system and a huge upheaval with children not getting the right kind of care, especially in southern Nevada. I need to see specific time frames that are shorter than that and what the benefits will be.

MS. BOSWORTH:

In conjunction with Assembly Bill (A.B.) 46, this needs to be a collaborative effort between the Department of Human Resources, the Division of Child and Family Services and the child welfare agencies at the county level. Concerns were expressed about the transition and the desire to have integrity and some assurance of the long-term funding. The Division has submitted a draft plan for the transformation of our higher levels of care system. This draft plan is currently at the department level.

ASSEMBLY BILL 46: Makes various changes concerning provision of child welfare services. (BDR S-666)

CHAIR LESLIE:

I understand you want to include everyone, but we have been waiting two years for this and we cannot wait two more years.

E-459 Effectiveness of Family Services – Page DCFS-12

MS. BOSWORTH:

Decision unit E-459 involves funding for 15 rural region staff members to lower the child welfare caseloads to help Nevada reach national standards set under the federal Child and Family Services Review. This decision unit is recommended for transfer to the rural child welfare budget account. The White Paper titled "Division of Child and Family Services, White Paper: Caseload Standards Impact Outcomes" included after the first tab in [Exhibit C](#) on page 6 provides you with national research regarding caseload standards.

CHAIR LESLIE:

Staff provided a copy of your four-page response to my question regarding the cost allocation issue. I did not see an answer to my question about how much revenue we are going to raise if we approve it. We need to know whether it is going to be cost effective. Where is the revenue and how much is it?

MS. BOSWORTH:

The response is near the end of the document. Our intent in providing that information was to give a basic overview so you and the Committee members had an opportunity to look at the complexity of cost allocation and how we work with the federal government. We do state specifically with respect to Juvenile Services that, due to the significant practice changes that will be necessary, it is not possible at this time to project how much additional revenue

we will be able to obtain from the federal government. We provided you with information about what California is doing in terms of their counties receiving federal Title IV-E money from the U.S. Department of Health and Human Services. That is a much bigger state and a different system, but it shows there is some precedent in our region for getting approval of a cost allocation plan amendment that includes juvenile services.

CHAIR LESLIE:

I do not see how we can approve the unit if you cannot give us an idea of how much revenue there will be. We need to know what the benefit will be.

Ms. BOSWORTH:

There is a great deal of benefit in these two positions. The LCB audit showed we need to be diligent in looking at our Medicaid rates to get the Medicaid funding necessary for our children's mental health services. One purpose of this unit would be to look at those rates, establish the rates, negotiate the rates and make sure Nevada is not missing out on those federal funds. We cannot project what a cost allocation unit would generate in Title IV-E money for juvenile services, but we think the unit would benefit Nevada. It is important we develop the expertise within Nevada to be able to maximize federal funding resources instead of having to rely on external consultants.

CHAIR LESLIE:

My question remains the same. I cannot be comfortable approving positions without any idea of the actual revenue we are going to generate. We do not have a good track record in this area and I am not comfortable with it.

CHAIR CEGAUSKE:

Would you like to discuss the Governor's press release of February 23, 2005, regarding Nevada's Child and Family Services-Review Program Improvement Plan?

Ms. BOSWORTH:

The Child and Family Services Review is the most sweeping transformation of the child welfare systems in the United States. The review involves several components. The first was a one-year statewide assessment. Nevada needed to undergo an assessment of the data, looking at how systems interact with each other to support child welfare services. A key component of this review was an on-site review. The federal government came to Nevada bringing many consultant reviewers who looked at 50 case files. That is the number of files reviewed in every state regardless of population. In that case file review, they looked at 14 outcomes, 7 of which were tied specifically to children's safety, permanency and well being. The review was finished February 27, 2004. We received the written report from the federal government on June 5, 2004. The report found that Nevada was not in substantial conformity for any of the child and family outcomes, meaning we failed all seven outcomes related to children and families. Across the nation, there has not been a state that has passed all of the outcomes; however, Nevada was near the bottom of the nation. We have taken a strategic look at what we need to do from a rudimentary level on up in developing the program improvement plan. By rudimentary, I mean starting with looking at the staffing ratios to ensure we are able to serve children and families to meet these national outcomes. The *Executive Budget* recommends an

increase in the caseworkers so we can individualize services for children and families.

CHAIR CEGAVSKE:

That is what we wanted to know. How is more staff going to make you more efficient? Do you think it is just the caseload?

Ms. BOSWORTH:

No, I do not think it is just the caseload. The Program Improvement Plan involves many things from developing consistent statewide policy to improving our skill-based training for our social workers. However, the national research shows the No. 1 thing you can do to get positive outcomes with children and families is to have a relationship between the social worker and the family they are assisting. Our caseloads are currently set at 1:28. That is too many children and families for each social worker to be able to get positive outcomes. National research shows, and the recommendations of groups like the Child Welfare League indicate, the optimal ratios are 1:15.

E-811 Unclassified Changes – Page DCFS-13

CHAIR LESLIE:

Going to decision unit E-811, did you ever fill the statewide mental health coordinator position you came to the Interim Finance Committee (IFC) for last fall?

Ms. BOSWORTH:

No, that has not been filled. We have had many excellent candidates from around the nation, but no one has accepted our offer. We had screening interviews again last week for the position and are hopeful we will be able to fill it soon.

CHAIR LESLIE:

Is it a money issue? What is the problem?

Ms. BOSWORTH:

I am not certain it is a money issue. One of the candidates we offered the position to had concerns about moving her family from the east coast to Nevada and concerns about the educational system.

CHAIR LESLIE:

It is almost March and we still do not have that position filled. Please explain decision unit E-811 to me and how it affects this position.

DIANE COMEAUX (Deputy Administrator, Division of Child and Family Services, Department of Human Resources):

In this budget account, the administrator and the four deputy administrators will remain unclassified. The recommendation in decision unit E-811 is that the rural regional manager position be made an unclassified position. One social services chief in the family programs office will go to unclassified service as well as the executive assistant and the statewide mental health coordinator.

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CHAIR LESLIE:

When you finish with this, is the end result going to be five deputies?

Ms. COMEAUX:

No, the end result for unclassified positions will remain with four deputies and the rural regional manager.

CHAIR LESLIE:

Is the salary the same? We have questions about the funding sources. Who is going to pay for the additional costs involved? Is it all from General Funds?

Ms. COMEAUX:

No, it should not be all General Funds for the unclassified salaries. We will put it through our cost allocation plan as we do with our other administrative costs.

CHAIR LESLIE:

We need further clarification on this. Is the statewide mental health coordinator going to stay the same or will it become something else?

Ms. COMEAUX:

It will remain the statewide mental health coordinator. It will simply go into unclassified service.

CHAIR LESLIE:

What will the position be called? What will the name change be so we can track it?

Ms. COMEAUX:

On the proposed designation criteria performed by the Department of Personnel, it is going to be changed to a clinical programs bureau chief II. However, we will continue to call it the statewide mental health coordinator.

SENATOR RAGGIO:

I have asked the Department of Personnel to brief the full Senate Finance Committee on the unclassified study they completed. As we go through these budgets, a lot of the changes are a result of that process. That is why we are asking for a full explanation of how they did this, the results they achieved and their conclusions. Those of us who have been on the money committees in the past have known that the way we dealt with unclassified salaries was less than perfect. It became a process whereby people who came to the attention of the Committee, or seemed to be favored, were given raises and others were not acknowledged. We need to understand how this process developed when we go through these budgets. I think it is commendable they did this, but we need to understand it if we are going to be able to ask intelligent questions regarding the recommendations in the budgets.

CHAIR CEGAVSKE:

We understand parts of it. The questions are where is it going, how is it transferred and what difference is it going to make?

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SENATOR RAGGIO:

The issue is, for the most part, this was done by the Department of Personnel and it is now reflected in these individual budgets.

ASSEMBLYWOMAN GIUNCHIGLIANI:

It would be a good idea for the Assembly Committee to also have a presentation by the Department of Personnel. My understanding was that the purpose of the study was to equalize positions, put them more in line with duties and performances and make it more seamless or transparent. I have not seen that seamless transparency in the budgets we have heard so far. Some deputies have been made unclassified and some are not. It is not consistent.

