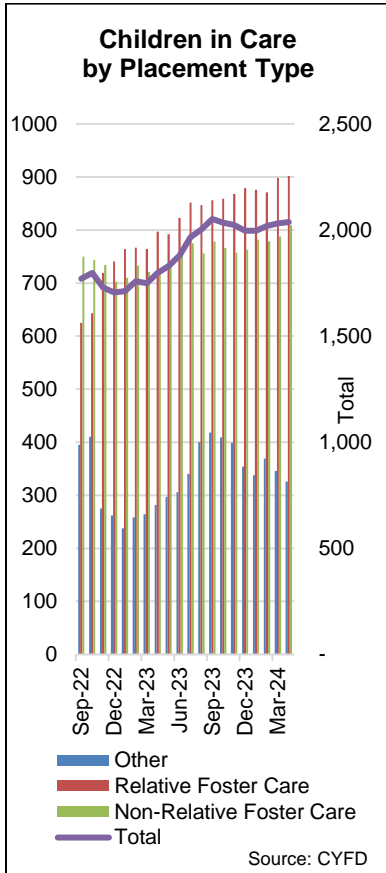


Background



According to the third quarter CYFD FY24 performance report, 76 percent of youth over the age of 12 in Protective Services custody were placed in the least restrictive, community-based environment, a decline in performance compared to FY23, when the metric was 91 percent. The performance target for this measure is 85 percent.

Research suggests children and youth thrive when they are able to safely live with their families in their communities. Federal policy and research encourages states to implement interventions to preserve families when possible, though research and evaluation in New Mexico has found the state is not implementing robust, evidence-based in-home services that could prevent the need for family separation. At the same time, New Mexico’s rate of repeat maltreatment is higher than the national average and has increased over the last year.

Foster care is a temporary, court-monitored service provided by states to promote the safety, permanency, and well-being of children in cases when children cannot remain safely at home. The federal government oversees the administration of state foster care services through policy and program funding. Previous LFC reports highlighted the Children, Youth and Families Department (CYFD) may potentially be over-removing children, and children are experiencing a high number of short stays in foster care, which may contribute to challenges to finding placements for youth in foster care. A 2020 LFC report found New Mexico’s rate of short-term placement in foster care was 40.9 percent, compared to a national average rate of 8.7 percent. Short-term placements are instances in which children stay in foster care for less than 30 days, and many short stays in New Mexico are less than eight days. During federal fiscal year 2023 (FFY23), CYFD reported a total of 1,331 removals, up from 1,033 removals in FFY22. In FFY23, 394 (29.6 percent) of these removals were short-stays, an improvement since 2020 but still higher than the national average. Short stays are an important measure to monitor because children may experience a traumatic removal that could have been avoided, and they are costly to the state.

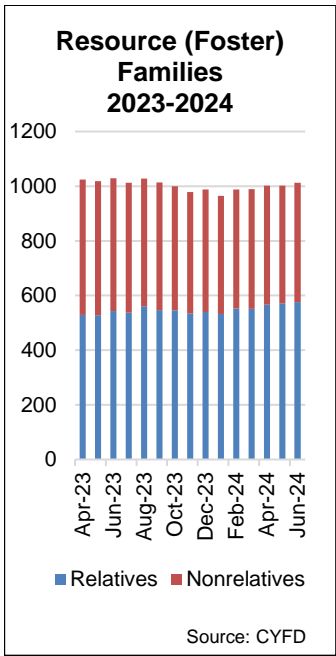
The number of children in foster care in New Mexico steadily declined between 2017 and 2022, and the rate of children in foster care in New Mexico has trended lower than other states. The declining number of children in care reversed in 2023, and the number has continued to grow. In June 2024, 2,072 children were in foster care, an increase of 15 percent over April 2023. Of these children, 43 percent were placed with relatives, 40 percent were placed in non-relative foster care, and 16 percent were placed in other settings, including residential treatment centers, congregate care settings, semi-independent living, or trial home visits. New Mexico tends to perform better than other states when it comes to placing youth in foster care with relatives or kin, which has been shown to lead to better outcomes in many cases.

