



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

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June 26, 2001

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

**Subject: Changes to Foster Care Payment System**  
**References: Dear County Director Letter dated April 17, 2001**  
**Memoranda from James B. Edgerton dated February 7, 2001 and March 14, 2001**

The purpose of this letter is to provide instructions for the data entry and payment process for county Departments of Social Services when a child in DSS custody receives Medicaid-supported residential treatment services at Level IV, Level III or Level II. The Child Placement and Payment System (CPPS) has been modified to automate this process effective for the June month of service reimbursed on July 20, 2001. **These instructions apply only when reporting room and board costs for foster children who receive Medicaid-funded residential treatment services in an authorized facility.**

### **CHILDREN RECEIVING LEVEL IV RESIDENTIAL SERVICES:**

For a child approved to receive Level IV services in a Level IV authorized facility, county DSS staff must complete the child's DSS 5094 Section VIII as they would for any other child for whom reimbursement is requested. To receive the reimbursement for the \$43 (4 bed or less) or \$40 (5 beds or more) per diem room and board, the county DSS enters the Facility ID AND adds the letter "S" at the end of the Facility ID number in Field 49 of the child's DSS 5094. The "S" has been developed to specifically identify a Level IV facility in CPPS. Currently, there is no space on the DSS 5094 form to enter the "S", but Field 49 on the data entry screen will allow this entry as the last character. The turnaround generated by a 5094 form being entered or updated will display the ID # with the letter "S".

Example #1: A child is placed in a facility with ID# R00014. The DSS keys R00014S in Field 49 of the child's DSS-5094. The county DSS must then enter the amount of room and board they pay in Field 50 and/or 51, based on the established room and board rate of either \$43 or \$40 per diem. When the per diem room and board rate is \$40.00, and Medicaid is billed for a 30-day month, the amount entered in Field 50 is \$1200.00 (30 days x \$40 per day = \$1200). See attached 5094 example #1.

If the child is in a Level IV facility for a partial month or if the number of days billed to Medicaid is less than the entire month, the amount in Field 51 should be pro-rated based on the per diem amount and the number of days billed to Medicaid. The number of days claimed for a child in a Level IV facility must coincide with the number of days that Medicaid is billed on behalf of the child.

Example #2: A child is in an authorized Level IV facility for the first 10 days of the month, with Medicaid paying the associated treatment costs. After 10 days, the child is moved to a foster family setting. The county DSS enters the Facility ID and adds the "S" at the end of the ID#. When the per diem room and board rate is \$40.00 and Medicaid is billed for 10 days in a month, the amount entered in Field 51 is \$400.00. The county DSS then enters an "End Date" and begins additional data entry on a new line. The new line will include a new living arrangement type, a new "Begin Date", a corresponding Facility ID, monthly rate in Field 50, and a pro-rated amount paid in Field 51. See attached 5094 example #2.

### **COUNTY DSS REIMBURSEMENT FOR LEVEL IV ROOM AND BOARD PAYMENTS**

For all children (IV-E, IV-E-W, TEA, and SFHF) receiving Level IV services in a Level IV facility, the county DSS will be reimbursed for the standard board rate (SBR) portion of the room and board at 81.24% (80.73% effective 10/1/2001) from available At-Risk funds. This information will be reflected on a new report, the PQA-220. The county DSS will receive state reimbursement, from available At-Risk Funds, at the prevailing IV-E federal rate (currently 62.47%; 61.46% effective 10/1/2001) for the balance, not to exceed the established room and board rate. This information will be reflected on a newly created reported entitled the PQA-022-3.

### **CHILDREN RECEIVING LEVEL III RESIDENTIAL SERVICES:**

For a child approved to receive Level III services in a Level III authorized facility, county DSS staff must complete the child's DSS 5094 Section VIII as they would for any other child for whom reimbursement is requested. To receive the reimbursement for the \$43 (4 bed or less) or \$33 (5 beds or more) per diem room and board, the county DSS enters the Facility ID AND adds the letter "M" at the end of the Facility ID number in Field 49 of the child's DSS 5094. The "M" has been developed to specifically identify a Level III facility in CPPS. Currently, there is no space on the DSS 5094 form to enter the "M", but Field 49 on the data entry screen will allow this entry as the last character. The turnaround generated by a 5094 form being entered or updated will display the ID # with the letter "M".

