



CDSS

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EDMUND G. BROWN JR.  
GOVERNOR

September 22, 2016

ALL COUNTY LETTER (ACL) NO. 16-79

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

REASON FOR THIS TRANSMITTAL

- ☒ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: INFORMATION ABOUT THE CONTINUUM OF CARE REFORM (CCR) HOME-BASED FAMILY CARE (HBFC) AND SHORT-TERM RESIDENTIAL THERAPEUTIC PROGRAM (STRTP) RATES STRUCTURE AND CONVERSION PROCESS FROM THE OLD RATE STRUCTURE TO THE NEW RATE STRUCTURE

REFERENCE: [ASSEMBLY BILL \(AB\) 403](#), CHAPTER 773, STATUTES OF 2015; [SENATE BILL \(SB\) 831](#), STATUTES OF 2016; WELFARE AND INSTITUTIONS CODE (WIC) SECTIONS [11364](#), [11387](#), [11453](#), [11460](#), [11462](#), [11462.01](#), [11462.04](#), [11462.015](#), [11462.02](#), [11463](#), [16000](#), [16519.5](#), [16519.52](#), [16519.53](#), [16519.54](#), [16519.55](#), [18254](#), [18358.30](#), [18987.72](#); [ACL 16-57](#); [ACL 16-65](#)

The purpose of this ACL is to provide information about the new HBFC and STRTP rate structures and to describe the first phase of implementation.

### **Background**

The California Department of Social Services (CDSS) is designated as the single organizational state entity which is authorized under existing state law to administer a state system for establishing rates in the Aid to Families with Dependent Children-

Foster Care (AFDC-FC) program.<sup>1</sup> The passage of AB 403 necessitates the implementation of a new rate setting system to support the goals of the CCR effort. Funding for a new rate structure was provided as part of the Fiscal Year (FY) 2016-17 Budget Act. This new rate structure will be implemented in two phases, with the first phase commencing on January 1, 2017. Phase II will implement on a date to be determined and information will be provided in a future ACL. Phase II rates will be paid prospectively and will not be paid retroactively to January 1, 2017. In addition, the new rate structure is considered “interim”<sup>2</sup> until January 1, 2020, unless a future enacted statute deletes or extends this date or establishes a final rate structure.

Once fully implemented, the new HBFC rate structure is designed to support children in family settings based on a core practice approach that uses a Child and Family Team to engage the child/youth and their families. County agencies, Foster Family Agencies (FFAs) and STRTPs will make available core services and supports (described below), that are tailored to meet the needs of child/youth and families.

AB 403 also creates a new licensing category referred to as STRTPs which will eventually replace the Group Home (GH) rate classification level (RCL) structure. As of January 1, 2017, the CDSS will no longer issue rates based on the GH RCL system for new providers. Current GH’s may apply to be licensed as a STRTP. The STRTPs will provide an integrated program of core services, as specified, as well as therapeutic services. The Interim Licensing standards for STRTPs will be outlined in a separate ACL and new Mental Health Program Approval/Medi-Cal Certification requirements will be forthcoming from the Department of Health Care Services (DHCS).

AB 403 also requires the department to create a rate structure for FFAs and STRTPs that takes into consideration the delivery of individualized core services and supports which are trauma-informed and culturally relevant, and secured either through direct services or formal agreements with other agencies.<sup>3</sup> Core services and supports include but are not limited to: specialty mental health services for eligible children; transition support services for children/youth upon initial entry and placement changes; educational, physical and health supports; including extracurricular activities and social supports; support for transitional-age and non-minor dependent youth; permanency services including clinical permanency services to reunify or achieve adoption or guardianship and efforts to maintain or establish relationships with parents, siblings, extended family members, tribes (active efforts), or other relationships identified as important to the child or youth.

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<sup>1</sup> WIC 11460(a).

<sup>2</sup> WIC 11462.

<sup>3</sup> WIC 11462 and 11463.

## **I. The New HBFC and FFA Rate Structure**

This section describes the HBFC and FFA rate structure. Effective January 1, 2017, every individual applying to be a foster family, including relative caregivers, will be assessed and, if determined to meet applicable Resource Family Approval (RFA) standards, will be identified as a Resource Family (RFs) as described in ACL 16-10 and ACL 16-58.

There are three key highlights to note about the new HBFC rate structure as it applies to RFs and FFAs under Phase I implementation:

- 1) Age is no longer a sole factor to determine the amount of the basic foster care rate. There will be a single rate for all families.
- 2) The HBFC structure standardizes the basic rates paid for children/youth placed in approved, certified, licensed foster family homes or relatives and Resource Families. No longer is there a distinction between placement types and amounts paid.
- 3) FFAs will receive a rate that incorporates two new components: RFA activities and the provision of Services and Supports (S&S).

