

Massachusetts News

DSS 'Follows The Money,' Makes An Extra \$90 Million Per Year

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What's 'Best For The Child' Is Secondary To 'More Federal Money'

These DSS Stories Were Brilliant

By Edward G. Oliver
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Expensive financial consultants are advising DSS how to "maximize federal revenues."

This means that whether a particular child is seized from its parents is often a factor of whether the DSS can get more federal money by so doing. It is reported that the Department is making an extra \$90 million a year by this method.

The hiring of private consulting firms to manage child welfare is done nationwide by state governments, sometimes on a no-risk, contingency basis. This means that some of the federal money is being siphoned off by consulting firms. The children are paying the price.

Massachusetts is a leader in the practice. A task force of accountants arrives from the consultants to re-engineer how the agencies are run, right down to training, policy, forms and other areas. They serve the overriding purpose of obtaining more money from the federal government.

When asked by MassNews if she knew that DSS was using one of the revenue maximization firms, State Rep. Marie Parente, Chair of the Legislative Committee on Foster Care replied:

"Yes, Andersen Consulting. In fact that was one of my big complaints. When I was on the Governor's 'Blue Ribbon Commission' in 1993, Andersen Consulting volunteered their services and they kept saying it was 'management' and 'maximizing revenue' and they could do it; they're in the business.

"In the end they got a \$3 million contract and I think they still hold it today. I objected. I thought it was unethical and I thought there were state workers doing that work and we never needed Andersen. We have a fine revenue collection department in DSS. Andersen carved out a niche for themselves and I think they still have the contract."

A spokesman from Andersen Consulting, Meg Travis, tells MassNews that at one point they had three contracts with DSS and the last one ended in December of 1997. DSS spokesman David Van Dam confirms they used Andersen until late 1997. When asked, he said DSS now uses another consulting firm called PCG (Public Consulting Group) but when asked what services they perform, he did not specify what they do. Attempts to get further information from PCG in time for this article were unsuccessful.

DSS Follows Recommendations

When asked if the recommendations from the Blue Ribbon Commission were acted on, Rep. Parente answered that DSS implemented those parts that Andersen liked which increased the federal revenue. She said, "What they liked were the parts that Andersen liked. You know, the money part, the federal reimbursement. But my special committee filed a minority report because I thought they focused on the wrong thing."

A look into the Committee's "Final Report" reveals the "money part" which states: "DSS should undertake an immediate revenue maximization effort." It said that DSS should be sure that the money stays in its hands and does not go to the state. "A retained revenue account should be established to ensure that funds brought in through the revenue maximization effort are retained and used by DSS."

Some examples of children who would bring federal money with them would be those who are eligible to receive Medicaid and special needs children who receive Social Security money.

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The consultants reported that enhanced revenues held the potential of claiming up to \$40 to \$70 million extra dollars per year.

The "Final Report" also reveals that DSS was sticking its toe into the "revenue maximization waters" nineteen months prior. It says DSS conducted an analysis on the "potential for enhancing federal reimbursements from Medicaid and other entitlement programs." As a result DSS "enhanced its federal reimbursements significantly over the last few years through the use of a consultant on a contingent contract."

This concept of maximizing federal revenue is beginning to cause trouble in many other states as well. In California, plaintiffs sued Health and Human Services and Contra Costa County for allowing children classified as disabled to languish for years in foster care while the county seized and misappropriated their personal SSI and other federal benefits.

Texas Copies Mass.

An illuminating report by the Texas comptroller, titled "Maximize Federal Revenues for Health and Human Services," is a case study in the thought processes and cost shifting schemes associated with maximizing federal revenue.

The highest predictor of removal was not the extent of a given physical injury, but rather whether or not the family was Medicaid-eligible.

While some of it is sound management techniques, it is a short leap from creatively squeezing federal dollars from active cases to directly targeting children for removal from the home based on certain demographics and categories, especially if consultants are paid on a contingency basis.

An example of children who would bring federal money with them are those who are eligible to receive Medicaid (which would be given to the state if they become foster children) and special needs children who receive Social Security money.

The Texas report frankly admits, "States typically obtain more revenue from the federal foster care program by increasing the number of cases that are eligible for federal reimbursement."

Another admission from the same office is a report titled, "Maximize Federal Funding for Child Welfare Programs," which reveals that financial consultants train agency staff to maximize federal funding.

"Some states," says the report, "that have hired Title IV-E expert consultants have increased their federal reimbursements by as much as \$20 million or more per year. These consultants work with child welfare program staff to improve policies, forms, training and other program elements to generate additional federal reimbursements."

