

Regulatory Impact Statement

1. Statutory authority:

The Office of Children and Family Services (OCFS) has the authority to regulate rates for residential placements of children through Social Services Law section 153. The regulatory change adds a limited additional consideration for when an absence from such residential placement would be reimbursable by the local department of social services (LDSS) and the applicable school district.

2. Legislative objectives:

The legislative objectives in enacting Social Services Law section 153 was to establish requirements to govern appropriate claiming, reimbursements, advances and disallowances of specified expenditures by LDSSs, including, among other things, maintenance costs for residential Committee on Special Education (CSE) placements.

3. Needs and benefits:

The purpose of this rule is to amend a specific provision in regulation that has created an impediment for non-profit providers that provide residential educational programs for children with disabilities in seeking reimbursement from LDSSs and school districts for services provided to these children throughout the pandemic. These children are determined to be in need of these highly specialized educational residential services due to the intensity of their mental health, developmental or behavioral health needs by local school districts' CSEs.

When the Governor issued the state of emergency in March, several parents made the decision to take their child home out of fear of them contracting the virus in the residential education setting. The majority of the not for profits continued providing remote services to the children and their families understanding that the children would be returning to their campuses when safe to do so. Due to OCFS's regulation limiting absences to 15 days, providers have been unsuccessful in their attempts to seek reimbursement resulting in an estimated \$12M loss that continues to accrue, according to data provided by the Council of Family and Child Caring Agencies (COFCCA).

Payment for these residential educational placements are made by the LDSS in the first instance and then the applicable local school district reimburses the LDSS a portion of these costs (approximately 47%). Because OCFS is not a party to the reimbursement, but rather merely the agency that sets and approves the reimbursement rate, OCFS proposes to amend the regulation such that a reimbursement for residential placement during this state of emergency may be authorized but is not expressly mandated. The

proposal would remove the barrier created by the previously narrow set of exceptions and allow the programs to seek reimbursement.

4.Costs:

This rule would not mandate any new costs or payments on the State, local governments, OCFS or regulated entities, but instead would remove barriers that would preclude payment for absences that have resulted from COVID-19 where failure to make these payments may result in an unanticipated savings for a LDSS or a local school district.

5.Local government mandates:

This change enacts no new mandates on local governments. Instead, this regulatory package will allow flexibility for the LDSS when faced with a state of emergency.

6.Paperwork:

It is anticipated that this rule, would at most, result in minimal new paperwork related to claiming requirements, if at all.

7.Duplication:

No duplication of requirements is associated with this rule.

8.Alternatives:

The possibility of not adopting any regulatory change was considered. In light of COVID-19, OCFS determined to pursue this path as the existing regulatory language was inflexible and has precluded any maintenance reimbursement for residential CSE placements where the absence exceeded 15 days, creating unique and unforeseeable fiscal challenges for residential CSE providers.

9.Federal standards:

This rule provides for appropriate care and services for children with special needs. This is not in excess of any federal standard.

10.Compliance schedule:

As this rule provides flexibility to existing regulatory requirements, compliance and applicability of the rule is determined by the LDSS on a case by case, as needed, basis.