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John A. Johnson
Commissioner

Administrative Directive

Transmittal:	05-OCFS-ADM-04
To:	Local District Commissioners Executive Directors of Authorized Voluntary Agencies
Issuing Division/Office:	Administration
Date:	June 28, 2005
Subject:	Maximum State Aid Rates (MSAR) – Minimum Payment Requirements for Local Social Services Districts Effective July 1, 2005
Suggested Distribution:	Directors of Services Accounting Supervisors
Contact Person(s):	Daniel Zeidman, Chief Rate Analyst, at 518-474-9572, or Daniel.Zeidman@ocfs.state.ny.us
Attachments:	<ul style="list-style-type: none">▪ MSAR Payment Information Certification▪ MSAR Payment Information Worksheet
Attachments Available Online:	Yes

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
		18 NYCRR Part 427	SSL 398-a (2-a)		

I. Purpose

The purpose of this communication is to provide specific direction, as well as to request payment information, regarding the minimum payment requirements for Maximum State Aid Rates (MSARs) as specified in the State Fiscal Year (SFY) 2005-06 enacted State Budget. The new minimum payment requirements, pursuant to Section 398-a (2-a) of the Social Services Law (SSL), prohibit local social services districts (local districts) from paying less than the MSARs established by the Office of Children and Family Services (OCFS) for foster care programs operated by voluntary agencies, with the exception of two types of program rates. The administrative/services rates established by OCFS for the regular foster boarding home programs operated by voluntary agencies are exempt from the minimum payment requirements, as are the pass-through rates established by OCFS for foster parents in regular, therapeutic, special needs, or emergency foster boarding home programs. All other MSARs established by OCFS are affected by this new provision of law, which means the MSAR established for each congregate care rate and for each administrative/services rate for a therapeutic, special needs, or emergency foster home program.

II. Background

Until this recent change in law, MSARs established under Section 398-a of SSL specified maximum levels of state and federal reimbursement to local districts for foster care costs, but did not mandate minimum payment levels. Thus, local districts were permitted to negotiate and pay less than the MSAR for a given program under the prior statutory provisions. With this recent change in law, local districts, in accord with the specified implementation time frames, will be prohibited from paying less than the established MSAR, except for those rates in the exempt groups specified above.

The MSAR minimum payment requirements will be phased in so that, by July 1, 2006, all local districts will be required to pay no less than 100 percent of the applicable MSAR established by OCFS for each congregate care rate and for each administrative/services rate for a therapeutic, special needs, or emergency foster home program.

III. Program Implications

A local district that, as of January 1, 2005, was paying less than the applicable MSAR for a congregate care program, or the applicable administrative/services rate for a therapeutic, special needs, or emergency foster home program operated by a voluntary agency, will be required in the 2005-06 MSAR rate cycle to reduce its payment percentage gap for each affected program by two-thirds. Beginning with the 2006-07

MSAR rate period, and for all subsequent rate periods, such local districts will be required to pay no less than 100 percent of the MSAR for all the applicable programs specified above. Local districts will have the ability to pay more than the applicable MSARs, but not less. However, the MSARs will continue to limit the program-specific maximum level of state and federal reimbursement to a local district.

For example, if the MSAR in effect on January 1, 2005, for an applicable program was \$100, and the local district payment rate for the same program was \$91, then the payment percentage gap was nine percent. For such a case, Section 398-a (2-a) of the SSL would require the local district to reduce its payment percentage gap for that program to three percent (a reduction of two-thirds) effective with the establishment of the MSAR for that program for the 2005-06 rate cycle. If the MSAR for the 2005-06 rate cycle for the same program is published at a rate of \$106, then the local district would be required to pay no less than \$102.82, which is 97 percent of \$106. Thus, by paying \$102.82, the payment percentage gap for that program would be reduced from nine percent to three percent, i.e., by two-thirds. Beginning with the 2006-07 rate cycle for that program, and for all subsequent rate cycles, the local district would be required to pay no less than 100 percent of the MSAR.