The Texas report uses – who else but – Massachusetts as a shining example of how revenue maximization should be done. It confirms that Andersen's recommendations were put into effect by our state.

"For example" says the Texas Report, "Massachusetts raised its percentage of children's eligible cases for reimbursement from 23 percent of all children receiving services in 1993 to nearly 65 percent in 1996. Massachusetts also changed how it accounts for its essential program costs so that the state could claim full instead of partial reimbursement.

"Massachusetts received \$58 million more in federal funds in the first year, \$64 million in the second, and expects net additional revenues in the third year to reach from \$88 million to \$90 million.

"Massachusetts also considers clients who are eligible for Medicaid and are either abused and neglected, or at risk of being abused and neglected, to be eligible for Medicaid services through the child protective services agency."

Social Workers Influenced by Money

A big question that arises out of the training is how much influence does it have on social workers in their decisions?

Does the design of "risk assessment models" for social workers to use on home visits provide details that raise a flag to supervisors about a child's potential federal eligibility status?

For example, a minority child is automatically considered "special needs" and therefore eligible for Medicaid.

Broadly defined "disabled" children are also very profitable. The foster child population is in fact heavily weighted in those categories and those parents are least able to fight their removal from the family home.

An innocent notation of these "trip wires" by a social worker may have serious implications for the child.

If, as DSS claims, a caseworker's notes are reviewed by supervisors, does "revenue maximization" enter the equation when deciding who gets pulled from the home? Perhaps seemingly irrational decisions by social workers to pull a child can be explained better in this light rather than a case of widespread incompetence. Perhaps a more educated worker may question the guidelines, while less trained, field personnel dutifully act without questioning.

Poor Children Removed Most Often in Mass.

"Two Massachusetts studies serve to demonstrate the inextricable link between poverty and child removal," according to Virginia based researcher Emerich Thoma, who uses foster care and child welfare data from many states.

He says that in a study of abused and neglected children entering a hospital emergency room it was found that if a physical injury was severe, it was less likely that the child would be removed from the family home.

"Specifically, the researchers found that the highest predictor of removal was not the extent of a given physical injury, but rather whether or not the family was Medicaid-eligible. In a follow-up study of 805 children, researchers found that the degree of physical injury to a child only became statistically significant in the reporting of child abuse when the family's income was excluded from the analysis."

Both studies involved Boston-based Dr. Eli H. Newberger who also served on the Governor's Blue Ribbon Commission on Foster Care. Attempts to reach Dr. Newberger in time for comment were unsuccessful.

Speaking to MassNews, Thoma quotes the Texas Comptroller of Public Accounts, John Sharp, as saying that before a social service agency is considered to be well managed, there must be at least 50% of its children who are eligible for Social Security.

The exact words of the Texas Comptroller were, "There is a little known formula employed by child welfare agencies, this formula is called the 'penetration rate.' What that means is before a system is considered fiscally well managed, it has to have a minimum ratio of 50% of its children as eligible for SSI."

Thoma says the Comptroller "received that information from a communication with one of the big consulting firms, I believe it was Maximus ... Federal Grand Juries have looked at this problem in California and what they have found is that these agencies are dipping into Medicaid, SSI, Title IV-E and virtually everything else they can get their hands on... You end up with six or eight times the amount of money that is needed for that foster placement, and many states bill the parents on top of it. ... As the Santa Clara County Grand Jury put it: 'Agencies benefit financially from foster care placements.'"

"Cooking the Books"

Thoma provides numerous examples of techniques which consulting firms perform for state agencies. He cites a recent study which laments that we are "cooking the books" to claim federal funds by "lengthening eligibility periods, defining emergencies broadly, and setting high income limits for determining eligibility ... thereby maximizing federal revenue. The expenditures [for Emergency Assistance] are escalating at a rapid pace due mainly to three types of costs: juvenile justice, foster care and child welfare services."

This study was issued by the Office of the Inspector General of Health and Human Services, "Review of Rising Costs in the Emergency Assistance Program."

The prospectus from the consulting firm Maximus Inc. warns investors, "To avoid experiencing higher than anticipated demands for federal funds, federal government officials on occasion advise state and local authorities not to engage private consultants to advise on maximizing revenues."

Massachusetts is an example of how DSS defers taking a child until it is old enough to be eligible for federal money, Thoma says. He reports, "Conna Craig [a Boston-based children's advocate] points out that in her own home state of Massachusetts, child welfare agencies are known to defer requests for termination of parental rights until children reach the age of seven, as at that age children are deemed to have 'special needs' for which child welfare agencies may claim

additional federal reimbursements.”

