

## PURCHASED CARE PAYMENT AUTHORIZATION PROCEDURES

DHS will authorize payments to an agency for care and services only if a completed individual agreement, DHS 3600, exists. The rates for child caring institutions and placement agency foster care (PAFC) providers are located on FOM 905-5, Rates for Child Care Institutions and Placement Agencies and at [www.mfia.state.mi.us/olmweb/ex/CFS-Rates.pdf](http://www.mfia.state.mi.us/olmweb/ex/CFS-Rates.pdf). Payment authorizations will be made by DHS only when the purchased care payment procedures outlined within this section of the manual are followed.

DHS will authorize the rates established by the DHS Office of Logistics and Rate Setting (OLRS). No deviation from the established rate is to be authorized.

### Purchased Family Foster Care Licensed Placement Agency Foster Care (PAFC) Provider

The authorization includes:

**Board and Care Rate** - See FOM 905-4, Foster Care Rates.

**Administrative costs** - See FOM 905-5, Rates for Child Care Institutions and Placement Agencies.

#### **Administrative costs can include the following:**

- Social services costs - social work, clerical, supervisory and administrative salaries and benefits (social security, retirement, insurance). Included are the salaries of supportive services such as bookkeeping, statistical procedures, planning, staff development, data processing, etc.
- Operational costs - travel, supplies, utilities, equipment, rent, professional fees, postage, conferences, subscriptions, organization dues, etc.

#### **Administrative costs cannot include the following:**

- Costs resulting from fundraising, religious services, parochial school tuition, chaplain services, donated goods or services, and payments to parent organizations.
- Payment of post placement (or aftercare) services is included in the established per diem rate. There is to be no payment of an administrative rate after a youth has returned home.

**Note:** The administrative rate and the board and care rate are displayed separately and totaled on the DHS-626 printed from SWSS FAJ.

**Non-Scheduled Payments** - Expenses not included in the board and care rate but which are available to children placed with DHS for care

and supervision may be considered for authorization. These expenses are identified in FOM 903-9 and can be reimbursed with documentation.

**Purchased Family Foster Care When a Child Is Placed in an Unlicensed Relative Placement**

Title IV-E eligibility requires that the child's placement be licensed. Title IV-E cannot be used to fund a child's placement in an unlicensed relative placement.

When the child is a state ward (MCI, Act 220, Act 296, or Delinquent, Act 150) state ward board and care funding may be used to pay cost of care in an unlicensed relative placement including the administrative rate. When the child is a court ward, county funds may be used for both board and care and the administrative rate. Requirements related to licensing relative placements are found in FOM 722-3, Foster Care-Placement/Replacement.

For a child who is otherwise eligible for title IV-E has been placed in an unlicensed home, title IV-E funding cannot be used until the home is licensed. Once licensed, retroactive title IV-E payments can be made back to the effective date of the license as long as no Family Independence Program (FIP) or other payments from an alternate fund source were issued for the same time period. If the relative received FIP payments he/she can enter into a repay agreement for the FIP payments. The relative must complete a DHS-4358-A, Notice of Over issuance, and a DHS-4358-B, Department and Client Error Information and Repayment Agreement. Follow local office procedures to process the DHS-4358-A and DHS-4358-B. These forms along with a DHS-626 must be submitted to the Federal Compliance Division for payments to be authorized in these situations. If another fund source was used, reconciliation action on a DHS-587, Reconciliation Notice, must be completed.

For a relative who declines board and care payment or prefers to receive FIP for the child, an administrative only rate may be authorized in SWSS FAJ and printed on the DHS-626 for state wards only from state ward board and care funds. Submit the signed DHS-626 to the Federal Compliance Division for administrative rate only with comments that include references to the relative continuing to receive FIP.

For a child who is a court ward and the home is not licensed, county funds may pay the administrative rate.

An administrative rate cannot be paid to the placement agency foster care (PAFC) provider using title IV-E funds when a child is placed with an unlicensed relative.