Phase II will provide for a tiered Level of Care (LOC) rate structure. Rate determinations will be based on a set of domains for each level based on frequency, duration and intensity of services delivered. A LOC Protocol tool will be used for the rate determination and is currently being developed by a workgroup. More information and implementation instructions will be provided in a subsequent ACL.

## **New Components of the FFA Rate Structure**

Effective January 1, 2017, all FFAs will be required to implement RFA for new families, and all existing families will be required to convert to approval status under RFA by December 31, 2019.<sup>4</sup> Information on the RFA process for FFAs has been provided through Interim Licensing Standards. In addition, AB 403 reinforces the preference that children or youth with physical, emotional or behavioral health challenges remain in a home-based family care setting when possible.

As a result, two new components have been added to the FFA rate structure to support AB 403 objectives in Phase I: S&S and RFA. The S&S amount is intended to enhance the ability for FFA's to provide core services.

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<sup>4</sup> Health and Safety Code 1517

The RFA amount is added to the rate to capture the administration of the psychosocial assessment and other required RFA activities. Additional changes to the FFA rate during Phase I are described on page five.

### **Intensive Treatment Foster Care (ITFC)**

On January 1, 2017, the ITFC program described in WIC section 18358.30 will remain in effect and rates will continue to be paid for current or newly established ITFC programs per ACL 16-57 until further notice of Phase II implementation. AB 1997 (Stone, 2016), if signed into law, requires the department to implement a new interim rate structure for specialized programs that serve children with specific needs including intensive treatment and behavioral needs and specialized health care needs.<sup>5</sup> Further information regarding these changes will be provided in a subsequent ACL.

In Phase II of rate implementation, the programmatic aspects of ITFC will be modified so that it aligns with the new Intensive Services Foster Care (ISFC) rate structure. Under the new HBFC rate structure, the ISFC rate is intended to accommodate Multi-Dimensional Treatment Foster Care, special health care or medical placements, Therapeutic Foster Care (TFC), or other special placements. The ISFC will be a program that is also an alternative placement option to or a step-down from a residential setting. The new ISFC program will give the agency and county more flexibility to tailor the services to the needs of a child/youth, specifically for a child/youth that may be stepping down from residential care.

## **II. GHs and STRTPs**

Pursuant to AB 403, the reliance on congregate care should be limited to short-term therapeutic interventions. Children/youth placed in STRTPs should receive the intensive services they need to stabilize and return home or step-down to a HBFC setting where the appropriate services can still be provided. No later than 12 months subsequent to licensure, STRTPs will be required to obtain a mental health contract and a Mental Health Program Approval/Medi-Cal Certification from the DHCS or a delegated county Mental Health Plan to ensure the provision of specialty mental health services for children placed into these facilities.

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<sup>5</sup> WIC 18358.

In order to apply for the new STRTP rate, a STRTP must meet the following requirements:

- Obtain a letter of recommendation from either a host or placing county
- Submit an application to the Community Care Licensing Division (CCLD)
- Submit documentation regarding the status of accreditation
- Submit a new program statement and plan of operation

In order to be licensed as a STRTP and receive the STRTP rate, the facility must obtain a license from the CCLD and have a rate issued by the Foster Care Audits and Rates Branch (FCARB). The STRTPs will be required to obtain accreditation from an accreditation body identified by CDSS within two years of licensure and to provide a status update to CDSS at the 12 month and 18 month intervals subsequent to licensure. Additional information regarding licensing and program requirements will be provided in a future ACL.

### **III. Phase One Implementation for HBFC Placements, FFA Rates, STRTPs, Group Homes and Other Placements Types**

The first phase of implementation begins January 1, 2017 and is described in this section. Phase II of the HBFC structure will be announced in a future ACL and future instructions will establish the tiered HBFC structure for RFs and FFAs, including the ISFC rate, address the use of the rate determination protocol and establish a Services-Only rate for FFAs and Community Based Organization (including STRTPs) that are contracted with a county placing agency to serve county-approved resource families, including relatives.

#### **HBFC Basic Level Rate**

Effective January 1, 2017, a basic level rate of \$889 will be issued for all new placements of a child/youth in one of the following settings: Resource Families, county foster family homes (FFHs), Relatives (including both Federal and non-Federal relative cases and regardless of participation in the Approved Relative Caregiver Program), Nonrelative Extended Family Members home, and a Non-Minor Dependent in a Supervised Independent Living Placement. Counties may, in addition to the basic level, apply the SCI and clothing allowance. Families paid at a higher rate than the basic level rate (e.g. any additional SCI) may continue receiving those rates at county discretion. Counties will continue to provide written guidelines for their discretionary continuation of SCI rates and clothing allowances, and apply these guidelines equitably to determine a family's eligibility for SCI rates or clothing allowances. The educational travel stipend policy remains unchanged and should continue to be paid as determined by the county.

Current placements (cases existing prior to January 1, 2017) identified above that are receiving a basic rate less than the basic level \$889 will, effective January 1, 2017, receive a rate increase up to the basic level rate of \$889.