While many states have historically relied on congregate care or group home settings for youth in foster care, research, federal guidance, and clinical recommendations now suggest congregate care placements should be reserved for short-term treatment of acute mental health needs to enable stability in subsequent community settings. New Mexico has historically had lower rates of congregate care placements. Research suggests prolonged exposure to congregate care settings can place foster care youth at greater risk for homelessness, incarceration, substance use, and other negative life outcomes. According to Casey Family Programs, group and institutional settings for youth in foster care cost up to 10 times more than placement in a family setting and can prevent or delay a

According to the National Conference of State Legislatures, legislatures can help their child welfare agencies implement the federal Families First Prevent Services Act by outlining the appropriate use of congregate care in statute, mandating court oversight of nonfamily placements, and defining QRTPs in statute.

permanent placement. In contrast, the Child Welfare Information Gateway reports living with a family generally improves child and youth well-being, reduces trauma, and promotes normalcy.

As such, federal policies no longer encourage placement in congregate care settings, and Medicaid will only cover medically-necessary stays in accredited residential treatment centers or licensed group homes that meet certain requirements for providing behavioral health treatment. The federal Families First Prevention Services Act (FFPSA) limits the use of federal foster care funds (Title IV-E of the Social Security Act) for children and youth placed in nonfamily settings and creates a new federal classification of congregate care: quality residential treatment programs (QRTP). These programs must meet certain federal requirements, and all other group care settings may only receive federal Title IV-E foster care maintenance payments for a maximum of two weeks.



According to Chapin Hall, a child welfare research institute at the University of Chicago, states have relied on congregate care settings to address two different challenges: the need for emergency or first placements for children in custody, and the need to find placements for youth with complex behavioral or other clinical needs who are otherwise hard to place. Chapin Hall recommends a variety of evidence-based strategies to address these needs and reduce the reliance on congregate care: build capacity of resource homes (foster families) for first-time placements to reduce the need for congregate care in emergency situations and build capacity to deliver clinically effective alternatives in home-based settings for youth with clinical and behavioral health needs, like wrap around services.

In addition, the *Kevin S. et al v. Blalock, et al.* case filed in 2018 against CYFD and the Human Services Department (now the Health Care Authority) alleged trauma-impacted youth in New Mexico foster care lacked safe, appropriate, and stable placements and behavioral health services. The settlement agreement committed New Mexico to efforts to build out and expand community-based family placements for youth in care, increase the number of resource (foster) families in the state, increase the use of treatment foster care, an evidence-based practice, and reduce the use of congregate care placements unless medically necessary.

Foster Care Payment Levels

Level 1- Basic foster care maintenance rates.

Level 2- Enhanced rate that takes into account the medical or behavioral health needs of the child.

Level 3- A special arranged rate that is designed to support the care of children with extraordinary needs.

Resource Home (Foster Care Provider) Trends

Over the last year, the number of licensed resource homes in New Mexico remained flat; in June 2023, 1,010 homes were licensed in New Mexico, and 1,013 homes were licensed in June 2024. The number of licensed resource homes in New Mexico experiences some churn; over the last year, an average of 60 homes were licensed and an average of 59 homes stopped accepting placements each month.

Foster Care Maintenance Payments

Licensed foster parents or resource home providers receive non-taxable, monthly maintenance payments as reimbursement for providing children in their care. Monthly maintenance rates are established to cover typical, everyday expenses, such as food, transportation, personal care, clothing, hygiene, diapers, and other expenses. In addition, foster parents (resource homes) may receive reimbursement for occasional personal incidentals, such as activities, birthdays, graduations, vacations, or certain types of transportation, such as transportation to a child’s school of origin or medical appointments. Monthly maintenance rates vary depending on the child’s age and level of care (see appendix for details).

Basic Daily Foster Care Maintenance Payment for 2 Year Old in Care

NM	\$20.91
AZ	\$22.64
CO	\$42.86
NV	\$28.21
TX	\$27.07
UT	\$17.10

Source: Child Welfare Agency Websites

Therapeutic or treatment foster care (TFC) is a practice and clinical intervention that involves placing youth with foster families that have received specialized training for youth with severe behavioral health needs, youth with a developmental delay, or youth that are medically fragile. States contract with private, state-licensed TFC providers who recruit, train, and support TFC foster parents. TFC providers also oversee clinically licensed staff who provide therapeutic services within the foster home setting. TFC services are covered by Medicaid. While certain models of TFC are evidence-based, national research finds states often do not implement evidence-based TFC programs.

Federal Title IV-E is the primary funding source for foster care because the federal government allows states to claim reimbursement for a portion of expenditures for eligible children placed in foster care at the federal Medicaid match rate (federal medical assistance percentage or FMAP). In New Mexico, the federal FMAP rate is roughly 72 percent. In FY24, New Mexico spent a total of roughly \$61 million for the care and support (foster care maintenance payments and adoption assistance) of children in CYFD care.

