



Act 55 of 2013
Rate Methodology Task Force

Report of the Recommendations of the Rate
Methodology Task Force to the General Assembly

May 2014

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Executive Summary

Pursuant to Act 55 of 2013, the Department was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable. Written recommendations as to the methodology for the purchase of out-of-home placement services from providers are to be provided to the General Assembly by April 30, 2014 and for other purchased services by December 31, 2014.

DPW convened a stakeholder Steering Committee to provide guidance to the Task Force and developed a charter to drive the purpose and goals of the Task Force. A period of extensive research and analysis followed, including consultation with the Administration for Children and Families (ACF), a review of other state processes, and a review of multiple rate methodology options. Members agreed that a collaborative process driven by a renewed and common purpose to the delivery of services while understanding the unique challenges of all system partners was required.

Ad hoc workgroups were established to develop the detailed recommendations of an agreed upon rate methodology framework to the General Assembly as follows:

- Cost Report/Audit Requirements—development of a Cost Report for foster family care and congregate care providers to identify the total actual cost of care as well as identifying costs allowable under federal Title IV-E and state Act 148; development of independent auditor procedures for the review of provider cost reports (Agreed Upon Procedures), and the inclusion of a Rate Adjustment Factor as part of the process
- Standardized Service Descriptions/Standardized Position Descriptions—allow for the development of a uniform methodology for time studies, comparisons across providers in terms of costs and services, and a common understanding of job functions across service types; including recommendations for administrative, legislative and regulatory changes as outlined
- State Review Process—includes a timeline and process for a state-level review of provider Cost Reports to make Title IV-E allowability decisions and monitor Act 148 funds; includes the recommendation for the development of a dispute resolution process to resolve areas of disagreement with the State Review Process findings
- County Review Process—the development of a transparent county review and negotiation process that aligns the need for services, provider quality, and the reasonableness of costs as essential elements, while taking into account the timing of the Needs-Based Plan and Budget submission
- Mechanism for New Providers and New Services—establishment of an alternate submission process based on budgeted costs for new providers, new placement services, and facilities licensed under Chapter 6400 regulations

The Task Force also recommends that a review team consisting of county, state and provider agency members be convened on a regular basis to review implementation of the Rate Methodology Process and make recommendations for improvements.

Based on the timelines included in Act 55, this report includes a proposed interim procedure to ensure federal funding is not jeopardized for State Fiscal Year 2014-2015. The Task Force recommends that currently approved federal/state reimbursement limits be extended

up to three years from the current two years. For SFY 2014-15, the Department would participate in the reimbursement of county-negotiated rates for services up to the state maximum allowable reimbursement amount regardless of whether another county had negotiated a different rate for the same service. ACF has been supportive of a multi-year maximum allowable reimbursement amount.

1. INTRODUCTION

The protection of children from abuse and neglect is part of the core mission of the Department of Public Welfare (Department) and requires a close partnership with service providers, the counties and the Commonwealth. The Department is responsible to ensure the availability and equitable provision of adequate public child welfare services for all children who need them pursuant to the Public Welfare Code. In addition, the Department is responsible to reimburse counties for expenditures incurred in their performance of the delivery of child welfare and juvenile justice services. In meeting this mandate, counties rely on a diverse array of services that are provided by local service providers to meet the individualized needs of children and families.

County Children and Youth Agencies are responsible to administer their programs consistent with the following provisions:

- Services designed to keep children in their own homes, prevent abuse, neglect, and exploitation and help overcome problems that result in dependency and delinquency
- Temporary substitute placement in foster family homes and residential child care facilities for a child in need of care
- Services designed to re-unite children and their families when children are in temporary, substitute placement
- Services to provide a permanent legally assured family for a child in temporary, substitute care who cannot be returned to his or her own home
- Service and care ordered by the court for children who have been adjudicated dependent or delinquent

One of the most significant reforms in the history of Pennsylvania's juvenile justice system occurred in 1995, when the purpose of the system was fundamentally redefined during a special legislative session on crime. Juvenile Justice Services are to be provided in response to the purpose clause of the Juvenile Act to effectuate the following objective:

"...consistent with the protection of the public interest, to provide for children committing delinquent acts programs of supervision, care and rehabilitation which provide balanced attention to the protection of the community, the imposition of accountability for offenses committed, and the development of competencies to

enable children to become responsible and productive members of the community."

These provisions of the Juvenile Act are based upon the following principles, which are at the foundation of our Balanced and Restorative Justice mission:

- **Accountability** – When a youth commits an offense, the youth incurs an obligation to repair the harm that has been done to the individual crime victim and the community to the greatest extent possible.
- **Competency Development** – Youth who enter the juvenile justice system must be provided with services designed to enable them to become responsible and productive members of their communities by enhancing their pro-social, moral reasoning, academic, workforce development, and independent living skills.
- **Community Safety** – The juvenile justice system has a responsibility to protect the community from known juvenile offenders through a wide range of prevention, treatment, supervision, and control options that correspond to the risk and treatment needs presented by individual offenders.

In an effort to enhance the implementation of Balanced and Restorative Justice, the Pennsylvania Council of Chief Juvenile Probation Officers, Juvenile Court Judges' Commission (JCJC), and Pennsylvania Commission on Crime and Delinquency have developed a strategy to employ evidence-based practices throughout the juvenile justice system, known as the Juvenile Justice System Enhancement Strategy (JJSES). The following Statement of Purpose for Pennsylvania's JJSES was unveiled at the 2010 Pennsylvania Conference on Juvenile Justice:

JJSES STATEMENT OF PURPOSE

We dedicate ourselves to working in partnership to enhance the capacity of Pennsylvania's juvenile justice system to achieve its balanced and restorative justice mission by:

- employing evidence-based practices, with fidelity, at every stage of the juvenile justice process
- collecting and analyzing the data necessary to measure the results of these efforts; and, with this knowledge
- striving to continuously improve the quality of our decisions, services and programs

The JJSES emphasizes the use of valid and reliable screening and assessment instruments to measure a juvenile's risks and needs, and to develop strength-based dispositional recommendations and case plans to address them. This component of the JJSES will be increasingly important in helping to ensure that the court is well-prepared at every dispositional hearing to meet the Juvenile Act and procedural rule mandates to state on the record in open court and to include in its order: its disposition; the reasons for that disposition; and if the juvenile is to be removed from the home, the name or type of agency that is to provide care, treatment, supervision or rehabilitation to the juvenile, its findings and conclusions of law that formed the basis of its decision, including why the court found that the out-of-home placement ordered is the least restrictive type of placement that is consistent with the protection of the public and best suited the juvenile's treatment, supervision, rehabilitation and welfare.

The Department joins the many agencies and organizations that have endorsed the JJSES Statement of Purpose, and will support services and activities to implement Pennsylvania's JJSES.

Child welfare and juvenile justice services are funded by federal, state and local governments. The Department is required to maintain necessary documentation to support the reimbursement of these services through federal and state funds. Furthermore, the Department is accountable to the tax payers of the Commonwealth and must ensure that state and federal funds are used to support allowable services. The Department is also responsible for the licensure of certain child welfare services and is to make recommendations which lead to improved safety, permanency and well-being outcomes for children and families in addition to community protection, competency development and accountability outcomes for youth.

To ensure the availability and sustainability of these services, pursuant to Act 55 of 2013, the Department was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of purchased child welfare and juvenile justice services, which are reasonable and allowable. The Task Force must submit written recommendations to the General Assembly by April 30, 2014 related to the cost of out-of-home placement services and for other purchased services by December 31, 2014.

The purpose of this document is to transmit the required report to the General Assembly specific to the cost of out-of-home placement services.

The report includes an overview of the discussion that occurred during the Rate Methodology Task Force (Task Force) Meetings.

Upon approval of the charter, including the purpose, goals and objectives of the Task Force, the Task Force identified the need to gather relevant information specific to federal and state requirements related to the reimbursement of placement services, as well as a review of acceptable rate methodologies and related concepts. As a result of the information gathered, the Task Force conducted an analysis of all relevant information and determined the need to convene several ad-hoc workgroups to address different aspects of a Pennsylvania-specific model for determining independent placement provider rates. A summary of the detailed work completed by each workgroup is included within the larger report.

2. BACKGROUND

Following the Office of Inspector General's audit of the Department's Federal Title IV-E foster care claims for periods between 1997 and 2002, the Administration for Children and Families (ACF) required that a Program Improvement Plan (PIP) be submitted and steps taken to assure the Department's compliance with Title IV-E of the Social Security Act and the Code of Federal Regulations 45 C.F.R. § 92.40(a) which includes the assurance of accurate and reasonable calculations of residential foster care per diems. Part of this PIP included developing a standard format for contracting and invoicing which would support the portion of per diems allowable for Title IV-E reimbursement. As a result, the Department's Office of Children, Youth and Families (OCYF) issued a bulletin in 2008 that mandated counties and providers gather and forward certain fiscal information to the Department for the determination of maximum allowable state and federal Title IV-E reimbursement.

As a result of a lawsuit filed by several providers, Northwestern Youth Services, Inc. v. Com., Dep't of Pub. Welfare, 66 A.2d 301 (Pa. 2013), the Supreme Court of Pennsylvania determined that the Department did not have the authority to institute the process through a Department-issued bulletin, but should have followed the regulatory review process to require the submission of cost information. Upon issuance of the Supreme Court's decision on April 24, 2013, the Department ceased the review of provider fiscal packets.

On July 9, 2013, Governor Tom Corbett signed House Bill 1075, Printer's Number 2203, now known as Act 55 of 2013. Act 55 of 2013, in part, amended the Public Welfare Code by adding a new section, Section 704.3. This section requires a provider to submit documentation (for this current contracting year) of its cost of providing placement services to the Department and authorizes the Department to use the documentation to support the claim for federal and state reimbursement. Pursuant to Act 55 of 2013, the Department was also required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare and juvenile justice services which are reasonable and allowable. The Task Force is required to provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly by April 30, 2014 and for other purchased services by December 31, 2014.

To fulfill the statutory requirements of Act 55 of 2013 specific to the convening of the Task Force, the Department convened a stakeholder Steering Committee (Refer to **Appendix A**) whose initial purpose was to review the legislative requirements and identify potential Task Force members for appointment by the Secretary. The Steering Committee's ongoing purpose was to provide guidance to the Task Force in developing a comprehensive set of recommendations for a methodology to identify the actual and projected costs of service delivery which are reasonable and allowable. Additionally, the Steering Committee was responsible for joint development of meeting agendas, and the development of an ongoing communication plan to ensure that information was gathered from and disseminated to counties and providers and for resolving any issues that arose. The first task of the Steering Committee was the drafting of a charter that would serve as the foundation to drive the work of the Task Force.

In developing the charter, the Steering Committee first needed to identify the problem that was to be addressed and to agree on a statement of that problem. The following Problem Statement was subsequently approved by all Task Force members and became the framework for future meetings and discussions. A set of unifying principles were developed for use in guiding the discussions to ensure that all members had overarching agreement on the core elements of a cost methodology. In addition, all members achieved consensus on the following goals to facilitate targeted and meaningful discussion and as a way to ensure the achievement of agreed upon outcomes. A copy of the full charter, which includes the appointed members of the Task Force, is included as **Appendix A**.

2.1 Problem Statement:

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges, evolving statutory and regulatory requirements, the need for increased accountability, shifts in priorities and, most importantly, increasing diversity, complexity and immediacy of the needs of children, youth and their families.

The Department's rate methodology, and related regulations, bulletins and transmittals must have a comprehensive review. The Rate Methodology Task Force, the focus of this Charter, is an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies due to incremental changes over the past twenty years.

2.2 Goals:

- To develop a fair and equitable process to set and reimburse provider rates
- To increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels – providers, counties, state and federal
- To address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among providers, counties and the Department in responding to the public mandates addressing child safety and community protection
- To consider funding implications related to the implementation of juvenile justice initiatives
- To develop a defensible methodology addressing the purchase of service process between counties and providers, including identification of all costs based on actual and projected costs that are reasonable and/or allowable
- To clearly identify the protocols to be followed to ensure that documentation requested from service providers and counties is sufficient to support claiming for federal and/or state dollars
- To develop a fiscal reporting format that captures necessary data in a consistent and well-defined process
- To develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force
- To consider funding implications related to the implementation of current and future federal and state statutes and regulations
- To model a productive and respectful process supporting broad systemic change that is to the benefit of the populations served and is reflective of the differences in the entities involved
- To consider the implications of the federal child welfare demonstration project initiatives evolving in select counties
- To consider funding implications related to implementation of the Human Services Development Block Grants, as they specifically relate to child welfare and juvenile justice
- To consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services as well as consistency in access to funds

2.3 Task Force Formation:

Act 55 of 2013 mandated that the Task Force be convened within 60 days of the effective date of the legislation. While the Steering Committee began meeting in July of 2013, the Task Force was officially convened on September 4, 2013. Meetings were conducted on a bi-weekly basis through March of 2014. Recognizing that the Task Force was mandated as a result of systemic funding challenges, considerable time was spent during the first meeting introducing Task Force members to one another as many members had not served in this capacity together, as well as discussing the rationale for the Task Force and identifying the information that was necessary to result in the development of a comprehensive set of recommendations. (Refer to **Appendix B**). *It is important to note the time commitment of the Task Force members to this process.*

It was also necessary during the first meeting to gain an appreciation of the perspectives of represented system partners to ensure that all members shared a common understanding of the current landscape. As such, each of the three system partners presented information that was specific to their role. Representatives from the Department provided an overview of federal and state allowable and non-allowable costs with an emphasis on the federal definition of foster care as well as the parameters for state reimbursement of services. Representatives from the Pennsylvania Children and Youth Administrators, Inc. emphasized that specific county needs are identified through data analysis and assessment which are used to drive the provision and purchase of services locally. As a result of the unique needs of communities, there is a need for robust provider-delivered services that are flexible in nature. The Pennsylvania Council of Children, Youth and Family Services and the Rehabilitation and Community Providers Association presented on the challenges being faced by service providers. Providers shared challenges faced due to delays in contract execution and reimbursement for services.

After discussing the past and current system challenges, the Task Force focused on development of a vision for the future to support improved outcomes for children and families. Members agreed that there was a need to look toward enhancing a collaborative process that is driven by a renewed and common purpose to the delivery of services while understanding the unique challenges of all system partners. Task Force members identified the need to gather information related to different rate methodologies and how those methodologies were implemented within other states. As a result, Public Consulting Group, Inc., (PCG) conducted a comprehensive review of rate methodology options and concepts for Task Force consideration.

3. DEVELOPING THE COMMONWEALTH FRAMEWORK

On September 18, 2013, PCG presented to the Task Force considerations in establishing a rate methodology, a national context for rate conversations and specific examples from several states to illustrate possibilities (Refer to **Appendix C**). The critical importance of establishing a defensible and accurate methodology was highlighted, given litigation that has occurred in multiple states. The genesis and outcomes of several of these court cases were discussed including those in California, Missouri, and Indiana.

The research and analysis of other state's methodologies reinforced the need for states to support their rates to providers through detailed documentation when claiming federal funds. One result of litigation is that states are implementing a cost report process or enhancing their current cost report so that all applicable costs are included. At a high-level, states have aimed to formulate transparent, data-driven methodologies for the establishment of provider rates. This context is consistent with the goals of the Task Force and the desire to create a methodology through provider/county/state collaboration.

3.1 Specific Details Regarding Litigation in Other States:

- In 2003, Missouri was sued by the Missouri Child Care Association (MCCA) for making reimbursements based on budgetary concerns and not the reasonable costs of providing foster care maintenance. The court ruled in favor of the MCCA, noting that the state had violated the Child Welfare Act by failing to adopt a methodology for determining foster care payments based on the legislation.
- In December 2009, Indiana's Department of Child Services (DCS) was sued by the Indiana Association of Residential Child Care Agencies (IARCCA) for attempting to reduce payment rates for child caring providers. The IARCCA lawsuit represented more than 100 child caring agencies (all part of IARCCA), and was also certified as a class action on behalf of foster and adoptive parents throughout Indiana. The lawsuit's main contention was that the DCS's proposed rate cuts arbitrarily reduced the payments necessary to support affected child welfare programs and participants. In January 2010, the lawsuit was upheld by a federal judge in Indiana and DCS was prevented from cutting the residential, foster care and adoption payment rates on the grounds that the payments were necessary to provide the costs of care mandated by Title IV-E. To respond to the lawsuit (and injunction), DCS revised its rate setting methodology and proposed mechanism for

implementing adjustments to rates. Instead of uniform rate cuts, DCS is now proposing caps to costs based on the reasonableness of individual provider costs (e.g., capping excessive salaries). Legislative action is ongoing.

- In 2010, the 9th Circuit ruled against the state of California regarding foster care payments. The court ruled that the Child Welfare Act grants foster care providers a federal statutory right to payments that cover certain enumerated costs. This decision set a precedent for other lawsuits, including the Indiana case, in that states are mandated to provide foster care payments for certain services regardless of how much Title IV-E reimbursement the state claims.

3.2 Rate Methodology—Competing Motivations:

The Task Force considered various motivations involved when establishing a provider rate methodology. These motivations can be summarized in the following categories:

- *Government Spending*: Emphasis is on efficiency, cost containment, increased accountability, reduced fraud, balanced budget and optimizing multiple funding streams
- *Quality Control*: Emphasis is on high quality service provision, use of Evidence-Based Practices, individualized services, client choice and provider flexibility and capacity
- *Equity and Politics*: Emphasis is on geographical equity, disproportionately favoring one type of service or delivery method, trends over time, stakeholder satisfaction, compliance with federal or state instructions/initiatives and positive relationships with providers
- *Simplicity*: Emphasis is on stability from year-to-year, common rates for all providers or certain provider types, standardized method and limited reporting requirements

The Task Force members identified elements in all of these motivations that are desirable in the Commonwealth methodology. There was a high level of agreement that quality is a key factor in determining a methodology, as well as the need to consider simplicity to the degree possible without sacrificing the ability to meet federal and state funding requirements.

3.3 General Framework for a Provider Rate Methodology:

The Task Force was asked to consider the options that exist in establishing a rate methodology framework. In reviewing the different methodologies, it became evident that the framework could be broken into two core concepts. The first concept was focused on the manner in which provider costs were assessed:

- *Provider Independent:* Rates are based on a single rate that may be set for all providers and not on specific provider costs
- *Provider Dependent:* A provider's rate is linked to the same provider's costs

The Task Force discussed the advantages and disadvantages of these concepts. The Task Force clearly favored the "provider dependent" direction as it appeared to be more precise in its administration and allowed for the possibility of full reimbursement to each provider. This direction also seemed to be consistent with the promotion of continued diversity in our provider population. It was recognized that a provider dependent approach does require state and county oversight to ensure the continued allowability and reasonableness of costs as state and county fund availability is a continuing concern.

The second concept was based on the manner in which provider costs are projected:

- *Prospective:* Rates are based on an extrapolation of historical costs or based on budgeted costs
- *Retrospective:* A provisional rate is set and then adjusted after the current fiscal period

The Task Force favored a "prospective" approach in developing a methodology. Utilizing current cost data was viewed as a more reasonable basis for establishing rates. Time was spent discussing potential strategies for alleviating the downside of this approach, which is the concern over changing costs and how this can be built into a forward thinking methodology.

3.4 Methods of Generating Rates:

The Task Force was presented with various methods that are commonly used to establish rates. The following methods were included in this discussion:

- *Cost-based Pricing*: Pricing based on historical or budgeted costs (can generate provider-dependent or provider-independent rates)
- *Component Cost Analysis*: Generate a provisional rate based on estimated costs to providers (i.e. through analysis of necessary inputs and market price of those inputs for a hypothetical service provider)
- *Budgeting*: Generate rate based on provider's budgeted costs for the future (currently used by the Commonwealth)
- *Negotiated Rate*: Either the state publicizes a range and providers negotiate individual rates or providers propose rate based on budget and then negotiate with state (the county in the case of the Commonwealth)
- *Aggregate Rate Agreement*: Set an average cost-based rate for all participating providers. Providers who opt out of the agreement receive the lesser of the aggregate rate or an individually approved budget amount
- *Flat Rate*: Rate is set by dividing available funds by anticipated caseload or utilization. One rate for all providers for each service type
- *Global Budget Transfer*: One allocation of money for all services to all clients, regardless of the number of clients or the intensity of services provided. The "pot" is a predetermined percentage of the state budget. Allocation to lead agencies is based on historical factors (caseload, previous spending) or assumptions about future spending. New clients do not generate new income. Incentive exists to reduce caseload, length of stay, intensity/price of services

In discussing the above methodologies, it was agreed that many of the concepts are not mutually exclusive, and that often a state's methodology contains elements of several different categories. In the Commonwealth, provider rates have traditionally been set using elements of both budgeting and rate negotiations. The Task Force focused on two key areas during discussions of methodologies:

- A historical cost-based system was considered desirable given providers concerns about being reimbursed for their actual cost of care.

- Both the provider and county representatives were clear in that they did not want to lose the ability for providers to individually negotiate rates with county agencies.

In terms of generating rates, the Task Force also discussed:

- *Statewide Pricing* (same price across the state)
- *Peer-Group Pricing* (same prices for designated peer agencies based on factors such as geography and service)
- *Provider Specific Pricing* (individual pricing by provider). Similar to the discussion on provider dependent methodologies, the Task Force favored Provider-Specific Pricing as part of a Commonwealth methodology.

3.5 Rate Administration Options:

The Task Force also considered different rate administration options that could operate within any given rate methodology. This discussion was extremely critical as the Commonwealth's two largest counties (Philadelphia and Allegheny) are each working towards a system of alternative rate administration options. Any rate methodology developed by the Commonwealth will need to take into account the rate administration changes being planned for by these entities and any other counties that may choose similar undertakings. The rate administration options discussed were the following:

- *Performance-Based Pricing*: Under this arrangement, negotiation is associated with expected outcomes (quantity, quality, and/or impact). Philadelphia Department of Human Services (DHS) has used this model in the past, and Allegheny County is rolling this out with their current providers. On October 31, 2013, Public Consulting Group conducted a follow-up presentation to the Task Force on national models of Performance-Based Contracting and how it can be used in the child welfare and juvenile justice systems.
- *Case Rate*: Reimbursement is generally related to an episode of care or period of time. Developing a case rate requires a data-driven rate that is developed for the cost of services from the time of referral until case closure. If the case rate is purely based per episode, providers are incentivized for timely permanency results. Case rates can either be blended across all types of children referred to a provider or stratified along some type of identifiable and meaningful dimension that is related to the type of client. At the October 31st meeting, a

Task Force member representing Philadelphia DHS provided an overview of the case rate plans being discussed as part of the Improving Outcomes for Children system change in Philadelphia.

These additional rate administration options were also discussed. It is important to note that these do not represent a familiar experience in Pennsylvania.

- *Base Payments:* Providers are paid a monthly amount to cover all required services, regardless of the number of clients. There are ways to mitigate risks for all parties that can be built into this system (as well as the other rate administration options).
- *Ceilings/Floors:* These are rate administration concepts that can be built into any existing methodology. Maximum/minimum amounts are included in a provider's rate in regard to identified cost centers (i.e. ceilings on provider administrative costs, minimum reimbursement levels to foster parents, etc.).

4. REVIEW OF OTHER STATE METHODOLOGIES

On October 16, 2013, PCG and the Task Force did an in-depth analysis of several state methodologies (Indiana, North Carolina, Maryland, and Ohio) to determine the pros and cons of each system and potential elements that should be considered in the rate methodology developed for the Commonwealth (Refer to **Appendix D**). The identified elements from this analysis were the following:

- Establishment of clear timelines for submission, review and final analysis of costs
- Standardization of service definitions and related staff positions and activities to support consistency and timeliness in the review and analysis of costs
- Utilization of a third party provider audit to better focus the role of the state in the review process
- Reinforcement of the value and need for individual provider and county negotiations
- Creation of an allowance for regional/county variations in rates reflecting geographic locations, contract specifications and county specific requests
- Development of a provider cost report that supports submission of needed information in a streamlined and efficient format
- Standardization or clearly-defined guidance for the presentation of provider cost allocation plans
- Calculation and inclusion of a Rate Adjustment Factor as part of the rate negotiation process
- Consideration of quality, outcomes and performance in the rate methodology process

Additional detail regarding this analysis is specified below.

4.1 Indiana:

Residential Treatment Service Providers (comparable to congregate care settings in Pennsylvania) and Child Placing Agencies (comparable to foster family care in Pennsylvania) are required to submit cost reports on an annual basis. Cost reports are used for both provider rate setting and federal reimbursement (e.g. Title IV-E) rate setting. Other elements of the Indiana process that were discussed include:

- The Department of Children's Services (DCS) has established caps and floors within the rate setting methodology related to

administrative costs, fringe benefit costs, caseload size, occupancy, and profit margin.

- DCS also established Cost of Living Adjustments (COLAs) to be applied in 2013, based on the Midwest Consumer Price Index.
- DCS only pays for room and board--treatment costs must be provided separately through a Medicaid provider.
- DCS conducts a statewide, centralized Random Moment Time Study as part of the rate setting process.
- DCS conducts desk audits of reports and sets payment rates. A subset of providers will also participate in an on-site audit by DCS to validate costs. Providers may request an optional administrative review (after the rate setting process) for rate reconsideration.

4.2 North Carolina:

Like the Commonwealth, North Carolina's child welfare system is state-supervised and county-administered. On an annual basis, the state sets provider payment rates, called the "cost modeled rates," based on the Bureau of Labor Statistics median salary for social workers, the USDA "Cost of Raising a Child" report, and cost reports and independent audits from participating agencies. The process flow for the North Carolina rate process is as follows:

- The state collects and validates cost reports. The state assesses the cost reports to ensure that costs are being reported in the correct categories (Room and Board, Supervision, Administration).
- The state approves "Cost Modeled Rates." The Department of Social Services and the Controller's office approve the "cost-modeled rates," which must be approved by the legislature.
- The state will only reimburse the county up to the state and federal share of the cost-modeled rate.
- Counties negotiate rates with the Providers. Counties are responsible for negotiating rates with each provider. Counties can negotiate rates that are higher or lower than the standard cost-modeled rates.

4.3 Maryland:

The state sets payment rates based on provider-requested rates, cost, quality and reasonableness. Providers submit an annual cost report that is reviewed for reasonableness and peer providers are grouped for analysis. The state then establishes a standard deviation of rates to determine "preferred providers."

While the exact methodology may be difficult to administer, the attempts by the state to include quality and intensity into their methodology was recognized as positive.

4.4 Ohio:

Ohio also has a state-supervised, county-administered child welfare system. Counties enter into negotiated contracts with provider agencies for placement services. The state sets upper payment limits of Title IV-E dollars based upon detailed cost reports.

- The state is responsible for developing the cost report format and requirements
- The state requires that all cost reports have an independent audit firm perform an Agreed Upon Procedures review
- Historical costs are multiplied by an inflation factor based on Ohio's consumer price index to set the reimbursement ceilings for Title IV-E rates

Unlike the Commonwealth, Ohio does not have a state participation amount. Local taxes are structured to pay for child welfare services not covered by federal dollars.

4.5 Other State Discussions:

PCG and the Pennsylvania Council of Children, Youth and Family Services collaborated in pulling together additional state rate methodology documentation from: Colorado, California, Florida, Iowa, Missouri, New Jersey, New York, Texas, Washington, DC and Wisconsin. PCG staff and provider Task Force members with other state contracting experience shared information regarding the processes in these states.

A unique state process discussed by the Task Force, based upon ACF's recommendation, was the use of the Washington, DC/West Virginia methodology to calculate Title IV-E administrative costs. Rather than using a time study, the DC methodology was established based on licensing standards. This methodology was previously reviewed by OCYF/PCG and while it provides a streamlined methodology, it is also one that could likely result in lower administrative federal reimbursement.

Based upon a strict adherence to our licensed staff-to-child ratios for congregate care programs, a review of the impact to three providers of varying sizes was undertaken. There was wide variance related to the decrease in federal reimbursement which ranged from approximately 2% to 62%. Additionally, the analysis revealed that the larger the program, the larger the percentage decrease that was incurred. Many providers go beyond the minimum staff-to-child ratios to ensure the provision of quality services to children served as well as improved outcomes for children as they transition from these programs. Therefore, at that time, this option was determined to have a negative impact on the ability to claim federal reimbursement for allowable activities.

During the November 12, 2013 presentation, ACF provided information and variations of this model not previously relayed to the Department that produced the results shown above. This included the ability to use actual staff-to-child ratios rather than minimum licensing standards to calculate daily supervision activities.

Providers on the Task Force shared that the administration of this model also included detailed staff information from each provider similar to what is currently collected in Pennsylvania, which does not support the relief providers were hoping for in this process. A more detailed investigation of this model may produce different results and could be undertaken as warranted.

It was clear that the value in discussing other state methodologies was not that a "perfect" methodology existed, but that the Commonwealth could learn lessons from other state's experiences and elements of different state methodologies could be assembled to create a methodology specific to the Commonwealth and the needs of the state, counties and the provider community. These discussions ultimately ended in a series of decisions that led to the Pennsylvania Model.

