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GOVERNOR

April 30, 2018

ALL COUNTY LETTER (ACL) NO. 18-48

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CHIEF PROBATION OFFICERS  
ALL LOCAL MENTAL HEALTH DIRECTORS  
ALL COUNTY ADOPTION AGENCIES  
ALL ADOPTION DISTRICT OFFICES  
ALL GROUP HOME PROVIDERS  
ALL FOSTER FAMILY AGENCIES  
ALL TITLE IV-E AGREEMENT TRIBES  
ALL OUT-OF-STATE GROUP HOMES  
ALL FOSTER CARE SUPERVISORS

SUBJECT: STATE GUIDANCE FOR SPECIALIZED CARE RATE (SCR)  
PROGRAMS

REFERENCE: SENATE BILL [\(SB\) 1013](#) (CHAPTER 35, STATUTES OF 2012); [42 USC 675\(4\)\(a\)](#); MANUAL OF POLICIES AND PROCEDURES (MPP) SECTIONS [11-401](#); [11-425](#); WELFARE AND INSTITUTIONS CODE (W&IC) SECTION [11461\(e\)\(2\)](#); [11460\(b\)](#); ALL COUNTY LETTER ([ACL](#)) [10-62](#); [ACL 13-43](#); [ACL 17-11](#); [ACL18-06](#); [ACL 18-06E](#); [ACL 18-25](#)

The purpose of this ACL is to provide guidance to counties about how to use their SCR programs to authorize a Specialized Care Increment (SCI) payment in combination with the new Level of Care (LOC) rate structure and Protocol.

### Overview

The passage of [AB 403](#) tasked the CDSS to develop and implement a new rate setting system to support the goals of the Continuum of Care Reform (CCR) efforts. On January 1, 2017, a new rate structure was implemented and resulted in a new process for determining foster care rates. Rates are now being determined based on a LOC Protocol described in [ACL18-06](#) and [ACL 18-06E](#) for Home-Based Family Care (HBFC) placements.

The SCR program was established to assist foster parents, Non-Relative Extended Family Members, or relatives to enhance the support of children/youth placed in their homes who have behavioral, emotional and/or physical (including health) challenges. The SCI provides a supplemental payment in addition to a basic foster care rate that pays for the additional cost of enhanced daily care and supervision needs of a child/youth placed by child welfare or probation.

The CDSS, pursuant to [WIC 11461\(e\)\(2\)](#), maintains oversight and authority to review county SCI plans for the criteria and methodology used to ensure compliance with state and federal law, and requires counties to make changes if necessary to conform to state and federal law. Counties continue to have authority, flexibility and the option to establish a SCR program, including setting the rates and determining the eligible child/youth populations when administering, and/or modifying their SCR programs. Any modifications for the additional care and supervision categories must continue to comply with federal (Title IV-E) and state statutes that define a foster care maintenance payment.

As described in [ACL 17-11](#), counties continue to have the discretion to apply an SCI in conjunction with an LOC. If a child is receiving an LOC rate for a certain condition and/or care and supervision needs, this does not prevent counties, at their discretion, from providing the SCI in addition to the LOC rate for the same condition and/or care and supervision needs, including the ISFC rate. In order for claims for SCI to be eligible for federal financial participation, the SCI must be paid only to address the behavioral, emotional and physical requirements of children/youth in care above and beyond those already covered in the LOC rate structure. Health is included in the requirements. For purposes of implementation of the LOC and SCI or to determine what modifications need to occur within a SCI plan, counties may contact CDSS.

### **SCI Plan and LOC Implementation**

In order to give counties additional time to update their SCI plans, CDSS is delaying full implementation of the LOC Protocol until further guidance is provided. Counties should continue to implement the LOC Protocol consistent with [ACL 18-06](#) and [ACL 18-06E](#) for Foster Family Agencies (FFAs). The delay will allow CDSS to continue to evaluate the LOC Protocol and to finalize the results of the LOC Protocol study. The information will assist us with developing further guidance regarding the use of the LOC Protocol and will inform whether modifications are needed to the LOC Protocol.

Counties with SCR programs will submit their updated SCI plan as soon as possible but no later than June 30, 2018. Counties will continue with their current SCR program if one applies and pay the Basic Level Rate plus the SCI rates to new and existing cases. The updated plans will not take effect until the LOC Protocol is implemented based on forthcoming guidance.