National Best Practices and Examples in Other States

The Annie E. Casey Foundation highlights several strategies other states effectively used to recruit and retain foster care providers:

- New Jersey’s child welfare agency instituted units focused on recruiting, training, and supporting resource families in neighborhoods where children frequently enter care. These units include a support worker, a trainer, and a recruiter. The agency’s strategy involves market segmentation to target recruitment strategies to potential families based on common needs, interests, and characteristics using culturally-appropriate messaging. In addition, a caseworker follows-up with all children and foster care parents within a day of placement to support any challenges and improve retention.
- Oklahoma outsourced resource home recruitment to external agencies, including partnerships with non-profits and faith-based organizations. The state has also developed a foster care support network, led by resource families, to provide training and support.
- To support retention, the state of Washington conducts an annual foster parent survey and focus groups to understand the needs of resource homes and inform retention strategies.
- Denver County, Colorado used a mapping process to identify and implement strategies to reduce barriers to timely licensing of resource homes and found 80 percent of the process did not feel valuable to families or the agency. The licensing process was subsequently shortened by 62 percent.

Investments to Increase Community-Based Placements

- In 2024, the Legislature appropriated \$1.25 million annually for three years (\$3.75 million total) to pilot and evaluate strategies to recruit and retain resource homes (foster parents) and treatment foster care providers.

Children’s Behavioral Health

Children in New Mexico may enter the behavioral health system through several access points, including primary and behavioral health providers, the educational system, or involvement with CYFD. Within its role in providing care for children, CYFD is directly involved in managing children’s behavioral health services, and the agency is charged with overseeing behavioral health services for all children in New Mexico through the agency’s behavioral health division. Children’s behavioral health services are funded through a variety of revenue sources, with Medicaid being the largest. In addition, state general fund appropriations, state, and federal grants through the behavioral health division at CYFD are also funding sources.

Access to Children's Behavioral Health Services in New Mexico

A 2016 LFC report on children's behavioral health found the state spends a large amount (roughly 6 percent of Medicaid expenditures) for high-acuity care for a small number (less than 200) clients and recommended expanding access to evidence-based, community-based clinical services. High-acuity care includes residential treatment centers and other inpatient behavioral health services.

In the third quarter of FY24, CYFD performance data indicated 19 percent of Protective Services youth received consultation from a community health clinician. The target for this measure is 75 percent.

Medicaid is the largest payer of behavioral health in New Mexico, and 355 thousand children are currently covered by Medicaid. Children in CYFD care are eligible for Medicaid coverage. As of July 1, 2024, children in state care will be enrolled in the managed care program operated by Presbyterian. A variety of reports have highlighted significant shortages in behavioral health providers, gaps in the state's behavioral health provider network, and patient challenges accessing care. As of 2023, Medicaid Managed Care Organizations (MCOs) reported a total of only seven treatment foster care (TFC) provider agencies in the state, operating in Bernalillo, Chaves, Cibola, San Juan, Sandoval, and Valencia Counties, though the number of beds was not reported. In August 2024, roughly 100 children in CYFD care were placed in treatment foster care.

Investments to Expand Children's Behavioral Health Capacity

- New Mexico invested roughly \$60 million over the last two years to increase payments made to behavioral health providers in the Medicaid program, with the goal of improving access to behavioral health services.
- The Health Care Authority began paying enhanced Medicaid reimbursement rates for providers that deliver evidence-based behavioral health services, including multi-systemic therapy (MST), trauma-informed cognitive behavioral therapy (CBT), and functional family therapy (FFT). Several LFC and other reports have highlighted shortages of providers delivering these services.
- Beginning in July 2024, the Health Care Authority has increased Medicaid reimbursement rates for behavioral health services for children in CYFD care, including treatment foster care and residential treatment centers.
- In 2022, Legislature appropriated \$20 million to build behavioral health provider capacity, specifically to support the start-up costs of providers who could then bill Medicaid for services. However, the appropriation has gone largely unused or used for purposes outside of the legislative intent. The appropriation was re-authorized in FY25 but spending to date has not been used for strategies that increase numbers of Medicaid-eligible behavioral health providers. For example, this is the funding source for the newly opened CYFD multi-service home (group home), which is not Medicaid-eligible.
- In FY24, the CYFD received \$963 thousand to establish three more community behavioral health clinician teams in the behavioral health division. However, CYFD experienced challenges with hiring moved \$1.4 million out of their personnel budget at the end of the fiscal year.

The Health Care Authority (HCA) reports working with CYFD to develop community mobile crises services to provide rapid responses to children experiencing mental health crises.