**Purchased Residential Care**

The authorization includes:

1. **The Institutional Rate:** See FOM 905-5, Rates for Child Care Institutions and Placement Agencies. The rate includes all of the institutional costs, including administrative, social service and child maintenance expenses. The institutional rate is to be authorized in SWSS FAJ.
2. **Non-Scheduled Payments:** Most non-scheduled payments are not available to children in institutional residential placements as these items are already included in the institutional rate. Special clothing allowances and service code adjustments may be available to the youth. Additional support services, intended to prevent placement disruption, such as one-on-one, may be available; see FOM 903-9, Non-scheduled Payments DHS-634. The Child Welfare Contract Compliance Division (CWCCD) consultant must be contacted for discussion. **Prior** approval must be obtained through the CWCCD for additional support services.

#### Other Residential Facilities

Payments to facilities which are not licensed as placement agency foster care (PAFC) providers or child caring institutions (such as detention homes) are not paid through SWSS FAJ; see FOM 903-2, Payment for Detention Care.

**Note:** Title IV-E funds **cannot** be used for payment to these facilities.

#### Non-Contracted Placement Approval Process

Placement of a youth with a non-contracted agency is only possible if all contracted private agency options and public agencies that can meet the child's needs have been exhausted. Consideration will only be given to programs that have a rate established before December 15, 2009 by DHS Division of Logistics and Rate Setting. Contact the CWCCD consultant for possible placement suggestions: Suite 503, Grand Tower Bldg. Phone: 517-373-7950. Fax: 517-335-0122.

Prior approval must be granted before the non-contracted placement can be made. For children with a foster care and/or juvenile justice case, the DHS-396, Residential Placement Exception Request, should be completed and signed by the county director. A written exception request must be sent to the Child Welfare Contract Compliance Division (CWCCD), Suite 503, Grand Tower Bldg. Phone: 517-373-7950. Fax: 517-335-0122.

If an abuse/neglect ward is exhibiting delinquent behaviors, but has not been adjudicated as a delinquent and the local DHS office is pursuing a juvenile justice placement for the youth, the local DHS office must obtain consent for the JJ placement from the youth's Lawyer-Guardian Ad Litem (L-GAL) and the court. A statement must be included in the DHS-396, Residential Placement Exception Request, regarding the required consents. Any request for placement in a residential juvenile justice facility must follow JJ7 700, Juvenile Justice Assignment Unit Placement Process.

**Note:** When a youth is placed in a mental health institution paid for by Medicaid and is discharged but not moved to another placement, this is considered a non-contracted placement. A DHS-396, Placement Exception Request, must be completed and approval must be obtained. Title IV-E funds cannot be used for days beyond what Medicaid will pay for.

For delinquent wards, The exception letter should include the following information regarding the youth and placement requested.

- Youth's name.
- Date of birth.
- Case number.
- Funding source.
- Legal status.
- DHS worker's name, county, phone number and fax number.
- DHS supervisor's name, phone number and signature.
- Requested placement: agency name, program name, provider number, service code and per diem rate.

Within the body of the request letter, the anticipated date of placement and a projected length of stay should be noted. Other information to be included, but not limited to: the current placement and why the youth cannot be maintained in this placement, brief background of the youth, current issues of the youth and how the facility can meet these needs, and an explanation of why this particular facility is the most appropriate setting for this youth. Also provide information on efforts to locate/ identify other contract placement resources. This should include: names of the agencies, when referral was made and the status of the agency as a placement option. Any applicable documentation, including the most recent initial services plan or updated services plan should be attached to the request and forwarded to the CWCCD. This request must be signed by the DHS Foster Care Supervisor.

Prior approval must be granted before the non-contracted placement can be made. A written exception request must be sent to the Child Welfare Contract Compliance Division (CWCCD), Suite 503, Grand Tower Bldg.

For payment authorization to a non-contracted placement, submit a signed 626 and approval memo from CWCCD to the Federal Compliance Division at 517-335-0122 (fax).