Beginning July 1, 2018 for counties that are continuing an SCI program, the total funding for LOC rate structure will reflect an adjustment to offset the cost provided for the incremental increase between the age based rate and the LOC rate. It is expected that the total amount paid per case (new LOC rate plus any SCI) will not exceed the previous total amount paid per case (old age-based rate plus SCI) prior to implementation of CCR. We are assuming that counties will be reducing their SCI's paid to each case by the amount of the increase in the new LOC rate under CCR as compared the old age-based rate. However, there may be instances in which the circumstances of the case have changed and a higher payment is warranted. The methodology for the SCI offset and instructions for accommodating the documented change in need will be provided in a forthcoming CFL.

### **LOC Scores and The Change to the Leveling Up Guidance**

The LOC Protocol is comprised of a matrix of five Domains and the Scoring Form. There are four rates levels and Static Criteria reflecting an Intensive Services Foster Care (ISFC) rate level. A child/youth's age is no longer the determining factor in setting the rate. Consistent with the guidance in this letter, counties may need to change their current SCI plans to align with the LOC rate structure in order to claim federal financial participation.

Based upon the implementation of the LOC Protocol, the Digital ([SOC 500](#)) and Manual ([SOC 500A](#)) Scoring Forms for the LOC Protocol have been modified to trigger the intensive services level of care rate based on the Behavioral/Emotional and Health domains. After completing the LOC Protocol, if the result of a rating score is 7 in the Behavioral/Emotional or Health domains, the rate will be leveled up to the ISFC rate. Both Section A and Section C of the Scoring Form must be completed, which indicates the reason that the scoring was leveled up as a result of the higher needs in these domains.

A rating of 7 in the Behavioral/Emotional or Health domains becomes a Static Criteria indicator whereby the ISFC rate can be paid for up to 60 days and extended for an additional 60 days with supervisory approval pending completion of the LOC. When the LOC is completed and if the determination results in a lower LOC, the ISFC rate will not be decreased. This is a change in policy that was articulated in [ACL 18-06](#) and will remain in effect until additional analysis can be determined if additional adjustments will need to be made to the Protocol. However, if the resource parent is the identified placement, they will be expected to acquire the training and level of competency to serve that child or youth in their care as outlined in [ACL 18-25](#). If the resource parent is not the long-term placement option, the county or FFA is expected to ensure that services are provided that will support that child or youth until placement stability is established.

## **State Framework for use of SCI Payments and LOC Rates**

The County Welfare Directors Association (CWDA) adopted a single SCI rate structure for recommended use by all counties. The CWDA SCI rate structure will be updated and posted on the CWDA website at [cwda.org](http://cwda.org). However, counties shall use the following guidance below for making changes to their SCR program in order to authorize a SCI payment in addition to the LOC rate.

### **Federal and State Criteria**

With the new LOC rate structure, counties may continue to issue a SCI payment to a resource parent<sup>1</sup> in addition to the determined LOC rate for the additional daily care and supervision (provided by a resource parent) that is not otherwise met by a LOC rate. The LOC and SCI can be based on the same condition(s) when the care and supervision needs of the child are not met by the determined LOC rate; this is not inconsistent with the ability to claim FFP for the SCI rate. The purpose of issuing an SCI must meet the federal definition of a foster care maintenance payment under Title IV-E which is defined in section 475(4) of the Social Security Act as: "... payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, personal incidentals...".

Eligible conditions to be identified in the SCR program will apply to a child/youth that has:

- 1) Behavioral, emotional and/or physical (including health) needs that require additional care and supervision provided by a resource parent above that which is covered by the LOC rate. The additional care needs or activities are being performed or facilitated by a resource parent on behalf of, or in support of a child/youth's placement or;
- 2) Changes in care and supervision needs at any time, even after a LOC rate determination request is made by a resource parent, county social worker/probation officer, child/youth, or other appropriate county staff due to the child/youth's changed care and supervision needs.

Counties will need to describe the eligible conditions in their SCI plans.

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<sup>1</sup> For the purpose of this letter and until December 31, 2019, resource parent includes a licensed foster parent, an approved relative, and an approved nonrelative extended family member.

### **Number of Increment Levels**

The SCI may be structured for one level, or multiple levels based on increasing need. State law provides flexibility in how these rates are structured. Any of the SCI levels can be applied to any LOC rate including the Intensive Services Foster Care Level. Counties will specify the conditions that will apply for their SCI payment structure. If a county chooses to have more than one level it may do so; however, the qualifying conditions and/or range of rates must be clearly stated.