5. SUB-RECIPIENTS VERSUS VENDORS

The Task Force recognized the need to gain an understanding from representatives of the Department's Bureau of Financial Operations (BFO) specific to the differences for sub-recipients and vendors in regard to audit needs. Therefore, the Task Force invited David R. Bryan, CPA, CGMA, Manager, Audit Resolution Section (DPW) and Alexander Matolyak, CPA, DGF, Director, Division of Audit and Review (DPW) to discuss with the Task Force the differences for sub-recipients and vendors in regards to audit needs.

The reference for the discussion was:

Circular No. A-133, P. 10-11, Subpart___.210 Sub-recipient and vendor determinations (OMB):

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

This reference supports the Uniform Administrative Requirements Subpart A 200.93.

From this circular, an auditee may be a recipient, a sub-recipient, and a vendor. Federal awards expended as a recipient or a sub-recipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal award.

- Sub-recipients typically make eligibility determinations, evaluate performance objectives, have programmatic decision-making authority, and hold responsibility for compliance to requirements
- Vendors typically provide the goods and services within normal business operations

As a result of the discussion on October 16, 2013, it was determined that the implication for providers lies in the single audit requirements related to vendors. The distinction is subtle and often ends up as a judgment decision by the funding organization. Providers are viewed as sub-recipients of the county for this purpose. It is recognized that county agencies may have differing opinions in their categorization of providers.

6. FEDERAL PERSPECTIVE

Task Force members requested that staff from the Administration for Children, Youth and Families (ACYF) Regional Office be invited to provide an overview of the federal perspective related to costs that were allowable for federal reimbursement and to provide an overview of the strengths and challenges of Pennsylvania's current process for review of federal allowable activities. On November 12, 2013, five representatives from ACYF participated in a Task Force meeting and delivered a presentation titled: ***Congregate Care Foster Care Rate-Setting, Determining Title IV-E Federal Financial Participation***, which is included as **Appendix E**.

6.1 Key Discussion Points:

Title IV-E of the Social Security Act authorizes Federal funds for state foster care programs, providing a framework for expectations around reimbursement. Federal Regulations at 45 C.F.R. § 1355.20 define foster care as 24-hour substitute care for children placed away from their parents or guardian and for whom the Title IV-E agency has placement and care responsibility. This includes, but is not limited to, placements in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities, child care institutions and pre-adoptive homes. This does not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent. It is important to note this distinction for the purposes of this report as within Pennsylvania, we generally equate foster care with foster family care and for these purposes, the term has a broader context and meaning.

For children who meet Title IV-E eligibility requirements, Federal Medicaid Assistance Percentage (FMAP) reimbursement is available for placement maintenance costs. Federal Financial Participation (FFP) reimbursement is available for related administrative costs for placement in foster homes or child care facilities that meet Title IV-E requirements. Foster care rates are determined on a state-by-state basis—there is no federal requirement for a particular methodology and no federal minimum or maximum amounts. Each state sets its foster care rates based on its own approach and budget priorities. Costs need to be identified and measured so that only Title IV-E costs are in the documents that ACYF receives.

Historically, there were a series of Office of Inspector General audits, which resulted in findings of bundled rates charged to Title IV-E that included non-

allowable costs. As a result, ACF requested that the bundled rates be separated into allowable versus non-allowable costs, which could not be accomplished. Therefore, **Title IV-E allowable maintenance and administrative costs must be clearly identified in order for ACF to approve payments without question.**

Federal Guidelines for claiming FFP are authorized under the Social Security Act, 45 C.F.R. Part 92 and 45 C.F.R. § 1356.60, Office of Management and Budget Circular A-87 (see Note below) and the Child Welfare Policy Manual.

Note: OMB Circular A-87, OMB Circular A-122 and OMB Circular A-133 are contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, passed on December 26, 2013, which goes into effect on December 26, 2014.

6.2 Foster Care Maintenance:

There are three groups of costs for foster care maintenance under Section 475(4) of the Act, 42 U.S.C. § 675(4):

- Daily Supervision (ACF encourages the Task Force to consider a less complicated methodology to claim daily supervision)
- Cost of providing items in Section 475(4) of the Act, such as food, clothing, shelter and reasonable travel
- Reasonable costs of administration and operation of an eligible facility:
 - Administrative costs must be directly related to maintenance items, not to the entire administration of the agency or facility
 - Case management is an administrative cost within this lexicon

Foster care maintenance payments are payments to cover the cost of and the cost to provide:

- Food
- Clothing
- Shelter
- Daily Supervision
- School Supplies
- Child's Personal Incidentals
- Liability Insurance with respect to a child
- Reasonable travel to a child's home for visitation
- Reasonable travel for the child to remain in the school in which the child was enrolled at the time of placement

In Congregate Care settings, foster care maintenance payments may include the reasonable costs of administration and operation of such institutions as are necessarily required to provide these allowable items.

Since the “reasonable costs of administration and operation” are limited types of activities and apply only to Title IV-E eligible children, the costs of foster family care must be allocated along three lines:

- Allowable cost items and activities
- Benefitting programs and activities
- Proportion of foster care children in the institution eligible for Title IV-E compared to children whose care is paid under other programs

For these purposes, the costs must be reasonable in that they may not exceed the customary costs for performing similar functions within similar congregate care programs of the same size and population of children served. ACF does not direct how costs are allocated but does offer an opinion on the reasonableness of those costs.

6.3 Transportation:

Local travel associated with providing food, clothing, shelter, daily supervision, school supplies and a child’s personal incidentals is an allowable expenditure for Title IV-E foster care reimbursement.

Transportation as a separate item of expense is not allowable except for reasonable travel to the child’s home for visitation and for the child to remain in the school in which the child is enrolled at the time of placement. Transportation costs are for the costs of transporting the child, not the parents.

6.4 Staff Time:

Each provider needs to develop a methodology for capturing staff time to determine daily supervision. This is a challenge as the Task Force recognized that time studies have consumed considerable amounts of time and resources. Either of the methodologies described below is permissible by ACF.

- *Random Moment Time Study (RMTS)*: Properly conducted, RMTS determines the proportion of time in a certain period that a class of

workers is engaged in a defined activity. RMTS is an effective and efficient way of accomplishing this; , however, the time study must meet reasonable statistical studies for allowability, reasonable and accurate prediction of the time

- *Alternate Daily Supervision Calculation:* Some states establish daily supervision costs claimed as Title IV-E maintenance based on the minimum number of full time equivalent staff (FTEs) required by licensure standards to provide that supervision. The state establishes the daily supervision costs claimed as Title IV-E maintenance based on the ratio of the *minimum number of FTEs required by licensure standards to provide daily supervision* to the *total FTEs providing such supervision* multiplied by the *total amount expended to provide direct daily supervision for the quarter*. The state must review position descriptions for congregate care personnel to establish which agency personnel provide direct daily supervision. Once established, the salaries/wages paid to these personnel is calculated to establish the total direct daily supervision expenditures for the quarter. Definitions are critical so that the process is truly reflective of the work done.

6.5 Rate Methodology:

The state foster care rates must clearly identify and separate payments for foster care maintenance as defined in section 475(4)(A) of the Act, from those for social services, medical costs, educational expenses, counseling and reimbursement as a salary for performing ordinary parental duties. Other expenditures are not reimbursable under Title IV-E foster care maintenance. These costs must not be included in the Title IV-E rate.

ACF does not direct the methodology used by states; however, the cost methodology must:

- Describe the procedures used to identify, measure and allocate all costs to each of the programs operated by the agency
- Conform to the accounting principles and standards prescribed in the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
- Contain sufficient information in such detail to allow the Department to make an informed judgment on the correctness and fairness of the procedures for identifying, measuring and allocating all costs to each of the programs operated by the provider agency

6.6 Common Costs:

Common costs are those costs incurred by an agency that benefit more than one program or cost objective. The common costs of the provider must be identified, measured and allocated to benefitting programs. For example, a portion of audit costs may be related to maintenance activities; however, the entire cost of the audit cannot be tied to the foster care maintenance claim.

Audit costs need to be allocated to all programs that benefit from the audit.

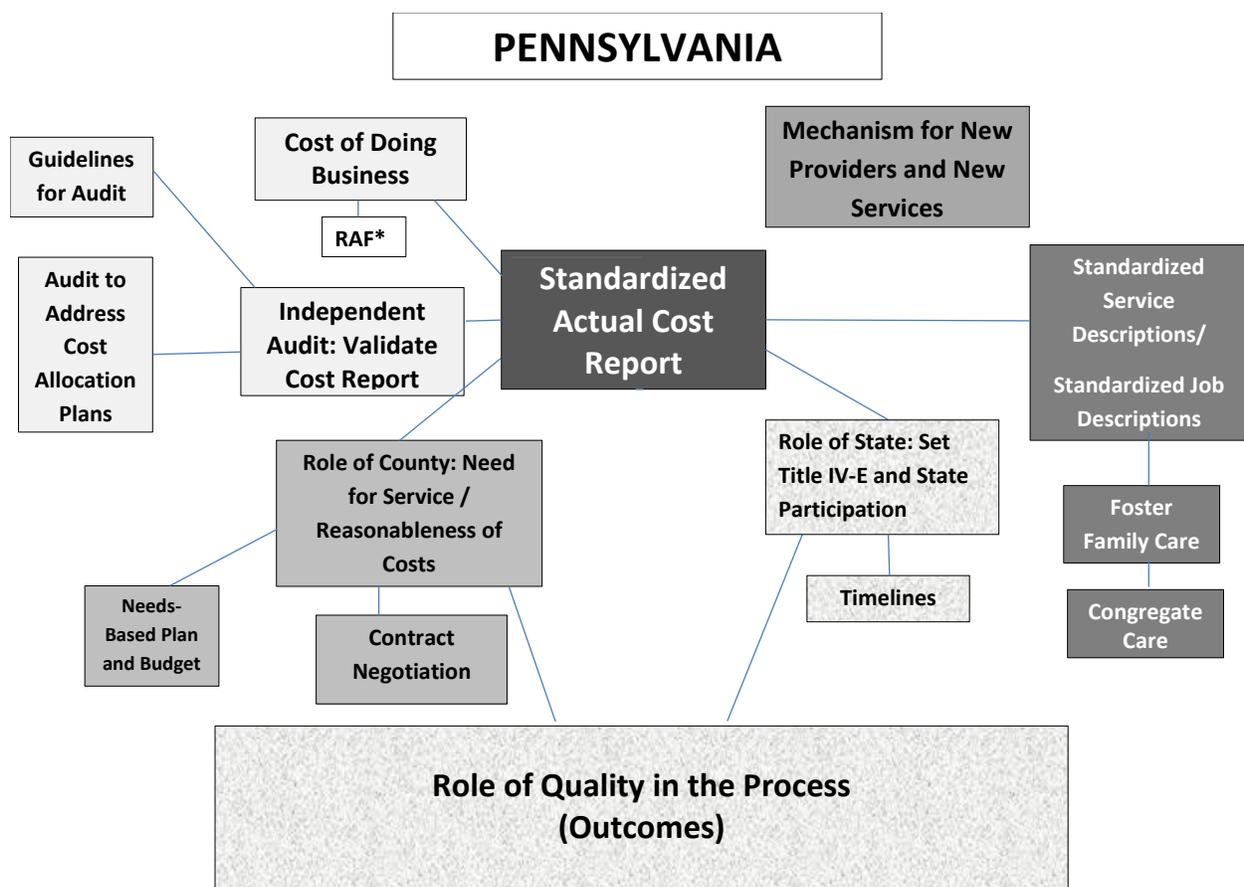
6.7 Unallowable Title IV-E Costs:

Costs that cannot be included in the Title IV-E rate include:

- Social Services
- Medical Costs
- Education/Educational Costs
- Counseling
- Reimbursement as a salary for performing ordinary parent duties

7. THE PENNSYLVANIA RATE METHODOLOGY FRAMEWORK: A COLLABORATIVE CREATION

The Task Force considered all information regarding the elements presented, other state methodologies and challenges, and the best interest of providers, counties and the Commonwealth. A framework of agreed-upon methodology elements was established and a process was created utilizing ad-hoc workgroups to further develop the major elements of the methodology. The chart below depicts the major elements of the Pennsylvania Rate Methodology Model. A description of how these items were selected follows.



*RAF refers to Rate Adjustment Factor

7.1 Standardized Actual Cost Report:

The first major decision made by the Task Force was to establish the primary basis for establishing rates. Historically, the provider community has utilized budgets as the basis for county negotiations. Pennsylvania utilized budgeted costs to establish Title IV-E and State Participation rates that served as the basis for county negotiations. In reviewing the methods used in other states, and based on the principle that the cost of care should be a key factor in the Pennsylvania methodology, the Task Force decided that a provider cost report should be the starting place in a newly developed process. The process used by Ohio was one of the key models referenced as this model would be relative to Pennsylvania's at the federal level. The Pennsylvania state process moves from a budgeting perspective to one built on actual costs.

Other key components of the Pennsylvania model related to this section are as follows:

- *Independent Audit: Validate Cost Report (Guidelines for Audit)*
The Task Force was extremely motivated to streamline the review process that existed in the prior Pennsylvania rate methodology. The Task Force decided to include the Agreed Upon Procedures (AUP) as the primary source of rate validation with the reasoning that a third party performing the audit could be used to streamline the detailed state review process.
- *Audit to Address Cost Allocation Plans*
The Task Force decided that the independent audit of the cost report would need to be thorough enough to alleviate state and county concerns and completed in a state-prescribed manner that would support federal funding.
- *Rate Adjustment Factor*
The Task Force recognized that a rate methodology based on actual costs as opposed to budgeted costs creates a natural gap in time between the accounting of the costs and when the actual rate would be in effect. After reviewing models from other state systems, the Task Force came to the conclusion that a Rate Adjustment Factor would be an appropriate part of the Commonwealth model. It is a needed mechanism to properly adjust costs due to the timing of the cost report and the dates when the negotiated rates would be in effect.

The Cost Report/Audit Requirements Workgroup was tasked with developing a Rate Adjustment Factor and building it into the cost report format for rate development purposes.

The proposed methodology utilizes the AUP in conjunction with a cost report as the primary source of cost validation and becomes the basis of rate negotiation between the counties and the providers. This process, through the use of the independent auditor, streamlines the process at the state level and serves as a third party validator for allowability.

7.2 Standardized Service Descriptions/Standardized Job Descriptions:

The Task Force recognized that the methodology would benefit from standardization of service descriptions and job descriptions across the provider community. Standardization would assist in the development of a uniform methodology for time studies (regardless of the time study methodology utilized), comparisons across providers in terms of costs and services, and a common understanding of job functions across service types. As the Task Force further explored a provider-based Random Moment Time Study for determining administrative costs, the need for this standardization became critical.

It is important to note that the need for standardization does not imply that the provider community is being asked to sacrifice their individuality. The concept of "self-selection" was emphasized and the recognition that language differences aside, there are agreed upon categories of services, and that staff activities can be determined and grouped in appropriate categories as part of a time study.

7.3 Role of the State - Set Title IV-E and State Participation:

The Task Force acknowledged understanding that the state is responsible for obtaining the documentation that supports the federal Title IV-E allowability of costs and has a responsibility in overseeing the proper use of Act 148 dollars in the Commonwealth. The role of the state can be realized in the development of a methodology that utilizes agreed upon procedures. A process that maintains a state-level review of both public and private provider Cost Reports utilizing Title IV-E and Act 148 allowability considerations supported by accurate documentation was agreed upon by the Task Force as a key element in any methodology.

7.4 Role of County – Need for Service/Reasonableness of Costs:

The Task Force emphasized that the role of the county in a Commonwealth rate methodology is critical. County agencies have the strongest connection

with the provider community and are best suited for determining both the need for service and the reasonableness of costs related to that service. Related elements of the county role in this methodology include the following:

- *Relationship to Needs-Based Plan and Budget Process:*
The rate methodology must take into consideration the timing and requirements of the current Needs-Based Plan and Budget process. County agencies need to be able to plan for provider costs in order to secure the necessary funding as part of their Needs-Based Plan and Budget Submission.
- *Contract Negotiations:*
The Task Force agreed that individual county negotiations with providers must be a part of the Commonwealth rate methodology. Current regulations require such negotiations, and all parties agreed that providers and counties should retain that mandate. The Task Force recognized the current use of county review process in the contracting process and allowed for further discussion on whether there would be a place for such groups in the new methodology.
- *Reasonableness standards:*
After discussion, the Task Force concluded that the current regulatory language provides the mechanism for negotiation without setting caps and allows for a more flexible negotiation process accounting for variances based on regional fluctuations in operation and personnel costs.

7.5 Mechanism for New Providers, New Services and Providers Licensed Under Chapter 6400 Regulations:

The Task force made the decision to utilize actual costs as presented in cost reports, as the basis for rates. It was recognized that an alternative process needed to be in place for:

- New private providers
- New placement services performed by private providers that have no historical costs
- Private providers who are licensed under Title 55 PA. Code, Chapter 6400 Regulations (relating to Community Homes for Individuals with Intellectual Disabilities)

These service providers would submit budgeted information instead of actual costs. It was discussed that a methodology based on actual costs implies

that the same service is being contracted for in the subsequent year. These providers would have no historical costs.

The Budgeted Cost Report, similar to the concept document/Cost Report, enables the service provider to submit budgeted information and all related supporting documentation to the state for thorough review. The Budgeted Cost Report will be completed by providers and include a detailed staff roster in addition to providing their budgeted costs for the new programs/new services. This is designed to gather all pertinent information and to identify the documentation necessary to support the provider's method(s) of allocation. This review would result in a calculated rate, an Act 148 allowable rate and a Title IV-E allowable rate.

7.6 The Role of Measureable Outcomes in the Process:

The role of the quality of services delivered was at the forefront of Task Force discussions related to the major elements of the Rate Methodology. The provision of quality services is a critical component which needs to be factored into assessment of reasonable of costs as contracts are negotiated between counties and providers. The 'deliverables' associated with services purchased by counties should not only reflect quality practice standards but should also support quality outcomes—stability, permanence and competency development.

Quality is an integral part of the broader state review process as reflected in county reported outcomes data compiled with provider input. The analysis of the impacts and successes of interventions supported with public dollars directly connects with Task Force-valued principles of accountability and transparency.

Incorporation of standards for performance and practice, clear criteria for assessing success including tracking defined outcome data elements and development of a protocol to incorporate quality expectations into contract negotiations were recognized as desired long term systemic goals. Refinement of continuous quality improvement expectations will need to continue beyond the lifespan of the Task Force to bring it to fruition in Pennsylvania.

The Task Force agreed on the general framework for a Rate Methodology as described above. In recognition of the multiple details involved in each section, the Task Force established ad hoc workgroups that would report

back to the Task Force and develop final recommendations to the General Assembly.

Detailed information of each ad hoc workgroup is contained in subsequent sections of this report.

8. COST REPORT/AUDIT REQUIREMENTS AD HOC WORKGROUP

8.1 Members of the Cost Report/Audit Requirements Workgroup:

A listing of participants in the Cost Report/Audit Requirements Ad Hoc Workgroup is provided in **Appendix H**.

8.2 Purpose of the Cost Report/Audit Requirements Workgroup:

The Cost Report/Audit Requirements Workgroup developed a formatted reporting structure, (i.e. concept document/Cost Report) for foster family care and congregate care providers, county and state, to identify the total actual cost of care, as well as those costs relative to Title IV-E and Act 148. It is streamlined and efficient in its execution.

The reporting format ensures that the information contained within the format is transparent, reasonable and allowable through the use and reporting of Agreed Upon Procedures (AUP).

A valid Rate Adjustment Factor (RAF) was identified because this reporting format relies upon actual historical costs as there is a timing difference between the reporting of those actual costs, and the review and the use of those costs.

8.3 Process of the Cost Report/Audit Requirements Workgroup:

The Cost Report/Audit Requirements Workgroup adopted a Charter on December 10, 2013 to define the task charged to the workgroup.

The workgroup convened weekly, alternating weeks of in-person meetings and conference calls. (The only exceptions to the weekly meeting/call schedule were the weeks of December 23 and December 30 when no meetings or calls were held.) Each meeting or call worked from a pre-determined agenda and identified action items to complete on or before the next meeting or call.

Tasks were assigned to various members between meetings or call dates and members were charged with being familiar with all materials to be discussed for those meetings and calls.

The Cost Report/Audit Requirements Workgroup developed a concept document/Cost Report, Agreed Upon Procedures and Rate Adjustment Factor.

The Cost Report/Audit Requirements Workgroup reviewed processes currently utilized in other states (California, Colorado, Florida, Indiana, Iowa, Maryland, Missouri, New Jersey, New York, North Carolina, Ohio, Texas, Washington, DC and Wisconsin).

The Cost Report/Audit Requirements Workgroup reviewed information presented by PCG as well as other professional consultations from Certified Public Accountants (Rose Schoy, CPA, Non-profit Financial Group, Inc.; Dan Bradley, CPA, Young Oakes Brown & Co, PC; Barth & King; and Grant Thorton).

8.4 Recommendations of the Cost Report/Audit Requirements Workgroup:

Cost Report: The concept document/Cost Report identifies actual total costs, actual allowable Act 148 costs and actual allowable Title IV-E costs (**Appendix F**). Provider costs are consolidated onto one comprehensive report, streamlining the cost report process. Thus, duplicate information that is currently reported on multiple individual packets is eliminated.

One exception to reporting actual costs are for new private providers, new placement services performed by private providers that have no historical costs and those private providers who are licensed under the regulations at 55 Pa. Code Ch. 6400. These providers have no historical costs; therefore, an AUP cannot be performed.

- The Budgeted Cost Report allows the service provider to submit budgeted information and all related supporting documentation to the Department for thorough review. This review would result in a calculated rate, an Act 148 participation rate and a Title IV-E participation rate.
- Providers will also have the ability to note significant changes that occur after the reported year.

The Cost Report will be completed for the period of July 1, 2014 through June 30, 2015, and for each annual reporting period thereafter.

The Department's Office of Children, Youth and Families (OCYF) will provide state level oversight to ensure accuracy, transparency, proper allocations

and allowability, as determined by the State Review Process Ad Hoc Workgroup.

The 67 counties in the Commonwealth will provide a county level review for reasonableness, service, service enhancement necessity and contract negotiation, as determined by the County Review Process Ad Hoc Workgroup.

A Rate Adjustment Factor will be needed to calculate Total costs, Act 148 costs, Title IV-E costs and the county share of costs for the upcoming year.

Personnel costs and FTE's, some of which have been identified within the concept document/Cost Report, will be reported by position, as determined by the Standardized Service Descriptions/Standardized Job Descriptions Ad Hoc Workgroup.

Offsetting revenues are applied to related direct and indirect costs.

Agreed Upon Procedures: Agreed Upon Procedures (AUP) (refer to **Appendix G**) engagements will strengthen the review process via Certified Public Accountants (CPAs) prior to the transfer of the cost report from the provider to the state/county for oversight and review. The CPA will attest to the validity and accuracy of the private agency's Cost Report.

The AUP will be completed beginning with the Cost Report period of July 1, 2014 through June 30, 2015 and for each annual Cost Report thereafter.

Guidelines established in the AUP will validate the information in the Cost Report. Major areas of review, testing and documentation for methods of allocation and allowable costs for Act 148 and Title IV-E will include the following:

- Reconciliation of the Cost Report to the provider trial balance
- Cash disbursements for non-payroll/fringe benefits
- Payroll and fringe benefits
- Fixed Assets
- Census Statistics
- Ancillary supporting documentation

The AUP follows the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 55 Pa. Code Ch. 3140, Social Security Act 475(4) (A), and 45 C.F.R. § 1356.60. It ensures proper and

standardized allocation and allows ability of cost through testing and underlying support of the provider and the CPA firm.

Rate Adjustment Factor: The workgroup reviewed and finalized a Rate Adjustment Factor to be applied to calculated costs in the concept document/Cost Report.

The Rate Adjustment Factor will be applied directly to the total actual costs and Act 148/Title IV-E/county share reimbursement rate.

The direct application of the Rate Adjustment Factor will account for the 24 month window between the year costs are reported and the year in which the rates go into effect. Therefore, a 2-year multiplier will be applied.

Example:

Reporting Year:	7/1/2012 – 6/30/2013
Effective Year:	7/1/2014 – 6/30/2015

The Rate Adjustment Factor will be a hybrid of two indices:

- *Employment Cost Index (ECI)* measures the change in the cost of labor, free from the influence of employment shifts among occupations and industries. Detailed information on survey concepts, coverage and methods can be found in the Bureau of Labor Statistics Handbook of Methods, Chapter 8, "National Compensation Measures," Bureau of Labor Statistics, on the Internet at www.bls.gov/opub/hom/pdf/homch8.pdf.
- *Consumer Price Index (CPI)* depicts the average change in prices paid on consumer goods and services over a period of time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 88 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force. For further details see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, The Consumer Price Index, available on the Internet at www.bls.gov/opub/hom/homch17_1.htm.

Providers in the Commonwealth typically average 70% personnel costs and 30% non-personnel costs. Therefore, the following equation can be used to calculate the combined Rate Adjustment Factor:

$$[(70\% \times \text{ECI} - \text{All Workers Factor}) + (30\% \times \text{Northeast CPI-U Factor})] \times 2$$

The proposed rate methodology by this Task Force assumes the application of the Rate Adjustment Factor. The Rate Adjustment Factor would be published annually by the Department, which follows the process in other states that utilize a Rate Adjustment Factor.

9. STANDARDIZED SERVICE DESCRIPTIONS / STANDARDIZED JOB DESCRIPTIONS

9.1 Members of the Standardized Service Descriptions/Standardized Job Descriptions Workgroup:

The Standardized Service Descriptions/Standardized Job Descriptions Ad Hoc Workgroup was configured to include both public and private agency participants. It built upon the efforts of a prior workgroup which was also comprised of state, county and private provider representatives.

Participants included state, provider and juvenile probation office members of the Rate Methodology Task Force as well as additional providers, county fiscal and state office staff representing the diverse array of foster family and congregate care programming. This included geographic as well as service category, intensity and design variations.

A listing of participants in the congregate care and foster care sub-committees is included as **Appendix H**.

9.2 Purpose of the Standardized Service Descriptions/Standardized Job Descriptions Workgroup:

The purpose of this workgroup was to develop standardized service descriptions and job descriptions for foster family care programs and to develop standardized service descriptions and job descriptions for congregate care programs.

The desired outcomes included:

- Development of a consistent and defensible foundation for use and claiming of state Act 148 and federal Title IV-E funds by clear and consistent identification of program characteristics and related employee position activities
- Delineation of agreed-to and proposed standardized characteristics and activities for select staff positions, which in conjunction with application of a broad time study analysis, will reduce the need for extensive individual provider agency detail

The purpose of the standardization of service and job descriptions is to allow providers to self-select service descriptions and staff position activities that

reflect program operations within their agency. This will frame groupings of similar program types and staffing activities that support standardization in a variety of potential time study methodologies.

Ad hoc workgroup members worked to address the following priority areas:

- Developing recommendations for standardized service descriptions
- Developing recommendations for standardized staff position activity descriptions
- Incorporating both Title IV-E and state funding guidelines into recommendations
- Developing a defensible methodology for claiming federal funds, as well as clear documentation for use of state dollars, specifically related to defined staff positions.

9.3 Process used by the Standardized Service Descriptions/ Standardized Job Descriptions Workgroup:

In order to take advantage of available and relevant expertise, this ad hoc workgroup was divided into foster family care and congregate care sub-groups. The framework developed during previous efforts to address proposed standardization of program characteristics and staff activities was used as a starting point. Workgroup members began by defining the various categories of foster family care and congregate care practice currently operational. This was not done in an effort to suppress creativity demonstrated by private providers in program design, nor to reduce the individualized responses requested by counties, but rather to address core characteristics common across the Commonwealth.

Weekly Go-To-Meeting conference call sessions were held over a nine-to-ten week period. These conference calls supported open discussion and development of the lists of service characteristics and related staff activities. Each discussion resulted in continued refinement of the descriptive information reflected in **Appendix I** for congregate care and **Appendix J** for foster family care.

Characteristics of the child most appropriately supported at the various intervention levels along with common service category definitions were developed. For foster family care programs, desired and relevant characteristics and skills of the foster parents, as well as activities of agency staff positions, were delineated to address the differences in intensity and deliverables across the various categories. For congregate care categories,

common definitions, characteristics of the youth most appropriately served within the various configurations of care and three levels of staffing were addressed. It was agreed that although the specific position titles may vary from agency to agency, the activities as defined are an accurate reflection of staff responsibilities across both public and private agencies.

The next task was to explore the feasibility of a RMTS process to include three staff positions. RMTS was identified as a valid, tested and expedient approach as the random moment protocol used by county child welfare workers/juvenile probation officers has a proven history and serves as an approved model. Application to provider staff positions will involve development of the process, training, a pilot initiative and then full implementation.

If the RMTS is implemented, the following positions will be included in this process:

- Foster Family Care Workers/Case Managers
- Congregate Care Child Care Workers
- Congregate Care Case Managers

Additional relevant supervisory positions defined and discussed were recommended to be included in an individual provider agency's cost allocation plan. Given the diversity in staffing and allocation of administrative costs, it was determined that variations in practice do not support uniformity in supervisory positions. The process by which providers develop cost allocation plans, which clearly identify and address those activities and administrative expenses which may be funded through Title IV-E and/or Act 148 dollars, was addressed by the Cost Report/Audit Requirements Ad Hoc Workgroup. This work will include recommendations for training and validation of the methodology through the annual independent audit process. There has been ongoing communication with this workgroup to ensure proposal of an efficient, coordinated process.

