

## CHILD PROTECTION WAIVER APPROVED FOR NORTH CAROLINA

From U.S. Dept. of Health  
& Human Services

■ (WASHINGTON) U.S. Department of Health & Human Services Secretary Donna E. Shalala last week announced approval of a demonstration project to improve child protection services in North Carolina. This is the third waiver approved by the Clinton administration for states to undertake innovations in their child protection programs.

"The state will make a significant change in the management of its child protective system, by promoting, measuring and rewarding successful outcomes for children," said Secretary Shalala.

"These innovations are critical to ensuring that the best interest of children are served — whether by returning them to their family if possible or into an adoptive home," added Secretary Shalala.

Under the demonstration, North Carolina can use title IV-E foster care funds to provide a broad range of new services to children and families. Funds can be used for services that can prevent the need for placement of children in foster care or to relieve the problems that caused the child to be removed from the home. Previously, these funds could be used primarily to pay for the room and board of children in out-of-home care.

In as many as five counties, the additional funding flexibility will be combined with a Kellogg Foundation initiative, "Families for Kids" which is designed to reform the non-financial aspects of the foster care system, such as policy formulation, legal process,

communications infrastructure, and advocacy.

North Carolina's project consists of two parts. In part one, the state will change foster care financing to create incentives for participating county agencies to improve performance, making North Carolina the first state to use performance bonuses as part of a child welfare waiver. When a participating county achieves savings through better management or better service delivery, including reducing the number of children in foster care; how long they stay there; and increasing the number of children diverted from foster care through kinship placement with relatives, they will retain the value of the savings and reinvest them in child welfare services and prevention. For example, this bonus can be used for intensive family preservation and reunification services, respite care, family mediation, court-approved assisted guardianship, and post-placement support.

In the second part, participating counties will use federal IV-E maintenance funds to

develop effective strategies for preventing out-of-home placement of children without jeopardizing their safety. County departments of social services will be encouraged to shift expenditures away from foster care maintenance to prevention, returning children to their families, and adoption. Emphasis will be placed on kinship ties when making decisions on long-term placement of children.

"This promising demonstration gives North Carolina unprecedented flexibility with federal funds to make a thorough assessment of the child's safety and the family's condition to tailor the appropriate services for the child's best possible future," said Olivia Golden, acting assistant secretary for children and families. "By providing a performance bonus to successful counties, North Carolina is offering an important incentive for improving child welfare services."

The demonstration will operate for five years and include a rigorous evaluation.

## MEDICARE PHYSICIAN FEES SET FOR 1997

From U.S. Dept. of Health  
& Human Services

■ (WASHINGTON) The average fee Medicare pays to physicians for primary care services in 1997 will be 5 percent higher than the average 1996 fee, the Department of Health and Human Services announced last Friday.

The average fee Medicare pays to physicians for surgical services will decrease 1.6 percent while the average fee for all other services will decrease by 1.8 percent. Overall, the changes announced by HHS will result in an average fee decrease of 0.3 percent.

These fee changes, contained in regulations to be published in the Federal Register on Nov. 22, are primarily the result of a comprehensive five-year review of the Medicare fee schedule required by law. Recommendations received from physicians and the public were considered as part of this review.

Although most of the fee changes are due to the comprehensive review, they also result from the annual updates in the conversion factors used to help set the fees Medicare pays to physicians. Because the 1997 conversion factor updates were not explicitly set by Congress, HHS is required to establish the updates according to a formula set in law.

The conversion factor used in setting fees

for surgical services will increase by 1.9 percent, the conversion factor for primary care services will increase by 2.5 percent and the conversion factor for all other physician services will decrease by 0.8 percent.

The starting point of the statutory formula for updating conversion factors is the inflation rate for the costs of operating a medical practice, which for 1997 is projected to be 2 percent. This rate is then adjusted based on how Medicare spending for physician services compares with targets set for that spending. These targets are referred to as the Medicare volume performance standards.

The regulations also set the 1997 spending targets for physician services. These targets allow for a 4.5 percent increase in spending for primary care services, a 3.7 percent decrease in spending for surgical services, and a 0.5 decrease in spending for all other physician services.

Because the 1997 targets were not explicitly set by Congress, HHS is required to establish the targets according to a formula set in law. The formula bases the targets on the estimated inflation rate for physician fees, the projected growth in the number of Medicare beneficiaries, the historic growth in spending for physician services, and any changes in spending due to new laws or regulations.

### Energy Tech, cont. from page 6

Sarasota Manatee, FL, and design and construct two demonstration houses on the campus of the Sarasota County Technical Institute. (requested DOE funding: \$2.1 million; private sector: \$2.1 million)

• Ethanol from Potato Wastes: Renewable Oxygenates Industries (ROI) of Plover, WI., will expand its fuel grade ethanol manufacturing facility that uses waste from the potato processing industry. The highly automated plant will add a front-end capable of handling the variety of solids received, increase capacity to continuously liquify the waste stream and add a back-end capable of processing any post-fermentation residue. ROI expects to produce one million gallons of ethanol from potato wastes at full capacity. (requested DOE funding: \$400,000; private sector: \$600,000)