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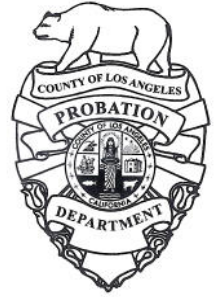


**ROBERT B. TAYLOR**  
Chief Probation Officer

## COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY — DOWNEY, CALIFORNIA 90242

(562) 940-2501



March 31, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Robert B. Taylor *Robert B. Taylor*  
Chief Probation Officer

SUBJECT: **PROBATION DEPARTMENT MORATORIUM ON COLLECTION OF  
SUPPORT COSTS FOR INCARCERATED MINORS**

On March 24, 2009, the Board requested my Department to provide clarification regarding the moratorium issued relative to the collection of support costs for incarcerated minors.

This is to clarify that the Probation Department has issued a temporary moratorium on collection of support costs for incarcerated minors while it studies all aspects of the collection process. You may have received inquiries from constituents regarding the scope of that moratorium. The moratorium is defined as follows:

As of February 16, 2009, the Probation Department:

- Is not sending letters to parents or guardians demanding that they pay Juvenile Court ordered for support costs;
- Is not entering into installment agreements with parents or guardians who have been ordered by the court to pay support costs;
- Is not requesting default judgments from the Juvenile Court when parents do not respond to letters telling them to contact the Probation Department financial evaluator;
- Is not filing default judgments with the Registrar-Recorder; and

- Is not sending the Franchise Tax Board names of persons with judgments against them in order to intercept income tax refunds.

The following actions are continuing:

- As part of orientation, parents and guardians continue to be told that they may be held liable for the cost of support of their incarcerated minors;
- The Juvenile Court continues to order parents and guardians to pay support costs;
- The Probation Department is continuing to collect payments from parents and guardians who entered into agreements with the Probation Department for Juvenile Court ordered support prior to February 16, 2009;
- The Probation Department continues to accept collections from persons who are making payments on judgments;
- The Probation Department continues to accept payments resulting from judgment liens filed with the Registrar-Recorder prior to February 16, 2009; and
- The Probation Department continues to receive state income tax refund intercepts from judgments referred to the Franchise Tax Board prior to February 16, 2009.

If your office receives any additional inquiries or correspondence associated with this process, please refer them to our Probation Information Center at (866) 931-2222.

Please contact me if you have any questions or require additional information, or your staff may contact David M. Davies, Chief Deputy, Probation at (562) 940-2511.

RBT:dn

c: Honorable Michael Nash, Presiding Judge, Juvenile Court  
William T Fujioka, Chief Executive Officer  
Sachi A. Hamai, Executive Officer, Board of Supervisors  
Robert Kalunian, Acting County Counsel



ROBERT B. TAYLOR  
Chief Probation Officer

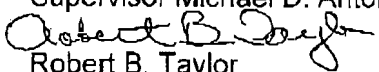
## COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY — DOWNEY, CALIFORNIA 90242

(562) 940-2501



July 22, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich  
FROM:   
Robert B. Taylor  
Chief Probation Officer

SUBJECT JUVENILE REIMBURSEMENT WORKING GROUP

On March 24, 2009, on motion from Supervisors Michael D. Antonovich and Gloria Molina, your Board directed the Chief Probation Officer and Chief Executive Officer to immediately form a Juvenile Reimbursement Workgroup (JRWG) comprised of the Juvenile Court and appropriate County Departments, including County Counsel, Auditor-Controller, Department of Health Services, Child Support Services Department, Department of Public Social Services, and Department of Children and Family Services to review policies and procedures to ensure that efforts to recover costs for juveniles detained in Probation's camps and halls are appropriate, reasonable, and in accordance with governing statute.

On April 17, 2009, the Probation Department convened the first of several bi-weekly JRWG meetings. The workgroup is comprised of seventeen members, representing the various collaborative departments. Prior to the first meeting information regarding the Board's instructions to the workgroup and topics for discussion were forwarded to representatives from each of the departments included in your Board's motion, to ensure that the appropriate departmental representation on the workgroup.

