



Report Highlights

Medicaid Services for Foster Children

Department of Children and Family Services

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Why We Conducted This Review

This report provides information about payments made by the Medicaid program and the Department of Children and Family Services (DCFS) for foster children receiving behavioral health services. DCFS has the overall responsibility for the physical, medical, dental, and emotional care of children in foster care and is ultimately responsible for making provisions for preventive and medical care and/or treatment for any condition that is dangerous to the child’s physical or mental health. We compiled this information in response to DCFS’s concern that eligible medical services provided to foster children were not always billed through Medicaid, resulting in increased state general fund expenditures.

What We Found

Overall, we found the following:

- **During fiscal years 2023 through 2025, Managed Care Entities (MCEs) and DCFS paid at least \$92.7 million for residential behavioral health services for 1,004 foster children.** Of this, MCEs paid \$68.3 million (73.7%), and DCFS paid \$24.4 million (26.3%). The top three behavioral health services, in terms of cost, provided to foster children during fiscal years 2023 through 2025 were for three types of residential placements, all being Medicaid-eligible services, as shown in the exhibit below.

| Residential Behavioral Health Services for Foster Children Paid by MCEs and DCFS Fiscal Years 2023 through 2025 | | | | |
|---|--|---------------------|---------------------|---------------------|
| Type of Service | Description | MCE Payments | DCFS Payments | Total |
| Inpatient Psychiatric Hospitalization | Inpatient hospitalization, under the supervision of a psychiatrist, providing psychiatric services, social work services, psychiatric nursing, and therapeutic activities. | \$24,709,056 | \$18,912,395 | \$43,621,451 |
| Psychiatric Residential Treatment Facilities | Non-hospital residential facility offering intensive inpatient services to individuals under the age of 21 who have various behavioral health issues. These facilities are required to ensure that all medical, psychological, social, behavioral, and developmental aspects of the individual’s situation are assessed and treated. | 38,730,800 | 1,848,967 | 40,579,767 |
| Therapeutic Group Homes | Facility that provides community-based residential services in a home-like setting of no more than 10 beds under the supervision and oversight of a psychiatrist or psychologist. Therapeutic group homes provide a structured living environment 24 hours per day, seven days per week. | 4,810,873 | 3,639,591* | 8,450,464 |
| Total | | \$68,250,729 | \$24,400,953 | \$92,651,682 |

*DCFS pays for the room and board component of therapeutic group homes, while MCEs pay for the medical services.
Source: Prepared by legislative auditor’s staff using Medicaid data and DCFS data.

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What We Found (Cont.)

- **The payment process for Medicaid services for foster children can be complex and confusing, and DCFS’s payment approval process for Medicaid-eligible services is not always clear.** As a result, it is unclear whether some of the \$24.4 million DCFS paid for residential behavioral health services should have been paid through the Medicaid program.
- **High costs of inpatient psychiatric hospitalization for foster children are due, in part, to children remaining in inpatient care longer than medically necessary because of delays in subsequent treatment availability or placement options.** For example, a Medicaid step-down placement not being available and DCFS not yet having secured an appropriate placement for the child are reasons why foster children may remain in inpatient psychiatric hospitalization after medical necessity. The exhibit below shows examples of children in inpatient psychiatric hospitals, for how many days, and the total cost by payor.

| Examples of Inpatient Psychiatric Hospitalization Paid by MCEs and DCFS Fiscal Years 2023 through 2025 | | | | | |
|---|--------------------|------------------|----------|-------------|----------------|
| Example | Begin Service Date | End Service Date | Payor | Amount Paid | Number of Days |
| Example #1 | 2/11/2023 | 2/15/2023 | Medicaid | \$3,688 | 5 |
| | 2/16/2023 | 6/28/2023 | DCFS | \$98,105 | 133 |
| Example #2 | 4/27/2024 | 4/29/2024 | Medicaid | \$2,213 | 3 |
| | 4/30/2024 | 7/10/2024 | DCFS | \$53,109 | 72 |
| Example #3 | 6/2/2024 | 6/8/2024 | Medicaid | \$5,163 | 7 |
| | 6/9/2024 | 9/15/2024 | DCFS | \$72,288 | 98 |
| Example #4 | 2/11/2024 | 2/17/2024 | Medicaid | \$5,163 | 7 |
| | 2/18/2024 | 4/30/2024 | DCFS | \$53,847 | 73 |
| | 5/1/2024 | 5/19/2024 | DCFS | \$14,015 | 19 |
| | 5/1/2024 | 5/20/2024 | Medicaid | \$14,015 | 20 |

Source: Prepared by legislative auditor’s staff using Medicaid data and DCFS data.

We made three recommendations, and DCFS agreed with all of them. See Appendix A in the report for the agency’s full response.

View the full report, including management’s response, at www.lla.la.gov.