Clark County Integration – Budget Page DCFS-20 (Volume II)
Budget Account 101-3142

Washoe County Integration – Budget Page DCFS-34 (Volume II)
Budget Account 101-3141

Ms. COMEAUX:

Budget account 101-3141 is the new account created for Washoe County integration. It originates from budget account 101-3142 which was created to administer the funds appropriated by A.B. No. 1 of the 17th Special Session. Budget account 101-3142 was formerly known as the Child Welfare Integration Budget. With the passage of A.B. No. 1 of the 17th Special Session, Nevada adopted a new integrated child welfare service delivery model. Prior to integration, child protective services (also referred to as front-end services) were provided by counties whose population was 100,000 or more which would include Washoe and Clark Counties. The Division of Child and Family Services provided child protective services for the counties with populations of less than 100,000. Child protective services include preventive services, investigations of abuse and neglect, family assessments, emergency shelter care, short-term foster care and in-home services.

Child welfare services (also referred to as back-end services) were provided statewide by the Division of Child and Family Services. Child welfare services include placement services, family foster care, higher levels of care, adoption services, case management for foster care and adoption, independent living services, family preservation, family foster homes and group home licensing.

Under the new model, child welfare services were transferred to the counties with populations of 100,000 or more (Clark and Washoe Counties). The Division of Child and Family Services continues to provide child welfare services for those counties with a population of less than 100,000.

Transition of the programs to Washoe County started in April 2002 with the transfer of 18.51 FTEs to provide the full range of child welfare services to all children entering Washoe County custody. These positions transferred with their current DCFS caseload assignments. In January 2003, the Division transferred the remaining 34.55 FTEs to Washoe County to provide the full range of child welfare services, including mental health evaluation services, child welfare eligibility functions, foster care recruitment and licensing functions, as appropriate.

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The transition of programs to Clark County was delayed due to state budget reductions. The transfer of state staff to Clark County began in October 2003 when 10.51 FTEs transferred to provide family preservation services. In April 2004, 42.04 FTEs transferred for the licensing and recruitment, adoption, Interstate Compact on the Placement of Children and children's resource bureau services. The remaining 101.51 FTEs who provide case management and eligibility services transferred in October 2004, completing the integration process in Clark County.

Funding was also included in A.B. No. 1 of the 17th Special Session for Clark County to convert to the Unified Nevada Information Technology for Youth (UNITY) information system. In August 2003, conversion was completed and Clark County Child Protective Services began using the system. In April 2004, adoption services were transferred to Clark County and the Division began using the UNITY system to make the adoption payments. In October 2004, Clark County also began making their foster care payments from this system.

CHAIR CEGAVSKE:

This separation will help us track each individual county so there will be more accountability.

CHAIR LESLIE:

The Assembly Committee on Health and Human Services heard A.B. 46 yesterday. Has there been any work since August 2004 on the funding formula?

MS. COMEAUX:

We have not worked on the future funding formula since we submitted the original plan to the Governor and the IFC. The Governor submitted a letter to Senator Raggio stating he would support the future funding. Basically, that meant funding the program in the same manner as you would a state agency. If the State were to give its employees a cost-of-living increase, we would pass that along to the counties. We had originally established the use of population growth for caseload increases for foster care. We stayed with that when we built the counties' budgets as well as the Division's. We are close to staying with the population growth. We agreed we would use actual growth for the adoption subsidies. We agreed on some basic things the Governor supported and that is the concept on which we built the budget going forward.

CHAIR LESLIE:

It sounds as if there is no formal plan, and you built this budget based on what we did previously. That is not necessarily bad, but we are still avoiding the issue. I think we need to come to terms with what we are doing.

SENATOR RAGGIO:

I have been concerned, since this began, about how future funding is going to be provided. It is still not fully integrated because of the high-level care. I would like to see some progress as I do not think there is a real effort being put into developing the future funding. That was part of the agreement when we agreed to this process. It is a worthwhile process, but we indicated we were not going to do this if it was just shifting the burden back to the State. We need to get a handle on it and I will be asking for progress reports every week.

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CHAIR CEGAVSKE:

What is the current caseload for severely emotionally disturbed (SED) children?

Ms. BOSWORTH:

The Wraparound in Nevada (WIN) program was funded for 327 children in the foster care system. We are currently serving 475 children and families through this program. The Division has set a goal to reach 500 families by March 1 as the maximum families served each day.

ASSEMBLYWOMAN GIUNCHIGLIANI:

What is the additional budget impact from exceeding the caseload of 327? Did we budget up to the 500 children?

Ms. COMEAUX:

There was a lot of discussion with the Interim Committee on how the budget was originally built and what our actual experience is with providing the services. We were able to go up to 500 children and stay within the original budget.

ASSEMBLYWOMAN GIUNCHIGLIANI:

We will not exceed 500 children?

Ms. COMEAUX:

That is correct.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is there a breakout of the 500 families by where they are in the State? Is Clark County handling all 500?

Ms. BOSWORTH:

We set the goal of serving up to 500, recognizing we could do that within the existing budget. We had a slow start-up to the program and it is a different service delivery model. Part of the model involves including informal supports, meaning nonpaid professionals to help these families be successful. When you use nonpaid professionals to support families, the costs are reduced.

ASSEMBLYWOMAN GIUNCHIGLIANI:

What is a nonpaid professional?

Ms. BOSWORTH:

If a family needs assistance, part of the goal of the program is to find someone in their community, in schools, churches or neighborhoods, who can step in and play a role in child and family teams and in supporting the families to disengage from government involvement. If we get other people in these families' lives, the government can step back.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Have you been successful with that?

Ms. BOSWORTH:

Absolutely.

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ASSEMBLYWOMAN GIUNCHIGLIANI:

Why is that not shown in your performance indicators? What is our actual projection for SEDs? How many are out there we are not serving?

Ms. BOSWORTH:

We set this goal recognizing we had not expended the resources. We wanted to serve up to 500 children. We set a target by region for increasing the contractors to serve as many families as we could, the majority of which are in Clark County. In terms of performance indicators, we have data which we presented to the Interim Committee. We have found great success in reducing the levels of care needed for these children by using this process. We have also found that over 50 percent of the children in our program are moving toward permanency. We would be happy to provide additional data.

ASSEMBLYWOMAN GIUNCHIGLIANI:

You have changed the climate of what has gone on and the services we have provided for these young people, and I commend you for that. Just telling us in a hearing does not help. You need to show what is working, what the practices are and what assistance is available. How many more than 500 SEDs could you project? We need to know how many SEDs we may have to deal with in the future.

Ms. BOSWORTH:

Beginning on page 83 of [Exhibit C](#) there is a white paper titled "The Numbers and Real Life Stories Regarding Wraparound in Nevada (WIN)" which illustrates real life stories of families who have been served by the WIN program. It also lists some facts regarding the program and its successes.

ASSEMBLYWOMAN GIUNCHIGLIANI:

We need to know what we are projecting for the future in the WIN program. Is it going to remain at 500 and never grow or are there more that we need to serve? We also need to know how to deal with the funding formula.

CHAIR LESLIE:

It is confusing to talk about families with regard to the WIN program. Families are important, but we are really talking about children. How many children are in the caseload in this program today?

Ms. BOSWORTH:

As of Monday, February 21, 2005, we are serving 475 children in the WIN program.

CHAIR LESLIE:

Why are we so far behind on posting the expenditures? Our staff has told us we had almost \$6 million budgeted in FY 2004 and recorded almost \$2 million in expenditures. In FY 2005 to date, we have been told we have \$6.2 million budgeted and have spent only \$1.5 million. Are the children not costing as much as expected, or are we just behind in posting the expenditures?

Ms. COMEAUX:

No, we are not behind in posting the expenditures. What you are seeing is the first part of the year when we were not running at full capacity. We have a

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budget projection that breaks it down by category and I would be happy to give it to your staff.

CHAIR LESLIE:

We need to see that because the Interim Committee had many questions on this. It is news to me that we have that many children. The numbers do not reflect this.

The Interim Legislative Committee on Children, Youth and Families heard testimony and recommended that the WIN program be converted from contract to state positions because there have been performance issues. However, the budget reflects they will remain as contract positions.

MS. BOSWORTH:

Yes, that was a Division priority at that level. There are many priorities, and the priority to turn contractors into State employees was not selected to be funded.

CHAIR LESLIE:

What is the difference in cost if we switched the positions? Do you have that information? We have interim studies to make recommendations like this and they should be followed.

MS. BOSWORTH:

We have that information and would be happy to provide it to you.

