



## North Carolina Department of Health and Human Services Division of Social Services

325 North Salisbury Street • Raleigh, North Carolina 27603  
Courier # 56-20-25-MSC 2408

Michael F. Easley, Governor  
Carmen Hooker Buell, Secretary

E. C. Modlin, ACSW, Director  
(919) 733-3055

April 17, 2001

### **DEAR COUNTY DIRECTOR OF SOCIAL SERVICES**

**Subject: Changes to Foster Care Payment System**

**References: Memoranda from James B. Edgerton dated February 7, 2001 and March 14, 2001**

As you are aware from memoranda signed by former Deputy Secretary Jim Edgerton, new "room and board" rates were implemented effective March 1, 2001 for use in supporting placements for foster children who receive Medicaid-funded residential treatment services in an authorized Level III or Level IV facility. The implementation of these new rates has required federal approval for the use of IV-E funds and significant changes to the automated Child Placement and Payment System (CPPS). The purpose of this letter is to provide you with an update on our progress in completing these activities.

Since the implementation of the IV-E Maximization program in 1991, federal regulations have prevented the use of federal IV-E funds to support foster care costs in excess of the Standard Board Rate unless the Division had established a specific Facility Rate for the applicable organization. On January 22, 2001, the Division formally submitted a written request to use federal IV-E funds to support foster care costs at the new room and board rate when Medicaid is paying for the cost of the residential treatment. This request was approved in a written response that we received on March 26, 2001. Although we are very pleased with the response, the timeframe required for this approval delayed the implementation of the necessary modification to the automated Child Placement and Payment System.

The implementation of the new room and board rates will add complexity to what is already a cumbersome process of reporting foster care costs. Medicaid will join IV-E, TANF, State Foster Home Funds and waiver funds as a source of payment that must be separately identified by the system and calculated into the reimbursement process. This will require revisions to facility identification numbers and accurate reporting by county DSS staff of costs billed to the Medicaid program by residential providers for authorized HRI Level III or Level IV services each month. This will also require technical changes to the automated reimbursement program and the manual

processing of reimbursement requests for the first several months. Unfortunately, these changes cannot be completed in time to report March services by April 20<sup>th</sup>. We are,  
Dear County Director  
April 17, 2001  
Page 2

however, hopeful that the changes can be completed in time to report April services by May 20<sup>th</sup>. Instructions for completing the DSS 5094 on behalf of affected children (i.e. receiving Medicaid-funded Level III or Level IV treatment services in an authorized facility) for the March month of service are attached. Retroactive payments for the March month of service for claims for Level III or Level IV room and board should be submitted after April 20<sup>th</sup> and before May 20<sup>th</sup> to the Division on Retroactive Payment Request forms (see attached instructions and Vol. I: Children's Services Manual, Chapter IV: Section 1203.)

When the automated Child Placement and Payment System is modified, county DSS staff will receive specific instructions on how to enter data on the child's DSS 5094 that will allow reimbursement for room and board at the new rates. Please refer to the memoranda from Jim Edgerton for information on applicable room and board rates.

#### **REQUIREMENT FOR A FACILITY SPECIFIC IDENTIFICATION NUMBER**

Please be aware that authorized Level III and Level IV facilities are licensed under mental health rules by the state Division of Facility Services (DFS). In order for any foster care reimbursement to be made on behalf of a child who is placed in a facility that is licensed in this manner, the residential treatment facility must have a valid ID number assigned in the Foster Care Facility License System (FCFLS). For facilities that are licensed by DFS as therapeutic homes or residential treatment facilities, the issuance of a "H" ID number is necessary. For facilities that are licensed by DFS as Level IV facilities for children, the issuance of an ID number beginning with the letter "R" is necessary. If the facility has not been issued an "H" or "R" ID number, the county DSS or the facility must submit an application, along with a copy of the current DFS license, to the Children's Services Section for review and approval. A copy of the revised application for an ID # is attached. Included at the bottom of this form is information about the ID # approval and assignment process. Please copy this form as needed.

When fully implemented, the new rates should have a positive impact on the availability of treatment services for foster children and should reduce unreimbursed county costs. We greatly appreciate your patience with the time required to make the necessary administrative changes. If you have questions regarding the information in this letter, the reporting of March foster care costs, or the new room and board rates, please contact Elsie Roane at (919) 733-4622 or e-mail her at [elsie.roane@ncmail.net](mailto:elsie.roane@ncmail.net).

Sincerely,



Charles C. Harris, Chief

Children's Services Section

CS/08/2001

CC: Chip Modlin  
Nancy Coston  
Gary Fuquay  
Jim Panton  
Tara Larson  
Charles Davis  
Martha Kaufman  
Stephanie Alexander  
Children's Services Team Leaders  
Children's Services Program Representatives  
Local Support Managers  
Austin Connors  
Kyle Fay