While work continues on the groupings of activities and development of clear definitions to support accurate documentation, the plan to implement a RMTS or other standardized time study process for the staffing positions defined by the Standardized Service Descriptions/Standardized Job Descriptions Workgroup directly supports:

- Increased reporting consistency
- Decreased detailed reporting by providers

- A clear and defensible basis for claiming both state and federal funds

During the transition year to the new rate methodology process, it is recommended that a pilot be implemented, training delivered and preparation to support a new approach completed.

9.4 Recommendations of the Standardized Service Descriptions/ Standardized Job Descriptions Workgroup:

The recommendations by this workgroup have been separated into three distinct arenas—Administrative, Legislative and Regulatory.

Administrative Recommendations:

- That the Department approve the defined Foster Family Care categories which include Traditional/General, Specialized/Intensive, Treatment/Therapeutic and Parenting Teen specific child characteristics, Foster Parent skills and Activities and Foster Care Worker Activities
- That the Department approve the Foster Family Care categories with Medicaid funded supports which include Community Residential Rehabilitation Host Homes and Medically Fragile Foster Family Care
- That the Department approve the defined Foster Family Care Case Manager position and related activities defined within the proposed categories of Traditional/General, Specialized/Intensive, Treatment/Therapeutic and Parenting Teen specific child characteristics
- That the Department approve the defined Foster Family Care Case Manager related activities specific to room, board and basic supervision as defined within the categories of CRRS (Community Residential Rehabilitation Services) Host Homes and Medically Fragile Foster Family Care as being comparable to the Traditional/General categories for purposes of claiming state Act 148 and federal Title IV-E Funding
- That the Department approve the defined Congregate Care categories which include Group Home/Community-Based Residential, Institutional, Shelter, Secure and Detention along with Transitional and Supervised Independent Living options
- That the Department approve the defined Congregate Care staff positions and related activities for Congregate Care Child Care Workers and Case Managers as defined within the proposed categories of Group Home/ Community-Based Residential, Institutional, Shelter, Secure

and Detention along with Transitional and Supervised Independent Living options

- That the Department develop and approve the process and funding for implementation of a RMTS or other standardized time study process for FY 2015-16 for the identified staff positions including Foster Family Care Case Manager, Congregate Care Child Care Worker and Congregate Care Case Manager. This includes implementation of a pilot effort as well as delivery of training for providers.

Legislative Recommendations:

The General Assembly considers funding to address the cost of implementation of a random moment time study process for provider Foster Family Care Workers/Case Managers, Congregate Care Child Care Workers and Case Managers. This investment will support improved accuracy and timeliness related to submission of claims for federal funds and elevated accountability for use of state dollars.

Regulatory Recommendations:

A process and timeline for revisions to Chapter 3700 (Foster Family Care) and Chapter 3800 (Child Residential and Day Treatment Programs) and Chapter 3680 (Private Children and Youth Agency) regulations be developed to incorporate the proposed categories of services. The need for a clear and coordinated regulatory base better defining supported and desired alternatives for older youth including Transitional and Supervised Independent Living options is a priority.

10. STATE REVIEW PROCESS AD HOC WORKGROUP

10.1 Members of the State Review Process Workgroup:

A listing of participants in the Cost Report/Audit Requirements Ad Hoc Workgroup is provided in **Appendix H**.

10.2 Purpose of the State Review Process Workgroup:

The State Review Process Workgroup developed a transparent state review process that takes into account the submission of costs and other supporting documentation from private providers of foster family care/congregate care services, county agencies operating foster family care/congregate care programs, out-of-state providers and providers licensed under 55 Pa. Code Ch. 6400. The overarching purpose of the workgroup was to develop a process for the review of all submissions with the understanding that the state is ultimately responsible for Title IV-E allowability decisions when applicable, and that the state has an obligation and responsibility to monitor Act 148 funds.

10.3 Process of the State Review Process Workgroup:

The State Review Process Workgroup adopted a charter on January 29, 2014 to define the boundaries, goals, timeframes, and impact and communication plan necessary to fulfill the purpose of the workgroup. The workgroup immediately developed an outline for the state review process that was continually refined as part of our discussions during in-person and phone meetings.

There was a realization that the State Review Process Workgroup was highly interdependent with that of the Cost Report/Audit Requirements Workgroup and the County Review Process Workgroup. A majority of State Review Process Workgroup members were in at least one of those workgroups.

The workgroup included a member of the current state review team and Public Consulting Group consultants who were familiar with the current process and provided a national perspective to the discussion.

10.4 Defining the State Review Process:

The State Review Process begins with the complete submission of costs and related documents. Variations of what are included in these submissions are as follows:

- A. Private Providers of Foster Family Care/Congregate Care Programs – Existing Programs (includes Out-of-State Providers)
- Completed Actual Cost Report
 - Agreed Upon Procedures (AUP) Document including any necessary attachments (AUP Audit Summary and Related Party Disclosure)
 - Agency Independent Audit including any associated Management Comments/Findings
 - Program Description(s)
 - License(s)
 - Job Descriptions (during transition period or as requested)
- B. County Foster Family Care Programs
- Completed Actual Cost Report
 - License(s)
- C. County Congregate Care Programs
- Completed Actual Cost Report
 - Program Description(s)
 - Job Descriptions
 - License(s)
- D. Facilities that are Licensed under 55 Pa. Code Ch. 6400
- Child Specific Budget Information
 - Program Description
 - Job Descriptions
 - License
- E. New Services/Programs/Providers
- Completed Cost Report – Budget Version
 - Supporting Documentation
 - Program Description
 - Job Descriptions/Cost Allocation Plan/Organization Chart
 - License(s)

Regardless of the type of review, the Department will complete the review process within a prescribed timeframe. The focus of the state review is to make a final determination of Title IV-E allowability (if applicable) and a final determination of Act 148 allowability that establishes the reimbursement limit for federal/state participation based on the submitted cost information and related documents. The Department will then communicate with

providers and counties that this review has been completed. For providers, this signals the official start of the county review process to determine the need for services and reasonableness of costs. The county review leads to negotiation and execution of final contract terms with the provider.

Two-Year Rate Approval: The workgroup considered the option of rate submissions for two-year rate approvals. It is recommended that this option remain available and that specific requirements be developed. It was further determined that this option will not be exercised until the AUP/Cost Report process has been implemented for the first two consecutive years.

10.5 Timelines and Deadlines:

The State Review Process Workgroup considered the timelines and deadlines relevant for providers/state/counties to ensure timely submission and review of information. All parties agreed upon December 31st as a reasonable deadline for the Cost Report and related documents to be submitted to the Department.

The workgroup discussed several critical issues related to timelines and deadlines. The first is the granting of extensions. Providers must notify the Department by November 15th if they are requesting a one month extension to the submission deadline (to January 31st). The request must include a reasonable explanation for the extension but is not limited to, the following items:

- Turnover in leadership or fiscal staff
- Significant issues pertaining to the agency audit
- An agency merger or acquisition

In the event that a county does not submit a confirmation of amounts paid to provider agencies by October 31, 2015 as noted in the Business Process Timeline, the provider may request a 60-day extension of the December 31st filing deadline. The funding confirmation is a critical part of the provider's independent audit and Cost Report preparation process. The 60-day extension for delayed receipt of the funding confirmation, when granted, is effective from the date the confirmation is received.

The provider will receive a response to their extension request within five business days. If the Department does not grant the extension, providers take appropriate action consistent with an established dispute resolution process. It is assumed that all reasonable requests will be honored on a

case-by-case basis. Requests for extension will be prioritized in the order they are received (i.e. there is no expedited review of extension submissions).

Under the new methodology, there is a natural incentive for providers to comply with the associated deadlines. Only providers that comply with the deadlines will be eligible to openly negotiate with counties based on the new methodology. Any provider that does not meet the deadline (or extended deadline with approval) will receive an automatic continuation of their previous year's state determined maximum allowable federal/state level of participation as the basis for county negotiations. This continuation of the previous year's federal/state level of allowable cost determinations will only be valid for one year (through FY 2015-16), during which it will be expected that the county agency and provider will meet to ensure the provider complies with rate methodology requirements for the next contracting period. If a provider fails to comply with the Department's rate methodology after FY 2015-16, the provider would no longer be eligible for federal/state dollars. The county may still choose to contract with the provider utilizing 100% county funds.

A list of provider's submission of costs and related documents will be communicated to the county agencies to allow county agencies the opportunity to conduct follow-up.

For Chapter 6400 Licensed Providers, the December 31st deadline is only applicable for ongoing client cases where a previously approved rate is in effect and the child will be remaining in care. It is understood that due to the nature of placements in these facilities, individual submissions will be made by providers at the time of placement throughout the course of the year.

Any new service/program/provider seeking an established rate by July 1st will be held to the December 31st deadline. It is understood that new service/program/provider submissions may come in throughout the course of the year as they may be created in response to a county's immediate need. All state review timelines and deadlines will be adjusted to correspond to the date of submission.

County foster family care and congregate care programs have a deadline of April 30th. This allows priority response to private provider submissions that require a county negotiation process. All state review timelines and deadlines will be adjusted to correspond to the date of submission.

Cost Report and Supporting Documentation Review: The Department will complete its review in 120 days from receipt of a complete provider submission (April 30th deadline for all submitted cost information and supported documents received by the December 31st deadline). Provider reviews will occur in the order that they are submitted to the Department. The deadline requires that counties provide a document confirming the types and amount of revenue paid, (i.e. a funding confirmation) to provider agencies by October 31, 2015 as noted in the Business Process Timeline, as this becomes a critical part of the provider's independent audit and Cost Report preparation process.

10.6 State Review Process: Private Providers of Foster Family Care/Congregate Care Programs – Existing Programs (includes Out-of-State Providers):

A complete submission for the state review process will include the following items from private providers, including out-of-state providers:

- Completed Cost Report
- AUP Document including any requested attachments (AUP Audit Summary and Related Party Disclosure)
- Agency Independent Audit including any associated Management Comments/Findings
- Program Description(s)
- License(s)
- Job Descriptions (during transition period or as requested)

The Cost Report is designed to not only report actual costs, but to also include material future costs that need to be taken into consideration as part of the rate methodology. If a provider utilizes the "Optional Columns" in the Cost Report it is understood that these items are budgeted costs that do not fall under the scope of the AUP (the AUP is designed for the independent auditor to review actual costs incurred). For every item listed, providers will submit documentation that supports the dollar amount of the expense and the Title IV-E/Act 148 determinations for that amount (if any).

Communication Plan/Dispute Resolution: The State Review Process Workgroup considered a communication plan with providers to assist in the transparency and timeliness of the process. When a state review team member begins the review of an individual provider they will notify that provider through e-mail that the review has started. The Department will

submit all review questions to the provider within ten working days. The provider will respond to all stated questions within ten working days.

Any questions pertaining to the AUP will be directed to the provider. The workgroup discussed the creation of a dispute resolution process. Given that the provider's audit and AUP are developed by licensed professionals, it is anticipated that the number of questions overall will be significantly reduced, further expediting review by the Department.

State Review Process: The State Review Process is made up of two primary components:

1. Routine Review – Utilizing the Review Process Checklist (completed annually)
2. Enhanced Review – Utilizing the State Level Enhanced Review Process (completed every 5 years at a minimum – see below for details)

State-Provider Communication: Regardless of the level of review (routine or enhanced reviews), the Department and providers are committed to expedient communications regarding a complete set of substantive questions and thorough responses that satisfy the needs of the State Review Process and move the providers to the County Review phase as efficiently as possible. This may occur through scheduled phone or in-person conversations to collaboratively engage in the process in a timely manner.

Routine Review Process Checklist: The following checklist will be utilized as part of the standard state review process:

- Review of the agency Cost Report. Ensure the document is completed properly and that calculations are accurate.
- Compare actual costs with prior year costs and note any significant increases not accounted for in the prior year "Optional" columns. The Department reserves the right to question significant increases in actual costs (>5%). This will not occur until the second year of the new rate methodology process.
- Review of audited financial statement and any management comment and/or findings. Assess any potential impact of problems identified on the overall operation of the agency and potential impact to the counties/Department.
- Review of all licensure documentation to ensure it is current.
- Review the AUP to ensure it is completed in its entirety and note any concerns identified in the document. Assess any noted concerns and

evaluate their relevance to allowability. If necessary, contact the agency for any specific details, explanations, or other documentation relevant to the issue.

- Review of the AUP section on variances from the statement of functional expense and/or trial balance for the fiscal year to the Cost Report. The Department reserves the right to question management explanations.
- Review the AUP section that documents any variances in cost allocation, if any, pertaining to the Cost Report.
- Review any reported related party transactions and assess any potential impact to the counties/Department.
- Review the AUP payroll section. Review any written explanations from management on variances that occur from the wages reported on the Cost Report from the general ledger.
- Review any initial policies/changes in policy pertaining to the administration of any time study process that the agency may utilize to allocate payroll including standardized time studies, RMTS or any other approved methodology.
- Review any reported payroll variances noted in the AUP. The Department reserves the right to ask for additional information.
- Review any reported census variances reported in the AUP. The Department reserves the right to ask for additional information.
- Review of all AUP attachments (not already specified in the checklist above). The Department reserves the right to ask for additional information.

State Level Enhanced Review Process: Enhanced state level review of all submitted Cost Reports will occur as part of the new methodology. All providers will go through this enhanced review process on an every five year scheduled basis as long as no significant issues are identified in the routine review process. For those providers where significant concerns have been identified as part of their routine submission, these reviews will occur more frequently until those concerns are addressed. As the submission is finalized, the provider will be notified that a State Level Enhanced Review will occur with the next Cost Report and related documentation submission. The provider has the right to utilize the dispute resolution process in regard to this decision. State Level Enhanced Reviews will specifically address the following issues:

- All State Review checklist items as noted above
- The agency Cost Allocation Plan
- A description of all methods of allocation used for payroll

- All internal agency policies pertaining to the administration of time studies

Transition Period: The need for a transition period (two years) as part of the new methodology that allows the Department to review select areas of documentation provided to auditors as part of the AUP. The need for this anticipated two-year transition period will be reviewed as part of the regularly convened Rate Methodology review process that is built into our overall methodology recommendations. The purpose of this review is to validate the auditor's review and determinations of Title IV-E/Act 148 allowability during this transition period and establish confidence in our process. A secondary outcome of this validation process is to establish additional training needs for independent auditors. In addition to the routine State Review Checklist items, the following items are part of the transition period review:

- The agency Cost Allocation Plan. The AUP states that the independent auditor must obtain and document a description of all methods of allocation including all schedules and methodologies applicable to the program as it relates to the Cost Report. The Department will review this same material as part of the transition period procedures.
- The AUP states that the independent auditor must obtain from management, a description of all methods of allocation used for payroll. The Department will review this same material as part of the transition period procedures.
- The Department will review any initial policies/changes in policy pertaining to the administration of any time study process that the agency may utilize to allocate payroll, including standardized time studies, RMTS or any other approved methodology.

10.7 State Review Process: County Foster Family Care and County Congregate Care Programs

The state review of County-Based Foster Family Care and County-Based Congregate Care Programs will include a review of the following items:

- Completed Actual Cost Report
- Program Description(s) – Congregate Care Only
- Job Descriptions – Congregate Care Only
- License(s)

The completed Cost Report will include a thorough review of direct and indirect costs (if applicable) associated with the provision of out-of-home placement services. The information will be used to categorize allowable from non-allowable expenditures for Title IV-E and/or State Act 148 funding.

The following items will be included in a state review checklist:

- The Cost Report is completed accurately and reported costs are reasonable in comparison with prior year expenditures
- Ensure that rate calculations are accurate
- Review all licensure documentation to ensure it is current
- Review of the Program Description (Congregate Care only)
- Review of all associated cost allocation plans (Congregate Care only)

County-Based Foster Family Care: The review of Title IV-E costs for a County-Based Foster Family Care program pertains to the allowable maintenance expenditures.

County-Based Congregate Care: The review of Title IV-E costs for a County-Based Congregate Care program pertains to the allowable maintenance expenditures and administrative expenditures.

10.8 State Review Process: Facilities that are 6400 Licensed Programs

Facilities that are licensed under Title 55 PA. Code, 6400 Programs will submit child-specific budget information in a format specified for that purpose. The Department will review this budget information and the accompanying license/program description/job descriptions to determine state Act 148 allowability.

10.9 State Review Process: New Services/Programs/Providers

The state review of new services/program/providers will include a review of the following items:

- Completed Cost Report – Budget Version
- Supporting Documentation
- Program Description
- Job Descriptions/Cost Allocation Plan/Organization Chart
- License (if applicable)

The state review will utilize the completed Cost Report – Budget Version to review all anticipated direct and indirect costs associated with the provision of out-of-home placement services. The review of this document and supporting documentation allows OCYF to categorize allowable from non-allowable costs for Title IV-E and/or state Act 148 funding.

The following items will be included in a state review checklist:

- The Cost Report – Budget Version is completed accurately
- Ensure that rate calculations are accurate
- Review all licensure documentation to ensure it is current (if applicable)
- Review of the Program Description
- Review of all associated job descriptions
- Review of all associated cost allocation plans

The general review principles supported by the Task Force would still be in effect for these submissions. The Department will review Title IV-E and Act 148 allowability and will communicate with providers and counties when the review process is completed. County agencies will be responsible for determining the need for the service, reasonableness of costs, and provider negotiations.

10.10 Training

Provider Community:

The role of the Department in auditor/provider/county training pertaining to Title IV-E and Act 148 allowability as it pertains to the Cost Report/AUP process is critical. Elements of this training include the following:

- The Department will utilize all appropriate resources to develop a training curriculum for providers, independent auditors, and both county and state staff.
- The Department will issue thorough instructions related to the provider rate methodology process consistent with legislative mandates. A process will be established to review the rate methodology process on an annual basis and develop recommendations for annual instruction revisions and to develop plans for additional training needs.
- The Department will sponsor independent auditor trainings at strategic locations and ensure that all trainings are taped and accessible. Steps will be taken to ensure all trainings meet the necessary criteria for

continuing education credits needed for accounting professionals. These trainings will be scheduled annually to account for any potential updates to the process. In addition, training activities will be reviewed as part of the regularly convened Rate Methodology review process. Training opportunities will be scheduled for new auditors on an annual basis.

- Provider and county trainings will also be held at strategic locations annually pertaining to the AUP/Cost Report process.

County Foster Family Care and Congregate Care Staff:

The Department will conduct annual trainings with county staff responsible for submitting cost submissions for county foster family care and congregate care programs. The Department will issue thorough instructions on the process and forms.

10.11 PERTINENT LEGISLATIVE RECOMMENDATION

We recommend that the Department be given the authority to review submission of costs and supportive documentation, AUP documents, agency audits, service descriptions, licenses, and other relevant information for the purpose of validating the associated federal and state reimbursement levels. Furthermore, the Department should be given the authority to conduct enhanced provider reviews on a regular basis as continued validation of the rate methodology and the role that independent auditors have in the routine provider rate methodology process.

The following timeframes are recommended for inclusion in any rate methodology legislation:

- Providers must submit complete Cost Reports and supportive documentation on an annual basis (unless the provider is applying for a two-year rate consideration when this option is available).
- Providers may apply for a one month extension to the determined due date.
- The State Review Process will take no more than 120 days from the receipt of a complete provider submission. The approved Cost Report will be communicated to counties and providers within five days of completing the review to facilitate the county-provider negotiation process.

Any provider that does not meet the deadline (or extended deadline with approval) will receive an automatic continuation of their previous year's state determined maximum allowable federal/state level of participation as the basis for county negotiations. This continuation of the previous year's federal/state level of allowable cost determinations will only be valid for one year, during which it will be expected that the county agencies and provider will meet to ensure the provider complies with the rate methodology requirements for the next contracting period. If a provider fails to comply with the Department rate methodology after that year, the provider would no longer be eligible for federal/state dollars. The county may contract with the provider utilizing 100% county funds.

The Task Force recommends the development of a dispute resolution process that allows providers a fair mechanism to resolve any areas of disagreement with the State Review Process findings.

The Task Force recommends that a Rate Methodology review team made up of county, state and provider agency members be convened on a regular basis to review the Rate Methodology Process and make recommendations for improvements to the overall process.

11. COUNTY REVIEW PROCESS AD HOC WORKGROUP

11.1 Members of the County Review Process Workgroup:

A listing of participants in the County Review Process Ad Hoc Workgroup is provided in **Appendix H**.

11.2 Purpose of the County Review Process Workgroup:

The County Review Process Workgroup developed a transparent county review and negotiation process that takes into account both the need for the existing service, the level of the existing service, any service enhancements, the quality of the service based on desired outcomes and the reasonableness of costs included in the AUP and/or Cost Report (Refer to **Appendix F**). Title IV-E or Act 148 allowable determinations were not the responsibility of the County Review Process Workgroup.

The county review process will utilize the Cost Report submission as the basis to undertake the cost reasonableness and service review, while incorporating other county data associated with contractual scope of service and outcomes data. The county review will establish the framework to move forward with contract negotiation with each provider for each service.

The ability to negotiate with the objective to fund the agreed-upon service rate with federal, state and county funds is predicated on the inclusion of the agreed-upon negotiated rates and cost impact in the Needs-Based Plan and Budget Request. The structure and format currently used by the county to submit the Implementation Year Plan and the Needs-Based Plan and Budget is agreed to be the means to aggregate each service level cost increase negotiated and agreed between the county and provider, with the county maintaining the provider detail that reconciles to the Implementation Year Plan and Needs-Based Plan and Budget Request.

There are many dependencies between the agreed upon activity within each of the ad hoc workgroups. Coordinating the activity is accomplished through identification of a timeline illustrating target due dates, some legislated and some administrative in nature. Meeting each of the dates shown on the timeline on the next page is critical for the overall rate methodology to meet the objectives of all stakeholders.

All providers who submit a complete submission of costs and related documents by the due date (or extended due date for approved extensions) and respond to questions in a timely manner during the states review, will

be reimbursed based on the negotiated rate back to July 1st of the contract year.

Business Process Time Line	
11/15/2014	Providers last day to submit a request for 30 day extension on FY 2013-14 AUP Cost
12/31/2014	Providers submit FY 2013-14 AUP Cost Report packets to OCYF/DPW for review
1/1/2015 thru 8/1/2015	County engages in rate negotiation with provider for FY 2016-17
6/30/2015	Provider contracts are executed for FY 2015-16
6/30/2015	Fiscal Year 2014-15 ends for most providers, Counties and OCYF/DPW
7/15/2015	Counties receive Final Allocations for OCYF/DPW for FY 2015-16 (contingent upon passage of budget)
8/15/2015	Counties complete 4 th Qtr. FY 2014-15 Actual ACT 148, Title IV-E, TANF & MA invoices
8/15/2015	Counties submit Implementation plan for FY 2015-16, NBB request for FY 2016-17
10/31/2015	Counties submit funding confirmations to providers
10/31/2015	OCYF/DPW sends out updated packets and instructions for FY 2016-17 to counties and providers (DRAFT)
11/15/2015	Counties complete 1 st Qtr. FY 2015-Actual ACT 148, Title IV-E, TANF & MA invoices
11/30/2015	OCYF/DPW sends out updated packets and instructions for FY 2016-17 to counties and providers (FINAL)
11/30/2015	OCYF/DPW Regional offices complete NBP&B review for FY 2016-17 and Imp for 2015-16
11/15/2015	Providers last day to submit a request for 30 day extension on FY 2014-15 AUP Cost report submission
12/31/2015	Providers submit FY 2014-15 AUP Cost report packets to OCYF/DPW for review
1/31/2016	Providers submit AUP Cost report packets to OCYF/DPW for review if approved for 30 day extension
2/15/2016	Counties complete 2 nd Qtr. FY 2015-16 Actual ACT 148, Title IV-E, TANF & MA invoices
3/31/2016	OCYF/DPW finalizes IV-E allowable and state maximum budgets for FY 2015-16
3/31/2016	Counties receive Tentative Allocations from OCYF/DPW for FY 2016-17
4/30/2016	OCYF/DPW finalizes IV-E allowable and state maximum budgets for FY 2015-16 that received 30 day extension
5/15/2016	Counties receive Implementation plan for FY 2016-17, NBP&B template and instructions for FY 2017-18
5/15/2016	Counties complete 3 rd Qtr. FY 2015-16 Actual ACT 148, Title IV-E, TANF & MA invoices
1/1/2016 thru 8/1/2016	County engages in rate negotiation with provider for FY 2017-18

The reasonableness review is conducted to assess whether proposed costs exceed the customary costs for performing similar functions within similar programs of the same size and population of children served. The focus of the reasonableness review will be the AUP and/or Cost Report for areas of cost allocation, compensation equity, capacity and utilization, and any other measurable cost or service comparison the county may develop at their discretion. The review will be limited to the information included in the AUP and/or Cost Report or any information the provider may have to support the information in the AUP and/or Cost Report.

11.3 Process of the County Review Process Workgroup:

The County Review Process Workgroup included four provider members, a state representative, a PCG member and eight county members.

The County Review Process Workgroup completed the recommendations through conference calls with its own workgroup, and participation of county workgroup members in both the State Review Process Workgroup and the Cost Report and Audit Requirements Workgroup calls and in-person

meetings. The agenda for each session was consistent with meeting the goals of the Task Force Charter.

The County Review Process Workgroup was determined to be highly interdependent with that of the Cost Report/Audit Requirements Workgroup and the State Review Process Workgroup. All of the County Process Review Workgroup members were in at least one of the other workgroups. The workgroup convened four county review-specific sessions. Members also exchanged emails and worked independently between meetings, reviewing for agreement and recommending edits to session outputs.

11.4 Recommendation of the County Review Process Workgroup:

This workgroup proposes the following recommendations:

The basis of county and provider negotiation will be the AUP and Cost Report and county outcomes data. The AUP and Cost Report are due to the Department by December 31st. Providers can submit their AUP Cost Reports to the county when they wish to begin preliminary negotiations. Counties may begin negotiation with the provider in advance of the final state determination of Title IV-E and Act 148 reimbursement rate participation. Upon confirmation of the final rate allowability determinations from the Department, the county can engage in negotiations within, equal to or above the state's allowable reimbursement determinations. If the result of the negotiation exceeds the maximum participation the state has approved for Title IV-E or Act 148 funding, the county may agree to contract the exceeding portion with 100% county funds.

The idea of caps on certain budget line items or categories was discussed and the recommendation is to not include any in the review process. It was determined that each county can determine these levels in the reasonableness review, and that various factors within each geographic area can contribute to varying levels of line item fluctuation from county-to-county and provider-to-provider. The responsibility is on the county to submit a responsible rate request consistent with the interests of the provider, the state and the county through the Needs-Based Plan and Budget request.

For transparency, the provider should be able to clearly see that the result of the agreed-upon negotiated rate and subsequent cost impact was included in the Implementation Year and Needs-Based Plan and Budget request submitted to the Department. (Refer to **Appendix K**).

12. RECOMMENDATION FOR FISCAL YEAR 2014-2015

Over the past six months, the Task Force has engaged in extensive information gathering, analysis and discussion to arrive at a set of recommendations to address the identified problem statement and goals. Recognizing that these recommendations will require legislative review, approval and potential statutory change, it is unlikely that sufficient time will be available to operationalize a revised rate methodology for contracts effective July 1, 2014. Therefore, options were identified and reviewed to ensure that an acceptable methodology is implemented for State Fiscal Year (SFY) 2014-2015 so that federal funding is not jeopardized. Focusing on the implementation of any revisions to this process beginning with contracts executed for SFY 2015-2016 provides ample time for review, analysis and implementation of any revisions based upon the recommendations of the Task Force. The Task Force obtained majority consensus on the following option.

Currently, provider maximum allowable reimbursement amounts can be approved for two years. The recommendation of the Task Force is that these reimbursement amounts be extended up to three years in order to cover SFY 2014-2015. On an interim basis for SFY 2014-2015, the Department would participate in the reimbursement of county-negotiated rates for services up to the state maximum allowable reimbursement amount regardless of whether another county had negotiated a lower rate for the same services. This extension is less disruptive than implementation of a revised process and minimizes efforts of all affected parties. ACF has been supportive of a multi-year maximum allowable reimbursement amount and, in fact, encouraged the state to implement a multi-year approval.

For new providers or new services initiated by current providers and for providers who want the option to increase their maximum allowable reimbursement amounts, the current review process will be in effect. All providers who submit a complete submission of costs and related documents by the due date (or extended due date for approved extensions) and respond to questions in a timely manner during the states review, will be reimbursed based on the negotiated rate back to July 1st of the contract year.

13. RECOMMENDATIONS REQUIRING SPECIFIC LEGISLATIVE CHANGES

Rate Adjustment Factor:

The Task Force recommends that the General Assembly approve a Rate Adjustment Factor as part of the overall Commonwealth rate methodology for placement providers. The application of a Rate Adjustment Factor will be applied directly to the payment and Act 148/Title IV-E/county share reimbursement rate. The methodology for establishing the Rate Adjustment Factor will be reviewed annually and published by the Department of Public Welfare, Office of Children, Youth and Families.