CHAIR LESLIE:

We need to see that.

E-456 Effectiveness of Family Services – Page DCFS-25

E-462 New Programs – Page DCFS-26

MS. BOSWORTH:

Decision units E-456 and E-462 include the reduction in caseloads for the urban counties for the biennium from a ratio of 1:28 to 1:25 in FY 2006 and to 1:22 in FY 2007. In the rural region child welfare budget, the reduction is slightly more. The reduction for the rural region is based on geographic proximity. We serve all the rural counties, including Pahrump, under the rural region child welfare budget. Sometimes our staff drive long distances and they spend more time on the road and on the telephone with families. We need a lower caseload for the rural region so they can see the families in person.

Representatives from Washoe and Clark Counties are present to discuss this budget.

SUSAN KLEIN-ROTHSCHILD (Director, Family Services, Clark County):

Clark County completed child welfare integration less than five months ago. We have already begun systematic improvements to obtain improved outcomes for children and families. We are in the midst of conducting individual case reviews of every child in foster care. All of our foster care positions are filled. In January 2005, the State received approval from the federal government for our cost allocation plan. Getting this approval will bring additional federal funding to our State.

Clark County put forward some items to DCFS as budget initiatives. One was foster parent liability insurance. The state's insurance carrier had let them go because of some claims. We have identified a new carrier. The cost is approximately \$120,000 a year, based on 950 homes. We also put forth an initiative for consideration to have UNITY clerks in our agency to assist in entering data. This is modeled on what is done in Washoe County which has been very successful. We need accurate data on what we do and how we do it to know where we are successful and where we need to make improvements.

The last area we put forward as a potential initiative was regarding family preservation services. It is estimated that we have 1,700 to 1,800 children in foster care in Clark County. If we have more intensive services to help these children stay in their homes with their families, we can prevent out-of-home placement.

MICHAEL CAPELLO (Director, Washoe County Department of Social Services):
As we went through the struggle of integration over the last four to six years of planning and then actually implementing it, we sometimes questioned if we would see better outcomes. One area where we have been successful in Washoe County is the reduction in the number of children going into the more costly higher level of care placement. In 1999, we had about 200 children in higher levels of care in the Washoe County area when we started this integration process with the pilot project. Today we have reduced that number to less than 100 children placed in higher levels of care.

Over the years, Washoe County has had a strong family foster home program. We built that program by paying a little more. Washoe County has historically paid as much as \$44 a day for shelter care. With integration, the Governor supported a \$21 per day payment for foster parents. Washoe County rolled its rate back to \$30 a day, with the county picking up the difference for all the children in the Washoe County foster care system. When we pay people a little more and put them under contract, we have seen more stability in placements and more willingness to work through some of the issues we might encounter with the children. There is a significant savings to the State by the reduction of those 100 children in a higher level of care that often runs several hundred dollars a day versus the \$30 a day that Washoe County and the State, combined, are paying.

The other area of positive success is that for the last two years we have doubled the number of adoptions finalized in Washoe County compared to the last year of operating in a bifurcated system. That has happened during the transition, so we look forward to even better outcomes.

I want to state my support for the Governor's proposal to reduce caseloads. Although the integration moved caseloads for foster care from a 1:35 ratio to 1:28, the ratio remained at 1:35 because of staff turnover. Moving to a ratio of 1:22 in the second year of the biennium is going to give us an opportunity to make improvements. It will help reduce turnover because it will reduce stress and burnout on staff who are leaving because of high caseloads which impacts the other staff.

Washoe County also put forward a couple of issues which did not get included in the *Executive Budget*. One of them is our family preservation program. We proposed increasing that program because it is something that prevents children from coming into the system. The IFC gave authorization to spend carryover funds to hire two additional therapists. The Governor did not include those two therapists in the ongoing budget. Since we have hired those staff members, we are hoping the Committee might consider supporting the two family preservation therapists. Although we put forward about 15 or 20 issues that did not get funded, I agree with the Governor's priority. If we have to prioritize, caseloads are going to make the biggest difference in our outcomes.

CHAIR LESLIE:

Does Washoe County have plans to raise payments to foster parents in the next couple of years?

MR. CAPELLO:

Washoe County has not discussed raising the rate above the \$30 a day we are currently paying for ongoing foster care. It is my understanding there has been no recommendation to increase the state's rate of \$21 a day.

CHAIR LESLIE:

In talking to people across the State, I get more complaints about the WIN workers than any other issue. How strongly do you feel about converting the WIN workers to more accountable State positions rather than using contractors who may be contracting with other entities? I like the WIN program, but I am concerned about using contractors.

MR. CAPELLO:

The contractor issue is big because of the turnover. A child welfare worker who is the primary person responsible for managing a family and ensuring children's safety has to have trust and confidence in other professionals to whom they will be turning over some of that management responsibility. When faces are changing constantly, the people who are coming in are not experienced. This turnover prevents the child welfare workers from building the kind of professional relationship and confidence they need in order to release the control necessary to meet their obligations.

Our Department is in the process of relocating and we have verbal agreement from the State to house the WIN workers with our staff. This would allow for direct communication, direct access and the ability to build relationships. Stability in the WIN positions is important and we agreed the best way to accomplish that would be to get the workers into state positions. The WIN workers are getting an hourly contract salary with no benefits. If a job with benefits comes along, they will leave their contract position for that job.

CHAIR LESLIE:

I agree with you. It is not good for families either. They already have too many professionals involved in their lives. To keep changing WIN workers is not satisfactory.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Did you say there are no provider rate increases?

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MR. CAPELLO:

The family foster home rate is still budgeted at an average of \$21 a day for the biennium.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Will we see anything for foster parents when we go to the budget with rate increases?

MR. CAPELLO:

Those rates pertain to the entities that are paid for higher levels of care through Medicaid.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Did anyone ask for a rate increase for foster parents?

MR. CAPELLO:

Other than the recommendation that came out of the Interim Committee to raise the rates to \$30, I do not know whether the local associations came forward with an initiative.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Only the providers, but not parents, are considered. I think we need to look at that.

ASSEMBLYWOMAN SMITH:

How long has it been since they have had a raise?

MR. CAPELLO:

The Governor proposed a significant rate increase the first year of the integration process. It was raised from approximately \$16 a day to \$21 a day, but there has not been an adjustment since 2001.

MS. COMEAUX:

Budget account 101-3141 was established solely as the pass-through for Washoe County. The decision units we discussed in budget account 101-3142 also pertain to budget account 101-3141.

HR, UNITY/SACWIS – Budget Page DCFS-39 (Volume II)
Budget Account 101-3143

MADILYN ZIKE (Information Systems Manager, Division of Child and Family Services, Department of Human Resources):

The responsibilities of Information Management Systems (IMS) include system design, development, operational activities, system maintenance activities, network services, statewide help desk services, development of reports and data and statewide systems training. I provided a brochure entitled "Information Management Services, Division of Child and Family Services" ([Exhibit D](#)) that provides an overview of our services for your review.

Before I begin our budget review, I want to report on three accomplishments we had this biennium. The first is that the UNITY system received a Computerworld's Honors award for system excellence in 2004. The

Computerworld award is an initiative between leaders of the information technology industry and the Smithsonian National Museum. Nevada received this award in a formal ceremony at San Francisco City Hall in April 2004. The DCFS is proud of this accomplishment.

The second is that the UNITY system was found to be in substantial compliance during the federal child and family services review. This is a critical national standard for Nevada.

The third accomplishment is that Clark County is now using the UNITY system. This is the first time in Nevada's history that all child welfare information is in a single, automated system. Having all services recorded in one system is a fundamental requirement as we work toward enhancing our organizational competence.

I will review budget account 101-3143 using the expanded narrative as an outline. The budget narrative begins following the tab labeled "UNITY/SACWIS, 3143" in [Exhibit C](#). The UNITY/SACWIS budget account supports the design, development, maintenance and operation of IMS services for the Division. We currently have three systems for which we are responsible. They are the UNITY child welfare system, Avatar, which is a children's mental health system, and SOAR which is an activity reporting system for child welfare. Funding for the Avatar system is in budget account 101-1325.

The Base Budget recommends continued funding for 29 FTE positions and their associated costs. There are no maintenance decision units, excluding the standard or Budget Division prepared units.