The initial meetings of the workgroup were used to develop organizational next-steps, prior to extended participant invitations to advocacy groups. In May, Probation began discussions with the Youth Justice Coalition (YJC) to collaborate on arrangements for a community meeting at YJC's request at their headquarters. Probation conducted a site inspection on June 10 to ensure adequate facilities and parking. Meeting

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announcements were provided June 12 to the advocates, Board's Justice Deputies, and to the juvenile halls and camps for distribution to visitors. Again at the request of the YJC, the community meeting was scheduled in the evening on June 27, 2009, to avoid conflict with traditional business weekday hours, youth school schedules and subsequent graduation ceremonies.

A status report on the comprehensive review of current collection policies and procedures and recommendations that will ensure their appropriateness, including input from the various advocacy groups, will be forwarded to your offices under a separate cover.

If you have questions or need additional information, please let me know or contact Robert Smythe at (562) 940-2516.

c: William T Fujioka, Chief Executive Officer  
Sachi Hamai, Executive Officer/Clerk of the Board






ROBERT B. TAYLOR  
Chief Probation Officer

## COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY – DOWNEY, CALIFORNIA 90242  
(562) 940-2501



October 1, 2009

TO: Each Supervisor  
FROM:   
Robert B. Taylor  
Chief Probation Officer

SUBJECT: **JUVENILE REIMBURSEMENT WORKING GROUP**

This is in response to the March 24, 2009, Board of Supervisors' instructions for the Chief Probation Officer and the Chief Executive Officer to report back to the Board with recommendations resulting from a review of current policies and procedures guiding Probation's Juvenile Reimbursement Unit, and to consult with various advocacy groups. The Probation Department convened a Juvenile Reimbursement Working Group (JRWG) consisting of representatives of various departments potentially impacted by the JRWG's efforts. The JRWG included representation from the following agencies: Office of Auditor-Controller, Chief Executive Office, Children's Court, Department of Children and Family Services, County Child Support Services Department, County Counsel, County Department of Health Services, Probation, Department of Public Social Services, Registrar-Recorder, and Treasurer-Tax Collector. This report constitutes the response and recommendations resulting from these efforts.

### Background

Juvenile reimbursement fees are intended to offset the County's cost to provide certain services to detained youth as specified in California Welfare and Institutions Code (WIC) 903. The Probation Department has been collecting juvenile reimbursement fees from individuals believed to be responsible parties (usually parents) for at least 15 years, and has documentation on this topic dating back to 1987. Probation annually calculates a daily juvenile reimbursement rate for juvenile halls, and separately for camps and for placement, and then seeks Board approval to implement the revised rates. The current daily rate for juvenile hall is \$23.63, for camp is \$11.94, and for placement is \$7.90.

### **Approach/Objectives**

The Board initiated the formation of the JRWG to report back on juvenile reimbursement legal issues, community and advocate concerns, and processes and procedures. The JRWG met during April and May 2009, and continued individual meetings and conference calls to gather the technical information and procedural clarity necessary to respond to the Board's instructions.

A public forum on juvenile reimbursement was held at the Inglewood headquarters of the Youth Justice Coalition (YJC) on Saturday evening, June 27, 2009. The forum provided an opportunity for over 50 individuals and advocates in attendance to express their views about juvenile reimbursement. The forum was videotaped so the YJC could capture issues and concerns to be conveyed to the JRWG.

### **Results of Review**

The JRWG identified a number of procedural improvements to collections processes to strengthen opportunities for potentially responsible parties to dispute responsibility and challenge ability to pay. Once these improvements have been implemented, the JRWG recommends re-starting juvenile reimbursement collections as appropriate public policy consistent with the intent of WIC 903, and to alleviate the burden upon taxpayers of the incremental cost of a delinquent child's detention. The JRWG also identified opportunities for additional revenue sources, such as child support and supplemental security income, to potentially offset existing net County cost

If you have questions or need additional information, please let me know or your staff may contact Robert Smythe at (562) 940-2516.

c: William T Fujioka, Chief Executive Officer  
Honorable Michael Nash, Presiding Judge, Children's Court  
Phillip Browning, Director, Department of Public Social Services  
Steven J. Golightly, Director, Department of Child Support Services  
Sachi Hamai, Executive Officer, Clerk of the Board  
Robert Kalunian, Acting County Counsel  
Dean C. Logan, Registrar-Recorder/County Clerk  
Trish Ploehn, Director, Department of Children and Family Services  
Mark Saladino, Treasurer-Tax Collector  
Dr. John F. Schunhoff, Interim Director, Department of Health Services  
Tom Tindall, Director, Internal Services Department  
Wendy L. Watanabe, Auditor-Controller



