

Incentivizing Disability? Foster Care Rate Differentials and Difficulty-of-Care Classification Across 22 U.S. States

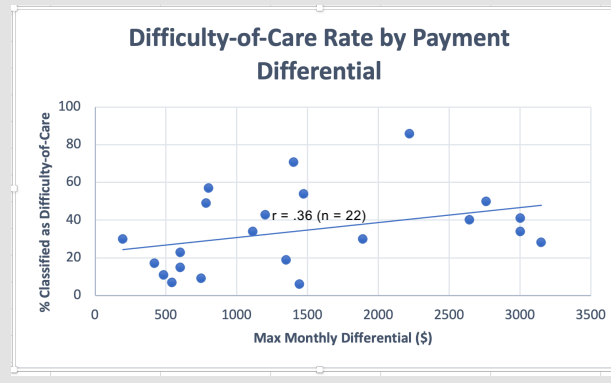
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Abstract

Using data from 22 U.S. states, we examined whether the size of the foster care payment differential between standard care and specialized/difficulty-of-care (DOC) rates was associated with classification practices. **States with larger specialized rate differentials classified a higher proportion of children as DOC ($r = .36, p < .05$).** This suggests that financial incentives may influence how “disability” is operationalized in care settings.

Results

Larger standard to specialized foster care remuneration differential was significantly associated with higher DOC classification prevalence ($r = .36, p < .05$). This suggests that higher DOC payment rates are associated with greater use of specialized rate classifications, though the analysis does not establish causation.



Conclusion

This analysis suggests that foster care DOC payment structures are associated with classification practices at the state level. Examining how financial design intersects with administrative decision-making in ways that could incentivize more intensive care is essential for understanding variation in how children’s care needs are defined and supported.

Interpretations & Recommendations

Larger base-to-specialized rate gaps were associated with higher use of specialized classifications. This correlational finding does not imply intentional misclassification but highlights the importance of examining how financial structures interact with administrative discretion to support equitable, consistent, and trauma-informed care. States may want clearer thresholds & auditing safeguards and review of potential misalignment of treatment goals with incentive structures.

Introduction

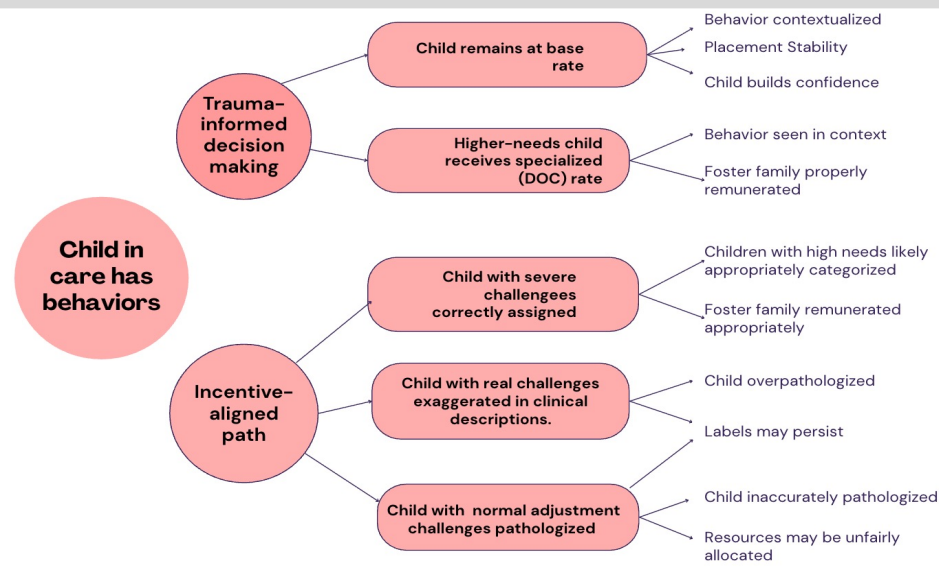
Difficulty-of-care (DOC) classifications shape foster care supports and caregiver payments, yet states differ widely in DOC rate structures and assignment processes. DOC classifications are enhanced foster care rates used when children have higher medical or treatment needs. We examine whether larger monthly payment differentials between standard care and specialized care are associated with higher DOC classification rates across 22 U.S. states.

Methodology

Data: 2013 Casey Family Programs report (22 states)
Measures: base monthly rate; max DOC monthly rate; DOC differential; % children receiving DOC
Analysis: Pearson correlation + visual inspection
Outcome: association between differential size and DOC classification prevalence

Larger payment differentials were associated with higher DOC classification rates ($r = .36, p < .05$).

Hypothesized Pathways and Risks



Limitations & Future Research

This is the most comprehensive cross-state dataset publicly available on DOC rate structures. This type of cross provincial comparison data does not exist in Canada and this exploratory analysis relies on cross-sectional state-level data from a single year and includes only 22 states. This type of analysis should be performed with more recent data and expanded to also consider how these structures influence case descriptions, psychiatric diagnosis and prescription rates.

References

DeVooght, K., & Blazey, D. (2013, April 9). Family foster care reimbursement rates in the U.S.: A report from a 2012 national survey on family foster care provider classifications and rates (Publication No. 2013-19). Child Trends.