### **SCI Assessments – Frequency, Duration and When to conduct the SCI assessment**

Counties are permitted to determine the policy for the frequency and duration of the initial assessment and reassessment of the SCI rate. The SCI assessment should occur after the use of the LOC Protocol tool. However, there may be exceptional circumstances in which an SCI is needed prior to an initial LOC rate determination to immediately stabilize a foster care placement (workers have up to 60 days to do a LOC). For a county that has existing Foster Care, Kinship Guardianship Assistance Program, Adoptions Assistance Program, Approved Relative Caregiver families or Probation cases that are currently receiving an SCI payment, the SCI payment may remain in place until the next SCI reassessment is conducted.

### **SCI Documentation and Authorization Process**

The SCI assessment, along with any other SCI forms will serve as documentation that supports and authorizes the SCI payment for the additional care and supervision above the LOC determined rate. Counties can continue to use their SCI forms with modifications as needed to reflect local SCR program changes. Any sign-off processes will be determined by each county. When approved, the information will be forwarded to the County's eligibility staff or through the County's established process with the required documentation, and should be maintained in the Services and/or Eligibility Case Files.

### **SCI Notice of Action (NOAs)**

Consistent with guidance provided in [ACL 17-11](#), NOAs must be provided by the County to ensure that formal state hearing rights will continue to be afforded to families. Counties will notify families via a NOA explaining any rate changed and the reason. Additionally, documentation used to determine an LOC rate shall be maintained in the case file. The LOC rate and SCI rate assessment can be requested should a caregiver or child request a fair hearing be occurring. Counties may modify their existing SCI notice of actions and/or modify the suggested NOAs attached in [ACL 17-11](#).

At a minimum NOAs must provide an explanation to resource families of how and why rates are changing under the CCR rate restructuring in the event of:

- a rate increase;
- a rate decrease;
- a rate discontinuance;
- a request for a rate change is denied.

### **Instructions for Submitting Updated SCI Plans**

To better support counties that are updating their SCI plans, the CDSS plans to eliminate some requirements listed under the [MPP 11-401.323](#). Until the CDSS updates SCR regulations, counties are to follow the instructions in this ACL for modifying their SCR programs. Counties will continue with their current SCR programs until the county receives approval from CDSS about their updated or new SCI plan submitted to the department.

If a county chooses to terminate its' existing SCR program, the county shall notify the department in writing, and the notification shall be provided on the county letterhead. The effective date of termination shall be upon implementation of the LOC Protocol. SCR programs that are ending must include how families, children/youth will be notified and supported without a SCR program. Additionally, if a host county terminates its SCR program, the placing county's SCR program, if any, will apply. For the Adoptions Assistance Program, either the host or placing county that retains its SCR program will apply. Plans should try to be no more than 20 pages.

Any updated or new county SCI plans shall now include the following:

1. The populations of who will be served. Please include available data that includes the caseload of the current specialized care population and estimate of any potential expanded populations to be served; list the types of behavior and/or health conditions or qualifying factors for which a specialized care rate is currently paid and/or would be paid under the updated plan. This data will be used to inform the fiscal adjustments that will be outlined in the forthcoming County Fiscal Letter.
2. Payment amounts and whether or not the payments are tiered.
3. The criteria and/or the qualifying factors and conditions used to determine the SCI rate in each level and must be clearly described; if the county is using the CWDA SCI plan, the county should reference what criteria of the CWDA SCI plan is applying to the county SCI plan.
4. The County review process and secondary review/approval, including how often the county will conduct a SCI reassessment.

5. Provide description of what circumstances trigger an SCI assessment i.e., additional conditions or the additional care and supervision needs of the child/youth.
6. Proposed implementation dates and a description of how existing families receiving SCI rates will be treated under the new SCI plan; identifying any plans for how existing SCI rates might be reduced or increased under the proposed plan.
7. How families will be notified about the new SCI rates.
8. A copy of the NOA form used for SCI approval, denial, redetermination and discontinuance which must note the SCI level authorized.
9. An SCI point of county contact with email, phone number and written address information.

After the SCI plans have been reviewed by CDSS and determined that the plan meets the parameters outlined in this letter, the county will be notified by email and in writing and the new updated SCI Plan will be posted along with the current plans on the CDSS website at Foster Care [Specialized Care](#). Please send your SCI Plan to: [SCI@dss.ca.gov](mailto:SCI@dss.ca.gov).

### **Inquiries**

Should you have any questions regarding the information in this ACL, please contact the Foster Care Audits and Rates Branch at (916) 651-9152 or email your inquiry to [SCI@dss.ca.gov](mailto:SCI@dss.ca.gov).

Sincerely,

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GREGORY E. ROSE  
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c: CWDA