



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

325 North Salisbury Street • Raleigh, North Carolina 27699-2439  
Courier # 56-20-25-MS# 2439

Michael F. Easley, Governor  
Dempsey Benton, Secretary

Sherry S. Bradsher, Director  
(919) 733-3055

**September 15, 2008**

**DEAR COUNTY DIRECTOR OF SOCIAL SERVICES**

**ATTENTION: CHILD WELFARE FOSTER CARE AND ADOPTION SUPERVISORS AND FISCAL STAFF**

**SUBJECT: FOSTER CARE REIMBURSEMENT SYSTEM CHANGES INSTRUCTIONS**

This letter will provide counties with information related to several substantial changes to the reimbursement rates and process for foster care and adoption assistance. These changes were previously brought to your attention in the Dear County Director letters: [FSCW-83-2007](#) and [FSCW-23-2008](#). As the State budget has now been finalized, we are able to communicate these final instructions and information. All of the changes specified in this communication are to become effective for reimbursements made after January 1, 2009. **For foster care, this translates to services provided beginning December 1, 2008.**

These changes do not effect the policies and procedures for therapeutic foster care. All other policies, such as clothing allotments, will remain unchanged.

**1. Standard Board Rate for Foster Care and Adoption Assistance**

The General Assembly adopted new rates for foster care and adoption assistance. These new rates were requested based on the [Expenditures on Children by Families](#), a publication of the United States Department of Agriculture. The new standard board rates are as follows:

Child's age	Maximum state participation
0 – 5	\$ 475 / month
6 – 12	\$ 581 / month
13 and above	\$ 634 / month

\*These rates will be effective for all foster care services provided beginning December 1, 2008.

**2. Standardized Rates for Child Placing Agencies and Residential Foster Facilities**

Through participation in an annual cost finding and rate setting process, Child Placing Agencies (CPA) and Child Caring Institutions (CCI) establish a supportable basis for state and federal participation above the standard board rate. The results of this process have historically been for each agency to receive a unique

rate for each type of care provided. Beginning January 1, 2009, all participating agencies will be approved for a standard maximum rate of reimbursement for county departments of social services placing children with these agencies. The standardized rates will be established based on child's age, using the same break points as the standard board rates. Family foster care will have a maintenance portion and an administrative portion, in keeping with federal regulations. The previous 4 types of residential care (group, emergency, institution and camps) have been combined into a single residential set of rates.

The standardized maximum participation for state and federal participation are as follows:

**Family Foster Care Standardized Rates for Child Placing Agencies**

Child's Age	Maintenance	Administration	Total
0 – 5	\$ 475 / month	\$ 958 / month	\$1,433 / month
6 – 12	\$ 581 / month	\$ 983 / month	\$1,564 / month
13 and above	\$ 634 / month	\$ 1,004 / month	\$1,638 / month

**Residential Care Standardized Rates for Child Caring Institutions**

Child's Age	Maximum Federal and State Participation
0 - 5	\$ 4,279 / month
6 – 12	\$ 4,437 / month
13 and above	\$ 4,516 / month

**3. County Direct Reimbursement**

Currently, the state reimburses providers directly who have an established rate if the county pays less than that established rate. Beginning with reimbursements distributed after January 1, 2009 the state will only reimburse county departments of social services for 50% of the non-federal share of the cost of care, up to the standard rate. This reimbursement will be limited to the standard facility rate, or the actual amount paid, whichever is less. The state will end all additional payments to the provider agencies. Counties will need to ensure that agreements for child placements specify the amount paid directly by the county. This amount will be the total amount received by the provider, as the state will no longer be reimbursing provider agencies. All state and federal financial participation will be reimbursed directly to the county DSS agencies. Additionally, counties will need to ensure that the DSS-5094 or Child Placement and Payment System (CPPS) has been updated for services beginning December 1, 2008 to accurately reflect the actual county payment as agreed upon between the county and the provider agency.

**4. Equal Partnership – How the “Hold Harmless” clause will be handled**

Included in the budget bill (H2436) was a provision to establish the state and county participation ratios for foster care expenditures. Additionally, the NCGA recognized the need to assist counties who are accustomed to paying less than the facility rate in the transition for those children placed with private providers. The specific text is as follows:

*SECTION 10.29.(e) The State and a county participating in foster care and adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of the cost of care for a child placed by a county department of social services or child placing agency in a family foster home or residential child care facility. A county shall be held harmless from contributing fifty percent (50%) of the nonfederal share of the cost for a child currently in a family foster home or residential child care facility until the child leaves foster care or experiences a placement change.*

In conjunction with the Division of Information Resource Management, the Division of Social Services is working to identify the placements that meet the criteria specified as needing to be “held harmless” in the transition to the standard of 50/50 in financial participation. As the budget bill was passed in July, the August 20th payment data reflecting the July service month will be used as the basis for considering the children / placements meeting the intent of the provision. The Division of Social Services will be transmitting each county’s list of children in the near future.

