



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

325 North Salisbury Street • Raleigh, North Carolina 27699-2440
Courier # 56-20-25-MS# 2440

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Pheon E. Beal, Director
(919) 733-3055

August 4, 2004

Dear County Director of Social Services:

RE: IV-E Maximization Foster Care Reimbursements

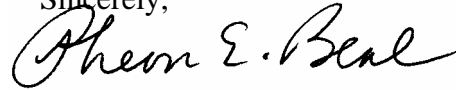
Beginning July 1, 2004, the Department of Health and Human Services has made changes to the methodology and rate for reimbursing counties for the cost of care for children in the counties foster care program. These changes were a necessary response to guidance received from the US DHHS, Administration for Children and Families.

Prior to these changes, reimbursements for IV-E maximization funds were being reimbursed at the federal financial participation rate (currently 62.85%) regardless of the type of care the agency was providing. An agency is operating as a CPA when providing family foster, either regular or therapeutic. All other types of residential care provided by private agencies are deemed Child Caring Institutions (CCI's). The ACF has clarified that IV-E reimbursement rules for Child Placing Agencies (CPA's) only allow "maintenance" costs to be reimbursed at this rate. Costs incurred by the CPA provider falling under the federal definition of "administration" are reimbursable at the fixed rate of 50%. This office published the facility rates in a previously released Dear County Director of Social Services letter dated July 21, 2004.

The automated systems do not currently have the capacity to calculate these different rates. Your reimbursements for costs in these arrangements will be seen as two separate EFT entries. For costs up to the CPA's maintenance rates, as well as all reimbursements for CCI's your reimbursements will be coded as MAXIMIZATION IV-E. A separate EFT will be processed for additional costs related to the administrative rate for the CPA. You will see these EFT entries as ADMIN MAX IV-E.

For questions related to rates and programmatic issues, please contact Kevin Kelley, either by email at Kevin.Kelley@ncmail.net or by telephone at (919) 733-4570. For questions related to EFT transactions, please contact Debbie Hawkins either by email at Debbie.Hawkins@ncmail.net or by telephone at (919) 733-4640.

Sincerely,

A handwritten signature in black ink that reads "Pheon E. Beal". The signature is written in a cursive style with a large, prominent initial "P".

Pheon E. Beal

Director

[signed]

Laketha M. Miller

DHHS Controller

Cc: DSS LBL
FSCWS-36-04