## **Juvenile Reimbursement Working Group Comments and Recommendations**

### The Fundamental Issue of Collection

San Francisco County (SFC) is the only California county identified that, as a matter of Board policy, does not pursue juvenile reimbursement fees. A recent proposal by SFC's Probation Department to begin collection of these fees was not supported by a majority of SFC's Board of Supervisors. Based on a bi-annual survey conducted by the Chief Probation Officers of California, and an email survey conducted by Probation in July 2009, there are only two small counties (Colusa and Mono) for which we could not confirm or deny the charging of juvenile reimbursement fees. Small counties without juvenile halls that did respond to our survey and that contract with other counties for custody services (Modoc, Plumas, Sierra, and Yolo), do in fact charge juvenile reimbursement fees. All other counties, including all the large urban counties, charge juvenile reimbursement fees. The collection methods utilized vary throughout the State.

A public forum on juvenile reimbursement was held at the Inglewood headquarters of the Youth Justice Coalition (YJC) on Saturday evening, June 27, 2009. The public forum was arranged at a time and location of the YJC's choosing, and the YJC played a major role in community outreach for this event. Announcement flyers about the forum were distributed at juvenile halls and camps and mailed to the YJC and to Human Rights Watch. The YJC prepared its own announcement flyers for distribution within the community. The forum provided an opportunity for over 50 individuals and advocates in attendance to express their views about juvenile reimbursement. The forum was videotaped so the YJC could capture issues and concerns to be conveyed to the JRWG.

The dominant theme of individuals at the public forum was the belief that the County's collection of juvenile reimbursement fees was not good public policy. This theme appeared to be based primarily on the potential financial burden these collections may place on families, and due to the perceived disunity within the family the collection process could create. The issue of the potential financial burden is discussed later in this report with respect to the calculation of a responsible party's ability-to-pay. We found no studies or data to support that collection efforts create family disunity. Representatives from the YJC shared an additional concern that juvenile reimbursement fees should not be charged because they disagreed with the quality of services provided.

Welfare and Institutions Code (WIC) section 903 provides the legal framework for collection of juvenile reimbursement fees. Section 903(c) specifically describes that *"it is the intent of the Legislature in enacting this subdivision to protect the fiscal integrity of the county..."* Probation believes it is appropriate public policy and consistent with the Legislature's intent to charge juvenile reimbursement fees to responsible parties with a demonstrated ability to pay. The charging of these fees alleviates the burden upon taxpayers from paying for the incremental cost of a delinquent child's detention. The fees also are consistent with the concept of parental responsibility and individual accountability for the care and conduct of their child. We reviewed literature, consulted with other counties, and requested supporting documentation from community advocates, but found no evidence to support that the charging of juvenile reimbursement fees inhibits family reunification efforts. In fact, juvenile reimbursement fee collections are initiated many months after the child's return home, and thus long after family reunification is well underway.



## **Recommendation**

- 1. The Probation Department resume collecting juvenile reimbursement fees upon finalization of enhanced court and collection procedures discussed later in this report.**

### Current Billing and Collection Processes and Procedures

Parents/guardians (also known as “responsible parties”) are mailed a notification about their child’s detention upon the child’s juvenile hall intake. The parental notification includes rules for juvenile hall such as visiting, clothing, personal items, and the potential liability of the parent for certain daily costs of their child’s care while in Probation’s custody.

After the child’s release from juvenile hall or camp, Probation computes the juvenile reimbursement fee based upon the number of days the child was in juvenile hall and/or camp, then mails a letter to the household of the individual(s) believed to be the responsible party (parent or legal guardian). The letter explains the juvenile reimbursement process, including the daily fee for juvenile hall and camp, and the calculated amount for their child’s care. The letter requests that the individual(s) anticipated as being the responsible party return the letter after checking one of five options within the letter to specify if they agree or disagree that they are responsible for the charges. The letter also requests that the responsible party return the notification letter accompanied with proof of inability to pay, and/or that they appear for a financial evaluation at a date, time, and location specified within the letter. The letter further states that failure to respond or appear for a financial evaluation will result in the Court issuing an order for full payment. If the individual(s) believed to be the responsible party fails to respond to the initial letter or appear for the financial evaluation, they are sent a second letter notifying them of a default financial finding.