The Child Placement and Payment System (CPPS) would not accommodate “dual calculations” for automated reimbursements. A manual system for calculating the additional reimbursements is being developed. The CPPS system will be programmed to calculate the federal and 50% of the remaining state share and process payments automatically. The Division of Social Services will maintain the monthly listing of children meeting the criteria, and communicate to the DHHS Controller’s Office calculations for additional reimbursement to county agencies who have children who were previously under an arrangement with the providers and are part of the “hold harmless” provision. It is important to remember that counties will need to first pay the provider the total amount specified in the placement agreement. Only with this information entered into the CPPS can the Division calculate the accurate reimbursement to counties.

If you have any questions regarding the changes to the foster care rates and reimbursement process, please contact Tina Bumgarner at (704) 462-2686 or Kevin Kelley at (919) 334-1135.

Sincerely,



Charisse S. Johnson, Chief  
Family Support and Child Welfare Services

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

**FSCWS-55-08**

## Appendix A – Listing of Authorized Agencies

### Private Family Foster Care

Code	Agency Name	Code	Agency Name
ADT	Access Family Services	ABB	Elon Homes for Children
AAQ	Agape of NC Inc	AEF	Helping Hands Support Services
ABV	Alexander Youth Network	ACY	Kidspace National Centers
ADF	Alliance Human Services - The Mentor Network	AAE	Lifegains Inc
ADG	Alpha Management Community Services Inc	AAT	Lutheran Family Services
AAO	Alternative Life Programs Inc	AAX	Methodist Home for Children Inc
AAW	American Children's Home	ACF	Nazareth Children's Home Inc
ABW	Barium Springs Home for Children	ADP	New Horizon Comprehensive YFS
AAB	Bethany Christian Services	ADZ	Omni Visions Inc
ABX	Boys and Girls Homes of NC Inc	ADS	Quality Family Services Inc
ADA	Caring Family Network - Youth Development Corp	ADH	Seven Homes Inc
ADI	Caring for Children - Appalachian Family Innovations	ABA	Southmountain Children & Family Services
ABE	Caring for Children Inc	AEA	Therapeutic Support Services Inc
AED	Carolina Family Connections	AAZ	Thompson Child & Family Focus
ABU	Children's Home Inc, The	ADU	Turning Point Homes Inc
ABI	Children's Home Society of NC Inc	ADX	Unique Caring Foundation
AEB	Community Services for Children	ABH	Youth Focus Inc
ADJ	Easter Seals UCP of NC Inc	AAS	Youth Homes Inc
AAV	Eliada Homes Inc	ABN	Youth Unlimited Inc

### Residential Foster Care Agencies

Code	Agency Name	Code	Agency Name
AAO	Alternative Life Programs Inc	ACU	Family Emergency Teen Shelter Inc
AAW	American Children's Home	ABG	Family Resources of Rutherford County
AAV	Baptist Children's Home of NC Inc	ABT	Florence Crittenton Services
ABW	Barium Springs Home for Children	ACD	Free Will Baptist Children's Home Inc
ABQ	Bertie-Martin-Beaufort Shelter	045	Henderson County Office of Youth Programs
ABX	Boys and Girls Homes of NC Inc	AAK	Lee County Youth and Family Services
ABE	Caring for Children Inc	ABR	Loray Girls Home Inc
ADE	Catawba County DSS	AAT	Lutheran Family Services
ABZ	Central Children's Home of NC Inc	AAX	Methodist Home for Children Inc
ABY	Cherokee Center for Family Services	ABL	Mountain Youth Resources
ACV	Children's Center of Surry, The	ACF	Nazareth Children's Home Inc
ABU	Children's Home Inc, The	AAP	Onslow County Youth Services
ABF	Children's Homes of Cleveland County	ABK	Presbyterian Home for Children, The
AAN	Children's Homes of Iredell County	ABJ	Rainbow Center Inc
ADN	Christine's Home	ACI	Robeson House Inc
ACA	Church of God Children's Home, The	ADB	Serenity Group Home
AAM	Coastal Horizons Center, Inc.	AAZ	Thompson Child & Family Focus
ACB	Crossnore School Inc	090	Union County DSS
026	Cumberland County DSS	092	Wake County Human Services
AEE	Discovery Homecare	ABM	With Friends Inc
AAD	Ebenezer Christian Children's Home	ABH	Youth Focus Inc
AAA	Eckerd Youth Alternatives Inc	AAU	Youth Opportunities Inc
ABB	Elon Homes for Children	ABN	Youth Unlimited Inc
ACC	Falcon Children Home Inc.		