Time Study Process:

The General Assembly consider funding to address the cost of implementation of a RMTS or other standardized time study process for provider Foster Family Care Case Managers, Congregate Care Child Care Workers and Case Managers. This investment will support improved accuracy and timeliness related to submission of claims for federal funds and elevated accountability for use of state dollars.

State Review Process:

The Task Force recommends that the Department be given the authority to review submission of costs and supportive documentation, AUP documents, agency audits, service descriptions, licenses, and other relevant information for the purpose of validating the associated federal and state reimbursement levels. Furthermore, the Department should be given the authority to conduct enhanced provider reviews on a regular basis as continued validation of the rate methodology and the role that independent auditors have in the routine provider rate methodology process.

The following timeframes are recommended for inclusion in any rate methodology legislation:

- Providers must submit complete Cost Reports and supportive documentation on an annual basis (unless the provider is applying for a two-year rate consideration when this option is available).
- Providers may apply for a one month extension to the determined due date.

- The State Review Process will take no more than 120 days from the receipt of a completed submission. The approved Cost Report will be communicated to counties and providers within five days of completing the review to facilitate the county-provider negotiation process.

Any provider that does not meet the deadline (or extended deadline with approval) will receive an automatic continuation of their previous year's state determined maximum allowable federal/state level of participation as the basis for county negotiations. This continuation of the previous year's federal/state level of allowable cost determinations will only be valid for one year, during which it will be expected that the county agencies and provider will meet to ensure the provider complies with the rate methodology requirements for the next contracting period. If a provider fails to comply with the Department rate methodology after that year, the provider would no longer be eligible for federal/state dollars. The county may contract with the provider utilizing 100% county funds.

All providers who submit a complete submission of costs and related documents by the due date (or extended due date for approved extensions) and respond to questions in a timely manner during the states review, will be reimbursed retroactively July 1st based on the negotiated rate.

Providers do have the option of submitting a budget packet to the Department for consideration of a revised state maximum allowable Title IV/Act 148 reimbursement for SFY 2014-2015.

Regulatory Recommendations:

A process and timeline for revisions to Chapter 3700 (Foster Family Care) and Chapter 3800 (Child Residential and Day Treatment Programs) and Chapter 3680 (Private Children and Youth Agency) regulations be developed to incorporate the proposed categories of services. The need for a clear and coordinated regulatory base better defining supported and desired alternatives for older youth including Transitional and Supervised Independent Living options is a priority.

Appendix A

Act 55 Rate Methodology Steering Committee Members

Association Representatives:

Bernadette Bianchi, Executive Director
Pennsylvania Council of Children, Youth & Family Services

Charles Songer, Executive Director
Pennsylvania Children & Youth Administrators, Inc.

Connell O'Brien, Policy Specialist
Rehabilitation & Community Providers Association

Commonwealth Staff and Associates:

Hasmukh Amin, Director
Bureau of Budget and Program Support
Department of Public Welfare
Office of Children, Youth & Families

Gloria Gilligan, Fiscal Compliance Supervisor
Department of Public Welfare
Office of Children, Youth & Families

Amy Grippi, Chief of Staff
Department of Public Welfare
Office of Children, Youth & Families

Roseann Perry, Director
Bureau of Children & Family Support
Department of Public Welfare
Office of Children, Youth & Families

William Shutt, Operations Manager
Public Consulting Group

Cathy Utz, Acting Deputy Secretary
Department of Public Welfare
Office of Children, Youth & Families

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

Purpose:

Act 55 of 2013 required the Department to convene a Task Force to review and provide recommendation to the General Assembly on a methodology to determine reimbursement for actual and projected costs, which are reasonable and allowable, for the purchase of services from providers and for other purchased services.

Problem Statement:

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges, evolving statutory and regulatory requirements, the need for increased accountability, shifts in priorities and, most importantly, increasing diversity, complexity and immediacy of the needs of children, youth and their families.

The Commonwealth's rate methodology, and related regulations, bulletins and transmittals must have a comprehensive review. The Rate Methodology Task Force, the focus of this Charter, is an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies due to incremental changes over the past twenty years.

Unifying Principles:

A rate setting methodology process must adhere to the following principles:

- It must develop a standardized and streamlined process to determine reasonable and allowable reimbursement of actual and projected costs for services provided.
- It must reflect the times and current environment. However, opportunities for periodic review and revisions should be built in to ensure that changing circumstances are regularly addressed.
- It must be sensitive to deadlines. Time-lines require both accurate and swift processing of information critical to state, county and provider budget and contract approvals.
- It must be transparent and provide all stakeholders with reasonable and timely access to details of the process, requirements and decisions made.
- It must reflect the statutory and practice base of Pennsylvania's juvenile justice and child welfare system - state supervised and county administered with significant private provider provision of service.

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

- It must provide counties with the ability to purchase the services and interventions most appropriate for children under their jurisdiction.
- It must support the provision of services provided by a private sector which encourages innovation and requires accountability.
- It must address the opportunity to identify funding necessary to provide for a workforce of dedicated and adequately compensated individuals, understanding that successful outcomes are most often directly connected to the relationships established with children, youth and their families.
- It must satisfy the federal and/or state requirements to access funding.
- It must satisfy Generally Accepted Accounting Principles and audit requirements.
- It must support the use of best practices and evidence-based services which align child, youth and family strengths and needs to promote improved outcomes for children and families.
- It must support access to funding resources that encourage the implementation and delivery of desired outcome focused practices

Rationale:

Recognizing that funding for child welfare and juvenile justice-related services is built upon a complex mix of local, state and federal dollars, a valid, verifiable, and well-documented rate methodology process is essential. Recognizing as well that the majority of counties purchase services from private service providers, a valid methodology is needed to ensure that reasonable and allowable dollars are connected to supporting continued delivery of these mandated and desired programs and services.

This Task Force will develop a defensible methodology addressing the purchase-of-service process between counties and providers. The broad scope of the costs of doing business as a service provider in the Commonwealth will be compiled and considered. The Task Force shall develop a methodology to determine reimbursement for purchased services based on the actual and projected costs incurred by providers, which are reasonable and allowable as defined by the related funding sources. The scope of this work includes the development of documentation details and formats to ensure that federal and/or state funding to support the costs of providing placement services to children and youth continues without disruption.

The Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly no later than April 30, 2014. The Task Force shall provide written recommendations for other purchased services no later than December 31, 2014.

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

Goals:

- To develop a fair and equitable process to set and reimburse provider rates
- To increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels - providers, counties, state and federal.
- To address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among private providers, counties and the Commonwealth in responding to the public mandates addressing child safety and community protection.
- To consider funding implications related to the implementation of juvenile justice initiatives
- To develop a defensible methodology addressing the purchase of service process between counties and providers, including identification of all costs based on actual and projected costs that are reasonable and/or allowable.
- To clearly identify the protocols to be followed to ensure that documentation requested from services providers and counties is sufficient to support claiming for federal and/or state dollars.
- To develop a fiscal reporting format that captures necessary data in a consistent and well defined process.
- To develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force.
- To consider funding implications related to the implementation of current and future federal and state statute and regulations.
- To model a productive and respectful process supporting broad systemic change that is to the benefit of the populations served and is reflective of the differences in the entities involved.
- To consider the implications of the federal child welfare demonstration project waiver initiatives evolving in select counties.
- To consider funding implications related to implementation of the Human Services Development Block Grants, as they specifically relate to child welfare and juvenile justice.
- To consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services as well as consistency in access to funds.

Points for Discussion:

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

- Scope of operational costs of doing business in PA as a private business - not-for-profit and for-profit and differences between budget prep/reporting requirements for both
- Review applicable regulations related to county fiscal operations and contracting for purchased services
- Reviewing the role of the state, counties and providers in the current process
- Defining the role of the state, counties and providers in the new process
- Review of current data on rates/ranges of purchased services
- Identify how to set fair and equitable rates, including cost of living considerations
- Reconsideration of the 3170.84 waiver request and discussion of other applicable regulatory chapters/sections that address purchase of service
- Exploration of the option of multi-year contracts for purchased services
- Exploration of defined (existing and developing) service categories as a basis for deliverables/costs
- Compilation of county specific contract standards to address equity, consistency, accuracy in associated costs
- Identification of and determination/commitment of support for quality, sustainable in-home/community-based services that counties want to purchase - promising practices, effective and evidence based; use EPISCenter data on evidence-based practices
- Applicable federal and state rules, regulations, fiscal reporting requirements
- Review of other county-based states' models for contracting and claiming federal funds
- Defining reasonableness of costs and allowability of activities for funding sources
- Review of federal requirements to support claims for Title IV-E funding
- Review of state requirements/limitations for use of Act 148 dollars
- Determination of allowability and appropriateness of use of federal Title IV-E and state Act 148 dollars as funding sources for identified activities and costs centers
- Identification of cost allocation plan components - allowable direct and indirect expenses
- Development of guidance for provider Time Studies - frequency, format and level of detail
- Identify a standard methodology of setting and/or approving rates, associated with defining measurable outcomes, and timeframes each party has to work within
- Consider the changes to information technology systems
 - Consider funding implications related to implementation of System of Care models and Medicaid.
 - Other items as identified by the Task Force

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

Boundaries:

- A fresh approach and willingness to think openly and constructively is required.
- Discussion should focus on general funding and purchase of service/contracting criteria and not specific public or private agency experience.
- Active and regular participation in the Task Force discussions is expected. Once a vote is taken on an issue/topic/recommendation, it will not be revisited due to an absent participant's request. The timeline for development of recommendations requires preparation and participation.
- All recommendations are subject to legal review and approval by the General Assembly as needed for statutory amendments.
- The need for compromise and negotiation is integral to successful outcomes, and all alternatives proposed will be given due consideration by the Task Force as a group.
- Written records of meetings will reflect areas of consensus as well as unresolved/disputed points of discussion.
- Development of additional operational ground rules will be addressed as the group convenes, and will include consideration of a process to report minority opinions, agreements, consensus, and how votes on issues will be taken. Votes will be taken by a two-thirds majority vote. Motion will be made with a second motion and final vote.
- Since appointment to the Task Force is person-specific and the appointed individual holds the authority to vote, no substitutes/proxy votes can be considered.

Timeframes:

The meeting dates and locations are as follows:

- The initial in-person meeting is scheduled for Wednesday, September 4, 2013 from 9:30 AM to 3:30 PM at the Child Welfare Training Center.
- While most meetings will be conducted through conference calls/web ex sessions, there will be occasions where in-person attendance for presentations/discussions will be strongly encouraged. In-person meetings will be held in the greater Harrisburg area. Frequency and duration of Task Force meetings will be determined by the larger Task Force as part of the agenda on September 4, 2013.
- The need for smaller ad hoc workgroups is identified to support the work of the larger Task Force. These ad hoc workgroups may be convened by providers, the counties and/or DPW as needed to ensure that the process remains focused and

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

timely. The composition of the groups may vary, based on topics. The determined need and identified members will be determined by the larger Task Force.

- As per Act 55 of 2013, the Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly no later than April 30, 2014. The Task Force shall provide written recommendations for other purchased services no later than December 31, 2014.

Communication Plan:

- DPW will provide record keeping services at each scheduled session and will distribute minutes and documentation to all Task Force members within a timely manner.
- All work compiled through ad hoc workgroups will be compiled by the workgroup members and presented to the larger Task Force.
- Progress and status updates will be distributed to all stakeholders via newsletters and conference calls.
- Interim reports will be provided to the General Assembly as an update on progress, decisions made and to request feedback as appropriate.
- At the conclusion of each meeting, the Task Force members will indicate which key messages can be shared.

Task Force Members:

The Secretary of the Department will appoint members of the Task Force, to include:

- The Deputy Secretary for the Office of Children, Youth and Families or a designee of the Deputy Secretary.
- One representative from each of the Program, Policy and Fiscal Bureaus of the Office of Children, Youth and Families.
- Four representatives from County Children and Youth offices.
- Two representatives from County Juvenile Probation offices.
- One representative from the County Commissioners Association or a county commissioner or executive.
- No fewer than five private service provider agencies representing the diversity of purchased services.
- One representative from the Pennsylvania Council of Children, Youth and Family Services.
- One representative from the Juvenile Court Judges' Commission.

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

- One representative from the Pennsylvania Community Providers Association.

Note: it is anticipated that some county and provider representatives may change as the focus of the Task Force moves from placement services to other non-placement and community based options.

Private Provider Representatives

Lauren Conzaman
Vice President Diakon Children &
Family Services
The Lutheran Home at Topton

Michelle Gerwick
CFO
George Junior Republic

Robert Jacobs
Executive Director
Pinebrook Family Services

Amir Malek
CFO
Wordsworth

Mark Palastro
CFO
Holy Family Institute

Charles (Bud) Seith
Executive Director
Bethanna

Joseph Semulka
Director of Financial Operations
Abraxas Youth & Family Services

Jim Sharp
Regional Executive Director
NW Human Services Northwestern
Academy

County Children & Youth Agency Representatives

Anne Bennett
Fiscal Officer
Union County Children & Youth Services

Diane Cottrell
Northwest Regional Lead and Contract
Consultant
Erie County Office of Children & Youth

Daniel Evancho
Assistant Deputy Director
Allegheny County Department of
Human Services
Administration & Information
Management Services

Elaine Kita
Administrative Officer II
Northampton County Children, Youth &
Families Division

Appendix A
Rate Methodology Task Force—CHARTER
Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

Lori Partin
Finance Project Manager
City of Philadelphia
Department of Human Services

Dave Shultz
Accountant/Acting Fiscal Officer
Bucks County Children & Youth Social
Services Agency

County Juvenile Probation Office Representatives

Michael Schneider
Chief Juvenile Probation Officer
Northampton County Juvenile
Probation Department

Robert Stanzione
Chief Juvenile Probation Officer
Bucks County Juvenile Probation Office

Association Representatives

Bernadette Bianchi
Executive Director
PA Council of Children, Youth & Family
Services

Connell O'Brien
Policy Specialist
Rehabilitation & Community Providers
Association

Charles Songer
Executive Director
PA Children & Youth Administrators,
Inc.

Commonwealth Staff & Associates

Hasmukh Amin
Director
Bureau of Budget and Program Support
Department of Public Welfare
Office of Children, Youth & Families

Carolyn Ellison
Project Manager
Performance Management Office
Department of Public Welfare

Appendix A

Rate Methodology Task Force—CHARTER

Legal Basis—Act 55 of 2013 (HB 1075 of 2013)

Cindi Horshaw
Acting Director
Bureau of Policy, Programs &
Operations
Department of Public Welfare
Office of Children, Youth & Families

Jonathan McVey
Executive Policy Specialist
Department of Public Welfare
Office of Policy Development

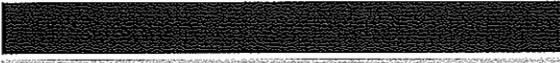
Roseann Perry
Director
Bureau of Children & Family Support
Department of Public Welfare
Office of Children, Youth & Families

William Shutt
Operations Manager
PCG Human Services

Richard Steele
Director of Policy & Program
Development
Juvenile Court Judges' Commission

Cathy Utz
Acting Deputy Secretary
Department of Public Welfare
Office of Children, Youth & Families

Appendix B
Presentation to the Rate Methodology Task Force,
September 4, 2013



Rate Methodology Task Force Act 55

September 4, 2013



Confidential. The contents of this document are internal pre-decisional records of the DPW and individuals receiving and reviewing this document must not provide this information to any other person without written permission. 65 P.S. § 67.708 (b) (10)



Rate Methodology Task Force

Agenda for Today:

- Welcome and Introductions
- Charter Review and Approval
- Where We Are Now
- Where We Are Going



Appendix B
Presentation to the Rate Methodology Task Force,
September 4, 2013

Rate Methodology Task Force



Our Vision and Mission

*Our Vision is to see Pennsylvanians living
safe, healthy and independent lives.*

*Our Mission is to improve the quality of life
for Pennsylvania's individuals and families.
We promote opportunities for independence
through services and supports while
demonstrating accountability for taxpayer
resources.*

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Rate Methodology Task Force



❖ Introduction of Task Force Members

❖ Framework and Purpose

- Background
- Legislation
- Work Process
- Work of the Task Force
- Commitment

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Appendix B

Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



Background:

- Child welfare services are funded by the federal, state and local governments
- DPW is required to maintain necessary documentation to support the reimbursement of these services through federal and state funds
- DPW is accountable to Commonwealth taxpayers and must ensure funds are used to support allowable services
- DPW is responsible for the licensure of certain child welfare services and to make recommendations which lead to improved safety, permanency and well being outcomes for children and families

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Rate Methodology Task Force



Background:

- Following the Office of Inspector General's audit of the Department's Title IV-E claims for periods between 1997 and 2002, the Administration for Children and Families (ACF) required that a Program Improvement Plan (PIP) be submitted and steps taken to assure the Department's compliance with the Code of Federal Regulations 45 (CFR) 92.40 (a) which includes the assurance of accurate and reasonable calculations of residential foster care per diems.
- Part of OCYF's PIP included developing a standard format for contracting and invoicing which would support the portion of per diems allowable for Title IV-E reimbursement.

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Rate Methodology Task Force



Background:

- OCYF issued a bulletin in 2008 that mandated counties and providers to gather and forward certain fiscal information to the DPW for the determination of maximum allowable Act148 state and Title IV-E federal reimbursement.
- As a result of a lawsuit by several providers, the Supreme Court of Pennsylvania determined that OCYF did not have the authority to institute the process through a bulletin.
- Upon issuance of the Supreme Court's decision, OCYF ceased the review of provider fiscal packets.

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Rate Methodology Task Force



Legislation:

- On July 9, 2013, Governor Tom Corbett signed House Bill 1075, Printer's Number 2203, now known as Act 55 of 2013.
- Act 55 of 2013, in part, amended the Public Welfare Code by adding a new section, Section 704.3.
- This section requires a provider to submit documentation of its cost of providing placement services to the Department and authorizes the Department to use the documentation to support the claim for federal and state reimbursement.

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Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



Legislation:

- Pursuant to Act 55 of 2013, DPW is required to convene a task force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable
- The Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly April 30, 2014
- The Task Force shall provide written recommendations for other purchased services by December 31, 2014

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Rate Methodology Task Force



Work Process:

- Preparation for each meeting is essential
- Work collaboratively
- Build partnerships at the county level
- Specifically outlined in the Charter
- In person and via WebEx
- Commitment is important

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Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



Work of the Planning Team:

- Reviewed Legislation
- Developed Draft Charter
- Develop Agendas
- Monitor Progress
- Ensure Timely Distribution of Materials
- Ensure Needed Resources are Available
- Review and Finalize Reports

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Rate Methodology Task Force



Expectations and Ground Rules:

- Attendance
- All electronics turned off
- Respect for each person's viewpoint
- Agree to disagree
- Open discussion
- Limit use of acronyms
- Participate
- Be on time from breaks and lunch

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Rate Methodology Task Force 

Charter Review and Approval

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Rate Methodology Task Force 

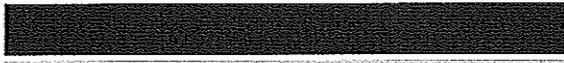
Where We Are Now

Overview of Allowable/Non-Allowable Costs

- Act 148
- State and Federal Requirements

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Allowable Costs
State Act 148 and Federal Title IV-E



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Licensing Eligibility:

- ◆ Federal Reimbursement:
 - Must be 3130, 3700, 3800 facilities
- ◆ State Reimbursement:
 - 3130, 3700, 3800, 6400 facilities
- ◆ PRTF
 - Not eligible for Act 148 or Title IV-E funding



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Foster Care, the federal definition:



"A child that is receiving twenty-four (24) hour substitute care in a placement away from his/her parents or guardians and for whom the county has placement and care responsibility".

This includes: foster family homes, foster homes of relatives, kinship foster homes, group homes, emergency shelters, residential facilities, child-care institutions (public facilities with less than 25 beds or private facilities with any number of beds and a supervised setting in which an individual who has attained 18 years of age is living independently), and pre-adoptive homes. Foster care does not include a child in one of the following placements: detention (or facilities that are primarily for the detention of children who are adjudicated delinquent), secure treatment facilities, psychiatric facilities, hospitals, and forestry camps.

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Allowable Maintenance Costs



Act 148 Reimbursement is made:

- (1) At varying percentages based on the type of service or activity for which the expenditure was incurred.
- (2) According to allowable cost requirements established in Chapter 3170 (relating to allowable costs and procedures for county children and youth programs).

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Allowable Maintenance Costs



Section 475 (4)(A) "The term "foster care maintenance payments" means payments to cover the cost of (and the cost of providing)":

	ACT148	Title IV-E
Daily Supervision	Yes	Yes
Food	Yes	Yes
Clothing	Yes	Yes
Shelter	Yes	Yes
School Supplies	Yes	Yes
Personal Incidentals	Yes	Yes
Transportation	Yes	Yes
Liability Insurance with respect to a child	Yes	Yes
In the case of institutional care, such term includes the reasonable costs of administration and operation of such Institution as is necessarily required to provide the items described above.	Yes	Yes

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Allowable Administrative Costs



Code of Federal Regulations Title 45 Section 1356.60. "2) The following are examples of allowable administrative costs necessary for the administration of the foster care program:"

	ACT148	Title IV-E
Referral to services	Yes	Yes
Preparation for and participation in judicial determinations	Yes	Yes
Placement of the child	Yes	Yes
Development of the case plan	Yes	Yes
Case reviews	Yes	Yes
Case management and supervision	Yes	Yes
Recruitment and licensing of foster homes and institutions	Yes	Yes
Rate setting	Yes	Yes
A proportionate share of related agency overhead	Yes	Yes
Costs related to data collection and reporting	Yes	Yes

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Appendix B

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Unallowable Costs		 pennsylvania DEPARTMENT OF PUBLIC WELFARE	
	ACT148	Title IV-E	
The cost of mental health or mental retardation treatment services	No	No	
The cost of medical and dental services when the client is eligible for other funding or has private resources	No	No	
The cost of services for children placed outside this Commonwealth in other states:			
(i) If the placements are not made according to the requirements of the Interstate Compact on the Placement of Children in section 761 of the Public Welfare Code (62 P. S. § 761) in states which are signatories to the compact.	No	No	
(ii) If the placements are not made according to sections 746—765 of the Public Welfare Code (62 P. S. § 746—765) in states which are not signatories to the Interstate Compact on the Placement of Children in section 761 of the Public Welfare Code (62 P. S. § 761).	No	No	
The cost of care, maintenance and treatment of children placed in facilities which do not meet the requirements of § 3130.39 (relating to services and facilities which may be used)	No	No	
The cost of county probation office staff	No	No	
The cost of juvenile court staff	No	No	
The cost of county social service staff not a part of the county agency	No	No	
The cost of mental health or mental retardation treatment services	No	No	

Other Costs		 pennsylvania DEPARTMENT OF PUBLIC WELFARE	
	ACT148	Title IV-E	
Social Services	Yes	No	

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Rate Methodology Task Force

 **pennsylvania**
DEPARTMENT OF PUBLIC WELFARE

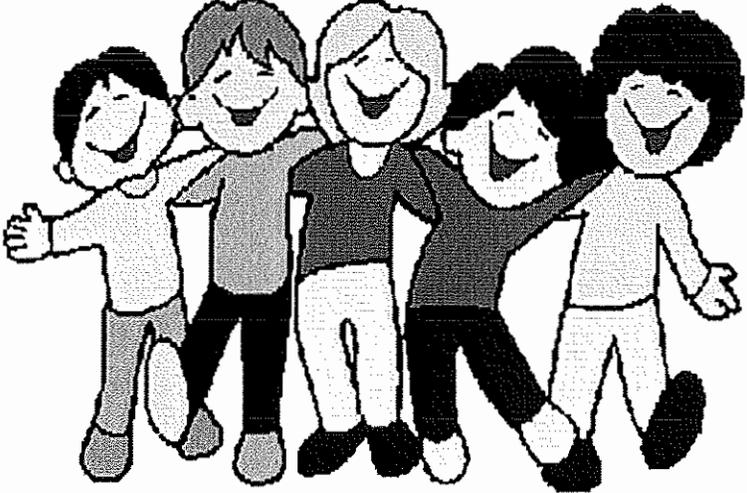
Where We Are Now

County Perspective

- Child and Family Assessments
- Identification of Service Needs
- Matching Services with Identified Needs
- Ensuring Availability of Needed Services

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 **pennsylvania**
DEPARTMENT OF PUBLIC WELFARE



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pennsylvania
DEPARTMENT OF PUBLIC WELFARE

PCYA

Pennsylvania Children & Youth Administrators
www.pcy.org

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pennsylvania
DEPARTMENT OF PUBLIC WELFARE

PCYA MISSION STATEMENT

The mission of the Pennsylvania Children and Youth Administrators is to enhance the quality of service delivery for children, youth and their families by providing for its members:

- (1) A forum for the exchange of information;
- (2) Assistance in educating the general public and its constituencies; and
- (3) An environment of support for the Association membership

An Affiliate of the County Commissioners Association of Pennsylvania

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Appendix B

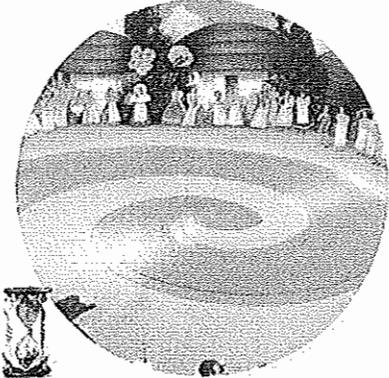
Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force

pennsylvania
DEPARTMENT OF PUBLIC WELFARE

Where Are We Going?

Where no man/woman has gone before?
On a cruise down memory lane?
On a wild and exciting adventure?



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Rate Methodology Task Force

pennsylvania
DEPARTMENT OF PUBLIC WELFARE

Where Are We Going?

If you don't know where you are going, you might wind up someplace else.

Yogi Berra



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Appendix B

Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



Working to reach the identified goals will create opportunities for:

- Honest and open discussion
- Increased awareness of diverse realities
- Renewed sense of common purpose
- Achievement of solutions
- Coordinated efforts to plan for what children and families really need
- Exploration of alternative models to ensure stable funding

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Rate Methodology Task Force



As Private Service Providers, we are.....

- Independent social welfare business operations with both fixed and fluctuating costs
- Contractors with the public sector, acting as agents of the county in the delivery of required or desired services, supports and interventions
- Invested in privatization as the transfer of economic resources from the public to the private sector to meet the social needs of people
- Not bound by civil service hiring practices
- Operating within a business context which differs from the public sector with varied compensation and fringe benefit options including retirement and health care coverage

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Appendix B

Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



As Private Not-For Profit agencies, we are....

- Governed by federal and state laws and regulations and accountable to a governing Board of Directors
- Voluntarily operating based on mission, history and ability to be creative and responsive
- Often engaged in restricted use or unrestricted fun raising activities--agencies retain separateness from governmental control regarding use of private dollars
- Focused on the achievement of quality outcomes which requires financial stability and the ability to build a fund balance to be re-invested in programming and operations

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Rate Methodology Task Force



As For-Profit Agencies, we are...

- Governed by federal and state laws and regulations and are accountable to investors and shareholders
- Voluntarily operating based on gap and market analysis, history and ability to be creative and responsive
- Not dominated by profit as a business enterprise, but making a reasonable and decent profit is a good practice and presents an indication that the agency is functioning well

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Appendix B
Presentation to the Rate Methodology Task Force,
September 4, 2013

Rate Methodology Task Force 

Moving Forward:

- Series of scheduled meetings—see calendar
- First months of activity will be in person
- Conference calls/WebEx will also be used
- Work will need to be done between meetings
- Education—process model (homework)

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Rate Methodology Task Force 

Moving Forward:

- Ad hoc groups coordinated by providers
- Ad hoc groups of county/provider staff
- Research
- May be changes to submission timelines
- Interim reports circulated

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Appendix B

Presentation to the Rate Methodology Task Force, September 4, 2013

Rate Methodology Task Force



Moving Forward:

- Recommendations framed
- Summary report prepared
 - May include legislative changes
 - May include regulatory changes
 - May include clarification of current policy

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Rate Methodology Task Force



Next Steps:

- Get familiar with DocuShare
- Next meeting of the Task Force:
 - September 18th 9:30-3:30
 - Child Welfare Resource Center

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Appendix C

PCG Presentation to the Rate Methodology Task Force, September 18, 2013

The following presentation was prepared on behalf of the Pennsylvania Rate Methodology Task Force. The information is intended to present the broad context of considerations when establishing a rate methodology. The presentation also includes examples of rate methodologies implemented in other states. The states selected or discussed during the presentation should not be construed as a recommendation for Pennsylvania to use that state's methodology.