When responsible parties respond to the initial notification letter, arrangements are made to gather information to facilitate Probation’s computation of the responsible party’s ability to pay, if any, and subsequently to establish payment plans. Financial evaluations may be done over the phone, and/or in person. The Department will also arrange a court hearing to provide an opportunity to resolve ability to pay issues. Responsible parties may request a financial evaluation any time they believe they have experienced a change in wages or other components of their ability to pay. The ability to request a new financial evaluation is not clearly specified in the letters sent to responsible parties, and thus the content of the letters will be revised as part of the re-start of collections processes.

Responsible parties that do respond to the initial letter are sent a notification of the results of the financial evaluation including notice of ability to pay, and notice to responsible parties with no ability to pay. Collection efforts for those with ability to pay have included mailing of letters requesting payment, cold calling responsible parties, State tax refund intercepts, and the filing of real property liens. The Department also participated in a program with the State Employment Development Department (EDD) to provide wage earnings information for responsible parties. In some very limited circumstances, the Department has pursued



wage garnishments from responsible parties who are delinquent with their agreed payment plans and were dishonest about their employment status and wages based upon evidence from the EDD about the responsible party's earnings.

The Probation Department annually calculates juvenile reimbursement fees for only about one-third of the over 23,000 juvenile intakes because the volume of cases exceeds the available workload capacity. It takes four to six months from the time of a child's release to conduct the research and calculate total juvenile reimbursement fees owed. Cases are processed in the order received, thus there is a growing backlog of pending cases. An increase in the staffing and automation of Probation's Juvenile Reimbursement Unit would likely result in a greater ability to collect more funds. In addition, expansion of more strategic collection means such as wage garnishments and bank account levies could yield significant returns. The Treasurer-Tax Collector (TTC) has expressed their willingness to participate in collection of delinquent receivables as discussed more extensively in connection to the topic of outsourcing collection services later in this report.

#### Enhancements to Collection Processes

County Counsel worked with the JRWG to provide legal consultation on juvenile reimbursement process enhancements. These enhancements primarily include strengthening the process of legal service of notice to persons believed to be responsible parties about upcoming court hearings so the court can be assured the purported responsible parties are aware of the hearings, and so the purported responsible parties have an opportunity to contest responsibility and/or financial liability. The Department is actively working with the Courts to develop the process and procedure to implement personal legal service upon individuals believed to be legally responsible for the child's care. The legal service is intended to ensure proper notice to the allegedly responsible party commanding them to appear at a scheduled Court hearing(s) for an opportunity to dispute their responsibility, and if responsible, an opportunity to dispute their ability to pay.

Each case will be different depending upon whether the responsible party is available at various stages of the juvenile court process, but personal legal service may have to occur more than once to effect determination of responsibility, and determination of amount owed and ability to pay. It is possible that responsibility will be determined at some point during the child's detention, but the financial calculation of the amount owed will not be known until months after the child's discharge, and thus ability to pay determination and payment plans would follow the financial calculation of the amount owed. As of this writing, these procedures are still being developed in collaboration with the Juvenile Delinquency Court.

We do not believe it is appropriate to continue to pursue collection of existing juvenile reimbursement accounts until such time that those accounts have the benefit of the new processes and procedures recommended in this report. Therefore, we are recommending a continued temporary moratorium of collection efforts on past juvenile reimbursement accounts for which Probation does not have written confirmation from the allegedly responsible party that they are in fact responsible and have agreed to an ability-to-pay calculation. This recommendation includes a continued temporary moratorium of collections for any case that is based upon a default order. The re-start of collection efforts



for the older cases would follow processes described above for legal determination of responsibility and ability to pay.