E-900 Transfer in Computer Network Techs from DoIT – Page DCFS-44

Decision unit E-900 is considered a major modification. In 2000, DCFS was selected as a pilot agency to study the effectiveness of official direct supervision of Department of Information Technology (DoIT) staff by qualified DCFS Information Technology (IT) personnel. This pilot has been highly successful and has resulted in greater efficiencies, accountability and opportunities for team building. This decision unit recommends the official transfer of the remaining DoIT staff to our agency. The IT Optimization Study conducted by the Department of Administration also recommends this transfer. The decision unit includes the transfer of six network staff who have been colocated and supervised by us since 1997, and four help desk staff who have been colocated and supervised by us since 1999. We strongly support this transfer as a strategy for enhancing our organizational competence.

E-906 Transfer to BA 3143 – Positions – Page DCFS-45

This decision unit includes the transfer of two database administrators that are currently DoIT employees. They have been colocated with us since 2001 and are part of the decentralization strategy.

E-905 Transfer Positions & Mainframe Costs From Clark – Page DCFS-44

Decision unit E-905 requests the transfer of a training officer, a computer network specialist and mainframe charges from the child welfare integration account into the IMS budget account. This budget request supports our strategy for enhancing organizational competence by transferring staff from DoIT to DCFS, replacing antiquated hardware and software and moving staff into appropriate budget accounts. As we move forward with program improvements, IMS will play a critical role in meeting the national standards set by the Administration for Children and Families.

CHAIR CEGAVSKE:

Is there a savings by doing this?

Ms. ZIKE:

Yes, there is. Transferring the staff into the DCFS saves a total of \$833,000 in the Division's budget. This is a strategy that will be positive for the Division as we supervise the staff on site for a number of years.

CHAIR CEGAVSKE:

Congratulations. Senator Beers' committee will be looking at some of those issues in the General Government Subcommittees.

HR, Child Care Services – Budget Page DCFS-48 (Volume II)
Budget Account 101-3149

THERESA ANDERSON (Deputy Administrator, Northern Region, Division of Child and Family Services, Department of Human Resources):

The Child Care Bureau is responsible for licensing and monitoring child care facilities through training and enforcement of licensing standards to ensure the health, safety and proper treatment of children receiving out-of-home care. They are also responsible for the licensing, monitoring and technical assistance to child care facilities that care for five or more children not licensed by local entities. The Bureau is also responsible for investigating and monitoring illegal unlicensed child care operations and bringing facilities into compliance with state laws by licensing or reducing the number of children in care. We currently have 11 FTEs in the program that licenses 217 facilities across the state.

E-451 Effectiveness of Family Services – Budget Page DCFS-51 (Volume II)

Decision unit E-451 requests the approval of one FTE child care surveyor II position in northern Nevada and associated operating costs to assume the child care licensing facility caseload transferred by the Carson City Environmental Health Department. The Carson City Environmental Health Department submitted a request to the Division last December to transfer their child care licensing duties to the Division per *Nevada Revised Statute* 432A.131. The Division has 12 months, by statute, in which to comply with the city's request. The caseload of the Carson City office equals enough to support one staff member.

CHAIR CEGAVSKE:

There was no projection for FY 2004 in the performance indicators for this budget account.

HR, Rural Child Welfare – Budget Page DCFS-55 (Volume II)
Budget Account 101-3229

ROBIN LANDRY (Social Services Manager, Division of Child and Family Services,
Department of Human Resources):

The rural region of DCFS is responsible for providing children's services in all the counties in the State of Nevada with the exception of Washoe and Clark Counties. The purpose of this budget account is to fund the Division's children services delivery system in the rural region. The rural region is responsible for providing such services as child protective services, foster care licensing, family preservation services, early and specialized assessments of children and families, independent living services, adoption services and adoption and foster family recruitment.

During the 2003 Legislative Session, DCFS was approved to pilot a centralized child protective services intake social worker position in the Carson City district office. In December 2003, the position was hired to respond to all intake calls from 8:00 a.m. to 5:00 p.m., Monday through Friday, for the Carson City, Douglas County and Storey County geographic service areas. This pilot project has been beneficial to our children and families because it has enhanced our standardization of the intake function for all reports on child abuse and neglect within this geographic service area. Prior to this intake position, all social work staff within the Division rotated the responsibility of answering these calls and walk-ins, in addition to inputting the report into the information management system. Since implementing the centralized intake, the social workers have had at least one day a month in their schedules to attend to their cases and specifically to visit the children and families on their caseloads. This increases our ability to meet national standards for safety and permanency. In addition, the rural region now includes Nye County with our DCFS office located in Pahrump. We assumed responsibility for the Pahrump office in this geographic service area under A.B. No. 1 of the 17th Special Session. Our Base Budget recommends continuation of three FTEs and their associated costs. One-time costs have been removed and partial year expenditures have been annualized or adjusted for items such as longevity, contracts and rents.

E-458 Effectiveness of Family Services – Page DCFS-58
E-500 Adjustments – Transfers In – Page DCFS-59
E-501 Adjustments – Transfers In – Page DCFS-59
E-502 Adjustments – Transfers In – Page DCFS-59
E-901 Transfer Foster Care Licensing From 3149 – Page DCFS-60
E-904 Transfer Rural Match-up Staff From Clark – Page DCFS-60
E-910 Transfers Rural Costs to Rural Budget – Page DCFS-61
E-912 Transfer Mental Health Counselor to Rural – Page DCFS-61

The decision units, which recommend transfers in and transfers out as part of the Division's budget realignment effort, will ensure greater integrity in the rural child welfare budget account. Our recommendation for increasing provider rates in decision unit E-458 reflects a statewide increase. This decision unit recommends that the service provider rates for residential group care and nonresidential services be increased by approximately one-half of the amounts determined by the Division of Health Care Financing and Policy.

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CHAIR LESLIE:

Why is it only one-half of what is being recommended?

Ms. COMEAUX:

The recommendations came from A.B. No. 513 of the 71st Session, the Provider Rates Task Force study. The Provider Rates Task Force made a recommendation for the levels of care provided. That rate increase ranged from 25 percent down to about 5 percent for the levels of care. The *Executive Budget* recommends funding for one-half of that increase at this time.

CHAIR LESLIE:

Is there a rationale for why it is only one-half of that amount in this budget and it is more in the Medicaid budget?

Ms. COMEAUX:

We did coordinate with Medicaid on these decision units.

CHAIR LESLIE:

Do you have a list for us that shows, by level of care, what the rate is and the proposed rate?

Ms. COMEAUX:

I have a copy with me and I will give your staff a copy.

CHAIR LESLIE:

Do you have a calculation that shows the ratio in the rural areas? I understand it is due to travel time and the difficulties in serving children in the rural areas, but what is the calculation? Why is the ratio 1:19?

Ms. COMEAUX:

We do not have a specific calculation for the 1:19 ratio. We did a short time study to determine where they were spending time. We found they spent a tremendous amount of time in travel and telephone contact as opposed to face-to-face contact with the families. We went to a 1:19 ratio because it was a little lower than the 1:22. There was no science behind that decision. We will be happy to share the results of our time study with your staff.

CHAIR LESLIE:

You cannot tell us why the ratio is 1:19 versus 1:20 or 1:18?

Ms. BOSWORTH:

We looked at the national research and what Nevada was currently funding for child welfare staff. We fell in the middle in terms of moving closer to the national standards.

CHAIR LESLIE:

What is the national standard for rural areas?

Ms. BOSWORTH:

The Child Welfare League of America recommends a ratio of 1:15, but they also note in their recommendations that, for geographic distances, one needs to go lower to ensure you are spending time with the families in person.

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CHAIR LESLIE:

Could you provide more justification and examples for us? All rural areas are not the same. I am not opposed to the 1:19 ratio, but I still do not know why it is 1:19.

MS. LANDRY:

As a result of the Child and Family Services Review and our study of the best practice standards and the needs of our families and children, we are looking at caseload ratios as a way to more effectively work with our families and children for better outcomes.

Transition from Foster Care – Budget Page DCFS-68 (Volume II)
Budget Account 606-3250

MS. ANDERSON:

The purpose of budget account 606-3250 is to account for the fees and interest collected to pay for goods and services for individuals who attain the age of 18 while in foster care in Nevada. This account is used to help make the transition from foster care to self-sufficiency. It is used to help youth with housing assistance, medical assistance and anything else they might need to help them launch successfully into young adulthood. In addition to serving those youth, we also grant money to the counties who, in turn, sub-grant to community providers.