Pennsylvania Rate Methodology Task Force

Rate setting from 30,000 feet

September 18, 2013



www.pcghuman.com

Appendix C

PCG Presentation to the Rate Methodology Task Force, September 18, 2013



Agenda

- Introduction
- Current environment
- What does a rate setting methodology look like?
- Why do states pick one methodology over another?
- How do other states set and administer rates?
- Considerations going forward

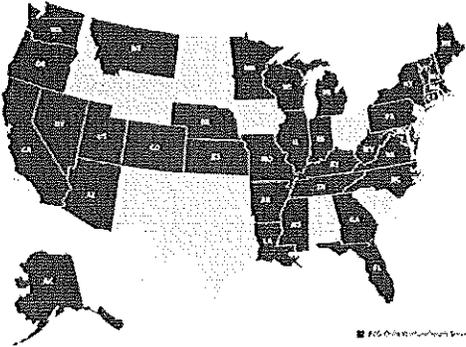
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3

Introductions: Heather and Maureen



- PCG partners with child welfare and youth services agencies across the country.
- Heather Baker is the Manager who oversees the CWYS center of excellence at PCG. She has been working with PCG since 2003 and with Pennsylvania OCYF since 2007.
- Maureen Stanton is a Consultant at PCG. She works on human services provider management and federal funding for child welfare in several states.



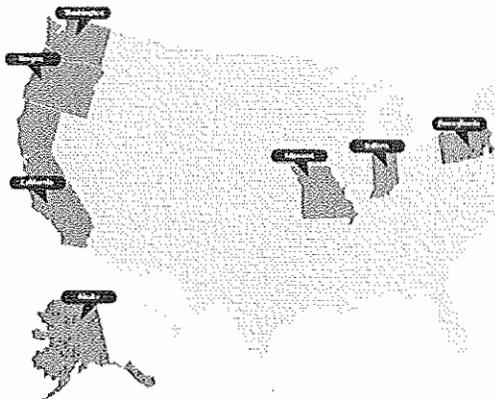
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National context in child welfare payment rates

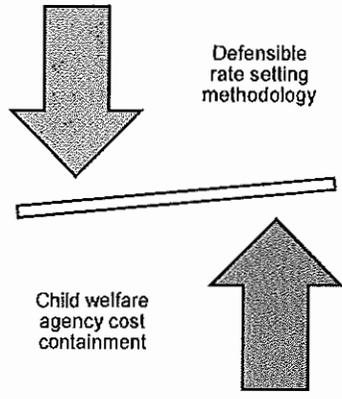


- Recently, there has been increasing pressure at a federal and state level to support rates paid to providers and claimed under federal programs.
 - As a result, many states have implemented a cost report process or enhanced their current cost report so that all applicable costs are included.
 - At a high-level, states have aimed to formulate transparent, data-driven methodologies for the establishment of provider rates, so as to avoid any potential objections from providers.

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5

Ramifications of judicial decisions



- As states feel pressure from provider agencies, advocacy organizations, legislators, and judicial proceedings, they may turn to cost-based rates as a safe, justifiable solution to rate setting.
- This necessitates more oversight from the child welfare agency to ensure cost reports are completed accurately and that costs are incurred by providers at a reasonable level.

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What does a rate methodology look like? *Definitions*



Rate methodology

- Payment rates: How a state or county decides how much to pay a provider.
- Reimbursement rate: How a state or county calculates the portion of costs that will be paid by the federal government.
- Sometimes, the payment rate and the reimbursement rate are the same.

Rate administration

- The basis or principle or agreement that determines how the state or county pays the provider

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What motivates you?



<p>Efficiency</p> <ul style="list-style-type: none"> • Cost containment • Increased accountability • Reduced fraud • Reduced budget • Optimizing multiple funding streams 	<p>Quality</p> <ul style="list-style-type: none"> • High quality service provision • User-centered based practices • Individualized services • Client choice • Financial stability and security
<p>Equity and Politics</p>	<p>Competitiveness</p> <ul style="list-style-type: none"> • Ability to attract and retain staff • Ability to attract and retain clients • Ability to attract and retain funding • Ability to attract and retain partners

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General rate methodology frameworks



Provider-independent rates

States set rates based on historical trends and trends in the industry.

Provider-dependent rates

States set rates based on actual costs reported by providers.

Retrospective rates

States set rates based on actual costs reported by providers, but with a lag.

Prospective rates

States set rates based on forecasts of future costs.


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Choosing a framework



Framework	Why a state might choose this	Why a state might <u>not</u> choose this
Provider-independent rates	Easier for states to forecast costs. Incentives for providers to control costs.	Less incentive to provide high-quality services. Implicit in the plan: provider flexibility re: spending & profit without excessive reporting and control.
Provider-dependent rates	Provides more precise rates. Allows for full reimbursement for each provider.	Higher complexity and risk of audit. Reduced incentives for provider efficiency since all costs are reimbursed.
Retrospective rates (Cost settlement, Fixed with carry forward)	Does not require precise forecasting. Simple to administer on the front end.	More difficult on the back end to reconcile rates after the fact. A lag before knowing final financial impact.
Prospective rates	Provides a reasonable basis for setting rates and requires no reconciliation after the fiscal period ends.	Does not capture future changes to costs.


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Methods to generate rates



Cost-based pricing

Component cost analysis

Budgeting

Negotiation

Aggregate rate agreement

Flat rate

Global budget transfer

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Choosing a method to generate rates



<p>Cost-based pricing</p> <ul style="list-style-type: none"> • Providers tend to like this. • Does not capture future changes to costs. 	<p>Component cost analysis</p> <ul style="list-style-type: none"> • May be simpler than using a full-scale cost report. • May receive limited buy-in from providers. 	<p>Budgeting</p> <ul style="list-style-type: none"> • Customizable by provider. Can account for new expenses. • Lower accountability due to using projections instead of actuals. 	<p>Negotiated rate</p> <ul style="list-style-type: none"> • May increase provider buy-in. • Perceived inequity of rates across providers.
<p>Aggregate rate agreement</p> <ul style="list-style-type: none"> • In a budget/rate freeze, this can be a way to control costs. • Requires each provider to opt-in. 	<p>Flat rate</p> <ul style="list-style-type: none"> • Simple (and thus less expensive) to execute. • Low precision based on provider or client differences. 	<p>Global budget transfer</p> <ul style="list-style-type: none"> • High contractor flexibility. All financial risk to contractor. • Very difficult to estimate true costs for an entire population. 	

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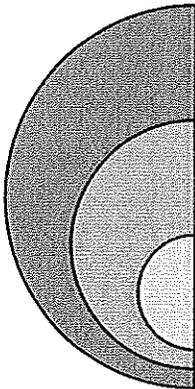
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Levels of specificity

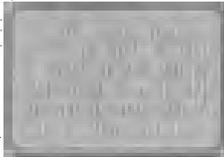


	<p>Statewide pricing</p> <ul style="list-style-type: none"> • Uniform rate scheme for all providers.
<p>Peer-group pricing</p> <ul style="list-style-type: none"> • Providers are grouped based on statistically significant connections (geography, provider size, client needs). 	
<p>Provider-specific pricing</p> <ul style="list-style-type: none"> • A rate is set for each provider. 	


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Choosing a level of specificity



Statewide pricing	Peer-group pricing	Provider-specific pricing
		
		


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Rate administration options



- Performance-based pricing
- Case rates
 - Episode of care
 - Annual
 - Blended
 - Stratified
- Base payments
- Rate limits
 - Ceiling
 - Floor
- Cost reimbursement

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*See handout for descriptions and considerations ¹⁵

Indiana



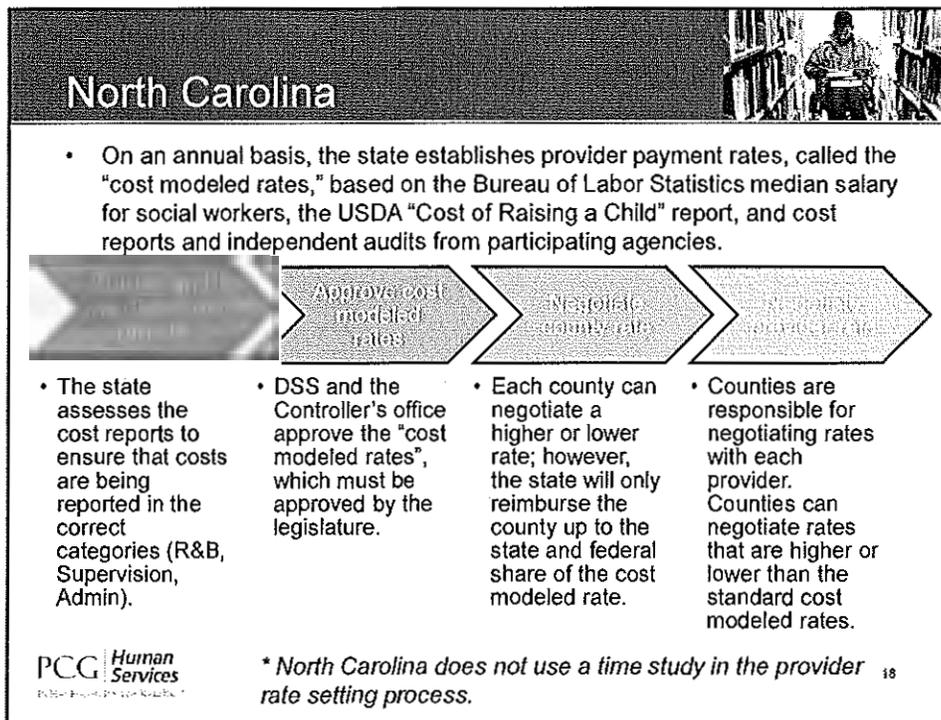
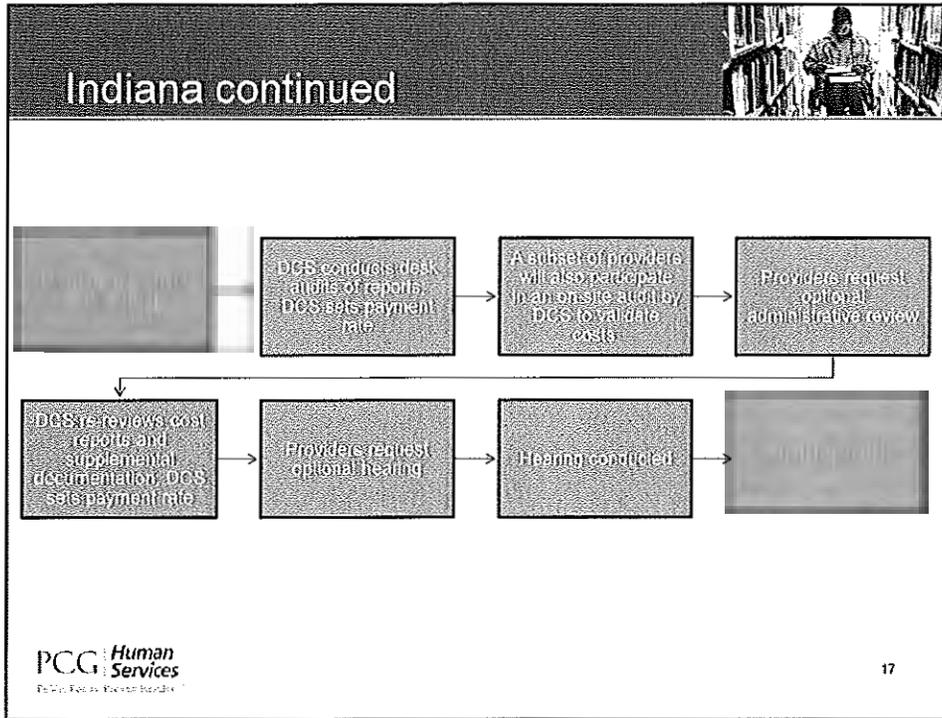
- Residential treatment service providers and child placing agencies are required to submit cost reports on an annual basis.
 - Cost reports are used for both provider rate setting and federal reimbursement (e.g. Title IV-E) rate setting.
- DCS has established caps and floors within the rate methodology related to administrative costs, fringe costs, caseload, occupancy, and profit margin.
- DCS also established COLAs to be applied in 2013, based on the Midwest consumer price index.
- DCS **only** pays for room and board; treatment costs **must** be provided separately through a Medicaid provider.
- DCS conducts a statewide, centralized random moment time study as part of the rate setting process.

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¹⁶

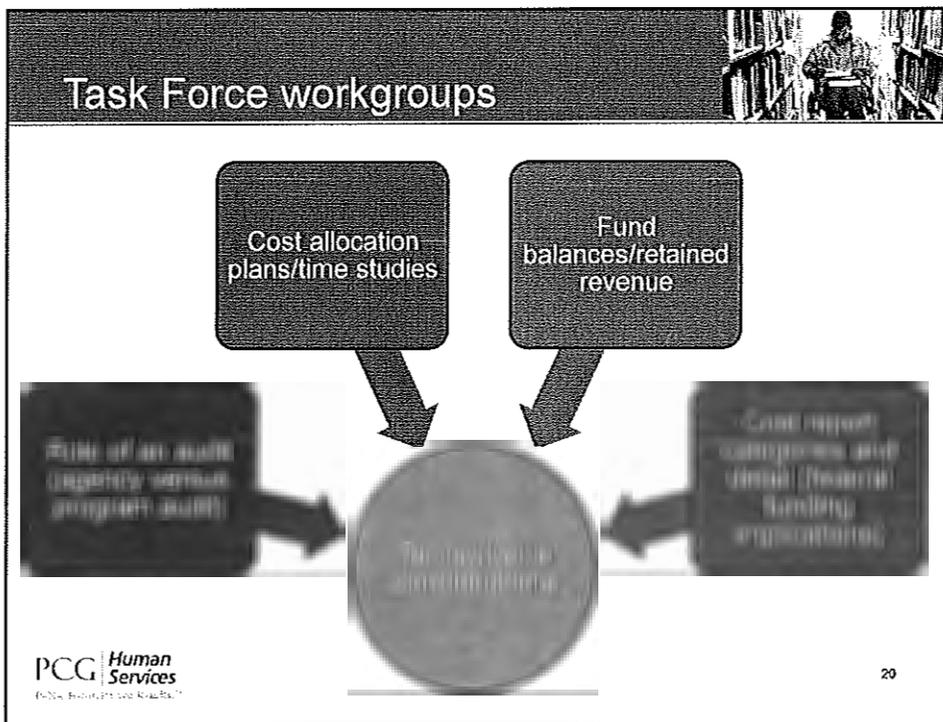
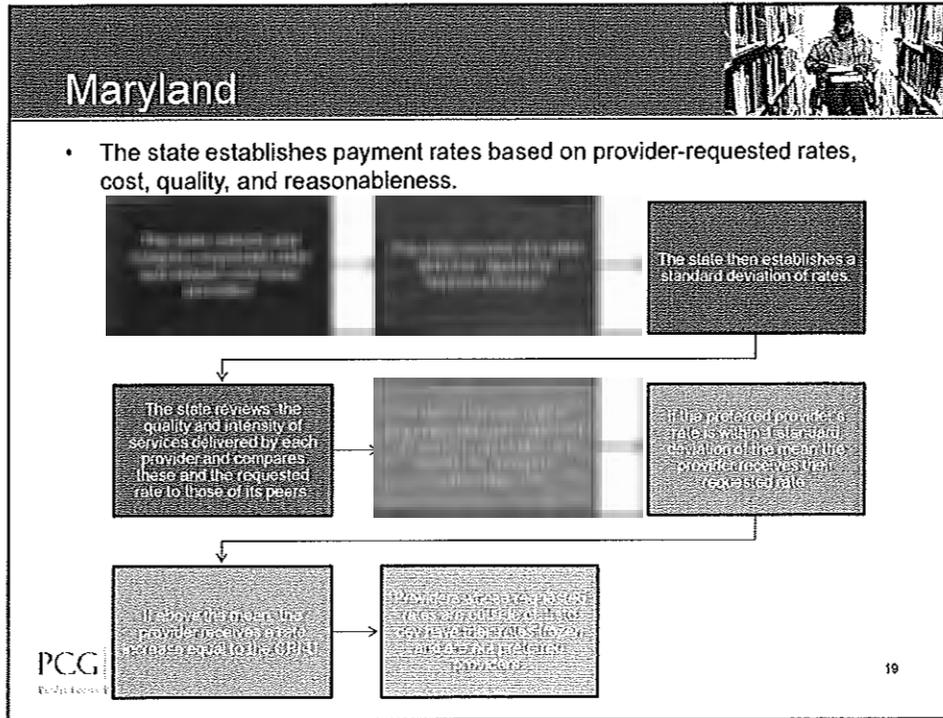
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Contact sheet

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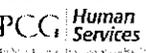
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Rate administration options (handout)			
Option	Description	Why a state might choose this	Why a state might NOT choose this
Performance-based pricing	Specifies reimbursement associated with expected outcomes (quantity, quality, and/or impact).	<ul style="list-style-type: none"> • Desire to incentivize certain performance outcomes. 	<ul style="list-style-type: none"> • Some question cost-effectiveness. • Administration/calculation of outcomes can be difficult on a large scale.
Case Rates	Provider is paid per child referred under the contract. Rate can be episodic or annual.	<ul style="list-style-type: none"> • Can be tied to achievement of outcomes. • Low risk to providers related to total children served. • Incentive for providers to find lowest cost effective service. 	<ul style="list-style-type: none"> • Limited financial incentive for providers to provide intense or costly services.
Case rate - Episode of care	Estimate of cost of services from the time of referral until case closure. Case payment is made without regard to how long each child is actually served (i.e. Payments are made for a median number of months). If the child is placed while payments are still being made, the agency can retain funds for use with other children.	<ul style="list-style-type: none"> • Provider bears risk of children who are in services for a long time. 	<ul style="list-style-type: none"> • Difficult for states to estimate episode of care rates across fiscal years.
Case rate - Annual	Estimate of cost of services for a single year. Provider receives payment as long as child receives services. Payments are generally made on a per diem per child basis.	<ul style="list-style-type: none"> • Precise (related to days served) and intuitive reimbursement of payment. 	<ul style="list-style-type: none"> • No financial incentive to move children out of care, since reimbursement depends on families/children receiving services.
Case rate - Blended	Average cost per case is blended across all cases.	<ul style="list-style-type: none"> • Simple method to generate rate. 	<ul style="list-style-type: none"> • Average cost per case can be skewed by outliers.



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Rate administration options (handout)			
Case rate - Stratified	Different types of cases receive different rates. Cases are grouped based on statistically significant differences that lead to differences in costs.	<ul style="list-style-type: none"> • Captures some differences in children's needs and allows some precision in rate-setting. • Protects providers from some financial risk. 	<ul style="list-style-type: none"> • Administration is more complex. • Potential for dispute over correct classifications, particularly if classification is based on subjective factors or individual interpretation.
Base payments	Monthly payment designed to cover costs incurred regardless of number of kids (fixed costs). Can be used in conjunction with case rates.	<ul style="list-style-type: none"> • Increased precision through capturing fixed costs. 	<ul style="list-style-type: none"> • Adds another layer to rate setting: the state must set rates for both fixed and variable costs.
Ceiling	Putting a cap on how much providers can be paid, regardless of costs actually incurred.	<ul style="list-style-type: none"> • The state's financial burden is limited. • Providers have incentive to find ways to provide services more cost effectively. 	<ul style="list-style-type: none"> • Providers have limited financial incentives to provide expensive services.
Floor	Establishing a minimum amount providers will be paid, regardless of costs actually incurred.	<ul style="list-style-type: none"> • State wants to encourage provider entry/retention. 	<ul style="list-style-type: none"> • State may pay beyond the costs incurred for the provision of services.
Larger units of service	State establishes rates based on longer/larger units of service (i.e. Per day vs. Per hour).	<ul style="list-style-type: none"> • Simplicity in rate-setting and administration. 	<ul style="list-style-type: none"> • Total costs may be higher since providers will be counting partial units of service as whole units of service (rounding up).
Smaller units of service	State establishes rates based on smaller units of service (i.e. 1/4 hour instead of hour/visit/day).	<ul style="list-style-type: none"> • More precision in rate-setting. 	<ul style="list-style-type: none"> • Administration is more complex.
Risk-sharing	Mitigate risk within funding mechanism(s)	<ul style="list-style-type: none"> • State protects self and/or encourages provider entry/retention by sharing financial risk with providers. 	<ul style="list-style-type: none"> • State may not want to share financial risk with providers.



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Pennsylvania Rate Methodology Task Force
State Methodology Pros and Cons – Determining What is Right for Pennsylvania

October 16, 2013



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Agenda

- Introduction
- Review of Rate Methodology Issue
- Indiana – Pros/Cons/Potential PA Implications
- North Carolina – Pros/Cons/Potential PA Implications
- Maryland – Pros/Cons/Potential PA Implications
- Ohio and DC
- Wisconsin Article
- Moving Forward – Establishing a Framework

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General rate methodology frameworks


Provider-independent rates

Provider-dependent rates

Retrospective rates

Prospective rates


3

Choosing a framework


Framework	Why a state might choose this	Why a state might not choose this
Provider-independent rates	Easier for states to forecast costs. Incentives for providers to control costs.	Less incentive to provide high-quality services. Implicit in the plan: provider flexibility re: spending & profit without excessive reporting and control.
Provider-dependent rates	Provides more precise rates. Allows for full reimbursement for each provider.	Higher complexity and risk of audit. Reduced incentives for provider efficiency since all costs are reimbursed.
Retrospective rates (Cost settlement, Fixed with carry forward)	Does not require precise forecasting. Simple to administer on the front end.	More difficult on the back end to reconcile rates after the fact. A lag before knowing final financial impact.
Prospective rates	Provides a reasonable basis for setting rates and requires no reconciliation after the fiscal period ends.	Does not capture future changes to costs.


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Methods to generate rates



Cost-based pricing

Component cost analysis

Budgeting

Negotiation

Aggregate rate agreement

Flat rate

Global budget transfer

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Choosing a method to generate rates



Cost-based pricing	Component cost analysis	Budgeting	Negotiated rate
<ul style="list-style-type: none"> • Providers tend to like this. • Does not capture future changes to costs. 	<ul style="list-style-type: none"> • May be simpler than using a full-scale cost report. • May receive limited buy-in from providers. 	<ul style="list-style-type: none"> • Customizable by provider. Can account for new expenses. • Lower accountability due to using projections instead of actuals. 	<ul style="list-style-type: none"> • May increase provider buy-in. • Perceived inequity of rates across providers.

Aggregate rate agreement	Flat rate	Global budget transfer
<ul style="list-style-type: none"> • In a budget/rate freeze, this can be a way to control costs. • Requires each provider to opt-in. 	<ul style="list-style-type: none"> • Simple (and thus less expensive) to execute. • Low precision based on provider or client differences. 	<ul style="list-style-type: none"> • High contractor flexibility. All financial risk to contractor. • Very difficult to estimate true costs for an entire population.

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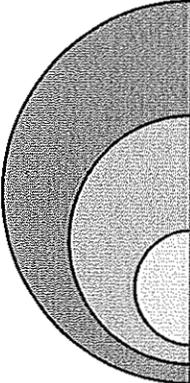
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Levels of specificity

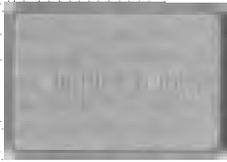
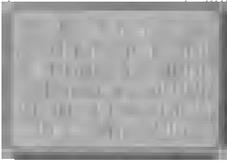


	<p>Statewide pricing</p> <ul style="list-style-type: none"> • Uniform rate scheme for all providers.
	<p>Peer-group pricing</p> <ul style="list-style-type: none"> • Providers are grouped based on statistically significant connections (geography, provider size, client needs).
	<p>Provider-specific pricing</p> <ul style="list-style-type: none"> • A rate is set for each provider.


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Choosing a level of specificity



Statewide pricing	Peer-group pricing	Provider-specific pricing
		
		


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Rate administration options



- Performance based pricing
- Case rates
 - Episode of care
 - Annual
 - Blended
 - Stratified
- Base payments
- Rate limits
 - Ceiling
 - Floor
- Cost reimbursement

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*See handout for descriptions and considerations ⁹

Indiana



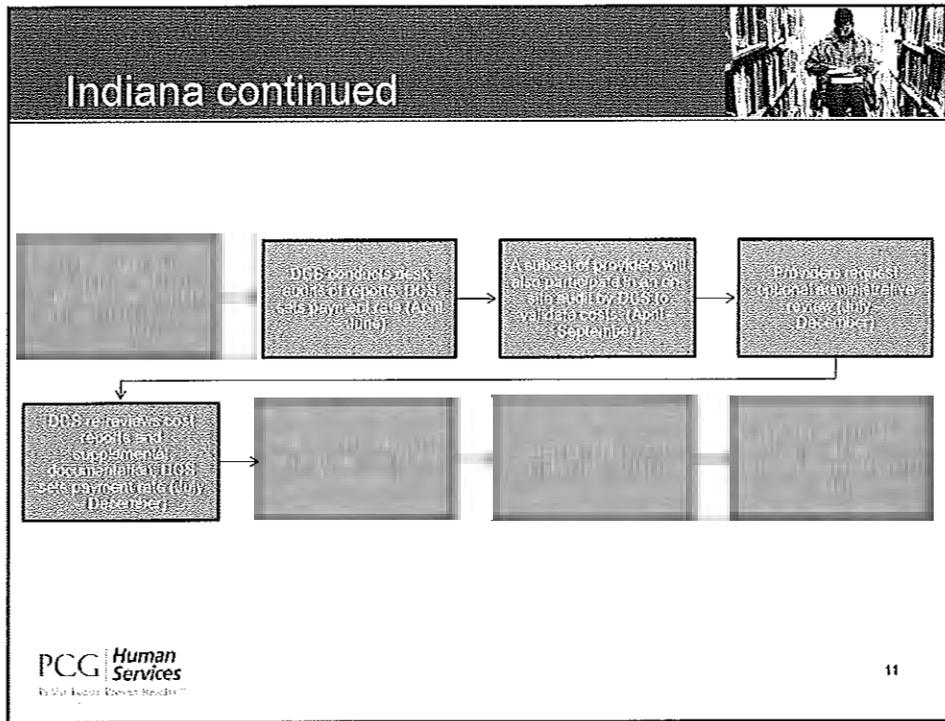
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- DCS also established COLAs to be applied in 2013, based on the Midwest consumer price index.
- DCS only pays for room and board; treatment costs **must** be provided separately through a Medicaid provider.
- DCS conducts a statewide, centralized random moment time study as part of the rate setting process.

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- ### Indiana
- Pros/Cons
 - Does any piece of this process have value for our Pennsylvania decision making.
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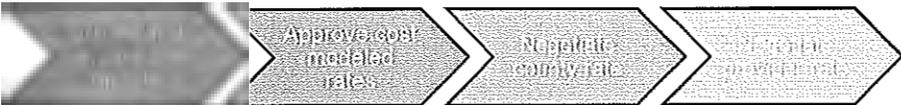
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North Carolina



- On an annual basis, the state establishes provider payment rates, called the "cost modeled rates," based on the Bureau of Labor Statistics median salary for social workers, the USDA "Cost of Raising a Child" report, and cost reports and independent audits from participating agencies.



- The state assesses the cost reports to ensure that costs are being reported in the correct categories (R&B, Supervision, Admin).
- DSS and the Controller's office approve the "cost modeled rates", which must be approved by the legislature.
- Each county can negotiate a higher or lower rate; however, the state will only reimburse the county up to the state and federal share of the cost modeled rate.
- Counties are responsible for negotiating rates with each provider. Counties can negotiate rates that are higher or lower than the standard cost modeled rates.



** North Carolina does not use a time study in the provider rate setting process.*

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North Carolina



- Pros/Cons
- Does any piece of this process have value for our Pennsylvania decision making.



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Maryland


- The state establishes payment rates based on provider-requested rates, cost, quality, and reasonableness.

PROVIDER REQUESTED RATES

STATE ESTABLISHES STANDARD DEVIATION OF RATES

The state then establishes a standard deviation of rates.

↓

PROVIDER REQUESTED RATES

STATE ESTABLISHES STANDARD DEVIATION OF RATES

If the preferred provider's rate is within a standard deviation of the mean, the provider receives their requested rate.

↓

IT'S HOW WE MANAGE THE PUBLIC'S MONEY THAT MATTERS MOST.

WE'VE GOT TO BE RESPONSIBLE AND ACCOUNTABLE TO THE PEOPLE WE SERVE.



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Maryland


- Pros/Cons
- Does any piece of this process have value for our Pennsylvania decision making.


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Ohio and Washington DC



Ohio Process

- Rates are based on Cost Reports (July 1 – June 30)
- Cost Reports due by 12/31
- Rates are set by April 1 and are good through March 31 of next year
- Cost Reports also must have an "Agreed Upon Procedures" Independent Audit
- State Reimbursement is limited to the lesser of the Actual Maintenance/Administrative Costs or the Private Agencies calculated Title IV-E Maintenance/Administrative Reimbursement Ceilings
- Ceilings are established by the state based on costs and a cost of living adjustment (Ohio's Consumer Price Index) – Done through desk audit

Link for Cost Report:
<http://www.odjfs.state.oh.us/forms/file.asp?id=899&type=application/pdf>

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Ohio and Washington DC



Washington DC

- We know that DC establishes the foster parent subsidy rate for foster parent providers.
- Research is still occurring on the methodology

Bernadette:

Other Ohio or DC information based on provider experiences?

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Wisconsin – Recent Legislative Audit



In 2011 Wisconsin moved from county negotiated rates to the State establishing rates. They establish a maintenance rate that must get passed on to for maintenance costs and reported in their SACWIS system.