Example #3: A child is placed in a facility with ID# H00014. The DSS keys H00014M in Field 49 of the child's DSS-5094. The county DSS must then enter the amount of room and board they pay in Field 50 and/or 51, based on the established room and board rate of either \$43 or \$33 per diem. When the per diem room and board rate is \$33.00, and Medicaid is billed for a 30-day month, the amount entered in Field 50 is \$990.00 (30 days x \$33 per day = \$990). See attached 5094 example #3.

If the child is in a Level III facility for a partial month or if the number of days billed to Medicaid is less than the entire month, the amount in Field 51 should be pro-rated based on the per diem amount and the number of days billed to Medicaid. The number of days claimed for a child in a Level III facility must coincide with the number of days that Medicaid is billed on behalf of the child.

Example #4: A child is in an authorized Level III facility for the first 10 days of the month, with Medicaid paying the associated treatment costs. After 10 days, the child is moved to a foster family setting. The county DSS enters the Facility ID and adds the "M" at the end of the ID#. When the per diem room and board rate is \$33.00 and Medicaid is billed for 10 days in a month, the amount entered in Field 51 is \$330.00. The county DSS then enters an "End Date" and begins additional data entry on a new line. The new line will include a new living arrangement type, a new "Begin Date", a corresponding Facility ID, monthly rate in Field 50, and a pro-rated amount paid in Field 51. See attached 5094 example #4.

### **COUNTY DSS REIMBURSEMENT FOR LEVEL III ROOM AND BOARD PAYMENTS**

For a IV-E eligible child receiving Level III services in an authorized Level III facility, the county DSS will be reimbursed 81.24% (80.73% effective 10/1/2001) of the SBR portion of the room and board with both state and federal IV-E funds. This information will be reflected on the PQA-020 report. The county DSS will receive the federal IV-E share (currently 62.47%; 61.46% effective 10/1/2001) for the balance, not to exceed the established room and board rate. This information is reflected on the PQA-022-1 report.

For a non-IV-E eligible child receiving Level III services in a Level III facility, the county DSS will be reimbursed 50% of the SBR portion of the room and board with state funds. This information is reflected on the PQA-020. The county DSS will receive state reimbursement, from available At-Risk Funds, at the federal IV-E rate (currently 62.47%) for the balance. This information will be reflected on a newly created reported entitled the PQA-022-3.

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For purposes of the SBR reimbursement, IV-E-W children are reimbursed the same as IV-E eligible children. For purposes of reimbursement over the SBR, IV-E-W children are reimbursed the same as non-IV-E eligible children.

For a TEA eligible child receiving Level III services in a Level III Facility, the county DSS will be reimbursed 100% of the SBR portion of the room and board with federal TEA funds, in accordance with TANF (TEA) policy. This information will be reflected on the PQA-020. The county DSS will receive 100% federal reimbursement for the balance, not to exceed the established room and board rate. This information is reflected on the PQA-022-2.

**Note: It is important that county DSS staff have regular communication with staff in the Level IV and Level III treatment facilities to obtain the information needed to include on the monthly 5094 regarding room and board costs for foster children.**

### **CHILDREN RECEIVING LEVEL II RESIDENTIAL SERVICES:**

For a foster child receiving Level II services in an authorized facility, the county DSS is responsible for the established room and board rates which coincide with the legislatively-established standard board rate. The Division of Social Services will continue to provide a "maximization payment" through the IV-E Maximization Program and State Funds Program for participating agencies. The maximization payment is applied toward any balance that remains between the Division-established Facility Rate and the sum of the Medicaid payment and the standard board rate payment. The provider may negotiate with the county DSS for any unrecovered costs that do not exceed the Division-established Facility Rate.

For a child approved to receive Level II services in an authorized facility with an established Facility Rate, county DSS staff enter the amount of the Medicaid payment in Field 56 (Child's Resources). The total, monthly room and board fee/rate is entered in Field 50. If the child is in the placement for less than a full month, the amount of room and board actually paid by the county DSS is entered in Field 51. The total of Fields 56 and 50/51 should not exceed the established Facility Rate.