One of the intentions of these funds was to use this money to leverage obtaining other federal grant dollars. In 2003, we were able to use matching funds from this budget account with a new federal funding program called the Education Training and Voucher Program which provides up to \$5,000 for youth to go to post secondary education or to training schools up to the age of 23 if they enter the program before the age of 21. The grant is approximately \$139,000.

We were slow to get this program off the ground, but I am happy to report we had projected we would serve about 144 youth in 2004 and we have served 239.

CHAIR CEGAUSKE:

Are children who have turned 18, but will not graduate from high school for a year or a semester, able to get the services until they graduate from high school?

MS. ANDERSON:

A youth can stay in foster care until age 19 if they have not graduated from high school. But they can receive funds from this account whether or not they have achieved their high school diploma.

CHAIR LESLIE:

There have been significant improvements and I am pleased to see that. Is it correct that we collect about \$3 million a year and are spending about \$700,000 a year? Is that what you are projecting in the future or is that wrong?

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Ms. ANDERSON:
We collect \$1.3 million a year.

CHAIR LESLIE:
What are the projected expenditures for the biennium?

Ms. ANDERSON:
The projected expenditures are about \$1 million a year.

CHAIR LESLIE:
Are you developing a reserve? We have a lot of unspent money from the slow startup.

Ms. ANDERSON:
Correct, there is a reserve.

CHAIR LESLIE:
What are you reserving it for?

Ms. COMEAUX:
We have worked with the counties to develop a plan to spend down that reserve over the next two years. After that, depending upon how much revenue we continue to get, we will spend approximately \$1 million to \$1.3 million a year.

CHAIR LESLIE:
The budget has about a \$1.2 million reserve. I do not want you to spend money just to spend money, but I do not want to be reserving it for no reason when there are foster children who need help. There was talk in the interim study about allowing some of this money to be used for other children who are aging out of juvenile justice.

CHAIR CEGAUSKE:
The indication was \$1 million and our staff is looking at \$1.8 million in expenditures. Is that incorrect?

Ms. ANDERSON:
Since February 2003, we have expended \$1.8 million.

ASSEMBLYWOMAN SMITH:
I do not see the increase you mentioned reflected in the performance indicators. They are flat all the way across.

Ms. ANDERSON:
We need to adjust that.

ASSEMBLYWOMAN SMITH:
Are you going to adjust the figures across the board as well?

Ms. ANDERSON:
Yes, and we will provide that to you.

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Child Deaths Review – Budget Page DCFS-70 (Volume II)
Budget Account 101-3251

Barbara Legier (Family Program Officer, Division of Child and Family Services, Department of Human Resources):

The primary purpose of budget account 101-3251 is to support the statewide child death review activities conducted collaboratively by an executive committee and an administrative team. The committee and the team have responsibility to review the deaths of children for the purpose of improving state laws, regulations, policies and practices; providing multidisciplinary professional training on child deaths and developing educational prevention activities. The executive committee and the administrative team have successfully completed the second publication of their annual report. They have initiated development of a prevention media campaign based on annual report data consisting of educational radio and television announcements on four topic areas. The topics that will be covered are teen suicide, parents co-sleeping with children, shaken baby syndrome and car safety. Additionally, Nevada will be one of only six states piloting the new case-reporting system for child death data collection in conjunction with the National Center for Maternal and Child Health. For further information on the activities of the executive committee and administrative team, I refer you to the "Nevada Child Death Review" fact sheet following the tab labeled "Child Death Reviews, 3251" in [Exhibit C](#).

There are no maintenance decision units and no major enhancement decision units included in this budget except for standard or Budget Division prepared units.

CHAIR LESLIE:

Thank you for the response you gave our staff on the spending plan which I had requested in the budget overview.

The performance indicators for this budget account need to be improved. "Annual report" is not a good performance indicator. The performance measure that matters to me is whether we are reducing child deaths.

In the first year of the biennium, revenue is projected at \$150,147 and in the second year it is \$147,000. In our growing state are we going to be able to reduce deaths? Why is revenue projected to be less in the second year of the biennium?

MS. LEGIER:

The first year was over projected. We did not receive that dollar amount.

CHAIR LESLIE:

This is in FY 2006 and FY 2007.

MS. COMEAUX:

I do not know why that changed. The agency request was flat. I will check this and get back to you.

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SENATOR RAGGIO:

The child fatalities on the "Nevada Child Death Review" fact sheet in [Exhibit C](#) show there were 287 in Clark County and 23 in Washoe County in 2003. Have you reached any conclusion about why there is such a high number in Clark County?

Ms. BOSWORTH:

That seems like a disproportionate number. The purpose of the administrative team and the executive committee is to analyze that. They have an active multidisciplinary team at the county level which looks at these cases every month. Ms. Susan Klein-Rothschild will discuss what they are seeing in Clark County.

Ms. KLEIN-ROTHSCHILD:

We have an annual report that helps us look at categories of causes of death and manner of death. Some things we see are large numbers of children in car accidents, large numbers of children who are victims of homicides and gang-related activities. We would be happy to provide that information to you.

SENATOR RAGGIO:

Does this also reflect drug-related deaths?

Ms. KLEIN-ROTHSCHILD:

Yes, it does.

SENATOR RAGGIO:

I would like to see the information you have.

CHAIR CEGAVSKE:

When will the annual report be completed?

Ms. LEGIER:

The annual report has been finalized and we are publishing it. It will be available within the next few days.

CHAIR CEGAVSKE:

We will move to budget account 101-3147.

HR, Youth Alternative Placement – Budget Page DCFS-84 (Volume II)
Budget Account 101-3147

Ms. COMEAUX:

Budget account 101-3147 was established to pass-through funding to the counties for the China Spring Youth Camp and Aurora Pines Girls Facility in Douglas County, and Spring Mountain Youth Camp in Clark County. The China Spring Youth Camp is a 40-bed residential treatment program for male youth between the ages of 12 and 18 who Nevada courts have adjudicated delinquent. The China Spring Youth Camp is funded by a joint participation between the State of Nevada and 16 of the 17 counties. The Aurora Pines Girls Facility is a 24-bed facility colocated on the same grounds as the China Spring Youth Camp. The Spring Mountain Youth Camp and its community-based residential treatment center provide residential treatment for youth ages

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12 to 18 who have been adjudicated delinquent. The programs at Spring Mountain Youth Camp provide for the therapeutic, educational, social, medical and recreational needs of approximately 112 male youth receiving daily services. The *Executive Budget* recommends continued support of the youth alternative training camps at the FY 2005 level.

CHAIR CEGAVSKE:

I assume you will be talking about the recommendation for a 50-percent state and county split.

STEPHEN THALER (Director, China Spring Youth Camp):

Judge David Gamble had intended to be present at this hearing today, but he was unable to attend. Judge Gamble e-mailed a letter, dated February 22, 2005, to the Committee containing the testimony he would have given if he were present ([Exhibit E](#)). He also briefed me over the telephone on some highlights he would like me to address. I also received an e-mail from Assemblyman Lynn Hettrick who wanted to make sure I passed on to you that he fully supports the enhanced funding.

CHAIR CEGAVSKE:

Does that funding include the water system? That was an issue last session.

MR. THALER:

Our well system is in place. We drilled the well about six months ago and we just went out to bid on connecting the piping to our current system. That was totally funded through a U.S. Department of Agriculture grant.

CHAIR CEGAVSKE:

Did you have difficulty with the well drilling?

MR. THALER:

They had to go down 1,500 feet, but they hit water.

The *Executive Budget* does not include increases to our current funding for both years of the biennium. We requested small maintenance increases totaling \$151,837 for 2006 and an additional \$204,690 for FY 2007. We have also requested 6 additional staff to bring the China Spring Youth Camp staffing level to a 1:10 ratio. The recommended staffing level is 1:8. The total cost for this request was \$309,665 for FY 2006 and \$322,873 for FY 2007. The State is requesting their facilities meet a 1:8 ratio which is a best practice for this type of facility.

The China Spring Youth Camp program currently houses 40 to 41 boys daily. That equates to approximately 100 boys each year. With success rates at the camp as high as they are, 80 percent of these boys do not end up in state custody. The same is true for the Aurora Pines Girls Facility which opened in 2002. This facility houses 16 to 18 girls daily and takes in approximately 48 girls each year. Our current statistics show at least 80 percent of these girls do not end up in state custody. The China Spring Program and the Aurora Pines Girls Facility continue to provide a low-cost alternative to state institutional care. The budget I have presented to you is in line with what the State is asking for at their facilities. In an effort to provide relief to the 16 counties the camp

serves, some of which are currently at their tax cap, we are also asking to return the camp funding by the State back to an equal share.