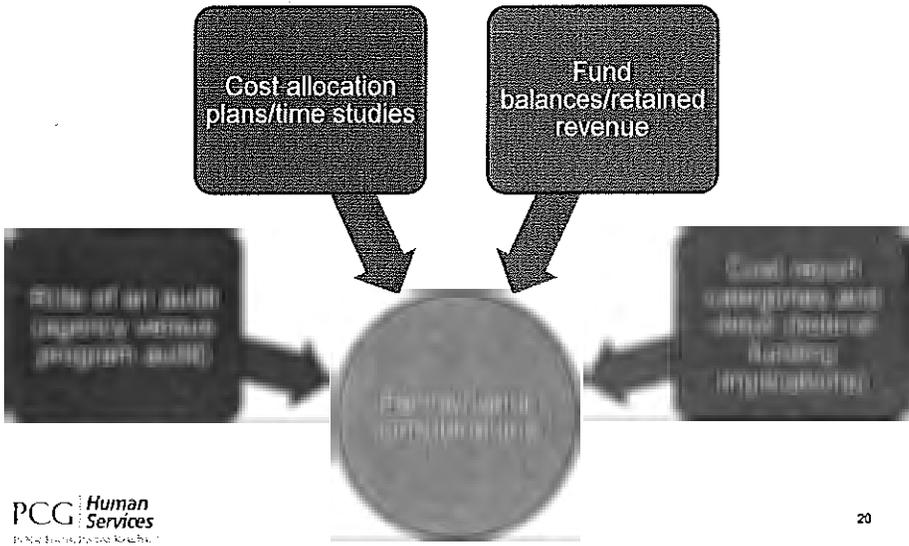
The administrative rate is also negotiated (still trying to get details).

The Wisconsin legislature is recommending a higher level of cost-related oversight of its provider community.
(See article)

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Task Force workgroups



Cost allocation plans/time studies

Fund balances/retained revenue

Rate of an audit (regional versus program audit)

Cost report comparisons and other cost-related funding information

Financial and Operational

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Next Steps

Where do we go from here?

Start with the end in mind. . . .

Can we identify major components that we believe should be part of the Pennsylvania process?

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Rate administration options (handout)			
Option	Description	Why a state might choose this	Why a state might NOT choose this
Performance-based pricing	Specifies reimbursement associated with expected outcomes (quantity, quality, and/or impact).	<ul style="list-style-type: none"> Desire to incentivize certain performance outcomes. 	<ul style="list-style-type: none"> Some question cost-effectiveness. Administration/calculation of outcomes can be difficult on a large scale.
Case Rates	Provider is paid per child referred under the contract. Rate can be episodic or annual.	<ul style="list-style-type: none"> Can be tied to achievement of outcomes. Low risk to providers related to total children served. Incentive for providers to find lowest cost effective service. 	<ul style="list-style-type: none"> Limited financial incentive for providers to provide intense or costly services.
Case rate - Episode of care	Estimate of cost of services from the time of referral until case closure. Case payment is made without regard to how long each child is actually served (i.e. Payments are made for a median number of months). If the child is placed while payments are still being made, the agency can retain funds for use with other children.	<ul style="list-style-type: none"> Provider bears risk of children who are in services for a long time. 	<ul style="list-style-type: none"> Difficult for states to estimate episode of care rates across fiscal years.
Case rate - Annual	Estimate of cost of services for a single year. Provider receives payment as long as child receives services. Payments are generally made on a per diem per child basis.	<ul style="list-style-type: none"> Precise (related to days served) and intuitive reimbursement of payment. 	<ul style="list-style-type: none"> No financial incentive to move children out of care, since reimbursement depends on families/children receiving services.
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Rate administration options (handout)			
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Base payments	Monthly payment designed to cover costs incurred regardless of number of kids (fixed costs). Can be used in conjunction with case rates.	<ul style="list-style-type: none"> Increased precision through capturing fixed costs. 	<ul style="list-style-type: none"> Adds another layer to rate setting: the state must set rates for both fixed and variable costs.
Ceiling	Putting a cap on how much providers can be paid, regardless of costs actually incurred.	<ul style="list-style-type: none"> The state's financial burden is limited. Providers have incentive to find ways to provide services more cost effectively. 	<ul style="list-style-type: none"> Providers have limited financial incentives to provide expensive services.
Floor	Establishing a minimum amount providers will be paid, regardless of costs actually incurred.	<ul style="list-style-type: none"> State wants to encourage provider entry/retention. 	<ul style="list-style-type: none"> State may pay beyond the costs incurred for the provision of services.
Larger units of service	State establishes rates based on longer/larger units of service (i.e. Per day vs. Per hour).	<ul style="list-style-type: none"> Simplicity in rate-setting and administration. 	<ul style="list-style-type: none"> Total costs may be higher since providers will be counting partial units of service (rounding up).
Smaller units of service	State establishes rates based on smaller units of service (i.e. 1/4 hour instead of hour/visit/day).	<ul style="list-style-type: none"> More precision in rate-setting. 	<ul style="list-style-type: none"> Administration is more complex.
Risk-sharing	Mitigate risk within funding mechanism(s)	<ul style="list-style-type: none"> State protects self and/or encourages provider entry/retention by sharing financial risk with providers. 	<ul style="list-style-type: none"> State may not want to share financial risk with providers.

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*Congregate Care
Foster Care Rate-Setting*

Determining Title IV-E Federal
Financial Participation

Title IV-E of the Social Security Act authorizes
Federal funds for State foster care programs



*For children who meet IV-E eligibility requirements,
Federal Financial Participation (FFP) is available for
maintenance costs and related administrative costs for
placement in foster homes or child care facilities that
meet title IV-E requirements.*

Appendix E

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How Foster Care Rates Are Set

- *Determined on a state-by-state basis*
- *No federal requirement for particular methodology*
- *No federal minimum or maximum amount*
- *Each state sets its foster care rates based on its own approach & budget priorities*

3

Federal Guidance

Federal Guidelines for claiming FFP include:

- Section 475(4)(A) of the SSA
- 45 CFR Part 92
- 45 CFR 1356.60
- OMB Circular A-87
- Child Welfare Policy Manual 8.3B, 8.3B.1 & 8.3B.2

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Elements of Costs for Foster Care Maintenance

There are three groups of costs for foster care maintenance under section 475(4) the Act:

1. Daily supervision – in institutional foster care a limited function including routine day-to-day direction
2. Cost of providing items in Section 475(4) of the Act – limited added cost
3. Reasonable costs of administration and operation of eligible facility

CWPM 8.3B1 Q/A#1

5

Foster care maintenance payments Social Security Act 475(4)(A)

- **Foster care maintenance payments** means payments to cover the cost of (and the cost of providing):
 - Food
 - Clothing
 - Shelter
 - Daily Supervision
 - School Supplies
 - Child's Personal Incidentals
 - Liability insurance with respect to a child
 - Reasonable travel to the child's home for visitation, and
 - Reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement.

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Foster care maintenance payments Social Security Act 475(4)(A) of the Act

Institutional / Congregate Care

- In the case of institutional care, Foster care maintenance payments may include the *reasonable costs of administration and operation* of such institution *as are necessarily required* to provide these allowable items.
- The costs of administration and operation must be *necessarily required* to provide the items described in paragraph 475 (4) of the Act.
- The institution must meet the definition of a "child-care institution" in section 472 (c)(2) of the Act. Costs borne by child placing agencies are not eligible for FFP.
- The costs must be allowable under 45 CFR Part 92

CWPM 8.3B1 Q/A#1(3)(a)

7

TITLE IV-E Foster Care Maintenance Payments for Institutional Care

- Since the "*reasonable costs of administration and operation*" are limited types of activities and apply only to title IV-E children, the costs of foster care in institutions must be allocated along three lines:
 - (1) based on ***allowable cost items and activities***;
 - (2) based on ***benefitting programs and activities*** and;
 - (3) based on the proportion of foster care children in the institution eligible for title IV-E compared to children whose care is paid under other programs. (***eligibility rate***)

CWPM 8.3B Q/A#1; ACYF-CB-PA-82-01

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**TITLE IV-E Foster Care Maintenance
Payments for Institutional Care**

- The costs must be "reasonable," that is, no more than the customary costs for performing *similar functions* in similar institutions, e.g., in size, and type of children
- Only the proportion of costs of providing allowable items to title IV-E children are eligible for Federal financial participation (FFP).
- The costs must be allocated for title IV-E children on whose behalf payments are made.

CWPM 8.3B1 Q/A#1(3)(a)&(d)

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***Foster care maintenance payments, cont.
- transportation -***

- Local travel associated with providing food; clothing; shelter; daily supervision; school supplies; and a child's personal incidentals is an allowable expenditure for title IV-E foster care reimbursement.
- Transportation as a separate item of expense is not allowable except for reasonable travel to the child's home for visitation and for the child to remain in the school in which the child is enrolled at the time of placement.

CWPM 8.3B.1 Q/A#4

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Foster care maintenance payments, cont. - personal incidentals -

These items are typically purchased for the child on an occasional, as-needed basis and may include a variety of items.

Examples include:

- items related to personal hygiene;
- cosmetics;
- over-the-counter medications and special dietary foods;
- infant and toddler supplies, including high chairs and diapers;
- fees related to activities, such as Boy/Girl Scouts;
- special lessons, including horseback riding;
- graduation fees;
- Tickets to entertainment and sporting events;
- and miscellaneous items such as stamps, envelopes, writing paper, film and the cost of film development for a personal camera.

CWPM 8.3B.1 Q/A#9

11

Claiming Staff Time

Position descriptions for all staff employed by the institution must demonstrate:

- That personnel costs are properly allocated in association with assigned duties and responsibilities
- How time and effort for title IV-E allowable activities, such as **daily supervision**, is identified and separated from other unallowable functions such as counseling, treatment and activities to support behavioral therapeutic outcomes
- Contractual agreements with personnel who are not employed by the organization but whose services are included in the rate are also properly allocated

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Daily Supervision

Daily Supervision Calculation

- Specifically, Daily Supervision and Care refers to the costs of those activities necessary to provide daily supervision, care and maintenance of the child in congregate care provider programs.
- Such activities are similar to the activities a foster parent would be expected to perform while providing daily supervision to children in their own homes.

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Daily Supervision

Alternative Daily Supervision Calculation:

The State establishes the Daily Supervision costs claimed as title IV-E maintenance based on the minimum numbers of FTEs required by licensure standards to provide daily supervision.

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Daily Supervision

The State establishes the daily supervision costs claimed as title IV-E maintenance based on the ratio of the *minimum numbers of FTEs required by licensure standards to provide daily supervision* to the *total FTEs providing such supervision* multiplied by the *total amount expended to provide direct daily supervision for the quarter*.

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Daily Supervision

- The State must review position descriptions for congregate care personnel to establish which agency personnel provide direct daily supervision.
- Once established, the salaries/wages paid these personnel is cumulated to establish the total direct daily supervision expenditures for the quarter.

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Daily Supervision Calculation Example

- **Example:** the State may review the contract budgets and survey 40% of congregate care providers via telephone to determine an average hourly rate of pay for the personnel providing direct daily supervision. The result of this review/analysis establishes an average hourly rate of \$12.75.
- The hourly rate of \$12.75 times 2080 (hours in an average work year) divided by 4 (number of quarters in a year) establishes a quarterly rate of \$6,630 per FTE.
- The total quarterly expenditures of salaries/wages associated with personnel providing direct daily supervision services is divided by \$6,630 to determine the number of "Expenditure FTEs" providing services during the quarter.

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Title IV-E Costs -

The State foster care rates must **clearly identify** and **separate** payments for foster care maintenance, as defined at section 475(4)(A) of the Act, from those for social services, medical costs, educational expenses, counseling and other expenditures not reimbursable under title IV-E foster care maintenance.

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Unallowable IV-E Costs

- Costs that must not be in IV-E rate include:
 - *Social Services*
 - *Medical Costs*
 - *Education/Educational Costs*
 - *Counseling*
 - *Reimbursement as a salary for performing ordinary parental duties*

Other IV-E allowable costs that are not explicitly included in section 475, such as training, cannot be claimed as part of the maintenance payment.

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COST ALLOCATION METHODOLOGY

For a congregate care/group home provider, the cost allocation plan or description of the methodology must demonstrate that rational methodologies for allocation are applied to various costs.

The establishment of a cost allocation system for institutions, as well as for the title IV-E agency itself, is a title IV-E agency-responsibility and is a necessary precursor to the title IV-E agency's ability to claim FFP for allowable institutional foster care rates.

CWPM 8.3B Q/A #1

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Importance of Cost Allocation

- The issue of cost allocation is of great importance. Various cost allocation methods, e.g. random moment time studies or actual counts, may be used by institutions in developing their cost allocation plans.
- Thus, the proportional cost of a bookkeeper, food workers, and supervisor of cottage parents for the institution would be allowable. The costs of providing counseling or diagnosis of illness by a social worker or nurse or costs of the staff of a parent agency not employed by the institution would not be allowable.
- **The State must approve a facility's methodology for allocating costs as part establishing rates.**

CWPM 8.3B.1 Q/A#1(3)

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How are Costs Allocated?

A Cost Allocation Methodology must:

- Describe the procedures used to **identify, measure and allocate** all costs to each of the programs operated by the agency
- Conform to the accounting principles and standards prescribed in Office of Management and Budget Circular A-87
- Contain sufficient information in such detail to allow DPW to make an informed judgment on the *correctness and fairness* of the procedures for identifying, measuring, and allocating all costs to each of the programs operated by the provider agency.

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Common Costs

- Costs incurred by an agency which benefit more than one program or cost objective.
- Common costs occur when an agency has responsibility for more than one program or cost objective.

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Common Costs

The common costs (i.e. program services, administration, training, automated data processing) of the provider must be:

- › *Identified*
- › *Measured and*
- › *Allocated to benefiting programs.*

Applicable Federal requirements specify that some form of cost allocation must be used in order to claim reimbursement of costs.

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SERVICES AND TREATMENT

Provider organizations must delineate the types of services and supporting activities offered by the facility (counseling, physical and psychological therapy, educational and medical) in the precise technical terminology

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Regional Office Technical Assistance

Methodology for establishing title IV-E claims:

- The ACF Regional Office is available to provide guidance to States in the development of policies and procedures which assure only title IV-E eligible costs are claimed for reimbursement

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APPENDIX F Cost Report

GROUP HOME/INSTITUTIONAL/FOSTER FAMILY PROVIDERS COVER PAGE

Title IV-E / Act 148 Documentation

based on Prior Actual Audited FY

for Projected Budget FY

Please complete the following fields:

Please complete the following fields:

Organization Name:	<input type="text"/>		
Organization Street Address:	<input type="text"/>		
Organization City:	State:	Zip:	<input type="text"/>
Federal ID#:	<input type="text"/>		
CEO/President Name:	<input type="text"/>		
Position/Title:	<input type="text"/>		
Phone Number:	<input type="text"/>		
Email Address:	<input type="text"/>		
Submission Date:	<input type="text"/>		
Submission #:	<input type="text"/>		

Please complete the contact information for the individual responsible for completing and submitting the contract documentation and supporting documentation. If additional contacts, please attach a separate sheet with the additional data.

Contact Person Name:	<input type="text"/>		
Title:	<input type="text"/>		
Street Address:	<input type="text"/>		
City:	State:	Zip:	<input type="text"/>
Phone Number:	<input type="text"/>		
Fax Number:	<input type="text"/>		
Email Address:	<input type="text"/>		

I **CERTIFY** that the information submitted is true, complete, and correct to the best of my knowledge. If I discover that any information submitted is not correct, I will notify the appropriate party(ies) immediately. I understand that if the information submitted is false or misleading, or deliberately omits or conceals pertinent information, I am subject to any and all penalties permitted under federal and state laws.

Print Name:	<input type="text"/>		
Title :	<input type="text"/>		
Date:	<input type="text"/>		
Name of Auditing Firm:	<input type="text"/>		

RATE CALCULATION				
	Prior Actual Audited FY 2013/2014	Act 148 Allowable FY 2013/2014	Title IV-E Allowable FY 2013/2015	FINAL ADJUSTED Title IV-E Allowable Percentage FY 2013/14
Total Institutional Facility Expenditures	0	0	0	#DIV/0!
Total Maintenance Costs				
Total Care Days/Units Provided				
Rate Adjustment Factor	%	%	%	%
Calculated Maintenance Rate				
Total Administrative Costs				
Indirect Administrative Expense				
Total Care Days/Units Provided				
Rate Adjustment Factor	%	%	%	%
Calculated Administrative Rate				
Total Calculated Per Diem				
Optional Costs Calculation				
Projected Costs				
Projected Maintenance Costs				
Anticipated Days of Care FY 15/16				
Projected Maintenance Calculated Rate				
Projected Administrative Costs				
Projected Indirect Administrative Expense				
Anticipated Days of Care FY 15/16				
Projected Administrative Calculated Rate				
Total Projected Calculated Per Diem				
Final Calculated Maintenance Rate				
Final Calculated Administrative Rate				

NON-CASEMANAGEMENT RATE CALCULATION (If Applicable)				
Calculated Maintenance Rate				
Total Administrative Costs				
Total Case Management Costs				
Indirect Administrative Expense				
Total Care Days/Units Provided				
Rate Adjustment Factor				
Calculated Administrative Rate				
Total Non-Case Management Calculated Per Diem				
Optional Costs Calculation				
Projected Maintenance Calculated Rate				
Projected Administrative Costs				
Projected Case Management Costs				
Projected Indirect Administrative Expense				
Anticipated Days of Care FY 15/16				
Projected Non-Casemanagement Administrative Calculated Rate				
Total Projected Non-Case Management Calculated Per Diem				
Final Calculated Maintenance Rate				
Final Calculated Non-Casemanagement Administrative Rate				

Administrative Cost by Class	Percent by Class	Prior Actual Audited FY 2013/2014	Title IV-E Allowable FY 2013/2014	Act 148 Allowable FY 2013/2014
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				

Calculated/Contracted Per Diem Rates by Class of Service	Prior Actual Audited FY 2013/2014	Act 148 Allowable FY 2013/2014	Title IV-E Allowable FY 2013/2015	FINAL ADJUSTED Title IV-E Allowable Percentage FY 2013/14
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	%
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				

(Add optional sections into the bottom sections).

Non-Case Management Administrative Cost by Class	Percent by Class	Prior Actual Audited FY 2013/2014	Act 148 Allowable FY 2013/2014	Title IV-E Allowable FY 2013/2015
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				
FosterFamily Class -				
Total Administrative Cost for Class				
Total Placement Days per year				
Average Admin Cost/Child per DAY				

Non-Case Management Calculated/Contracted Per Diem Rates by Class of Service	Prior Actual Audited FY 2013/2014	Act 148 Allowable FY 2013/2014	Title IV-E Allowable FY 2013/2015	FINAL ADJUSTED Title IV-E Allowable Percentage FY 2013/14
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				
FosterFamily Class -				
Foster Family Maintenance Per Diem				#DIV/0!
Calculated Administrative Cost				#DIV/0!
Total Calculated Per Diem				
Rate Adjusted Factor	%	%	%	
Sub-Total Calculated Per Diem				
Projected Maintenance per diem				#DIV/0!
Projected Administrative Cost				#DIV/0!
Total Projected Per Diem				

Supportive Documentation for Items Included in Optional Columns (budgeted information):
Please note any attachments or documents included as cost report supporting documentation in the submission.

Appendix G
Agreed Upon Procedures

Commonwealth of Pennsylvania

Agreed Upon Procedures

Agency Name: _____ Audit Period: _____

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Overview

For DPW licensed Foster Family Care and Congregate Care for private providers, an Agreed Upon Procedures (AUP) engagement will be performed by a Certified Public Accountant (CPA). The CPA will attest to the validity and accuracy of the private agency's cost report. The AUP will be conducted beginning with the cost report period of July 1, 2014 through June 30, 2015 and for each annual cost report thereafter. The Cost Report will incorporate Title IV-E costs, allowable Act 148 costs and any other costs associated with the program and where applicable, "Other" agency costs not reimbursable under the preceding programs.

While completing the cost report, the following shall apply for private providers:

- 1) DPW will grant approval for an eighteen month audit if a provider that is currently on a calendar year (January 1st through December 31st) elects to change to a state fiscal year (July 1st through June 30th) and elects to have an eighteen month financial statement audit. [Note: The single Cost Report should still be prepared for the fiscal year July 1 through June 30].

While conducting the AUP engagement, the following shall apply for the CPA:

- 2) CPAs may use their discretion to create their own working papers.
- 3) CPAs, at their discretion, may rely on work papers completed by the firm from another engagement, (e.g., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, financial statement audit, etc.) or other CPA's working papers that were completed during other engagements. If relying on other audit work, the CPA must document how the work relied upon meets the requirements contained in the AUP being performed, and the working papers must:
 - a. Cover the same audit period
 - b. Be pertinent to specific areas of the AUP such as pulling a proportionate sample of expenditures and examining appropriate attributes
 - c. Provide assurance of the accuracy and validity of the CPA's work

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GENERAL PLANNING AND ADMINISTRATIVE

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Before contacting the agency, examine any pertinent information relevant to the engagement from the prior years' audit information, if available. Document all relevant information in the work papers.		
2.	Review the agency's files including the Permanent file, if any, from prior engagements. Document any information that may affect the current engagement.		
3.	From prior years' engagement work papers, identify any prior period management comments and/or findings. Document how they impact the current period in the working papers. Verify all applicable adjustments were made within the agency's documentation.		
4.	Financial statements -- audited or unaudited. Identify and document notes or comments that could affect the present AUP engagement.		
5.	Determine the status of any dispute resolutions, rate considerations, management comments, and audit findings.		
6.	Identify all non-licensing Program Improvement Plans (PIP). Verify the PIP has been implemented. If the PIP has not been implemented, obtain and document the explanation from management in the AUP Report.		
7.	Review the Related Party Disclosure for the existence of any related parties. From discussions and through your review of the documents with the client update the related party list as appropriate.		
8.	Review licensure documents from state agencies.		
9.	Review contracts with amendments, if any, and lease agreements, (e.g., buildings, vehicles and equipment, placement contracts excluding foster parents, and etc.). Document in the working papers any information which will affect the current engagement.		
10.	If reliance is to be placed on work completed by the CPA during another engagement with the same entity, (e.g., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, financial statement audit, etc.), prior to reducing any work associated with the current AUP, the CPA must assure the previous work is sufficient to satisfy the requirements of the AUP. The AUP working papers must contain documentation of the CPA's explanation as to how the work satisfies the requirements of the AUP.		

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	General Planning & Administrative (Continued)	Date/ Initials	Work Paper Reference
11.	<i>(Continued from previous page)</i> Obtain the Statement of Functional Expense and/or the trial balance and cost report.		
12.	Obtain a copy of the minutes of the agency's board and any major committee minutes for the engagement period. Read all minutes.		
13.	<p>Review all minutes for entries affecting agency operations for the period under review. Be alert for indications of matters having relevance to the areas listed below, which shall be cross referenced to the appropriate engagement program steps. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • approval of office facilities • capital improvements • purchase service contracts • additions and deletions of property, plant and equipment • transfer of monies • related party transactions • litigation, claims, and assessments • subsequent events • additions to revenue (donations, USDA, grants) • establishing of new funds and accounts • budget amendments • motor vehicle insurance, accident insurance, and liability insurance • workers' compensation • new grant agreements • compensation • contract/lease agreements • health coverage - self/insured • other information deemed significant by the auditor <p>Document in the working papers all information regarding expenditure and compliance requirements that will affect the current engagement period.</p>		

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	General Planning & Administrative (Continued)	Date/ Initials	Work Paper Reference
14.	<i>(Continued from previous page)</i> Obtain a list of board members and an agency organizational chart in effect during the engagement period. Review a Conflict of Interest policy.		
15.	Where applicable, verify adherence to accrual policies and procedures and review for consistency between periods. Document in the AUP Report only material non-compliance discrepancies unless the non-compliance or questioned costs impacts calculated allowable amounts for Title IV-E and/or Act 148.		

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Agency Name: _____ Audit Period: _____

COST REPORT RECONCILIATION

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Reconcile and summarize the expenses from the Statement of Functional Expense and/or trial balance for the fiscal year to the cost report. Document and explain variances. Perform additional testing for variances or explain why no additional testing is needed. Identify variances and obtain an explanation from management. Document any explanations provided by management in the report. Place any proposed adjustments on the AUP Auditor Summary Schedule.		

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Agency Name: _____ Audit Period: _____

CASH DISBURSEMENTS

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Obtain and document through a narrative the cash disbursement cycle (Cash disbursements excludes payroll and fringe benefits).		
2.	Obtain a schedule identifying the total cash disbursements, and re-compute total amount associated with the breakdown by program and service. Obtain written explanations from management for variances (disregarding variances due to rounding). Document any explanation provided by management and include in the report.		
3.	Obtain and document from management a description of all methods of allocation (i.e. a Cost Allocation Plan that includes all applicable schedules and methodologies applicable to that program) within the general ledger as it relates to the cost report.		
3a.	Document the allocation of expenses as reported on the cost report by program and service. Verify the allocation methodology is allowable under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Obtain written explanations from management for variances (disregarding variances due to rounding). Document any explanation provided by management and include in the report.		
4.	Review the cost report reconciliation. Identify general ledger accounts associated with the program, including the administrative overhead worksheet (excluding Title IV-E Non-reimbursable-Other).		
4a.	Review accounts for related party transactions. Document the transactions identified.		
5.	For the expenses reported on the single cost report, select 20% or 40 transactions whichever is less for the Title IV-E/Act 148 programs, which includes the administrative worksheet. Complete steps 8a and 8b for the sample selected.		

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	Cash Disbursements (Continued)	Date/ Initials	Work Paper Reference
6.	<p><i>(Continued from previous page)</i> In addition to the sample selected in step 5, select 20% or 20 transactions (whichever is less) of the checks written to cash, petty cash, the agency designee for the petty cash fund, and/or the agency. In addition, select 20 transactions or 20% (whichever is less) for checks written to the agency, agency director, cash, and/or petty cash for any amount greater than \$1,000. [Note: This does not include payroll checks, but does include travel and reimbursement checks].</p>		
7.	<p>Excluding payroll and depreciation, select 20% or 20 transactions (whichever is less) of total dollar amount of non-cash expenditures, (e.g., accrued expenses) reported on the single cost report in the allowable/reimbursable sections for Title IV-E/Act 148, which includes the administrative overhead worksheet. Complete Steps 8a. and 8b.</p>		
8.	<p>Perform the following steps for the sample selected in steps 5, 6 and 7.</p>		
8a.	<p>Document the following if applicable:</p> <ul style="list-style-type: none"> • Check number • Check Date • Check Amount • Transaction Number (non-cash expenditure) • Transaction Date (non-cash expenditure) • Transaction Amount (non-cash expenditure) • Vendor Name (payee) • Variance (check/transaction amount vs. supporting documentation amount), if a variance exists document the explanation in the AUP report • Account Name/Account Number (General Ledger) • Expense location by Program, Service, Category, and Type (as defined in the cost report instructions) Amount of expense by Program and Service (program and service as defined in the cost report instructions) • Expenditure Purpose • Any Auditor Comments <p><i>(continued on following page)</i></p>		

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	Cash Disbursements (Continued)	Date/ Initials	Work Paper Reference
8a.	<p><i>(continued from previous page)</i> Verify the following information:</p> <ul style="list-style-type: none"> • The expense is located in the proper program, service, category and type within the service (as defined in the cost report instructions) • The location is in compliance with applicable rules and regulations and the cost report instructions • Amount by program, service, category, and type (as defined in the cost report instructions) is in compliance with applicable rules and regulations; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the cost report instructions • Expenditure Purpose is in compliance with applicable rules and regulations, the cost report instructions and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards • Proper authorization of the expense 		
8b.	<p>Verify the allocation of the expense is in accordance with the methodology verified in step 3 and is in accordance with the allowable methodologies of the particular program and service as defined in the cost report instructions and in compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</p> <p><i>Note: Obtain a written explanation from management on any variance(s) or any potential non-compliance. Document any explanation provided by management.</i></p> <p><i>Types of adequate supporting documentation include: copies of all vehicle and building rental/lease and mortgage agreements, copies of other leases and contracts associated with the expenditures selected, and copies of notes payable associated with expenditures selected.</i></p> <p><i>Please note that for debit card and credit card expenditures, the bank and billing statements are not considered adequate documentation. You should obtain the associated receipt (actual or copy).</i></p> <p><i>Please note that for checks replenishing a petty cash account, all expenditures supporting the replenishment must have the associated receipt(s) as documentation for examination.</i></p>		

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	Cash Disbursements (Continued)	Date/ Initials	Work Paper Reference
9.	<p><i>(Continued from previous page)</i></p> <p>Review all other revenues, grants, refunds, and credits as they pertain to Title IV-E/Act 148 as documented in the program cost report. If the direct service expense associated with such funding source(s) is reported on the cost report, the expense must be deducted from the total reimbursable expenses in arriving at allowable costs. Verify that any deducted expenses are reported in the appropriate non-reimbursable category on the cost report ensuring 100% of the costs are reported.</p>		

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PAYROLL

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Obtain and document through a narrative the payroll processing cycle.		
2.	Obtain and document from management a description of all methods of allocation for payroll with all applicable rules and regulation including the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the cost report instructions.		
3.	Reconcile the total wages reported on the cost report to the amounts reported on payroll records from the general ledger. Obtain written explanations from management for variances. Document any explanation provided by management. Verify amounts reported to direct/support services are in compliance with all applicable rules and regulations including, but not limited to, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the cost report instructions.		
3a.	Reconcile the total agency payroll expense from the general ledger for the engagement period to the agency's 941s (Employers Quarterly Federal Tax Return). Obtain written explanations from management for variance(s). Document any explanations given in the AUP Report.		
3b.	Reconcile all payroll liability accruals to the payroll register, if applicable. Determine if services were provided during the engagement period. Identify any variance(s).		
3c.	Review job descriptions from provider, crosswalk to standard job descriptions created in RMTF where applicable, to ensure accuracy and appropriateness. Verify the amounts on the single cost report for personnel expenditures in the Title IV-E/Act 148 programs are reported in accordance with the cost report instructions.		
4.	Document the methods of allocating payroll and fringe benefit expenses from the general ledger to the single cost report.		
4a.	Obtain a schedule identifying the total personnel salaries and fringe benefits, and re-compute total amount associated with the breakdown by program and service. Obtain written explanations from management for variances (disregarding variance(s) due to rounding). Document any explanation provided by management in the AUP Report.		