Other Reports and Resources

- [Results First: Children's Behavioral Health 2023 LFC Medicaid Accountability Report](#)
- [Casey Family Programs: Strategies to Recruit and Retain Resource Families](#)
- [NSCL: Strategies for Limited and Appropriate Use of Congregate Care](#)

Appendix: Resource Home Reimbursement Rates

Level 1: Basic Rate					
	Age	Daily Rate	28-Day Monthly Rate	30-Day Monthly Rate	31-Day Monthly Rate
Family Foster Home (Relative, Non-Relative, Fictive Kin)	0-5	\$20.91	\$585.48	\$627.30	\$648.21
	6-12	\$22.06	\$617.68	\$661.80	\$683.86
	13-17	\$22.95	\$642.60	\$688.50	\$711.45
Level 2: Enhanced Rate					
	Age	Daily Rate	28-Day Monthly Rate	30-Day Monthly Rate	31-Day Monthly Rate
Specialized Family Foster Home (Relative, Non-Relative, Fictive Kin)	0-5	\$27.09	\$758.52	\$812.70	\$839.70
	6-12	\$28.21	\$789.88	\$846.30	\$874.51
	13-17	\$29.08	\$814.24	\$872.40	\$901.48
Treatment Foster Care (TFC)	0-5	\$21.86	\$612.08	\$655.80	\$677.66
	6-12	\$22.55	\$631.40	\$676.50	\$699.05
	13-17	\$23.08	\$646.24	\$692.40	\$715.48
Level 3: Special Arranged/Exceptional Rate					
Specially Arranged					
A variable rate is calculated on an individual basis according to the needs of the child. A Level III assessment, review, and approval is needed prior to this rate going into effect.					
\$1,800 maximum depending on the score/needs on Level III Assessment. ARCA approved placements have their own rate of \$3,981.85.					
Other Rates					
Pregnant/Parenting Youth		Fostering Connections			
Add in Foster Care Maintenance Rate for 0-5 age based on parent's placement (for example, Basic Rate, Specialized Family Foster Home, etc). Variable rate based on needs of youth and children available.		Youth aged 18-21 years old, participating in the Fostering Connections program (Extended Foster Care): \$750 monthly.			



Occasional & Reasonable Personal Incidentals

Occasional and reasonable personal incidentals are those items that may need to be purchased occasionally for the child to support normalizing activities and participation in school activities, extracurricular activities, and events. It also includes additional funds to support education and graduation expenses, as well as specific mileage expenses related to court hearings, visitation with family, extraordinary medical needs, and maintaining children in their school of origin.

Any items purchased for the child must go with the child if the child leaves the resource family's home.

	Description	Rate/Limit
Activities	Activities may include, but are not limited to hobbies, art supplies, books, extracurricular clubs or sports (<i>i.e.</i> , scouts, music lessons, gymnastics, etc.) and equipment/uniforms related to those activities.	CYFD may reimburse for activities approved by the child's caseworker up to \$500 per year/per child.
Educational Expenses	Education expenses may include, but are not limited to, tutoring, computers/tablets, on-line classes, school pictures (\$50 limit), musical instruments for band or orchestra, school activities (such as special events, field trips, or driver's education). Tuition costs for private school are not reimbursed as an education expense.	CYFD may reimburse for activities approved by the child's caseworker up to \$500 per year/per child.
Graduation Expenses	Graduation expenses may include, but are not limited to, fees, announcements, class rings, yearbooks, class pictures, and cap and gown.	CYFD may reimburse for graduation expenses approved by the child's caseworker up to \$750 per youth.
Transportation related to and from: <ul style="list-style-type: none"> • Court hearings • Visitation • Medical and behavioral health appointments • Maintaining the child in school of origin 	Mileage and transportation for the care of a foster child is included in the basic Foster Care Maintenance Payment. However, Foster care providers may be reimbursed for additional mileage for specific transportation costs related to court hearings and meetings, child visitation with family, extraordinary medical needs and appointments, and maintain a child in his or her school of origin.-5	CYFD may reimburse for specific mileage needs, pre-approved by the child's caseworker. Mileage must be tracked—consult your caseworker. Rates will mirror current state employee reimbursement rates.
Vacation	Vacation-related activities may include, but are not limited to day-trips, camping, or tickets to special events.	CYFD may reimburse for vacation activities, pre-approved by the child's caseworker up to \$250 per year/per child.
Birthday	Money provided for the child in the month of the child's birthday.	CYFD provides \$50 per year/per child.

Questions? Please contact your CYFD caseworker.



New Mexico Children, Youth & Families Department