

Placement Stability and Mental Health Costs for Children in Foster Care

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OBJECTIVE: Although prior population-based studies have found that children in foster care use more mental health services than their Medicaid peers, less is known about how different experiences in foster care impact the likelihood of mental health service use. The primary aim of this study is to test the hypothesis that instability of foster care placements is associated with higher costs for mental health care services. The secondary aim is to test the hypothesis that foster care children are also more likely to generate high costs for mental health services if they generate higher costs for non-mental health claims.

METHODS: Using administrative child welfare data linked to Medicaid claims, we assembled a unique retrospective cohort of adjudicated dependent children >2 years old who entered foster care between July 1993 and June 1995, spent at least 9 months in care, and were Medicaid eligible during a 1-year follow-up period. The primary outcome was high mental health service use, defined as having costs in the top decile of the sample. The primary independent variables were the number of foster care placements during the year and whether placements were interrupted by a return home for at least 1 month during that year (episodic foster care). We used logistic regression to estimate the association between placements and service utilization, with adjustment for age and physical health care costs.

RESULTS: Of the 1635 children in the study, 41% had ≥ 3 foster care placements, and 5% had episodic foster care during the year of observation. The top 10% of mental health service users accounted for 83% of the \$2.4 million in mental health costs. Both multiple placements and episodic foster care increased the predicted probability of high mental health service use. Higher physical health care costs also increased the probability of high mental health use for all children, but this increased probability was most dramatic among children with episodic foster care (probability of high mental health use: 0.78; 95% confidence interval: 0.42–0.94).

CONCLUSIONS: Foster care placement instability was associated with increased mental health costs during the first year in foster care, particularly among children with increasing general health care costs. These findings highlight the importance of interventions that address the global health of children in foster care and may permit better targeting of health care resources to subgroups of children most likely to use services.

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