We are clarifying if a Court issued citation personally served upon the allegedly responsible party by a Deputy Probation Officer (DPO) for a scheduled hearing is a workable legal notice solution. A DPO's service of a Court issued citation for a future court hearing may not be practical due to the time required and logistical issues surrounding personal legal service within the community of the citation upon the purported responsible party. If personal service of a citation will be required, we estimate an additional cost burden on the Probation Department of \$175,000-\$200,000 annually for outsourcing service of the citation. The actual cost of outsourced service of citations would be dependent upon the results of a competitive solicitation process.

Implementation of the revised juvenile reimbursement procedures would be dependent upon the Board's policy decision on the fundamental issue of whether to pursue collection of juvenile reimbursement fees. In addition, our determination of cost effectiveness of collections will be impacted by changes in procedures that could result in additional collection costs, primarily the cost of personally serving multiple citations upon the alleged responsible party at various stages in the court procedures. However, these costs are not anticipated to exceed the net proceeds collected. The issue of cost effectiveness of juvenile reimbursement collections is discussed later in this report.

### **Recommendations**

- 2. Probation implement enhancements to collections programs consistent with County Counsel guidance, and end the moratorium when the enhanced procedures are in place.**
- 3. Probation revise the notification letters to clarify a responsible party's right to a new financial evaluation as appropriate.**
- 4. Probation continue a temporary moratorium of collection efforts on prior juvenile reimbursement accounts that have not had the benefit of the recommended new procedures. Collection on these cases will begin anew after the new procedures have been implemented.**
- 5. Probation work with the CEO on evaluating the feasibility of expanding the Juvenile Reimbursement Unit to address workload and increase collections.**
- 6. Probation initiate enhanced techniques such as wage garnishments and bank account levies as collection tools for delinquent debts based upon responsible parties' proven ongoing employment earnings in excess of established ability to pay standards.**



### Household Financial Resources While Youth are Detained

The responsible party for juvenile reimbursement may be receiving one or more forms of government assistance including CalWORKs benefits, Supplemental Security Income (SSI), foster care payments, and child support. The JRWG reviewed the practices that should be in place when a household is receiving government assistance that is in-part based upon a minor who is subsequently detained in a juvenile hall or camp.

- CalWORKs: CalWORKs is a public assistance program that provides cash aid and other benefits and services to eligible needy families. The amount of CalWORKs support received is dependent in-part on the household size, including the presence of minors living in the household. When a minor is detained, the household size is reduced potentially impacting a portion of financial assistance to which the household is eligible.

Depending upon the length of stay in a juvenile hall or camp, the portion of a household's CalWORKs grant may legally need to be reduced commensurate with the absence of the minor from the home. Probation has no eligibility or claim to CalWORKs funding for detained youth. Probation and the Department of Public Social Services (DPSS) are working toward an automated solution and common identifiers to transmit information about detained youth from Probation to DPSS for the purpose of determining the household's ongoing CalWORKs eligibility and the appropriate amount of the household's cash grant and other benefits.

- SSI: Some youth are receiving or are qualified to receive federal SSI benefits at the time they are detained in juvenile hall or camp. Youth in custody within a juvenile hall or camp may temporarily lose their SSI eligibility depending in large part on the length of detention. Probation is working with State representatives to establish a mechanism to advocate for SSI benefits on behalf of detained youth. Probation and DCFS currently collaborate to offset SSI benefits against the County's cost for SSI-enrolled youth in placement facilities.

SSI benefits for detained youth may be held in suspense by the Social Security Administration until the youth is released from a juvenile hall or camp. We are seeking confirmation from the State on Probation's eligibility to divert a portion of SSI benefits to Probation to offset juvenile reimbursement fees owed because the youth is/was detained in a Probation facility while the youth has continuing SSI eligibility. The responsiveness of State representatives who administer the federal SSI program has been significantly slowed by the understandable focus of State staff primarily on budgetary constraints and proposed curtailments. This effort has the potential to realize some additional funding for Probation services that could offset net County costs (NCC). The amount of NCC offset cannot be determined until we receive State clarification of detained youths' ongoing SSI eligibility.



Much like the previous discussion of CalWORKs, Probation and the State need to develop common identifiers to transmit from Probation to the State information about minors known to be receiving SSI benefits. Probation also recognizes that some youth may not realize they are eligible for SSI benefits. Therefore, Probation is working with DCFS and the State to prepare application materials on behalf of eligible youth. If Probation is permitted to divert a portion of SSI benefits to Probation, these SSI benefits would offset some costs for a youth's care in juvenile halls or camps and could be credited against juvenile reimbursement fees. Upon his/her release from a hall or camp, the ongoing SSI funds could be of substantial assistance to preventing homelessness as youth reach the age of majority.