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	Payroll (continued)	Date/ Initials	Work Paper Reference
4b.	<i>(Continued from previous page)</i> Obtain from management a description of all methods of allocation for payroll with all applicable rules and regulation including the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and cost report instructions.		
5.	Select a pay period during the engagement period and select an employee from each job category in the cost report. For the employees selected, document the following data: <ul style="list-style-type: none"> • Employee number • Employee name • Position title • Department, cost center or general ledger account charged • Pay rate • Regular hours worked • Overtime hours worked • Gross pay 		
6.	For the employees identified in Step 5, perform the following: (6a, 6b, 6c, 6d)		
6a.	From the personnel files, trace employee number, pay rate, hire date, termination date, department worked, and job description. If no job description is available, obtain a written job description from management. Verify the information from the personnel file agrees with the data in step 5. Document any variance(s) in the working papers.		
6b.	Reconcile hours worked to supporting documents (e.g., time cards, leave forms, salary schedule, etc.) and job schedules. Identify any variance(s).		
6c.	Re-compute gross pay based on supporting documents (e.g., time cards, leave forms, salary schedule, etc.) and the pay rate listed. Identify any variance(s).		

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	Payroll (continued)	Date/ Initials	Work Paper Reference
6d.	For all employees voluntarily/involuntarily separated from employment or 10 separated employees (whichever is less), scan two months of payroll registers subsequent to the termination. Identify and list payroll activity for terminated employees after the termination date. Obtain written explanations from management for any activity on subsequent payroll registers. Document any explanation provided by management in the AUP Report.		
7.	Identify fringe benefits reported for each program and service.		
7a.	Document the following items for fringe benefits reported for each program (which includes the administrative overhead worksheet) and service (program and service as defined in the cost report instructions): <ul style="list-style-type: none"> • Type(s) of fringe benefits • Expense Amount(s) by program and service (program and service as defined in the cost report instructions) • Account/Name and Number (General Ledger) • Any Auditor Comments 		
7b.	Verify the following information for the fringe benefits reported for each program and service (program and service as defined in the cost report instructions): <ul style="list-style-type: none"> • The expense is located in the proper program and service (program and service as defined in the cost report instructions) • Amount by program and service (program and service as defined in the cost report instructions) is in compliance with applicable rules and regulations, the cost report instructions, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. • Proper authorization of the expense • Allocation of the expense is in accordance with the methodology verified in step 4b and is in accordance with the allowable methodologies of the particular program and service (program and service as defined in the cost report instructions). • Compliance with all applicable rules and regulations including, but not limited to, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the single cost report instructions. 		

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FIXED ASSETS

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Obtain and document through a narrative the process for purchasing fixed assets.		
2.	Obtain the fixed asset schedule and scan for additions and retirements during the engagement period.		
3.	<p>Additions Select 20% or 10 additions (whichever is less), from the list obtained in step 2. Ensure a minimum of two additions from each of the applicable programs (which includes the administrative overhead worksheet) are selected. Identify and document the following for each addition, if applicable:</p> <ul style="list-style-type: none"> • Description of asset (include serial #) • Agency Identification # • Invoice date • Acquisition date • Invoice amount • Amount paid • Useful life • Depreciation taken • Program, Service and category on the cost report • Trace invoice to canceled checks • Purpose of the asset • Location of the asset <p><i>Note: Straight line depreciation must be used.</i></p>		
4.	Verify the depreciation is accurately reflected on the single cost report by program and service. Document any explanation provided by management in the AUP Report.		

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	Fixed Assets (Continued)	Date/ Initials	Work Paper Reference
5.	<p>The following information is only needed for programs that do not have completed audited financial or inventory statements.</p> <p>From the fixed asset schedule, select at least 5 additional items. Identify the location of the asset selected and trace the depreciation reported to its location (program/service/category) on the cost report. Document any explanation provided by management in the AUP Auditor Summary Schedule.</p>		
6.	<p>The following question is only needed for programs that do not have completed audited financial or inventory statements.</p> <p>Retirements (any asset no longer in use by agency)--Select 20% or 10 retirements (whichever is less) from the list obtained in step 2. Ensure a minimum of two retirements from each of the applicable programs (which includes the administrative overhead worksheet) are selected. Verify the correct amount of depreciation was reported on the cost report. Verify the retired fixed assets have been removed from the depreciation schedule.</p>		
7a.	<p>Obtain a list of 20% or 10 transactions of equipment (whichever is less) and/or assets that were fully expensed on the cost report in the current period. The list shall include:</p> <ul style="list-style-type: none"> • Description of asset (include serial #) • Agency Identification # • Invoice date • Acquisition date • Invoice amount • Amount paid • Useful life • The amount included on the cost report • Program, Service and category on the cost report • Trace invoice to canceled checks • Purpose of the asset • Location of the asset 		
7b.	<p>Obtain the list created from the previous year and verify the expenses are not included on the current depreciation expense reported on the current cost report. Document any explanation provided by management in the AUP Report. Discrepancies shall be reported.</p>		
8.	<p>Review lease agreements in effect during the engagement period. Verify any leased items are presently in use. Document management's explanation in the AUP Report.</p>		

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TOTAL CENSUS

Reminder: If the program step has already been completed as part of another, acceptable audit (see Overview), the auditor may reference that specific audit, section, and finding in place of this review.

	Program Step	Date/ Initials	Work Paper Reference
1.	Obtain and document through a narrative the census day cycle.		
2.	Obtain a schedule for the engagement period listing by month the total child care days found on the agency's summary. Trace accumulated days to the total days shown on the Cost Report. Identify any variance(s) and document on the AUP Report.		
3.	Randomly select a month and compare the sum of the detail (census days per child) to that of the monthly summary. Identify any variance(s), and document on the AUP Report.		
4.	Using the test month above, select a sample of children to test census days, 50% or 10, (whichever is less). Pull the child's case records/county verification source and prepare a schedule noting the child's name, admission and discharge dates, and total days the child was in the provider's care for our test month. Ascertain that the child was properly included in total days by tracing the child to daily census records for the test month. Report any variance(s). <i>Note: Count the date of admission as a census day but not the date of departure.</i>		
5.	Using the case record of the children from step #4, review the provider's billings (invoices) for that month, and the foster parent payments (verify compliance with the active license). Compare the census days to the days on the county payments. Compare the billings to the county payments for those children. Compare the Foster Family Care and Congregate Care maintenance payment to the cash disbursement journal. Identify any variance(s) and include in the AUP Report.		
6.	For agencies preparing a congregate program schedule, determine that the number of total census bed days reported for the program is equal to or less than the total available bed days. Obtain an explanation from management for any variance(s). Document any explanations given in the AUP Report.		

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WRAP-UP

	Program Step	Date/ Initials	Work Paper Reference
1.	<p>Attach to the report the following information:</p> <ul style="list-style-type: none"> • A AUP Audited Summary Schedule with an agency representative's signature • A copy of the most recent audited financial statements • A summary of non-compliance with applicable rules and regulations • A copy of the CPA's management letter from their financial statement audit • An electronic copy, (e.g., e-mail, CD, etc.) of the cost report • A copy of the Related Party Disclosure Schedule for the cost report period • A copy of the provider's representation letter to the CPA firm conducting the Agreed Upon Procedures engagement <p><i>Note: Attach all items listed above. If any of the items listed above are not being included, please document the reason and attach to the report.</i></p>		
2.	<p>All work papers must be cross referenced to all applicable work papers, engagement programs, index, and report.</p> <p>For all written explanations obtained from management, the following information must be included: cross reference to the appropriate engagement program and step, the required criteria (objectives), the conditions found, the effect, if any, on the cost report, and management's explanation. Document any explanations given in the AUP Report.</p>		

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Pennsylvania AUP Related Party Disclosure Schedule

Related party transactions are defined for Title IV-E cost reporting purposes as: "1) Funds paid or committed to be paid to or 2) non-cash transactions of value exchanged with any individual with a direct relationship to any member of the governing body of the agency, principal owners of the agency, or executive personnel, or any corporation, firm, association or business in which any of the members of the governing body of the agency, principal owners of agency, the executive personnel or their immediate families have any direct or indirect financial interest or in which any of these persons serve as an officer or employee."

In the sections below, list all related party transactions. If your agency has no related part transactions, mark the sections with "N/A" (not applicable).

I. Personnel Expense and Personal Service Contracts

Position/Contract Service	Total Reported Salary/Fees	Relationship

II. Facility/Operational Expenses

Transaction Description	Total Reported Cost	Relationship

III. Direct Care Expenses

Transaction Description	Total Reported Cost	Relationship

IV. Non-Cash Transaction

Transaction Description	Valued Cost	Relationship

OPERATING AGENCY NAME AND DATE

AUP AUDITOR SUMMARY SCHEDULE
FOR XYZ PROVIDER AGENCY FY 7/1/XX – 6/30/XX
SUMMARY OF COST ADJUSTMENTS

Adj. #	Adjustment Amount	Description of Non-Compliance	Audit Program Segment	Work Paper Reference	Programs Affected	Services Affected	CR Column(s) Line(s) Affected	Sum of the Proposed Adjustments
1	(20.00)	<p>CONDITION: The documentation for one disbursement tested did not agree with the payment made. The payment was made for a water bill for \$440, but the documentation provided was for \$420. CRITERIA: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g) states that in order for a cost to be allowable, the cost must be adequately documented.</p> <p>RECOMMENDATION: Facilities Expenses should be decreased by \$20.</p>	OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g)	Cash Disbursements	CD-1	Title IV-E	Residential 1 Facility Expense (\$20)	(\$20)
2	(216.00)	<p>CONDITION: Documentation for a boiler repair bill could not be found. CRITERIA: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g) states that in order for a cost to be allowable, the cost must be adequately documented.</p> <p>RECOMMENDATION: Facilities Expense should be decreased by \$216.</p>	OMB 2 CFR Part 230 (formerly OMB Circular A-122) Appendix A, General Principles A (2)(g)	Cash Disbursements	CD-1	Title IV-E	Residential 1 Facility Expense (\$216)	(\$236)

Adj. #	Adjustment Amount	Description of Non-Compliance	Audit Program Segment	Work Paper Reference	Programs Affected	Services Affected	CR Column(s) Line(s) Affected	Sum of the Proposed Adjustments
3	(85.20)	<p>CONDITION: An error occurred in processing one employee's timesheet and caused an overpayment of \$85.20.</p> <p>CRITERIA: OMB 2 CFR 230 states that "to be allowable under Federal awards, costs must be adequately documented". In addition, instructions for the cost report states that "Payroll must be supported by time and attendance or equivalent records for individual employees."</p> <p>RECOMMENDATION: Cook Services expense should be reduced by \$85.20.</p>	OMB 2 CFR 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g) and instructions for completing Cost Report, pages XXX "Personnel".	Payroll	PR-2	Title IV-E	Residential 1 Cook Services Expense (\$85)	(\$315)
4	(236)	<p>CONDITION: Depreciation appears to be overstated for a group of fixed assets by \$236.</p> <p>CRITERIA: Instruction (E) "Depreciation Expense" in the instructions for the cost report states that depreciation must be calculated on the straight line basis.</p> <p>RECOMMENDATION: Facility Expense on the Residential 1 Schedule should be decreased by \$236.</p>	Instructions for completing the Cost Report page X "Depreciated Equipment".	Fixed Assets	FA-1	Title IV-E	Residential 1 Facility Expense (\$236)	(\$551)

SUMMARY OF STATISTICAL ADJUSTMENTS

Adj. #	No. of Statistical Units Adjusted	Description of Statistical Adjustment(s)	Description of Non-Compliance	Audit Program Segment	Work Paper Reference	Programs Affected	Services Affected	CR Column(s) Line(s) Affected	Sum of the Statistical Adjustments
1		None							
2									
3									
4									
5									
6									
7									
8									
9									
10									

Appendix H

Ad Hoc Workgroup Participants

Cost Report/Audit Requirements Ad Hoc Workgroup:

Michelle Gerwick, Chair, CFO, George Junior Republic

Craig Adamson, Ph.D., Exec. Dir., Community Service Foundation & Buxmont Academy
Hasmukh Amin, Director Bureau of Budget and Program Support, DPW
Rhonda Benner, Executive Director, Appalachian Youth Service
Anne Bennett, Fiscal Officer, Union County Children & Youth Services
Bernadette Bianchi, Executive Director, PA Council of Children, Youth & Family Services
Diane Cottrell, Northwest Regional Lead, Erie County Office of Children & Youth
Melissa Erazo, Analyst Supervisor, Bureau of Budget and Program Support, DPW
Daniel Evancho, Assistant Deputy Director, Allegheny County DHS
Robert Grant, CFO, Youth Service, Inc.
Elaine Kita, Administrative Officer II, Northampton County Children, Youth & Families
Michael Laird, Director of Permanency Services, Diakon Adoption and Foster Care
Jeffrey Long, Director of Decision Support, KidsPeace Corporation
Amir Malek, CFO, Wordsworth
Mark Palastro, CFO, Holy Family Institute
Lori Partin, Finance Project Manager, City of Philadelphia DHS
Paul Rieger, Exec. Dir., CONCERN Professional Services for Children, Youth & Families
Joseph Semulka, Director of Financial Operations, Abraxas Youth & Family Services
David Shultz, Acting Fiscal Officer, Bucks County C&Y Social Services Agency
William Shutt, Operations Manager, PCG Human Services
Maureen Stanton, PCG Human Services

Standardized Service Descriptions/Standardized Job Descriptions Ad Hoc Workgroup

CONGREGATE CARE AD HOC COMMITTEE PARTICIPANTS:

Bernadette Bianchi, Chair, PA Council of Children, Youth & Family Services

Andrea Boyles, Centre County Youth Service Bureau
Cheryl Cirilo, Christ's Home
Lauren Conzaman, Diakon
Tanya Dyson, Devereux
Lisa Fox, The Bradley Center
Gloria Gilligan, DPW Office of Children, Youth & Families
Sam Gonzalez, Mars Home For Youth
Robert Jacobs, Pinebrook Family Services
Rico Josephs, Glen Mills Schools
Amber Kalp, DPW Office of Children, Youth & Families
Don Klees, DPW Office of Children, Youth & Families
Robin Klimke, Adelphoi Village

Appendix H Ad Hoc Workgroup Participants

Sandra Lewis, The Center for Neurological and Neurodevelopmental Health
Mark Mortimer, Adelphoi Village
Mort Neely, Families United Network
Connell O'Brien, Rehabilitation and Community Providers Association
Roseann Perry, DPW Office of Children, Youth & Families
Celesta Powell, Centre County Youth Service Bureau
BethAnn Rosica, Vision Quest
Michael Schneider - Northampton County Juvenile Probation
Charles (Bud) Seith, Bethanna
Jim Sharp, Northwestern Human Services
Caroline Sylvan, Public Financial Management on behalf of Philadelphia County
Robert Stanzione, Bucks County Juvenile Probation

FOSTER CARE AD HOC COMMITTEE PARTICIPANTS:

Bernadette Bianchi, Chair, PA Council of Children, Youth & Family Services

Lauren Conzaman, Diakon
Jacqueline Crawford, Greater Valley Community Services, Inc.
Tanya Dyson, Devereux
Gloria Gilligan, DPW Office of Children, Youth & Families
Brenda Gray, Elwyn
Robert Jacobs, Pinebrook Family Services
Rico Josephs, Glen Mills School
Amber Kalp, DPW Office of Children, Youth & Families
Molly Keresty, Beaver County Children and Youth
Don Klees, DPW Office of Children, Youth & Families
Robin Klimke, Adelphoi Village
Brenda Lawrence, Diakon Lutheran Social Ministries
Thomas Mantore, The IMPACT Project, Inc.
Staci Morgan, Tabor Children's Services
Mark Mortimer, Adelphoi Village
Connell O'Brien, Rehabilitation and Community Providers Association
Roseann Perry, DPW Office of Children, Youth & Families
Michael Schneider - Northampton County Juvenile Probation
Deb Schoener, Children's Home of Reading
Charles (Bud) Seith, Bethanna
Jim Sharp, Northwestern Human Services
Toya Smith, Greater Valley Community Services, Inc.
Robert Stanzione, Bucks County Juvenile Probation
Caroline Sylvan, Public Financial Management on behalf of Philadelphia County
Marnie Williams, Pressley Ridge
Tamra Williams, Devereux

State Review Process Ad Hoc Workgroup:

Hasmukh Amin, Chair, Director Bureau of Budget and Program Support, DPW

Appendix H Ad Hoc Workgroup Participants

Craig Adamson, Ph.D., Exec. Dir., Community Service Foundation & Buxmont Academy
Rhonda Benner, Executive Director, Appalachian Youth Service
Anne Bennett, Fiscal Officer, Union County Children & Youth Services
Diane Cottrell, Northwest Regional Lead, Erie County Office of Children & Youth
Jay Deppeler, M.Ed., President/CEO, Edicon Court, Inc.
Melissa Erazo, Analyst Supervisor, Bureau of Budget and Program Support, DPW
Daniel Evancho, Assistant Deputy Director, Allegheny County DHS
Michelle Gerwick, CFO, George Junior Republic
Robert Grant, CFO, Youth Service, Inc.
Elaine Kita, Administrative Officer II, Northampton County Children, Youth & Families
Michael Laird, Director of Permanency Services, Diakon Adoption and Foster Care
Jeffrey Long, Director of Decision Support, KidsPeace Corporation
Charles Miller III, Accountant, City of Philadelphia DHS
Mark Palastro, CFO, Holy Family Institute
Lori Partin, Finance Project Manager, City of Philadelphia DHS
Joseph Semulka, Director of Financial Operations, Abraxas Youth & Family Services
David Shultz, Acting Fiscal Officer, Bucks County C&Y Social Services Agency
William Shutt, Operations Manager PCG Human Services

County Review Process Ad Hoc Workgroup:

Daniel Evancho, Chair, Assistant Deputy Director, Allegheny County DHS
Charles Songer, Former Chair, Executive Director, PA Children & Youth Administrators, Inc.

Anne Bennett, Fiscal Officer, Union County Children & Youth Services
Diane Cottrell, Northwest Regional Lead, Erie County Office of Children & Youth
Jay Deppeler, M.Ed., President/CEO, Edicon Court, Inc.
Emilee Dolan, Staff Accountant, Crawford County Human Services
Adelaide Grace, Administrator, Monroe County Children & Youth Services
Elaine Kita, Administrative Officer II, Northampton County Children, Youth & Families
Janice Link, Fiscal Officer, Lehigh County Children & Youth Services
Charles Miller III, Accountant, City of Philadelphia DHS
James Murphy, Consultant, Delaware County Department of Human Services
Bruce Nichols, Contract Monitoring Specialist, Allegheny County DHS
Lori Partin, Finance Project Manager, City of Philadelphia DHS
Kelly Schwab, Associate Director, Crawford County Human Services
David Shultz, Acting Fiscal Officer, Bucks County C&Y Social Services Agency

Appendix I

Congregate Care Activities

PROPOSED STANDARDIZED STAFF POSITION ACTIVITIES

Group Home—Child Care Worker:

- Ensure youth safety, including monitoring and ensuring safety during off-grounds activities
- Supervise youth in daily activities
- Engage youth in daily program activities
- Model/mentor appropriate behavior, communication skills, social skills,
- Build relationships - with school, neighbors, youth employers
- Coach/monitor/offer guidance/advice in daily life activities
- De-escalate/manage behavior
- Provide three meals and appropriate snacks
- Ensure availability of weather-appropriate clothing
- Assign and monitor completion of daily chores
- Administer medication as prescribed
- Transport youth to medical, counseling and other appointments
- Support experiential learning
- Coach older youth in developing job skills
- Assist with homework, education and other assignments
- Facilitate recreational programming
- Supervise family visits, including with siblings
- Ensure safe physical management/ maintenance of a safe environment
- Complete documentation of youth services and progress
- Manage structure of the program model
- May facilitate psycho-educational groups
- May help facilitate communication with families and other staff
- May attend court hearings

Group Home—Case Management:

- Case management
- Develop, update and monitor ISP/FSP/ CPP
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor/coordinate education/education stability/career technical training
- Monitor and ensure healthcare-related activities
- Casework contacts with youth - social service/child's adjustment/ overall well-being/relationship building
- Ensure communication, engagement and casework contacts with family
- Support permanency efforts, including development of Life Book
- Conduct transition/discharge planning
- Coordinate IL services, including development of transition plan if age appropriate
- Participate/support in family finding activities
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Facilitate communication with other staff
- Participate in court-related activities
- Monitor compliance with regulations
- Coordinate services with other professionals - SWAN, advocates/ guardian ad litem, county, providers, FGDM, HFW, reunification services, medical services
- Track data and outcomes
- Ensure compliance with any and all applicable laws, bulletins, policy clarifications, special transmittals
- May have role in intake and admissions
- Participate in training and supervision
- Crisis management
- May have on call responsibilities

Community-Based Residential—Child Care Worker:

- Ensure youth safety, including monitoring and ensuring safety during off-grounds activities
- Supervise youth in daily activities
- Engage youth in daily program activities
- Coach/model/mentor appropriate behavior, communication skills, social skills, problem solving
- Build relationships - with school, neighbors, youth, employers
- Coach/monitor/offer guidance/advice regarding daily life activities
- De-escalate/manage behavior
- Administer medication as prescribed
- Assist with homework, education and other assignments
- Facilitate recreational programming
- Support experiential learning
- Coach older youth in developing job skills
- Provide three meals and appropriate snacks
- Supervise family visits, including with siblings
- Ensure availability of weather-appropriate clothing
- Monitor whereabouts of youth
- Assign and monitor completion of daily chores
- May help facilitate communication with families and other staff
- Transport youth to medical, counseling and other appointments
- Ensure safe physical management
- Ensure maintenance of a safe environment
- Complete documentation of youth progress
- Manage structure of program model
- May facilitate psycho-educational groups
- May attend court hearings
- May facilitate BARJ related activities including family involvement, community service, victim awareness and restitution related activities

Community-Based Residential—Case Management:

- Case management
- Develop, update and monitor ISP/FSP/ CPP
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor/coordinate education/education stability/career technical training
- Monitor and ensure healthcare related activities
- Ensure communication, engagement and casework contacts with family
- Support permanency efforts, including development of Life Book
- Casework contacts with youth - social service/ child's adjustment/ overall wellbeing/relationship building
- Coordinate IL services, including development of transition plan if age appropriate
- Participate/support in family finding activities
- Coordinate family involvement
- May document restitution and court costs payments; track community service hours; may facilitate victim awareness curriculum
- Participate in court-related activities
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Facilitate communication with other staff
- Monitor compliance with regulations
- Coordinate services with other professionals - SWAN, advocates/ guardian ad items, county, providers, FGDM, HFW, reunification services, medical services, etc.
- Conduct transition/discharge planning
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision
- Crisis management
- May have on call responsibilities
- May have role in intake and admissions
- Ensure compliance for contractual requirements

Institutional Residential—Child Care Worker:

- Ensure youth safety, including monitoring and ensuring safety during off-grounds activities
- Supervise youth in daily activities
- Engage youth in daily program activities
- Coach/model/mentor appropriate behavior, communication skills, social skills
- Ensure availability of weather-appropriate clothing
- Provide three meals and appropriate snacks
- Monitor whereabouts of youth
- Transport youth to medical, counseling and other appointments
- Assist with homework, education and other assignments
- Facilitate recreational programming
- Assign and monitor completion of daily chores
- Administer or supervise self-administration of medication as prescribed
- Supervise family visits, including with siblings
- Build relationships - with school, neighbors, youth employers
- Coach/monitor/offer guidance/advice in daily life activities
- De-escalate/manage behavior
- Support experiential learning
- Coach older youth in developing job skills
- Ensure safe physical management
- Ensure maintenance of a safe environment
- Complete documentation of youth progress
- Manage structure of the program model
- May facilitate psycho-educational groups
- May facilitate communication with families and other staff
- May attend court hearings
- May facilitate BARJ related activities including family involvement, community service, victim awareness and restitution related activities

Institutional Residential—Case Management:

- Case management
- Develop, update and monitor ISP/FSP/ CPP
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor/coordinate education/education stability/career technical training
- Monitor and ensure healthcare related activities
- Casework contacts with youth - social service/youth adjustment/ overall wellbeing relationship building
- Ensure communication, engagement and casework contacts with family
- Support permanency efforts, including development of Life Book
- Coordinate IL services, including development of transition plan if age appropriate
- Conduct transition/discharge planning
- Participate/ in family finding activities
- Participate in court-related activities
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Facilitate communication with other staff
- Monitor compliance with regulations
- Coordinate services with other professionals - SWAN, advocates/ guardian ad items, county, providers, FGDM, HFW, reunification services, medical services, etc.
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision
- Crisis management
- May have on call responsibilities
- Coordinate family involvement, restitution and court costs payments; track community service hours; may facilitate victim awareness curriculum
- Ensure compliance for contractual requirements

Shelter—Child Care Worker:

- Ensure youth safety, including monitoring and ensuring safety during off-grounds activities
- Supervise youth in daily activities
- Engage youth in daily program activities
- Coach/model/mentor appropriate behavior, communication skills, social skills, etc.
- Coach/monitor/offer guidance/advice in daily life activities
- De-escalate/manage behavior
- Assign and monitor completion of daily chores
- Administer or supervise self-administration of medication as prescribed
- Ensure safe physical management
- Assist with homework, education and other assignments
- Facilitate recreational programming
- Provide three meals and appropriate snacks
- Supervise family visits, including with siblings
- Ensure availability of weather-appropriate clothing
- Monitor whereabouts of youth
- Ensure maintenance of a safe environment
- Complete documentation of youth adjustment and assessments
- Manage implementation of the daily schedule
- May facilitate psycho-educational groups
- May help facilitate communication with family and other staff
- Transport youth to medical, counseling and other appointments
- May attend court hearings
- May facilitate BARJ related activities including family involvement, community service, victim awareness and restitution related activities

Shelter—Case Management:

- Case management
- Develop and update ISP/FSP/PPP; monitor to extent possible given short time frame
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor/coordinate education/educational stability/career technical training
- Access educational records and coordinate an initial educational plan. Notify home school district. Arrange transportation if needed. Confirm educational status.
- Monitor and coordinate education/educational stability/career technical training
- Monitor and ensure healthcare related activities
- Casework contacts with youth - social service/youth adjustment/ overall wellbeing/ relationship building
- Ensure communication, engagement and casework contacts with family
- Coordinate family involvement
- Coordinate IL services, including development of transition plan if age appropriate
- Conduct transition/discharge planning
- Participate/support in family finding activities if appropriate
- Participate in court-related activities
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Facilitate communication with other staff
- Monitor compliance with regulations
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision
- Crisis management
- May have on call responsibilities
- Ensure compliance for contractual requirements

Detention—Child Care Worker:

- Ensure youth safety, including monitoring and ensuring safety during off-grounds transports
- Supervise youth in daily activities
- Engage youth in daily program activities
- Coach/model/mentor appropriate behavior, communication skills, social skills
- Coach/monitor/offer guidance/advice in daily life activities
- De-escalate/manage behavior
- Assist with homework, education and other assignments
- Facilitate recreational programming
- Support experiential learning
- Provide three meals and appropriate snacks
- Ensure availability of weather-appropriate clothing
- Assign and monitor completion of daily chores
- May administer or supervise self-administration of medication
- Monitor whereabouts of youth within facility
- Supervise family visits, including with siblings
- Ensure safe physical management
- Ensure maintenance of a safe environment
- Transport youth to medical, counseling and other appointments
- Complete documentation of youth adjustment
- Manage structure of the program model
- May facilitate psycho-educational groups
- May help facilitate communication with families and staff
- May attend court hearings
- May facilitate BARJ related activities including family involvement, community service, victim awareness and restitution related activities
- May administer assessments including the MAYSI

Detention—Case Management:

