DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

SUBJECT: FOSTER CARE “HOLD HARMLESS” EXPLANATION AND LIST OF COVERED CLIENTS

This letter provides relevant information regarding the Division’s implementation of the special provision language included in the 2008-09 budget bill regarding the changes to the foster care reimbursement system and rates. The language in section 10.29(e) states “A county shall be held harmless from contributing fifty percent (50%) of the nonfederal share of the cost for a child currently in a family foster home or residential child care facility until the child leaves foster care or experiences a placement change.” As an amendment to the September 15, 2008 letter FSCW-55-2008, the date for determining placements covered by this provision has been changed to October 31, 2008. The Division has reviewed the information within the Child Placement and Payment System (CPPS/DSS-5094) in preparing your county’s list of children. Your county’s assigned Children’s Program Representative (CPR) and/or Local Business Liaison (LBL) will be your point of contact for further information. Please review Dear County Director letters FSCW-55-2008, FSCW-23-2008 and FSCW-83-2007 for the historical communications on this issue. Careful review and monitoring of each child’s 5094 data entries will need to be performed in accordance with policy. The system changes are to be effective for December services, reimbursed in January, 2009.

BASIS FOR DETERMINING COVERED CHILDREN

The November 20, 2008 PQA-165-1 and PQA-165-2 reports were used as the basis for the list. This report was originally developed to provide information regarding placements in settings with a provider who had an approved facility rate. In this regard, the “hold harmless” provision is only applicable for placements with such providers. The PQA-165-3 details children for whom the county is using their TANF allocation funds through TEA eligibility. As the current interface from CPPS to the County Automated Reporting System (CARS) would not facilitate a separate calculation, these cases will continue to use the existing processes. Counties have the option either to continue using TEA eligibility, and have the entire payment amount drawn from their county TANF allocation, or change the child’s eligibility category to SFHF. Children who are TEA should have already been determined ineligible for IV-E, in accordance with policy. Please refer to the Child Welfare Funding Manual and follow all policies related to accurate eligibility determination. If a child’s eligibility is modified, please notify your assigned CPR or LBL and the Division will include those children on the Hold Harmless list, and apply the October payment amount in the calculation for the additional reimbursement to counties.
Not all children on the report will be covered in the Hold Harmless list. When a county payment amount is equal to or exceeds the new standardized rate, that child has been excluded from the list. Similarly, when an amount in field #56, “child resources” is added to the county payment amount meets or exceeds the standard rate, then the child will not be included on the list.

One other category of children who are not covered under this provision are those who have been approved for Therapeutic Family Foster care. Using field #56, child’s resources, the Hold Harmless report identifies children who are approved for therapeutic foster care. Please review this section for confirmation that the children listed are approved for therapeutic foster care. Additionally, we ask you to ensure no children listed in the Placements Identified as Foster Care section have been approved for therapeutic care.

METHOD FOR CALCULATING THE AMOUNT NEEDED TO BE COVERED

The CPPS records the amount paid by county DSS in field #50 on the DSS-5094. These amounts are associated with service begin and end dates. When the period was less than the full month of October, the Division calculated the amount that would have been paid if the full month would have been covered. An exception to this principle was if a county entered a dollar amount equal to the corresponding current Standard Board Rate (SBR) ($390 | $440 | $490), then it was assumed the county would be responsible for paying the provider the SBR for future full months of services provided.

When the amount entered was less than the legislatively mandated new SBR ($475 | $581 | $634), the new SBR will be the amount subject to the “equal partnership” calculation for county reimbursement. Thus the difference between the new SBR and the Standard Facility Rate (or amount actually paid, whichever is less) will be determined to be the amount needed to be fully reimbursed to counties. An exception to this is when a county enters an amount less than the new standard facility rate, then this lesser amount will be used in the calculation. In all cases, it is important to enter the actual amount paid to the provider for the services rendered. It is also important to communicate with providers that the payment received by the county will be the only payment the provider receives for the care of the child.

EXAMPLES OF THE HOLD HARMLESS CALCULATION

Example 1:
Child is age 16, SFHF eligible and was in approved residential (group care) setting placement for entire month of October, 2008. County entered a payment amount of $490 for the service month of October, 2008. County needs to indicate on the DSS-5094 and pay the provider the entire amount the provider expects to receive for December services. For this example we will assume the age-based Standard Facility Rate of $4,516.

The CPPS system will reimburse county 50% of the new SBR of $634 or $317 as well as the 50% state share of the "maximization" which is $1,941 for a total of $2,258. The Hold Harmless payment will be transmitted to the county for the remaining maximization or an additional $1,941. The total reimbursement to the county is $4,199.

Example 2:
Child is age 12, IV-E eligible and placed with a Family Foster Home supervised by a private Child Placing Agency. County entered $1,550 as a payment for the month of October, 2008. Standard Facility Rate is $1,564 ($581 is maintenance and $983 is administration) and provider is in agreement that this will be the payment received by the county for on-going services.

The automated system will calculate the standard reimbursement to the county for the federal and state participation for the $1,564 for a net county cost of $348.59. The Hold Harmless payment will be calculated on the difference between the prior payment amount of $1,550 and the new county payment amount of $1,564 or $14. This will result in a net cost to county of $345.09.

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**Example 3:**
Child is age 12, IV-E eligible and placed with a Family Foster Home supervised by a private Child Placing Agency. County entered $2,000 as a payment for the month of October, 2008. Standard Facility Rate is $1,564 ($581 is maintenance and $983 is administration) and provider is in agreement that the Standard Facility Rate will be the payment amount by the county for on-going services. This client will not be considered under the hold harmless provision, due to the county payment for October exceeding the new facility rate.

**Example 4:**
Child is age 7 and placed with private Child Placing Agency. County has indicated a payment amount of $440, and Child’s Resources of $2,862. As this would indicate the child is approved for Medicaid reimbursed therapeutic family foster care, no Hold Harmless payment is needed.

*Note:* Policies surrounding clothing and other eligible items remain unchanged. Eligible expenditures, such as clothing, need to continue to be included in the payment amount entered on the DSS-5094, as applicable, for reimbursement and tracking purposes.

**PROCESS FOR TRANSMITTING THE PAYMENTS**

The CPPS system will continue to calculate the standard reimbursements to counties, and will interface with the Electronic Funds Transfer (EFT) system following the 20th of the monthly foster care payment cycle. As the “Hold Harmless” payment process is new to the Division of Social Services and to the DHHS Controller’s office, the January payment may be delayed somewhat. The goal is to have the Hold Harmless funds transferred to counties along with the regular end of month payments. Should any issues arise, we will inform you of these issues. The CPPS system will be brought “off-line” on Tuesday, January 20th after 5:30 pm. The system will not be available on Wednesday January 21st until the payment reports have been reviewed, and found to be accurate. If the system is not available, please know that DIRM staff are working with DSS to bring the system back to available status as quickly as possible. Your cooperation and understanding during this time are greatly appreciated.

Sincerely,

Charisse Johnson, Chief
Child Welfare Services

cc: Sherry Bradsher, Director
    Laketha Miller, DHHS Controller
    Children’s Program Representatives
    Local Business Liaisons
    Family Support and Child Welfare Services Team Leaders
    Tina Bumgarner, Financial Resource Coordinator

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