As costs rise for the China Spring and Aurora Pines programs each biennium, it is unreasonable to have the counties pay for these increases without help from the State. It is the intent of these programs to provide an alternative to state care by providing a fiscally sound program which judges and chief probation officers continue to praise and support. We are asking that you approve our budget request totaling \$461,502 for FY 2006 and \$527,563 for FY 2007. We are also asking that the State's appropriation be increased to an equal share to help alleviate the problems that are occurring in the counties.

CHAIR CEGAVSKE:

You stated you wanted to return the funding from the State back to an equal share. Do you have any information to support that?

MR. THALER:

I have been researching this and went back as far as 1987. This discussion began in 1989. Two alternatives were considered. One was a 75-percent, 25-percent split which was considered in 1989. It ended up going to a 63-percent county contribution and 37-percent State contribution. That formula remained until the 2003 Legislative Session.

CHAIR CEGAVSKE:

We would like you to share the information you found with our staff.

CHAIR LESLIE:

We discussed this during the interim in the Legislative Commission's Subcommittee to Study the Juvenile Justice System. Show us proof that the split was ever 50 percent. Our records do not show that. The only reason the formula changed was when you came to us and said the counties wanted to put in more money. You are misleading the new members of the Committee and history does not support what you are saying. The Interim Subcommittee told you to take your case to the Governor. If it is such a good case, why is it not recommended by the Governor in the *Executive Budget*?

MR. THALER:

I believe it is a great case. When I look at the boys and girls who walk through this camp every day and I look at my staff, I believe we have put together one of the best programs in the State.

CHAIR LESLIE:

This is not about the quality of the program. I am fully aware of the good work you and your staff do. I am not saying we should not consider your budget. We are considering all sorts of things the Governor did not recommend. What I object to is being told, and having it inferred, that the Legislature is not keeping its part of the bargain. There is no evidence of a 50/50 split. You would get a lot further with me if you came to us and said the Governor did not recommend this, but this is the need and we would appreciate this Committee taking a look at it.

LEONARD PUGH (Washoe County Juvenile Services):

The county budgets are due prior to the budget for the China Spring Youth Camp being approved by the Legislature. We call the Camp and they give us a dollar amount which we put in the Washoe County budget. Two years ago when we did this process, we received a dollar amount from Mr. Thaler that was consistent with the type of percentage increases we had received in the past. There were no red flags raised at that time that there was going to be a problem. At the hearing, it became clear something had happened and our contribution was being increased significantly when the state budget was reduced by 3 percent and the camp's operating cost was increased. Washoe County's contribution increased by 19 percent when my county budget was being decreased by about 3 percent.

In a letter to the Interim Subcommittee we requested the ratio be restored to the previous proportion of 63 percent and 37 percent. At that time, we were directed to meet with the Governor's staff. We had one meeting with the Budget Division and one with DCFS. We made the argument that this is a partnership and the children we serve have a high likelihood of being sent to state institutions for correctional care. Because of the work the camp is doing, it saves the children from progressing into that system and the burden should not fall even higher on the counties to contribute. My concern is that as each county reaches the tax cap and the cost of operating these programs continues to increase, we will have to do less in the area of prevention and early intervention and even some of our basic supervision practices. The counties currently pay over \$60 million a year in juvenile justice compared to the State paying in the mid \$20 million.

You did not discuss the Juvenile Accountability Block Grant in the budget, but I think it is important to note that Washoe County got \$200,000 last year and this year we are getting \$71,000. We are losing the day reporting center that served 32 children on a daily basis at the Boys and Girls Club. Every time something eats away at our budget, there are less and less services being given to the children. I am asking for your consideration of anything we can do to correct that formula so it gets back to where it was previously.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The formula was created by you, not by us. Make your argument and tell us what is needed. You made the argument to the Governor, and he did not buy it. The percentage was never 50/50. If you want to go back to the original percentage, which was 63 percent, 37 percent, we can talk about that and what the services could be.

KIRBY L. BURGESS (Director, Juvenile Justice Services, Clark County):

Clark County operates Spring Mountain Youth Camp. The facility serves over 112 children and we see over 200 children annually. At any given time, we have over 100 youngsters on supervision. We did not submit a request for an increase; however, we are here to ask for parity. I have had discussions with DCFS staff, including the finance people, regarding a lot of issues relating to juvenile justice, including Spring Mountain Youth Camp. Our county manager sent a letter to Mr. Mike Willden, Director of the Department of Human Resources, regarding this matter.

Clark County has always received the same amount of contribution from the State for Spring Mountain Youth Camp. That annual amount is \$342,000. You allocated \$6.5 million in one-shot funding in 1997 for the construction of dormitories at the youth camp that allowed us to expand from 80 to 100 beds. Outside of that, Clark County has borne the financial responsibilities for the youth camp. Our annual budget at the youth camp is approximately \$6.3 million. Compared to China Spring Youth Facility, if you annualize the cost over beds, Clark County receives about \$3,000 for each bed and China Spring receives about \$12,500 for each bed. We are asking for parity. Juvenile crime is down in Clark County, but, because of the population growth, we are seeing a huge number of children with special needs such as mental health and substance abuse issues.

The facility has been at the same location since 1952. It started out as an air force facility. Over time, thanks to your help, we have built new dorms, but we have a lot of infrastructure issues we need to address if we are going to remain long term.

CHAIR CEGAVSKE:

If anyone on the Committee has an opportunity to go to either of these facilities and see where they have come from and where they are today, I would encourage you to do that. You have done an outstanding job at both facilities. Today it is a money issue.

CHAIR LESLIE:

Your approach is all wrong in asking the Legislature for a 999-percent increase in your FY 2005-2007 budget. If you have needs in the camp that the Governor chose not to fund, I would like to know what those are in a reasonable manner. I am open to looking at what the most pressing needs are in the youth camps and seeing if we can find the money by cutting something else, because I think this should be a priority.

MR. BURGESS:

I am willing to get there in any reasonable manner. We tried to get our request through the budget process, but the *Executive Budget* went ahead flat. I believe there was an increase in State funding to ensure they have adequate staffing and resources in the state institutions. I am willing to look at ideas, a transitional plan or anything we can do to bolster the funding for the youth camps.

CHAIR LESLIE:

We are in the middle of a Session right now and trying to deal with the budget. If there are critical needs in the youth camps, we need to know what those are so we can address them during the budget process. The other issue is we have to find a forum to get to the bottom of this, outside of the Legislature, and develop a better plan. Maybe that should be a topic in the interim study if the bill to keep the Legislative Commission's Subcommittee to Study the Juvenile Justice System is approved.

MR. BURGESS:

I understand, and we support the bill to continue the Legislative Subcommittee.

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HR, C&FS, - Juvenile Correctional Facility – Budget Page DCFS-86 (Volume II)
Budget Account 101-3148

CHAIR CEGAUSKE:

Budget account 3148 is the Summit View Youth Correctional Center. Will all 96 beds be open in March 2005?

MR. MCLELLAN:

Yes, we anticipate all of the beds will be open in March. We presently have 72 beds available. The current population is 58 youth. During the time Summit View has been open, it reached the full 72-bed capacity at one point. Due to successes in the program and youth earning parole release, the population has dropped slightly. We have not been in a position where there has been a wait list for youth to go into any beds throughout the entire system.

CHAIR CEGAUSKE:

Can you address why your operating cost is higher than you had originally projected?

AUDREY FETTERS (Superintendent, Summit View Youth Correctional Center, Division of Child and Family Services, Department of Human Resources):
The cost at Summit View Youth Correctional Center is currently \$152 a day. It was projected to be \$149 a day, but it has increased due to the flat commitment rate and the number of youth in the facility.

CHAIR CEGAUSKE:

Who does the Division currently have contracts with for placement?

MS. BOSWORTH:

On January 26, 2004, we reopened as a state-controlled facility, so we are not contracting for placements.

CHAIR LESLIE:

Do you have an out-of-state placement contract amount? Are we still sending children to Tennessee?

MR. MCLELLAN:

We currently have no youth in placements out of state. When Summit View opened, our first priority was to pull those youth back to the community. We have an open contract with the facility in Tennessee, and I believe we have a pending contract with Rite of Passage. We have not had the need to place youth in those beds.