- Foster Care Payments: Some of the youth in Probation's custody come from foster family homes that receive regular County assistance including foster care subsidies. The JRWG explored the opportunity for the foster care payments to be diverted to Probation. Probation currently provides information about detained youth to DCFS for determination of the ongoing eligibility of the foster household for the foster care payment attributed to the detained youth.

Eligibility for foster care payments are governed by Eligibility and Assistance Standard 45-202. These standards specifically describe an "eligible facility" for foster care. County juvenile halls and camps are not eligible facilities. The JRWG found no statutory authority to permit diversion of foster care payments to Probation, including for the purpose of offsetting juvenile hall or camp costs.

- Child Support: Probation is interested in obtaining child support payments for the time periods that a child is/was in Probation's custody. The County of Los Angeles Child Support Services Department (County CSSD) is the local child support agency that is responsible for establishing, modifying and enforcing child support obligations in Los Angeles County. The County CSSD takes enforcement actions if a child is receiving public assistance, and if requested by a custodial parent when a child is not receiving public assistance.

By law the parents of a minor child are responsible for supporting their child. The County CSSD establishes parentage and child support obligations by court order. If parents already have an existing court order, the County CSSD may intervene and enforce that child support order.

Throughout California all court-ordered child support is made payable through the State Disbursement Unit (SDU). In accordance with specific regulations, the SDU disburses child and spousal support payments to custodial parents, or to the government, depending upon factors such as whether the child is receiving public assistance.

The State Department of Child Support Services (State DCSS) maintains the SDU as well as the statewide automated child support system, known as CSE. In the past couple of years, all local child support agencies throughout California converted from their own computer systems to CSE. As a result, any automated transmittal of information between Probation and the County CSSD must involve the State DCSS.



As described above, Probation's collection of juvenile reimbursement fees are intended to offset statutorily designated incremental costs of each detained youth's care such as the costs of food, clothing, and medical care, costs which may also be supported by child support. The Probation Department believes that Sections 903.4(b) and (c) of the California WIC provide authority for Probation to submit to the County CSSD, in the form of a declaration, a statement of Probation's costs and expenses for the benefit, support, and maintenance of the child. The declaration serves as Probation's application for repayment from child support proceeds of Probation's incremental costs of the child's care while detained.

The State DCSS is currently conducting legal research to determine whether it and the County CSSD have the authority and ability to disburse child support to Probation for the time periods that a child is/was in Probation's custody, and/or to assist Probation in collecting juvenile reimbursement. Legal interpretation from the State will be provided to County Counsel for review. If the research reveals that the State DCSS can disburse child support payments through the SDU to Probation, then Probation recommends applying received child support payments toward the responsible party's juvenile reimbursement obligation for the specified child, and not pursue other avenues of collection of juvenile reimbursement for that child's account while the child support payments are continuing or until the juvenile reimbursement debt is satisfied, whichever is sooner.

It appears that any receipt by Probation of child support proceeds, if legally permissible, will rely heavily on establishing processes and procedures with the State DCSS since all court-ordered child support payments from non-custodial parents are remitted to the SDU for subsequent distribution and involve CSE. We advise the Board that the pace of Probation's progress with the State DCSS is affected by substantial competing priorities among State agencies, and therefore we do not anticipate significant progress on this issue in the near term. However, we will continue our ongoing dialog with State representatives to see the issue through to its conclusion.

