

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



July 26, 2006

ALL COUNTY LETTER (ACL) NO. 06-12

TO: ALL COUNTY WELFARE DIRECTORS  
 ALL CHIEF PROBATION OFFICERS  
 ALL COUNTY ADOPTION AGENCIES  
 ALL GROUP HOME PROVIDERS  
 ALL FOSTER FAMILY AGENCIES  
 ALL LOCAL MENTAL HEALTH DIRECTORS  
 ALL COUNTY FISCAL OFFICERS

SUBJECT: SHARING RATIOS FOR GROUP HOME PROGRAMS

REFERENCE: ALL COUNTY LETTER (ACL) NO. 05-25 AND ASSEMBLY BILL 1752  
 (CHAPTER 225, STATUTES OF 2003) WELFARE AND INSTITUTIONS CODE  
 SECTIONS 11462(A)(3), 11463(i) and 11466.2(a)

REASON FOR THIS TRANSMITTAL

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

The purpose of this ACL is to provide information regarding additional changes made to the ratesetting process for group homes and foster family agencies and for establishing group home sharing ratios as a result of the newly implemented biennial ratesetting process. These changes will take place for all group home rates effective July 1, 2006.

In the past, rate applications were received and rate letters issued annually by the California Department of Social Services (CDSS) for each program. Those annual rate letters also described the federal and state cost sharing ratio for each program, based on the program's reported expenditures for the prior year as contained in cost reports submitted by the group home provider. Providers were instructed to supply a copy of the rate letter to each county placing agency from whom they received placements. County welfare departments would then apply these cost sharing ratios to the rates paid for children placed in the specific group home program to determine the appropriate level of funding for the monthly placement costs.

Biennial Ratesetting

The biennial ratesetting process has necessitated changing the way applications for ongoing rates are submitted. For instance, applications will now be received according to a schedule which takes into account whether the submission year is even or odd and whether the program number of the group home program is even or odd. Under this new process, all group home programs will now submit an application once every two years and that application covers a two-year period. Because of this new process, rate letters will only be issued to those programs required to submit an application based on the program number and year (approximately half of the total group home programs). All other programs continue operating under their most current rate letter until the rate application cycle requires submittal of a biennial rate application. Additionally, providers are no longer required to submit cost reports with their rate application but must now do so with submission of their Independent Financial Audit Report.

Because of these changes, the CDSS is no longer able to generate annual rate letters for group home providers that contain program specific cost sharing ratio information to provide to counties.

As a result, we have developed a new process for counties to identify cost sharing ratios for group home programs. To develop this process, the CDSS reviewed and researched alternate cost sharing ratio methodologies, and identified an aggregate grouping of three Rate Classification Levels (RCLs) that would appropriately identify the federal and state cost sharing ratios.

This aggregate grouping was derived through a review of cost reports submitted by group home providers in each category utilizing the most recent audited cost data available to the CDSS. The grouping methodology provides a reasonably accurate means of establishing sharing ratios for federal and State reporting purposes as well as an efficient process for counties and providers to use and administer.

The cost sharing ratios for group home programs for FY 2006/2007 are as follows:

<u>RCL</u>	<u>FEDERAL</u>	<u>STATE</u>
1 through 8	91.56	8.44
9 through 12	91.42	8.58
13 and 14	91.95	8.05

These groupings will be used for all rate actions conducted during the year, including ongoing rate letters, new programs, new providers and RCL increases. The cost sharing ratios will be recalculated every year to ensure that cost sharing ratios within the groupings are calculated using recent audited cost data representing a majority of all group home providers. Additionally, the CDSS will issue an All County Letter each year updating this information.

Counties must apply these cost sharing ratios to all Aid to Families with Dependent Children-Foster Care rates paid to group homes according to the RCL of the group home placement. Additionally, the cost sharing ratios identified above are for all group home providers for the period identified. Cost sharing ratios contained in prior rate letters are no longer valid. The cost sharing ratios will be readily accessible on the CDSS website at <http://www.hwcws.cahwnet.gov/ProgramResources> and will no longer be identified in the rate letters to providers. This modified cost sharing ratio format and information will be accessible at all times on the CDSS website.

Additionally, counties should be aware that the website referenced above also contains the most current rate information available for group home and foster family agency programs as the rates listing is updated each month. As such, counties should always refer to this website to verify program rates in addition to the sharing ratios.

A County Fiscal Letter will be issued for specific claiming instructions. If you have any questions regarding this ACL, please call the Foster Care Rates Bureau at (916) 651-9158.

MARY L. AULT  
DEPUTY DIRECTOR  
Children and Family Services Division

c: CWDA