CHAIR LESLIE:

Are we anticipating it will be necessary? Why is there money in the budget?

MR. MCLELLAN:

The intent of the approximately \$100,000 in the budget was to provide for alternate placement based upon the mental health needs of youth that were in the facility. Summit View has experienced a substantial population of special needs youth who require special services. It was anticipated that those funds might be needed for medically necessary placement to stabilize a youth.

CHAIR LESLIE:

We do not have any history of that happening. Would it be out of state or in the state?

MR. MCLELLAN:

The preference would be to place youth in the state. We have made use of the Division's resources in terms of acute beds at Desert Willow in order to achieve stabilization.

CHAIR LESLIE:

Those are paid through a separate budget account, are they not? If it is in the state, it would be through Medicaid or DCFS's placement budget. We need to look at that and get a better idea of how that money might be used.

HR, Caliente Youth Center – Page DCFS-92 (Volume II)
Budget Account 101-3179

MR. MCLELLAN:

The proposed budget for the Caliente Youth Center contains a request to expand the staff by 12 FTEs to achieve a 1:8 staffing ratio during daytime operation and a 1:16 staffing ratio during evening hours. One of the primary resources cited as the basis for the staffing ratio request is the American Correctional Association Standards which focus upon providing adequate staffing for the facilities. Other resources regarding staffing levels include a study published by the National Center on Juvenile Justice which studied the Nevada system in 2001 as well as best practices industry wide.

CHAIR CEGAVSKE:

There was a comment made that this was presented to the 2003 Legislative Session, but was deferred to the 2005-07 biennium. We filled all those positions last time, so would you please clarify what that statement meant?

MS. BOSWORTH:

The proposal was always a ratio of 1:8. The funding was available for 1:10 in the 2003 Legislative Session. At that time, the Division said it would be coming back to the Legislature to ask for 1:8. In the Memorandum of Understanding with the DOJ, they have clearly stated to us that while they are accepting the 1:10 ratio right now, they are recommending 1:8.

MARK W. STEVENS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

We received a budget amendment for this budget and the Nevada Youth Training Center budget in the 2003 Legislative Session. The Committee fully funded the amended budget request and added funds in addition to the revised amount recommended by the Governor.

CHAIR LESLIE:

The reason we got the budget amendment in the 2003 Legislative Session was because we agreed we needed to address it when we got the results of the Civil Rights for Institutionalized Persons Act investigation. I want to clarify that the DOJ does not mandate a 1:8 staffing ratio. I am not opposed to that ratio, but

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we are meeting the DOJ requirement with the 1:10 ratio. What did the Memorandum of Understanding with the DOJ say about staffing levels?

Ms. BOSWORTH:

The language in the Memorandum of Understanding states, "group supervisor to youth ratios of 1:16 during hours of sleep and 1:10, and preferably 1:8 during waking hours."

CHAIR LESLIE:

It is preferable, but not mandated. The Committee needs to be clear on that.

I understand the current superintendent's residence at Caliente is uninhabitable. Do you need a change in statute in order to go to a stipend form of reimbursement rather than providing the house? Is that going to happen during this Session?

Ms. COMEAUX:

In the 2003 Legislative Session, a bill was passed adding language that specified you were to provide a house if one was available. I will pull the statute and make sure you get a copy.

CHAIR LESLIE:

We need to make sure we are doing this legally and clearly for future Sessions. Can you assure us there is nothing else needed for us to be in full compliance with the Memorandum of Understanding with the DOJ, especially in the area of mental health?

Ms. BOSWORTH:

There are no further needs in terms of mental health staff. I will let the superintendents address that. The DOJ has recommended to us that we establish the positions of training quality assurance officers or investigators, particularly since we have significantly increased our training. They have cited amazing changes at our Nevada Youth Training Center, but they continue to note that we need to do a better job of investigating when use of force occurs.

CHAIR LESLIE:

What is the status of the peer culture program at Caliente?

JAMIE D. KILLIAN (Superintendent, Caliente Youth Center, Division of Child and Family Services, Department of Human Resources):

We are currently in transition. All of our staff were trained in November and December 2004, and we are in the process of implementing the cognitive restructuring program in stages. The program has been embraced by the majority of the staff. The administrative and management teams are fully invested in helping us go through the transition. We have hired a new psychologist who will begin on Monday. She will be instrumental in helping us continue to provide the training necessary to get us through this process.

CHAIR LESLIE:

I am particularly interested in this, as I want to make sure we are providing state-of-the-art programming for the youth in our state institutions. Positive peer culture may have been good in 1960, but we need something more progressive

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in 2005. I will look forward to getting more details when I go to Caliente again next year.

HR, Nevada Youth Training Center – Budget Page DCFS-98 (Volume II)
Budget Account 101-3259

CHAIR CEGAVSKE:

Are we meeting the federal requirements with this now?

MR. MCLELLAN:

I attended a meeting at the beginning of February with a representative of the DOJ and the consultants. The consultants and the DOJ representative made comments like "remarkable culture change." They were surprised we were moving along so quickly and were far ahead in the progress at the Nevada Youth Training Center. Mr. Dale Warmuth, the superintendent at Nevada Youth Training Center, will be able to report on our progress in meeting all of the items in the Memorandum of Understanding.

CHAIR LESLIE:

Why is the census down, and will that trend continue?

MR. MCLELLAN:

We do not have any scientific explanation for the census being down. That aids us in making institutional and cultural changes. We could not guarantee these census levels will continue.

CHAIR LESLIE:

I hope it is not because the judges have lost confidence in Elko. I think you have improved and I congratulate you for that. It has been quite a transformation. There is still a ways to go, but we are not in the same place we were two years ago. Would you look at that and give our staff any information you have about why the trend is down?

MR. MCLELLAN:

The reopening of Summit View probably had some effect on the census.

DALE E. WARMUTH (Superintendent, Nevada Youth Training Center, Division of Child and Family Services, Department of Human Resources):

I am pleased to announce we have made this kind of progress. The 2003 Legislative Session was difficult, and to be able to tell this Committee we have made this progress is a proud achievement for my staff.

ASSEMBLYMAN DENIS:

What determines the average length of stay in the performance indicators, and is that something you can change?

MR. MCLELLAN:

We are currently examining this in relation to evidence-based practices within juvenile justice systems. The typical lengths of stay have been between six to eight months at Caliente and Elko and a little longer at the Summit View facility due to the serious and chronic offenders at that facility.

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HR, Northern Nevada Child & Adolescent Services – Budget Page DCFS-112
Budget Account 101-3281

CHAIR CEGAVSKE:

In this budget account, we need to talk about reducing the waiting list. What are the requirements to be put on a waiting list?

MS. ANDERSON:

Northern Nevada Child and Adolescent Services (NNCAS) is responsible for providing a continuum of mental health services to emotionally disturbed children, adolescents and their families. Services include early childhood services, outpatient case management and residential treatment. In FY 2004, NNCAS provided treatment services to 744 children and adolescents. Our early childhood and outpatient programs provide psychological assessments, individual family and group therapy, day treatment for preschoolers and medication monitoring, as well as 24-hour on-call coverage. This program served a total of 624 children and adolescents in FY 2004. Of those children and adolescents, 70 percent were in parental custody and 30 percent were in child welfare custody. All services are provided at a single site, located near the campus of the University of Nevada, Reno.

In the Family Learning Home program, the group homes on our campus have a 25-bed capacity and we have a 16-bed Residential Treatment Center. The Family Learning Homes and Adolescent Treatment Center served 120 children and adolescents in FY 2004. Of those, 52 percent were in parental custody and 48 percent were in child welfare custody.

In this last year, we implemented an electronic billing and data system known as Avatar. This has helped us respond to some concerns in the LCB audit. Billing was implemented in July 2004 and our clinical case management was launched in February 2005.

Three mental health counselor positions were added through the use of our mental health block grant.

The Base Budget recommends the continuation of 78.57 FTEs and their associated costs.

M-101 Inflation – Page DCFS-114

In decision unit M-101, the inflationary adjustment for the cost of prescription drugs is 26 percent in FY 2006 and 40.7 percent in FY 2007. This is based on inflationary estimates from the U. S. Centers for Medicare and Medicaid Services.