Example #5: A 15-year-old is authorized to receive Level II services in an authorized facility. The Level II treatment rate is \$137.00 per day and Medicaid will be billed for 30 days. The amount entered in Field 56 is \$4,110. The county DSS is required to pay the standard board rate of \$415, and enters this amount in Field 50. The totals in Field 50 and Field 56 do not exceed the Facility Rate of \$5,058.

### **COUNTY DSS REIMBURSEMENT FOR LEVEL II ROOM AND BOARD PAYMENTS**

For a IV-E eligible child receiving Level II services in an authorized facility with a Division-established Facility Rate, the DSS enters the total amount billed to Medicaid in Field 56 and enters the amount of room and board cost the county DSS pays in Field 50 and/or 51 on the DSS 5094. The county DSS will be reimbursed 81.24% (80.73% effective 10/1/2001) of the SBR portion of the room and board with both state and federal funds. This information is reflected on the PQA-020. The county DSS will receive the federal share (currently 62.47%; 61.46% effective 10/1/2001) for the amount over the SBR, not to exceed the Facility Rate. This information is reflected on the PQA-022-1. For purposes of the SBR reimbursement, IV-E-W children are reimbursed the same as IV-E eligible children.

For a non-IV-E eligible child receiving Level II services in an authorized facility with a Division-established Facility Rate, the county DSS will be reimbursed 50% of the SBR portion of the room and board with State Foster Home Funds (SFHF). This information is reflected on the PQA-020. For purposes of reimbursement, the IV-E W eligible children are treated the same as non-IV-E eligible children. The county DSS receives no federal or state reimbursement for room and board costs that exceed the SBR on behalf of non-IV-E children or IV-E-W children.

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For a TEA eligible child receiving Level II services in an authorized facility with a Division-established Facility Rate, the DSS enters the total amount billed to Medicaid in Field 56 and enters the amount the county DSS pays in Field 50 and/or 51 on the DSS 5094. The county DSS will be reimbursed 100% of the SBR (100%) with federal funds, in accordance with TANF (TEA) policy. This information is reflected on the PQA-020. The county DSS will receive 100% of the amount over the SBR, with federal funds. This information is reflected on the PQA-022-2.

**REIMBURSEMENT TIMELINES:**

In order to ensure that payments to the county DSS are accurate, the data entered on the child's DSS 5094 will need to be cross-referenced by state staff with Medicaid payment information. For this reason, it is critical for county DSS to enter data on the child's DSS5094 accurately and timely, as well as for residential treatment facilities to report Medicaid claims on a timely basis, at least monthly. Reimbursement for room and board for children in treatment facilities will occur the month following the month of service. Automation of the reimbursement process will replace the manual process that was necessary for the March – May months of service. While the state payments will not be delayed pending confirmation of the Medicaid payments, if errors are found based on the cross-reference with Medicaid, adjustments will be necessary.

**CHANGES TO THE AFFECTED CHILDREN'S DSS-5094 NEED TO BE MADE BEFORE JULY 20, 2001 IN ORDER TO RECEIVE AN AUTOMATED PAYMENT FOR JUNE MONTH OF SERVICE.**

**REQUIREMENT FOR A FACILITY-SPECIFIC ID NUMBER:**

Please be aware that authorized treatment facilities are licensed under Mental Health rules by the state Division of Facility Services. 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 facility must have a valid ID# assigned in the Foster Care Facility Licensing System (FCFLS). See Dear County Director Letter dated April 17, 2001 for additional information.

If you have questions regarding the information in this letter or want additional information regarding the financing of placements for foster children, you may contact Elsie Roane at (919) 733-4622 or e-mail her at [elsie.roane@ncmail.net](mailto:elsie.roane@ncmail.net). If you need technical assistance with the payment process or with data entry required on the DSS 5094, you may contact Kay Becknel at (919) 733-7675 or e-mail her at [kay.becknel@ncmail.net](mailto:kay.becknel@ncmail.net).

Sincerely,



Charles C. Harris, Chief  
Children's Services Section

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