MassNews has been unable to reach Craig for comment.

Ten Thousand Children Every Year

Approximately 10,000 children per year are taken from families in Massachusetts and placed into foster care, according to DSS spokesman David Van Dam.

Rep. Parente describes for MassNews the important role that federal dollars play in decision-making about those children. “I remember Congresswoman Schroeder,” recalls Parente. “She said her greatest fear about federal funding for DSS is that every time they decided to put more money into a different facet of DSS, then DSS focused the attention on that. It is that way across the country. If they thought that children should stay with families and that was their big thing that year, all kids stayed with their families because then the state would get a lot of money. If the focus of the federal government and funds changed to adoption, then everybody would get adopted.”

Is it really possible that decisions affecting the well-being of children who cross paths with DSS are being made with emphasis on what will bring in the greatest amount of federal revenue, rather than what's best for the child?

There are monetary inducements for DSS to take children from their parents. No one denies that. Title IV-E of the Social Security Act rewards the placement of children into the foster care system. Services that focus on family preservation, cases where no child is placed into the system, are not as lucrative.

As Conna Craig of the Boston-based “Institute for Children” wrote in 1995, “The problem with foster care is not the level of government spending, it is the structure of that spending ... As more children enter the system, so does the tax money to support them in substitute care. ... As one foster child put it: ‘Everywhere I go, somebody gets money to keep me from having a mom and dad.’”

Number of “Foster Kids” Changes With Laws

The number of foster children in the mid to late seventies numbered a half million in the United States. In 1982, a low of 262,000 was recorded, a reduction by almost half.

Thoma credits a short-lived requirement passed by Congress with helping to reduce those numbers so dramatically. “In 1980,” Thoma writes, “Congress passed the Adoption Assistance and Child Welfare Act, or Public Law 96-272. The Act included a provision that ‘reasonable efforts’ be made to prevent placement in foster care. The reasonable effort requirement was implemented, in part, because Congress determined that a large number of children were being unnecessarily removed from their homes.”

The requirement, however, lacked enforcement from the Dept. of Health and Human Services. State agencies soon saw it as a paper tiger and returned to routine foster placements which shot past the half million mark, where it hovers today.

Still, in order for DSS to get paid for the foster child, a judge is supposed to be convinced that reasonable efforts were made to keep the child at home. Critics, such as the Cape Cod-based, parent support group “Justice for Families,” charge that this legal proceeding takes place in Massachusetts in a secret, rubber stamp session with nobody “to rebut, object, or verify the truth” except a DSS attorney and a judge.

The group claims the judge routinely signs off on a little known federal form called a 29-c which is the ticket for federal funds. They charge DSS is guilty of defrauding the federal government, not to mention traumatizing children and their families. Signed 29-c forms obtained by the group appear to provide evidence that children are placed into foster care no matter what the form says when the judge signs off on it. At times it is blank.

In a report issued by Justice for Families, titled “Findings and Suggestions on DSS Reform,” they charge, “By seizing children illegally, in violation of Title IV-E requirements via the filing of false and fraudulent documents in secrecy through the courts to obtain federal funding, DSS is defrauding the federal government with deliberate intent.”

This was foreseen by the Finance Committee of Congress in 1980 when it stated: “The Committee is aware of allegations that the judicial determination requirement can become a mere pro forma exercise in paper shuffling to obtain federal funding. While this could occur in some instances, the Committee is unwilling to accept as a general proposition that

judiciaries of the States would so lightly treat a responsibility placed upon them by federal statute for the protection of children."

Now, a new bonus is promised to states who can put kids into the adoption phase. Like circus lions leaping to the crack of a whip, states are reordering their priorities by passing adoption laws that will bring them into compliance with federal requirements.

Massachusetts passed their adoption law in March of this year.

As Thoma observes, "The Congress failed to ask one crucial question when it passed the legislation; Why are so many children in the foster care system to begin with?"

Sidebar:

These DSS Stories Were Brilliant

As we were reading Ed Oliver's new story about the DSS group that just met in Boston, we were puzzled by the claim that federal law was the source of most of the problems we see at DSS.

Therefore, we went back to some of the stories that Oliver and Nev Moore had written for us in the past.

The first story that Oliver wrote for the paper in December 1999 was also our first story about DSS. Upon examining it carefully for the first time in years, we were happy to see that it was a brilliant story.

The same is true of Nev Moore who really understands what is happening and reports it so clearly.

We would like to put this in a book so that it can be distributed widely around the state. Meanwhile, we are reprinting a few of the stories so that you can share in the knowledge now that you understand the subject a lot better than you did two years ago.