A local district that, as of January 1, 2005, was already paying at or above the MSAR for any of the applicable programs will be required to pay no less than 100 percent of the MSAR for the 2005-06 rate cycle, as well as for all subsequent rate cycles.

Allocation of \$3.134 Million to Implement New Law

The amount of \$3.134 million is appropriated in the SFY 2005-06 enacted State Budget to help support the additional maintenance expenditures that will be incurred and claimed by those local districts that, as of January 1, 2005, were paying less than the MSARs for any of the applicable programs specified above. These funds are for the period of July 1, 2005 through December 31, 2005.

OCFS will allocate the \$3.134 million in a subsequent memorandum, based upon the payment information it receives from each local district in accordance with this ADM.

IV. Required Action

A. Required Minimum Payment Rates

As stated above, the new requirements will be phased in over two years so that by July 1, 2006, all local districts will be required to pay no less than the applicable MSAR for each congregate care program, as well as the applicable administrative/services MSAR for each therapeutic, special needs, or emergency foster home program. Districts that were paying less than the MSAR as of January 1, 2005 for any applicable program will be required in the 2005-06 MSAR rate cycle to reduce the payment percentage gap for each affected program by two-thirds. In addition, districts that were paying at

or above the MSAR for each applicable program as of January 1, 2005, will be required to continue to pay no less than the MSAR in the 2005-06 MSAR rate cycle, as well as in all subsequent rate cycles.

B. Payment Information Certification and Worksheet

Attached is a **Payment Information Certification** that each local district must complete and return to OCFS.

Also attached is a **Payment Information Worksheet** that must be completed and returned to OCFS by those local districts that, as of January 1, 2005, paid less than 100 percent of the MSAR in effect for any of the applicable programs specified above. The first line of the worksheet shows an example of how the worksheet needs to be completed for each program that was paid below the MSAR. Please refer to the rate charts at the following website address, as needed, for relevant MSAR information to include in this worksheet.

<http://www.ocfs.state.ny.us/main/rates/FosterCare/Rates/FC-Voluntary2004-2005.pdf>

The required payment information is being requested for two reasons. The first is to establish a basis for allocating the \$3.134 million available to assist local districts in implementing the requirements of Section 398-a (2-a) of the SSL. The second is to obtain the program-specific payment information from those local districts that were paying less than 100 percent of the MSAR for any applicable program as of January 1, 2005, and to use that information as the basis for reviewing future compliance with this change in law.

The information provided in the completed attachments will be subject to further verification, as determined by OCFS.

If you have not done so already, please submit the completed attachment(s) to the following address by July 15, 2005. This information will be the basis for the allocation of \$3.134 million specified above.

Please mail the completed attachments to:

- o **Daniel Zeidman, Chief Rate Analyst, NYS Office of Children and Family Services, Room 314 South, 52 Washington Street, Rensselaer, NY 12144**

Where a Payment Information Worksheet is submitted, please e-mail an EXCEL worksheet with the same data to the following address: rsu.cse@ocfs.state.ny.us

V. Systems Implications

All existing procedures for processing MSAR payments and reimbursing claims will continue to be applicable to the changes specified in this directive.

VI. Effective Date

This directive is effective as of the date of its issuance.

Susan A. Costello s/s

Issued By:

Name: Susan A. Costello

Title: Deputy Commissioner

Division/Office: Administration

MSAR Payment Information Certification

Please accept this as the below named local district’s certification regarding the level of Maximum State Aid Rate (MSAR) payment made for each congregate care program and each administrative/services rate for each therapeutic, special needs, or emergency foster home program, as of January 1, 2005.

I _____ hereby certify that
Commissioner or Designee (print name)

Name of District (print name)

(Check one)

- paid less than 100 percent of the MSAR established for ANY of the above-referenced programs as of January 1, 2005, and have accurately documented on the attached Payment Information Worksheet the actual payment rate that the district was making for each such program as of January 1, 2005, OR**
- paid 100 percent or more of the MSAR established for ALL of the above-referenced programs as of January 1, 2005 (The district does NOT need to submit a Payment Information Worksheet).**

Commissioner or Designee (Signature)

Contact Person (if different than Commissioner)

Contact Telephone Number

Date

