

Children in Child Welfare Systems: Service Utilization and Cost

Children served in child welfare systems use more physical and behavioral health services than children in general. However, estimates of service use and expenditures vary widely. This fact sheet summarizes findings from national studies to outline how children in child welfare are using services and potential costs related to their care.

Medicaid-Funded Services

Several studies have found high utilization and expenditures of Medicaid-funded services by children in child welfare systems. A study examining use of Medicaid services by a national sampling of children in foster care found that “Medicaid expenditures for children in foster care were disproportionately large, relative to their share of Medicaid enrollment. Although children in foster care made up between one and three percent of the children enrolled in Medicaid in 1994, they accounted for four to eight percent of Medicaid expenditures.”¹

Another study reviewed Medicaid expenditures among 39,500 children between ages 5 and 17 years in southwestern Pennsylvania. It found that children in foster care are significantly more likely to suffer from mental health conditions and use more mental health and general health services than children in the Aid to Families with Dependent Children (AFDC) program. Children in foster care were three to 10 times more likely to receive a mental health diagnosis, had 6.5 times more mental health claims, were 7.5 times more likely to be hospitalized for a mental health condition, and had mental health expenditures that were 11.5 times greater (\$2,082 vs. \$181) than children in the AFDC program. Overall, utilization rates, expenditures, and prevalence of psychiatric conditions for children in foster care were comparable with those of children with disabilities, suggesting that reimbursement rates and care management for children in foster care need to be reexamined.²

The recent National Survey of Child and Adolescent Well Being found that children in child welfare receive

psychotropic medications at a rate between two to three times that of children in the community.³

Factors Associated with Service Use

A 2005 study to examining factors associated with service use among children entering child welfare found that “age and level of child welfare involvement predict service use when controlling for need. Both toddlers (41.8%) and pre-schoolers (68.1%) in child welfare have high developmental and behavioral needs; however, few [of these] children are receiving services for these issues (22.7% overall). Children who remain with biological parents have similar needs to those in out-of-home care but are less likely to use services. Children less than three years of age are least likely to use services.”⁴

Another study examining help-seeking steps and service use patterns for school-aged children in foster care found that the majority of children (80%) in a random sample of 302 children were given a psychiatric diagnosis; however, only about one-half of the children had received mental health (51%) and special education services (52%). The study found that age and ethnicity, foster parent education, placement history, level of monthly benefits, number of caseworker visits, and disorder characteristics were related to help-seeking steps and mental health service use.⁵

¹ M. Rosenbach. *Children in foster care: Challenges in meeting their health care needs through Medicaid* (Princeton: Mathematica Policy Research Inc., 2001).

² J.S. Harman, G.E. Childs, and K.J. Kelleher. “Mental health care utilization and expenditures by children in foster care.” *Archives of Pediatric Adolescent Medicine* 154 (2000): 1114-1117.

³ Administration for Children and Families, U.S. Department of Health and Human Services, “National Survey of Child and Adolescent Well Being,” April 2005, http://www.acf.hhs.gov/programs/opre/abuse_neglect/nscaw/ (September 2006).

⁴ A.C. Stahmer, L.K. Leslie, M. Hurlburt, et al., “Developmental and behavioral needs and service use for young children in child welfare,” *Pediatrics* 116 no. 4 (2005): 891-900.

⁵ B.T. Zima, R. Bussing, X. Yang, et al., “Help-seeking steps and service use for children in foster care,” *Journal of Behavioral Health Service and Research* 27 no. 3 (2000): 271-285.

The Center for Health Care Strategies is working to improve the quality of physical and behavioral health care services for children in the child welfare system, particularly those covered under managed care.