### **Recommendations**

- 7. Probation and DPSS establish common identifiers to facilitate transmission of information about detained youth to DPSS for purposes of determining ongoing CalWORKs eligibility.**
- 8. Probation continue to pursue diversion to Probation of applicable components of SSI benefits.**
- 9. Probation and County CSSD continue to work with the State DCSS to resolve legal questions about Probation's access to child support payments with the objective to develop an additional avenue to reimburse Probation for qualifying incremental costs of juvenile hall and camp services.**



### **Recommendations (continued)**

- 10. If it is determined that the State DCSS can disburse child support payments to Probation, then Probation should stop collection of juvenile reimbursement fees directly from a responsible party while Probation is receiving child support payments for the responsible party's child.**

### Cost Effectiveness

The juvenile reimbursement program realizes approximately \$2.6 - \$2.8 million in collections annually, at a cost of approximately \$712,000 per year. Approximately \$800,000 was realized in 2007-08 through State tax refund intercepts. We could not determine the amount collected through liens because the payments cannot be specifically attributed to lien activity, and some payments arrive on accounts for which a lien was filed but without evidence that the lien motivated or was in any way directly linked to the client making a payment.

The juvenile reimbursement program appears to be cost effective and could be more-so if more strategic collection techniques were utilized, as noted above, such as expansion of wage garnishments and asset seizures, and the opportunity for responsible parties to use credit and debit cards as a form of payment. The Department recently implemented credit and debit card functionality for collection of adult costs of probation services, and will consider expanding that program for juvenile reimbursement if the Board chooses to continue pursuit of these juvenile hall and camp fees.

### **Recommendation**

- 11. Probation explore expansion of credit and debit card functionality as a form for client payment of juvenile reimbursement fees.**

### Outsourcing of Juvenile Reimbursement Collections

Outsourcing of juvenile reimbursement collections would involve a competitive solicitation of collections processes to take advantage of the specialized expertise and techniques of a private collections firm. It has been Probation's experience that private collection agency fees for this form of debt would be approximately 40% of amounts collected. The actual cost of outsourcing collections is even higher due to the staffing Probation must maintain to liaison with the vendor, and to perform banking, accounting, and information technology services. Prior to the temporary moratorium on collection of juvenile reimbursement fees, Probation was utilizing the firm of Linebarger, Goggan, Blair and Sampson LLP (LGBS) for collection of delinquent juvenile reimbursement fees where Probation has experienced no activity or client responsiveness for one year or more. LGBS is also subject to the temporary moratorium.

As part of their participation with the JRWG, the County's TTC has expressed interest in becoming more involved in the pursuit of juvenile reimbursement debts. It appears TTC's fees would be approximately 27%, including a component fee of the LGBS private collection firm also under contract with TTC. Probation believes TTC could be utilized effectively to pursue collection of backlogged juvenile reimbursement cases resulting from the lack of staff within Probation to conduct the front-end work that establishes client responsibility and ability pay.

A precise cost of outsourcing collections is dependent upon the outcome of a competitive solicitation process. Probation does not recommend further private sector outsourcing of juvenile reimbursement collection services at this time due to the substantial contractor fees involved, and the unavoidable liaison, banking, and client account reconciliation functions which outsourcing does not eliminate. We do, however, recommend that Probation work with the TTC to utilize his resources and expertise for collection of fees from responsible parties who otherwise were not pursued due to the backlog of cases. The discussion of cost effectiveness would need to be revisited if the Board approves the re-start of Probation's juvenile reimbursement collection program, and after Probation has sufficient collections experience using new processes and procedures to more effectively assess costs and proceeds.

### **Recommendations**

- 12. Probation not pursue expanded use of private sector outsourcing for juvenile reimbursement collections at this time.**
- 13. Probation work with the TTC to utilize his resources and expertise for collection of fees from responsible parties who otherwise were not pursued due to the backlog of cases.**

### **Determination of Ability To Pay**

In February 2009, Probation initiated the process to bring revised juvenile reimbursement rates to the Board's agenda. Around this same time a juvenile reimbursement collection matter was proceeding through court involving a question of the inclusion of foster care payments within Probation's calculation of a client's ability to pay. This court matter received significant media and advocacy interest.

A client's ability to pay is based on factors such as household income, the number of dependents supported by that income, competing debt and household living expenses. The JRWG discussed the issue of components of household income that should be utilized when computing ability to pay. These components could include foster care payments, CalWORKs receipts, disability payments, child support, and social security benefits.

Probation uses criteria from the TTC to calculate ability to pay. TTC's criteria is based on federal poverty guidelines, and is designed to ensure clients do not fall into a federal poverty level as a result of the collection of delinquent debts owed to the County. The JRWG concluded that it was appropriate public policy to only include earned wages in the



ability to pay calculation, and thus the JRWG recommended not including public assistance or foster care components of household income as a part of the determination of ability to pay. Exceptions would be made for windfall receipts such as lottery winnings, inheritance, and life insurance proceeds. This recommendation is consistent with the current practice of the TTC. Ultimately the final determination of ability to pay would be made by the Court if the client and Probation do not mutually agree.