- Case management
- Develop, update and monitor ISP; progress reports; updates to court; report admission criteria to JCJC
- Coordinate/provide transportation including for including for medical, court, evaluations
- Coordinate, supervise and ensure visitation with family
- Monitor/coordinate education/education stability/career technical training
- Monitor and support education/educational requirements
- Ensure communication, engagement and casework contacts with family
- Casework contacts with youth - social service/ youth adjustment/ overall wellbeing/ relationship building
- Participate in court-related activities
- Monitor and ensure healthcare related activities
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Facilitate communication with other staff
- Ensure communication and casework contacts with courts, probation
- Monitor compliance with regulations
- Coordinate services with other professionals/agencies - SWAN, advocates/ guardian ad litem, county, providers, FGDM, HFW, reunification services, medical services, etc.
- Support discharge planning
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision
- Crisis management
- May have on call responsibilities
- Coordinate family involvement,
- Coordinate restitution and court costs payments; track community service hours; may facilitate victim awareness curriculum
- Ensure compliance for contractual requirements

Transitional Living Program--Child Care Worker:

- Assist youth in development of a safety plan
- Facilitate youth engagement in programming
- Coach/model/mentor appropriate behavior, communication skills, social skills
- Build relationships - with school, neighbors, youth employers
- Coach/monitor/offer guidance/advice in daily life activities
- May de-escalate youth behaviors
- Reinforce house rules to support a safe environment
- Complete documentation of youth progress
- Manage structure of the program model
- May facilitate psycho-educational groups
- Encourage completion of daily chores
- May administer or supervise self-administration of medication
- May help facilitate communication with families and other staff
- Coach youth to communicate with family and other supportive connections
- May transport youth to medical, counseling and other appointments; guide youth making arrangements/use public transportation
- May attend court hearings
- May be available to assist with homework, education and other assignments
- May facilitate experiential learning
- May assist older youth in developing job skills
- Ensure availability of clothing allowance

Transitional Living Program—Case Management:

- Case management
- Develop, update and monitor ISP/FSP/ CPP
- May coordinate education/educational stability/career technical training
- Monitor and ensure healthcare related activities as outlined in ISP
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Casework contacts with the youth - social service/youth adjustment/ overall wellbeing/ relationship building
- Facilitate communication with other staff
- Ensure communication and casework contacts with and engagement of the family
- Support permanency efforts
- Monitor compliance with regulations
- Conduct transition/discharge planning
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training
- Crisis management
- May have on call responsibilities
- Ensure compliance for contractual requirements

(Supervised) Independent Living Program—Child Care Worker:

- Assist youth in development of a safety plan
- Facilitate engagement of youth in programming
- Coach/model/mentor appropriate behavior, communication skills, social skills,
- Build relationships - with school, neighbors, youth employers, etc.
- Coach/monitor/offer guidance/advice in daily life activities
- May de-escalate behavior
- Reinforce house rules to support a safe environment
- Complete documentation of youth progress
- Manage structure of the program model
- May facilitate psycho-educational groups
- Encourage completion of daily chores
- May administer or supervise self-administration of medication
- May facilitate communication with families and other staff
- Coach youth to communicate with family and other supportive connections
- May transport youth to medical, counseling and other appointments; coach youth making arrangements/use public transportation
- May attend court hearings
- May be available to assist with homework, education and other assignments
- May facilitate experiential learning
- May assist youth in developing job skills
- Ensure availability of clothing allowance
- May facilitate BARJ related activities including family involvement, community service, victim awareness and restitution related activities
- Support individualized needs as identified within the ISP

Independent Living Program—Case Management:

- Case management
- Develop, update and monitor ISP/FSP/ CPP
- May assist with education/educational stability/career technical training
- Monitor and ensure healthcare related activities as outlined in ISP
- Complete documentation and reports - counties, courts
- Participate in county-convened planning meetings
- Casework contacts with youth - social service/ youth adjustment/ overall wellbeing/relationship building
- Facilitate communication with other staff
- Ensure communication and casework contacts with and engagement of the family
- Support permanency efforts
- Monitor compliance with regulations
- Conduct transition/discharge planning
- Track data and outcomes
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training
- Crisis management
- May have on call responsibilities
- Ensure compliance for contractual requirements

To Be Developed:

Secure Care - Youth/Child Care Worker
Secure Care - Case Management

Appendix I

Congregate Care Definitions

PROPOSED STANDARDIZED SERVICE CATEGORY DEFINITIONS AND CHILD CHARACTERISTICS

Group Home Congregate Care Service:

- A licensed or approved home providing 24-hour care for children in a small group setting within the context of a neighborhood that generally has up to twelve youth.
- Temporary out-of-home care in a group living setting
- Short-term care (usually less than 12 months)
- Youth in need of temporary placement as a result of acute family crisis such as parental addiction, incarceration or homelessness
- Intervention level generally most appropriate for youth age 12 and older

Youth Behaviors/Characteristics:

- Youth circumstances prevent them from remaining with family
- Requires routine medical/dental care
- Within normal developmental parameters
- Requires education services in a public school setting
- Mild adjustment reactions
- Minimal needs; thrives with structure
- May have adjudication of delinquency
- May be Pregnant
- Youth may have experienced or observed abuse and/or neglect
- Placement may be required to ensure community safety
- Youth's specific behaviors prevent them from being maintained in a foster family setting

Community-Based Residential Congregate Care Service:

- Twenty-four-hour per day placement of a child in a licensed non-secure facility which serves no more than 25 children.
- Youth use basic services of the community, including the public school system, recreation and employment opportunities.
- Temporary placement for youth who needs additional supportive services
- Intensive supervision and service for youth who requires broad range of specialized services
- Emphasis on coordinating and advocating for set of appropriate services to address identified emotional, social and educational needs

Youth Behaviors/Characteristics:

- May have psychiatric diagnosis; treatment and/or meds may be required
- Some level of family dysfunction (CANS/YLS or other)
- Youth in need of services related to specific diagnoses
- Youth behavior requires more structure
- Academic remediation needed; vocational learning
- May have history of sexual/physical abuse; may be a perpetrator of abuse themselves
- Often a victim of abuse and/or neglect
- May have trauma related to sexual/physical abuse or serious neglect
- May have adjudication of delinquency (YLS or other assessment tool)
- May have special educational needs/IEP
- May have developmental delays
- May have multiple adjustment problems
- May exhibit emotional, behavioral, social, developmental or intellectual problems
- May have history of substance/alcohol abuse
- May be pregnant
- Youth may be in need of placement due to delinquency adjudication. Need for pro-social and competency development

- May have on call responsibilities

Institutional Residential Congregate Care Service:

- A licensed campus based facility that provides 24-hour out-of-home care for youth requiring a group living environment.
- Open setting/staff secure
- Structured for youth who have a history of chronic and severe behavior problems, aggression, AWOLs, which have not proven responsive to less intensive forms of intervention
- May be shared case responsibility referral
- Emphasis on the intensive level of service specific for individual youth
- Increased coordination with external support services (i.e. mental health, drug and alcohol)
- May be Pregnant
- Youth may be in need of placement due to delinquency adjudication. Need for pro-social and competency development.
- May represent the scope of R&B for non-accredited RTFs

Youth Behaviors/Characteristics:

- May have psychiatric diagnosis; treatment and/or medication may be required
- Some level of family dysfunction (based on CANS/YLS or other assessment)
- Youth in need of services related to diagnoses
- Youth behavior requires more structure
- Academic remediation often needed; vocational learning
- History of sexual/physical abuse; may have trauma related to sexual/physical abuse or serious neglect
- May have adjudication of delinquency (YLS or other)
- May have special educational needs/IEP
- May have developmental delays
- May have multiple adjustment problems; may have history of multiple placements
- May exhibit emotional, behavioral, social, developmental or intellectual problems
- May have history of substance/alcohol abuse
- May exhibit explosive/aggressive behaviors
- May be a perpetrator of abuse themselves
- May be pregnant
- Is in need of mentoring/role modeling

Shelter Congregate Care Service:

- A licensed facility that provides 24-hour care and/or treatment for children who require emergency temporary care
- Intended to be short term/emergency option lasting no more than 30 days.
- May be a respite option

Youth Behaviors/Characteristics:

- May have psychiatric diagnosis; treatment and/or medication may be required
- Family situation prevents child from remaining safely in their home.
- Placement outside home needed pending identification of necessary interventions/longer term plan
- May be awaiting adjudication of delinquency and placement determination
- May have multiple adjustment problems
- May exhibit emotional, behavioral, social, developmental or intellectual problems

Detention Congregate Care Service:

- A licensed facility that provides 24-hour out-of-home care for youth who are delinquent or alleged delinquent, from which voluntary egress (departure) is prohibited through the use of locks and/or fencing.
- May be used as temporary option for youth awaiting waiver from criminal court proceedings

Youth Behaviors/Characteristics:

- Youth older than age 10 and under age 21
- Youth alleged to have committed a delinquent act or adjudicated delinquent or adjudicated and awaiting placement or other disposition
- May pose threat to community safety requiring confinement
- May pose threat to abscond, be removed or flee from jurisdiction of court
- May be waived back from criminal court proceedings

Transitional Living Program Congregate Care Service:

- A home or living unit for fewer than five youth, who are 16 years of age or older, with or without their own children, who are all able to live in a semi-independent living setting.
- Often a transitional setting with goal of independent living
- 24 hour direct supervision not required
- If program has 12 or more youth total on site/building, staff must be available on site 24 hours a day (3800.293 c)

Child Behavior/Characteristics:

- Youth must be able to function in a semi-independent setting
- Youth 16 or older
- May be dependent or delinquent
- Within normal developmental parameters
- Mild adjustment reactions
- Minimal needs; can function with minimal structure
- Attending educational or vocational program regularly or are employed/ actively seeking employment
- Able to manage their own behavior
- Exhibit ability to learn/demonstrate sustainable life skills
- May be parenting and responsible for infant/toddler care

Independent Living Program Congregate Care Service:

- Provision or arrangement of living quarters and social services designed to support and supervise youth who are living on their own.
- Often a transitional setting with goal of independent living
- 24 hour direct supervision not required

Child Behavior/Characteristics:

- Youth must be able to function in a semi-independent setting
- 16 or older
- May be dependent or delinquent
- Functioning within normal developmental parameters
- Mild adjustment reactions
- Minimal needs; can function with minimal structure
- Attending educational or vocational program regularly or are employed/ actively seeking employment
- Able to manage their own behavior
- Exhibit ability to learn/demonstrate sustainable life skills
- May be parenting and responsible for infant/toddler care

The description of service will be adjusted, if necessary, once the Department releases the revised ILS guidelines.

Secure Care settings:

To Be Developed

Appendix J

Foster Family Care Activities

PROPOSED STANDARDIZED STAFF POSITION ACTIVITIES

1800/Traditional, General Inquiry

Foster Family Care Worker/Case Manager

- Case management
- Ongoing assessment of child's needs; coordination of referrals Assessment of safety; "present dangers" at placement and ongoing
- Develop, update and monitor ISP/FSP/PPP
- Conduct assessments (i.e. CANS/FAST) and specialized developmental screens (i.e. ASQ) as indicated
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor and coordinate education/educational stability/vocational training
- Participate in all court-related activities
- Monitor and ensure healthcare related supports
- Complete documentation and reports
- Participate in county-convened planning meetings
- Casework contacts with the child - social service/child's adjustment/overall wellbeing/ relationship building
- Casework contacts with the foster family
- Casework contacts with child's family
- Permanency efforts, including development of Life Book.
- Monitor foster family compliance with regulations and agency review of case records
- Recruit and develop new foster families (pre-service training, documentation, home inspection, etc.)
- Coordinate IL services; develop transition plan if age appropriate
- Coordinate services with other professionals - SWAN, advocates/guardian ad litem, county, providers, FGDM, HFW
- Discharge planning coordination
- Engagement of family
- Participate/support in family finding activities
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision
- Crisis management/ emergency coordination of respite, emergency move or hospitalization; on call 24/7
- Crisis resolution/assist with de-escalation and problem resolution; support services; on call 24/7
- Tracking data and outcomes

Specialized/Intensive Casework
Foster Family Care Worker/Case Manager

- Case management
- Ongoing assessment of child's needs with related referral coordination
- Assessment of safety - initial "present dangers" at placement and ongoing
- Develop, update and monitor ISP/FSP/PPP
- Conduct assessments (i.e. CANS/FAST) and specialized developmental screens (i.e. ASQ) as indicated; specialized assessments as appropriate (IL, CAFAS, etc.)
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor and coordinate education/educational stability/vocational training
- Participate in all court-related activities
- Monitor and ensure healthcare related supports
- Increased documentation and reports
- Participate in county-convened planning meetings
- Increased intensity of casework contacts with child - social service/child's adjustment/ overall wellbeing/relationship building
- Increased intensity of casework contacts with the foster family
- Increased intensity of casework contacts with the child's family
- Permanency efforts, including development of Life Book.
- Monitor foster family compliance with regulations and agency review of case records
- Recruit and develop new foster families (pre-service training, documentation, home inspection, etc.)
- Coordinate IL services; development of transition plan if age appropriate
- Coordinate services with other professionals - SWAN, advocates/ guardian ad items, county, providers, FGDM, HFW
- Develop and implement comprehensive discharge planning, including aftercare, BH services, community based services and informal supports
- Focused efforts to engage child's family
- Participate/support in family finding activities
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Increased intensity and frequency of participation in training and supervision
- Crisis management/emergency coordination of respite, emergency move or hospitalization; on call 24/7
- Crisis resolution/assist with de-escalation and problem resolution; support services; on call 24/7
- Tracking data and outcomes
- Monitor/ensure insurance eligibility and coverage
- Participate in training on child-specific issues
- May monitor BARJ related activities
- Responsible for a limited number of cases

Therapeutic/Treatment Category

Foster Family Case Worker/Case Manager

- Case management
- Ongoing assessment of child's needs with related referral coordination; may involve multiple services crossing systems lines
- Assessment of safety; "present dangers" at placement and ongoing
- Develop, update and monitor ISP/FSP/PPP; may include updating documentation for child's BH treatment plan
- Conduct assessments (i.e. CANS/FAST) and specialized developmental screens (i.e. ASQ) as indicated; specialized assessments as appropriate (IL, CAFAS, etc.)
- Monitor and ensure compliance with specialized treatment plans
- Coordinate/provide transportation including for visits and education
- Coordinate, supervise and ensure visitation with family/siblings
- Monitor and coordinate education/educational stability/vocational training; participate in child's IEP's/developmental screens
- Participate in all court-related activities; may include shared case management and coordinating additional documentation
- Monitor and ensure healthcare and BH related needs are met including medication
- Increased documentation and more specific reporting; Complex and comprehensive internal/external agency coordination
- Participation in county-convened planning meetings/increased levels of communication and coordination with county C&Y
- Increased intensity and frequency of casework contacts with the child - social service/child's adjustment/overall wellbeing/relationship building
- Increased intensity and frequency of casework contacts with the foster family
- Increased intensity and frequency of casework contacts with child's family
- Permanency efforts, including development of Life Book.
- Monitor and ensure compliance of the ISP/FSP/PPP/ASQ; monitor adherence to treatment plan
- Monitor foster family compliance with regs and agency review of case records
- Recruit and develop new foster families (pre-service training, documentation, home inspection, etc.)
- Coordinate IL services; development of transition plan if age appropriate
- Coordinate services with other professionals - SWAN, advocates/ guardian ad items, county, providers, FGDM, HFW; BH treatment providers; D&A providers
- Develop and implement comprehensive discharge planning, including aftercare, BH services, community based services and informal supports
- Support engagement of child's family
- Participate/support in family finding activities
- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Participate in training and supervision

- Crisis management/ emergency coordination of respite, emergency move or hospitalization; on call 24/7
- Crisis resolution/assist with de-escalation and problem resolution; support services; on call 24/7
- Tracking data and outcomes
- Participate in training on child-specific issues and applicable treatment approaches; child specific consultation with psychiatrists
- Monitor BARJ related activities
- Responsible for a limited number of cases
- Monitor/ensure insurance eligibility and coverage
- Arrange for regular respites as needed by foster family
- Increased intensity and frequency of participation in training and supervision
- Coordinate referrals for D&A screening/ treatment if indicated

Foster/Team Category

Foster Family Care Worker/Case Manager

- Case management
- Ongoing assessment of adjudicated teen parent/child needs, referral coordination and monitoring with multiple other service; other specialized developmental screens
- Assessment of safety; "present dangers" at placement and ongoing
- Develop, update and monitor ISP/FSP/ CPP/ Service/Treatment Plan; early intervention plans; other additional services as listed in the CPP
- Coordinate/provide transportation including for visits, medical care/therapy and education
- Coordinate, supervise and ensure visitation with family/siblings and non-custodial parent of infant/toddler
- Monitor and reinforce education/educational stability/vocational training; participate in IEPs
- Court-related activities; may include shared case management and coordinating additional documentation
- Monitor and ensure physical and behavioral health-related activities, including medication; work with the parenting teen to ensure that the health care needs of the infant/toddler are met
- Increased documentation and reporting - more specific, complex and comprehensive; increased internal agency meeting/coordination
- County-convened planning meeting; increased communication/ coordination with county C&Y
- Increased intensity and frequency of casework contacts with the parenting teen/child - social services/ adjustment/overall wellbeing/ relationship building
- Increased intensity and frequency of casework contacts with the foster family
- Increased intensity and frequency of casework contacts with the parenting teen's family
- Permanency efforts, including development of Life Books.
- Monitor and ensure compliance of ISP/FSP and CPP
- Monitor foster family compliance with regulations and agency policies in addition to agency review of case records.
- Coordinate IL services; development of transition plan if age appropriate
- Coordinate services with an expanded scope of other professionals - SWAN, education staff, advocates/guardian ad items, county, providers, therapists, psychiatrist, FGDM, HFW, etc.
- Develop and implement a comprehensive discharge planning, including coordination of aftercare, behavioral health supports, community connected services, informal supports, for both parenting teen and child.
- Participate/support family finding activities

- Comply with any and all applicable laws, bulletins, policy clarifications, special transmittals
- Monitor/ensure insurance eligibility and coverage for teen parent and child
- Address BARJ requirements as appropriate
- Arrange for respite as needed
- Increased intensity and frequency of participation in training and supervision
- Tracking data and outcomes
- Training on parenting teen and child-specific issues and applicable treatment approaches; child specific consultation; coordination
- Responsible for a limited number of cases
- Assistance with coordination of day care for child while parenting teen is in school/working
- Coordination of WIC, CCIS, EI, teen outreach, special educational arrangements with FP, parenting teen/child

To Be Developed:

Medical Assistance-Funded Medical Foster Care

Medical Assistance-Funded Community Residential Rehabilitation Foster Family Care—
CRR Host Homes

Appendix J

Foster Family Care Definitions

PROPOSED FOSTER FAMILY CARE CATEGORIES AND CHILD CHARACTERISTICS

Basic/Traditional/General Foster Family Care:

Category of Service Characteristics:

- Child's circumstances prevent them from remaining in their family home or other kinship arrangement
- Temporary out-of-home care in a non-relative or kinship family setting
- Goal is promote maximum development of child and reunification with their family or other permanent placement
- Short-term care option
- Child is in need of temporary placement as a result of acute family crisis such as parental addiction, incarceration or homelessness
- Child may have experienced or observed abuse and/or neglect

Child Behaviors/Characteristics:

- Requires routine medical/dental care
- Within normal developmental parameters
- No behavioral health support services required
- Requires regular education services; may have an IEP for learning disabilities
- Mild adjustment reactions
- No special needs identified; thrives with structure
- May have adjudication of delinquency
- May be Pregnant

Specialized/Intensive Foster Family Care:

Category of Service Characteristics:

- Child's circumstances prevent them from remaining in their family home or other kinship arrangement
- Temporary out-of-home care in a non-relative or kinship family setting
- Goal is promote maximum development of child and reunification with their family or other permanent placement
- Temporary placement for child who needs additional supportive services
- Intense level of supervision and service for child who requires broad range of specialized services
- Emphasis on coordinating and advocating for set of appropriate services to address identified emotional, social and educational needs
- Often a victim of abuse and/or neglect

Child Behaviors/Characteristics:

- May have psychiatric diagnosis; mild to moderate impairment; medications may be required
- In need of services related to diagnoses; behavior requires more intense interventions/planning
- Moderate to severe family dysfunction
- May have history of sexual/physical abuse; may have trauma related to sexual/physical abuse or serious neglect
- May have adjudication of delinquency
- May have special educational needs/IEP; learning disabilities
- May have developmental delays
- May have multiple adjustment problems
- May exhibit emotional, social, developmental or intellectual problems
- May themselves be a perpetrator of abuse
- May have drug & alcohol issues
- May be pregnant

Therapeutic/Treatment Foster Family Care:

Category of Service Characteristics:

- Child's circumstances prevent them from remaining in their family home or other kinship arrangement
- Temporary out-of-home care in a non-relative or kinship family setting
- Goal is promote maximum development of child and reunification with their family or other permanent placement
- Foster family provides highly structured therapeutic interventions
- Foster Family Care Agency provides support, intensive training for foster parents & intensive supervision for child
- May be an alternative or step-down to hospitalization or residential placement
- Structured for children with history of chronic/severe behavior problems who have not proven responsive to less intensive forms of intervention
- Clinical orientation/treatment perspective and agency expertise
- Emphasis on intensive, individualized child specific services
- Increased coordination with external support services including behavior health; coordination of services across systems to address needs of child

Child Behaviors/Characteristics:

- Has a psychiatric diagnosis; more significant level of impairment
- May be at risk of or stepping-down from residential placement
- Often exhibits inappropriate sexualized behaviors; may be victim and/or perpetrator
- Often a victim of abuse and/or neglect
- May have involvement with juvenile justice/delinquency adjudication
- May have history of multiple placements/runaway with/without police involvement
- May have severe developmental/intellectual disabilities with BH Issues
- May have history of severe family dysfunction; serious safety/well-being concerns
- May have history of suicidal ideations and/or self-harming behaviors
- May have drug and/or alcohol dependency or other addiction history
- May have history of animal cruelty
- May demonstrate fire setting behaviors
- May have history of theft/destruction of property
- May display aggressive/assaultive/destructive behaviors
- May have special specific needs - hearing impairment, autism, etc.
- May be pregnant

Parenting Teen Foster Family Care:

Category of Service Characteristics:

- Temporary out-of-home care in a non-relative or kinship family setting
- Parenting teen's circumstances prevent them from remaining in their family home or other kinship arrangement
- Goal is to promote maximum development of the parenting teen and development of parenting skills to ensure appropriate care for their child
- Parenting teen is in need of temporary placement as a result of acute family crisis such as parental addiction, incarceration or homelessness
- Parenting teen in need of foster care placement with an infant/toddler; placement may be due to conflict with parenting teen's family
- May include intensive supervision and service to teen parent who requires broad range of specialized services
- Emphasis on coordinating and advocating for appropriate services to address identified emotional, social and educational needs

Parenting Teen Behaviors/Characteristics:

- May have psychiatric diagnosis; may demonstrate depression/post-partum reactions
- May have mild/moderate cognitive impairments; medications may be required
- Moderate or severe family conflict/dysfunction
- May be in need of services related to diagnoses
- May have a delinquency adjudication
- Behaviors and choices have broader implications given their parenting status; they may require more intensive supervision/direction
- May have special educational needs/IEP
- May have developmental delays
- May exhibit multiple adjustment problems
- History of adolescent pregnancy; may have pregnancy physical health care complications; infant child may also have physical health care considerations
- May exhibit emotional, social, developmental problems
- May be traumatized as a result of experienced or observed sexual and/or physical abuse or serious neglect
- May need educational/vocational education/tech training supports
- May demonstrate risky sexual behaviors
- Need opportunity and support to develop independent living skills; priority focus on development of parenting skills
- May have drug and alcohol issues and require supportive interventions
- May have a history of inappropriate parenting of their child

Medical Assistance Funded Medical Foster Family Care:

Category of Service Characteristics:

- Child's circumstances prevent them from remaining in their family home or other kinship arrangement
- Temporary out-of-home care in a non-relative or kinship family setting
- 1994 Special Transmittal defines Medical Foster Care as, "...services that are necessary to meet a patient's physical health care needs which enable the individual to be treated ... on an outpatient rather than and inpatient or institutional basis.
- Medical foster care includes such personal tasks as assisting the child with personal hygiene, dressing, feeding, monitoring and operating medical equipment, and transfer or ambulatory needs. These tasks exceed those of usual parenting responsibilities given the child's physical health care medical needs.
- The State Medical Manual, section 4480:Personal Care Services, permits states the option to elect to have personal care services (such as listed above) as a Medicaid benefit. General Requirements include that Medical Foster Family Care must be:1) provided in accordance with a written plan of treatment prescribed by a licensed physician; 2) authorized by a county Children and Youth agency in accordance with the Family Service Plan, and 3) provided by an agency licensed by DPW OCYF to provide Medical Foster Care.
- Pennsylvania has elected to offer personal care services as MA benefit, which can be accessed by 3130 and 3700 licensed agencies that enroll as a provider 40 through OMAP. The County Children & Youth agency determines level of MFC (1-4) as defined under the Special Transmittal

Child Behaviors/Characteristics:

- Child has a medical diagnosis and a level of impairment.
- To be eligible to receive MA funded Medical Foster Family Care services a child must: 1) be enrolled in MA; 2) have been diagnosed by a licensed practitioner as having a special or chronic medical condition or physical disability; and 3) require MFC services to remain in a foster care placement that is less restrictive than an institution or hospital
- No behavioral health support services required
- Requires regular education services; may have an IEP for learning disabilities
- Mild adjustment reactions

Medical Assistance Funded Community Residential Rehabilitation Foster Family Care – CRT Host Homes

Category of Service Characteristics:

- Child's circumstances prevent them from remaining in their family home or other kinship arrangement
- Temporary out-of-home care in a non-relative or kinship family setting
- Licensed by the OCYF/OMHSAS and enrolled in OMAP as a Community Residential Rehabilitation Host Home.
- Available to children with Medical Assistance (MA) eligibility, who meet medical necessity criteria for this level of care.
- The foster family receives specialized training to work with children experiencing behavioral and emotional difficulties.
- The service provides individual, group and family therapy, as well as medication monitoring.
- Provides individualized “out-of-the-home” community based behavioral health treatment, which includes a 24 hours a day structured therapeutic environment for the child in a Host Home.
- Additional treatment services such as individual therapy, family therapy, medication management, crisis intervention, and case management are incorporated into the Host Home program.
- The child must have the services prescribed by a psychologist or psychiatrist and have a CASSP meeting as well as be deemed medically necessary by the local BH-MCO.
- The goal is to stabilize the child’s symptoms enough for the child to return home or to foster care or an independent living facility.
- May be a step-down from RTF or step-up from intensive community based services

Child Behaviors/Characteristics:

- Child must have mental health diagnosis and meet medical necessity criteria
- Child’s symptoms expected to improve more in a structured family environment rather than a structured therapeutic group environment
- Is able to attend school within the community of the host home
- Child under the age of 21 with an Axis I Diagnosis
- Child needs a 24 hour a day structured environment to comply with treatment for severe mental/emotional illness and/or a behavior disorder
- Risk of safety to self and others is manageable in the community
- Child’s treatment needs cannot be appropriately met in their current living environment
- Child can function and participate in age appropriate, community based activities with appropriate supervision and support.
- Child is involved in individual treatment as identified in their treatment plan

Appendix K: Needs-Based Plan and Budget

Enter Adjustments to Est/Act Plan	Summary of EST Adjustments
Enter Adjustments to Implementation Plan	Summary of IMP Adjustments
Enter Adjustments to NBB Plan	Summary of NBB Adjustments
Return To Excel	

Appendix K: Needs-Based Plan and Budget Adjustments to Estimated Actuals Base - FY 12/13

Adjustment # 5

Adjustment Title PROVIDER NAME

County Allegheny

Description of Service:

Classification: M

GROUP HOME - FACILITY

A = Annualization
E = Expansion of Existing Service/Program
F = Fixed Asset
M = Maintaining Existing Service
N = New Program/Service
U = Utilization Increase/Decrease

Justification Narrative:

Increase rate from \$100.00 to \$110.00 to adjust current contracted rate to the negotiated rate between the county and the provider, contingent on the state approval to fund the increase with Act 148 dollars and the counties availability of local match.

Add'l Children/Units of Service:

Projection of Cost:

Cost Center Adjustments:

Adj. #	Cost Center	Salaries/Wages	Benefits	Subsidies	Operating	Purch'd Svcs	Fixed Assets	Cost Center Total	NRNPSS	NRPSS
5	Commun Res- Dependent	0	0	0	0	50,000	0	50,000	0	0

Adjustment Total:

Salaries/Wages	Benefits	Subsidies	Operating	Purch'd Svcs	Fixed Assets	Adjustment Total	NRNPSS	NRPSS
0	0	0	0	50,000	0	50,000	0	0

Record
Count



Appendix K: Needs-Based Plan and Budget

County:

County Requests for Estimated Actuals Base Adjustments

Fiscal Year: 2012/2013

Adjustment Name	Adj. #	Salaries/ Wages	Benefits	Subsidies	Operating	Purchased Services	Fixed Assets	Total	Non-Relm. Non-Pure'd Services Subsidies	Non-Relm. Purch'd Services Subsidies	Classification
Totals:		0	0	0	0	0	0	0	0	0	