### **FFAs Rates**

Effective January 1, 2017, all new and existing FFA RFs and certified families will be paid according to the rate structure displayed below. FFAs will be paid the total rate in the chart below. Phase I provides one flat rate for administration and incorporates the new components of RFA and S&S. These rates will be paid until instructions are issued that will establish the tiered HBFC structure for FFAs in Phase II.

Age	0-4	5-8	9-11	12-14	15-21
<b>FFA Certified Family</b>	\$896	\$954	\$994	\$1,032	\$1,072
<b>Social Worker</b>	\$340	\$340	\$340	\$340	\$340
<b>Service &amp; Supports</b>	\$156	\$156	\$156	\$156	\$156
<b>RFA</b>	\$48	\$48	\$48	\$48	\$48
<b>Administration</b>	\$672	\$672	\$672	\$672	\$672
<b>Total</b>	<b>\$2,112</b>	<b>\$2,170</b>	<b>\$2,210</b>	<b>\$2,248</b>	<b>\$2,288</b>

### **STRTP and GHs**

Effective January 1, 2017, the new STRTP rate is \$12,036.00. For all out-of-state GH placements, the rate the county pays is based on the out-of-state GH rate; however, the rate paid cannot exceed the new STRTP rate. Any GHs that cannot readily convert to a STRTP may be granted an extension, at county request, to continue to receive their existing RCL rate. For further information regarding the extension request criteria, counties and providers should refer to ACL 16-65.

For GHs that successfully convert to an STRTP (i.e. CCLD licensure and a rate approved by the FCARB), FCARB will send a rate approval letter to inform both the county welfare and/or probation department and the new STRTP of the new rate and effective date of that rate. Additionally, FCARB will update the GH/STRTP facility rate listing on its website to assist counties in identifying the correct rate to be paid to GHs granted an RCL extension and STRTPs.

**Kinship-Guardianship Assistance Program (Kin-GAP), Nonrelated Legal Guardian (NRLG) and Adoption Assistance Program (AAP) Placements**

New placements of a child or youth (on or after January 1, 2017) who is determined to be eligible to receive assistance under Kin-GAP, the NRLG Program, and AAP will receive the basic level rate of \$889.

The rate structure for families receiving AAP on behalf of an eligible child whose AAP agreement was signed prior to May 27, 2011 and whose adoption finalized prior to May 27, 2011 will not change. Consistent with existing law, AAP agreements signed on or after May 27, 2011 or for AAP eligible adoptions that were finalized on or after May 27, 2011, may be reassessed based on the changing needs of the child or the circumstances of the adoptive parent. Effective January 1, 2017, following a reassessment pursuant to the above, the AAP basic rate may be increased to the new basic level rate. Additional guidance on the HBFC rate structure and how it applies to AAP will be provided in a subsequent ACL.

The rate structure for families currently receiving Kin-GAP assistance payments or for NRLG cases where guardianship was established prior to or after May 1, 2011 will not change. Effective January 1, 2017, the Kin-GAP basic rate may be increased upon reassessment of the circumstances of the caregiver and the needs of the child for cases in which the kinship guardianship was established and dependency was terminated on or after May 1, 2011. Additional guidance on the HBFC rate structure and how it applies to Kin-GAP and NRLG's will be provided in a subsequent ACL.

**Out-of-State FFH Placements**

Out-of-state FFH rates will remain the same. Counties will continue to pay the other state's rate as they do now.

**Wraparound Rate**

Commencing January 1, 2017, the Wraparound rate will be \$8,573 which was calculated based on the average of the RCLs 10.5 and 13 in effect for the FY 2014-15. The California Necessities Index will continue to be applied to this rate. Any adjustments for federal placements will be made in accordance with the existing processes. For purposes of tracking and claiming, the Wraparound rate will be issued as an RCL 16 until phase two of the rate conversion is fully implemented.

**IV. Level of Care Rate Protocol**

The CDSS will provide further guidance regarding the LOC protocol via an ACL as stated above.

**V. Fair Hearings and Noticing**

As noted previously, CDSS has authority to establish statewide rates. This ACL transmits the new statewide rates for Phase I implementation effective January 1, 2017, that increase rates for families currently receiving a rate lower than the Basic Level rate. As such, this rate increase is not subject to a fair hearing. However, counties will be required to issue notice for these rate changes. Additional information regarding noticing will be provided in a forthcoming ACL. Upon Phase II implementation of the HBFC rate structure, rates will not be retroactive to January 1, 2017. The HBFC and STRTP claiming issues will be addressed in a subsequent County Fiscal Letter.

Please contact FCARB at (916) 651-9152 for any questions regarding the information in this ACL.

Sincerely,

***Original Document Signed By:***

GREGORY E. ROSE  
Deputy Director  
Children and Family Services Division

c: CWDA  
CPOC