### **Recommendation**

- 14. Probation use only earned wages in the calculation of a household's ability to pay except, as described above, in circumstances where the State allows the redirection of SSI and child support resources for satisfaction of juvenile reimbursement debts.**

### Billing of Private Medical Insurance

The Probation Department received nineteen responses to its State-wide email survey of juvenile hall and camp medical cost billing practices. Eight of the responding departments use a private vendor for medical services. The remaining eleven departments use (in descending order of survey prominence) either the county's health services department, a local children's hospital, or a local private hospital as the provider.

None of the counties bill private insurance directly. When logistically practical, private vendors use providers that are in the health insurance coverage network for those youth with healthcare insurance, usually a treatment provider who has been the primary care provider for a youth's chronic medical condition. For some counties where the healthcare is provided by a county or other hospital, they too may attempt when practical to divert healthcare treatments for insured youth to in-network facilities of the insurance carrier. Four counties indicated they direct bill medical costs to parents. Fourteen of the 19 survey respondents do not include medical costs in their juvenile reimbursement fees, usually because the costs are not charged to the Probation Department, and/or because the costs are billed directly to the parent who may be able to claim reimbursement from insurance coverage if any. Los Angeles County Probation includes medical costs as a component of juvenile reimbursement rates because the Department of Health Services' (DHS) medical costs are charged to Probation's budget.

It is generally not practical to divert Los Angeles County Probation youth to private in-network providers because of the volume of youth served and safety and security concerns of transporting youth within the community. Probation does transport youth in limited circumstances to specialty providers when medically necessary for services generally not available from DHS or when medically beneficial for a youth who has a history of treatment from a specialty provider for a chronic health condition.

Probation and DHS are developing a process to gather youth insurance coverage information at various points of client contact so DHS can begin billing medical insurers including Medi-Cal. DHS will be provided with access to a Probation database that will allow DHS to more accurately identify youth and thus facilitate a search for Medi-Cal eligibility. Medi-Cal eligibility for youth in juvenile hall is only available when the youth is in



a "suitable placement hold" status awaiting an available community placement facility bed. We anticipate Medi-Cal and insurance billing can begin by the end of the calendar year. Probation would not re-start the collection of juvenile reimbursement fees (see recommendation #1, above) until the County has first exhausted any eligibility minors may have under private insurance coverage or publicly funded medical coverage such as Medi-Cal. Responsible parties who carry medical insurance for their detained youth would have their juvenile reimbursement account receivable balance credited for the amount of medical insurance proceeds realized by the County for the health services rendered while the youth was detained.

Juvenile reimbursement rates could be adjusted to reflect historical insurance proceeds that offset medical costs currently paid by Probation to DHS. The anticipated limited number of insured youth and the potential denial of insurance coverage for most medical procedures within a detention facility may not result in a substantial (if any) impact on Probation's healthcare service costs, and thus would likely not have an impact on the health cost component of the juvenile reimbursement daily rate. DHS hypothetically estimated 2% of youth may have some medical coverage, but the eligibility of that coverage in a custody setting would be limited at best. The vast diversity of potential health care plans and eligibility does not provide a means to accurately predict potential proceeds.

DHS does not believe Probation's annual remuneration to DHS sufficiently covers all costs for health care services. The health care cost component of the juvenile reimbursement daily rate only includes those costs borne within Probation's budget. If insurance proceeds received by DHS do not cover the service delivery costs DHS believes are provided beyond what Probation's budget currently provides for DHS' services, then despite some nominal level of insurance collections there would be no impact on the daily juvenile reimbursement rates.

### **Recommendations**

- 15. Probation and DHS coordinate a process for gathering healthcare insurance coverage information to facilitate DHS' billing of insurance companies.**
- 16. Responsible parties who carry medical insurance for their detained youth would have their juvenile reimbursement account receivable balance credited for the amount of medical insurance proceeds realized by the County for the health services rendered while the youth was detained.**

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