E-452 Effectiveness of Family Services – Page DCFS-116

CHAIR LESLIE:

You are asking for nine new FTEs in decision unit E-452. If we implement the specialty clinic model, will this be needed? Is the money built into the budget in case we do not do the specialty clinic?

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Ms. ANDERSON:

The two are not connected. This is consistent with the behavioral health redesign.

CHAIR LESLIE:

Does that mean it is not in that budget as well?

Ms. BOSWORTH:

Part of the behavioral health redesign encompassed expanding so that marriage and family therapists could provide specialty clinic work. Another component of it, and we built this together with Medicaid and other sister agencies, was addressing our wait lists. The highest level, most complex needs children and families are served by us.

CHAIR LESLIE:

In the enhancement unit in our budget book it says this decision unit recommends adding 9.04 FTEs to cover waiting lists for both outpatient and early childhood caseloads, assuming the specialty clinic model is not in place. Is that an error?

Ms. BOSWORTH:

The word "assuming" and everything after it should be removed. This is all part and parcel of the behavioral health redesign.

CHAIR LESLIE:

How did you determine that three new FTEs are needed for utilization management for Medicaid services? Will that help increase billable Medicaid?

PATRICIA MERRIFIELD (Social Services Manager, Division of Child and Family Services, Department of Human Resources):

We looked at the amount of time our staff were dedicating to the function of utilization review. Utilization review is the authorization for children who meet medical necessity criteria to access mental health/behavioral health services. We perform this function for Medicaid. We are currently using staff who have other full-time responsibilities. We provide utilization review for all fee-for-service Medicaid-eligible youth. They may be case managed by DCFS children's mental health programs, but they may also be case managed by county child welfare, county juvenile justice or Mojave mental health clinics. We would be happy to provide that information to you.

CHAIR LESLIE:

Would you please provide it to our staff? Would you also include a projection of how much more Medicaid we think we are going to get?

Is NNCAS going to manage the WIN contract?

Ms. ANDERSON:

They manage it now. It was in the integration budget and we moved it where it should go.

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CHAIR LESLIE:

The Adolescent Treatment Center has a flat budget again. You are not proposing any more beds or improvements?

MS. ANDERSON:

The Adolescent Treatment Center had to relocate last year so there is nothing new. We will need a new building at some point.

CHAIR LESLIE:

I am disappointed we are not looking at that again. We have not added a bed since the 1960s.

CHAIR CEGAVSKE:

How do you determine who is put on a waiting list?

MS. MERRIFIELD:

We determine it the same in the mental health programs across the state. Eligibility is determined through a screening process where a parent calls and asks for mental health services for their child. Many of these parents walk into our neighborhood centers in the south. Our staff review with the parents what the child's behavior and health needs are. If the family has private insurance, we offer to work with them to access and link with their insurance. For those youth who are fee-for-service Medicaid eligible and are uninsured, we are the only option in the community. If the child screens to have emotional disturbance, they are placed on the wait list. It is by a verbal screening process with the parent.

CHAIR CEGAVSKE:

You have performance indicators for the average number of clients on a wait list and for the total served. Is there a length of time after which you take them off that list and put them on another list, or do they stay on the list until you have completed the process with that individual?

MS. MERRIFIELD:

They stay on the list until they access services. In the south, we have neighborhood care centers. We have positions dedicated to work with these families and help link them with other community services that may be able to be providers. They call these parents once a week to determine their eligibility. We are constantly triaging that list and changing.

E-710 Replacement Equipment – Page DCFS-118

ASSEMBLYMAN DENIS:

Decision unit E-710 calls for the replacement of two vans. This indicates they are 3 years old with over 85,000 miles on the odometers. What is your normal procedure for replacing vehicles?

MS. ANDERSON:

It is probably close to 100,000 miles. We will get you that information.

ASSEMBLYMAN DENIS:

How are the vans used?

MS. ANDERSON:

They are used for transporting youth to medical appointments and things like that.

HR, Southern Nevada Child & Adolescent Services – Budget Page DCFS-123
Budget Account 101-3646

CHAIR CEGAUSKE:

Some of the major issues in this budget account are related to the LCB audit. The biggest issue I have is the underbilling. Are you going to try to get that money retroactively? It is not reflected in the budget.

MS. BOSWORTH:

Ms. Diane Comeaux will address the issues related to the LCB audit.

E-454 Effectiveness of Family Services – Page DCFS-128

I wanted to clarify that the utilization review teams in this budget account for mental health service are not tied to federal revenue maximization. They are tied specifically to the need for skilled medical professionals to ensure we are meeting the Medicaid regulations for medical necessity. We need those skilled medical professionals on those teams to make good decisions in compliance with Medicaid regulations.

MS. COMEAUX:

In the Division's original presentation to the Subcommittee, we provided a status report on the 2004 LCB audit. The auditors made ten recommendations including working with Medicaid to seek approval of fees for children's behavioral services based on cost, requesting retroactive rate adjustments from Medicaid and developing written policies and procedures.

Since you asked specifically about the retroactive rate adjustment, I will give you an update on where we are with that. In order to request a retroactive rate adjustment, the Division needed to do a rate study for FY 2003, FY 2004 and FY 2005. We have completed those rate studies for both Northern and Southern Nevada Child and Adolescent Services. The rate study for NNCAS was submitted to Medicaid's rate unit and they are in the process of reviewing it. We had significant differences in the rates we came up with for southern Nevada from what was determined in the audit. We met with the auditors to review the differences and discuss our methodology. We agreed to make several minor changes. Those changes have been made and the rate study will be submitted to Medicaid's rate unit.

We met with Medicaid regarding the retroactive rate adjustment and decided that a financial rate adjustment would be better than rebilling. Because the Medicaid Management Information System and Avatar are new systems, we would have to reenter all the information. Medicaid is in the process of pulling together all the data we need to do the financial rate adjustment. They are estimating they will have that information by March 1. The other item we discussed with the LCB auditors is that the Division has other federal funding sources, in addition to Medicaid, and some of those costs could have already

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been recovered. When we get the information from Medicaid, we will have to match up the billings for the other federal funding sources.

CHAIR LESLIE:

Has the State Medicaid plan been changed so we will not have any problems?

Ms. COMEAUX:

The Medicaid State plan currently allows for us to do full-cost reimbursement for all of our services with the exception of psychiatric services at Desert Willow. These are the acute psychiatric services. We are in the process of amending the Medicaid State plan to allow for that. The goal is to get the amendment to the Centers for Medicare and Medicaid Services for review on or before June 30, 2005, with an effective date of April 1, 2006.

CHAIR LESLIE:

Assuming this goes forward and is in place, did you build into the budget the right amount of Medicaid reimbursement?

Ms. COMEAUX:

There is an adjustment that significantly increases the Medicaid revenue and decreases the General Fund. We addressed it, but I have not completed the analysis, so I cannot tell you for sure that it is fully implemented.

CHAIR LESLIE:

We left a lot of money on the table and that is our concern. We have to get on top of this quickly. If there is anything you need from us, let us know. We need to see good numbers that show how much we will get.

Ms. COMEAUX:

I understand your issue. The rates and cost allocation unit were requested not only to increase revenues but to protect the revenues we are already receiving. There are significant changes in the President's budget on funding for child welfare services.

CHAIR LESLIE:

We need more attention in this area.

CHAIR CEGAVSKE:

The General Fund is being used for your Avatar billing system. Are you able to use any of the Medicaid or the Title IV-E money for that?

Ms. COMEAUX:

When we developed the rate study for FY 2004, we included recovering the Avatar costs. Although it is General Fund money up front, we are able to recover those costs through the rates.

CHAIR CEGAVSKE:

What is Avatar? What does it stand for?

Ms. COMEAUX:

Avatar is not an acronym. It is simply the name of their system. It is a billing system that is Health Insurance Portability and Accountability Act (HIPAA)

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compliant. The other component of the system is the clinical work stations. It combines both the medical records and the billing records into one system.

ASSEMBLYMAN DENIS:

Would you provide me with information on Avatar and all your information systems so I can understand what kinds of programs you are running?

Ms. COMEAUX:

We will do that.

CHAIR CEGAVSKE:

There being no further business to discuss at this time, I will adjourn the meeting at 10:55 a.m.

RESPECTFULLY SUBMITTED:

Anne Vorderbruggen,
Committee Secretary

APPROVED BY:

Senator Barbara K. Cegavske, Chair

DATE: _____

Assemblywoman Sheila Leslie, Chair

DATE: _____