

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**DIRECT MAINTENANCE PAYMENTS
UNDER THE TITLE IV-E FOSTER
CARE PROGRAM FOR CHILDREN
EXCEEDING THE AGE LIMIT**



JUNE GIBBS BROWN
Inspector General

APRIL 1996
CIN: A-07-96-01020



Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

CIN: A-07-96-01020
April 5, 1996

Mr. Gary J. Stangler
Director, Department of Social Services
Broadway State Office Building
P.O. Box 1527
Jefferson City, Missouri 65102

Dear Mr. Stangler:

This report titled *Direct Maintenance Payments Under the Title IV-E Foster Care Program for Children Exceeding the Age Limit* provides you with results from an Office of Inspector General (OIG), Office of Audit Services (OAS) review. The purpose of this report is to separately discuss unallowable maintenance payments identified during our review of retroactive costs for the Foster Care program (CIN: A-07-95-01010). We determined that for the period January 1, 1989 through December 31, 1991, the Missouri Department of Social Services (State) claimed direct maintenance costs of \$68,293 for children who exceeded the age limit for Foster Care.

The State agreed to adjust direct maintenance claims (\$23,700) on children who had turned 19 years of age or were 18 and had graduated from secondary school. However, they did not respond to our recommendations to determine if the remaining claims (\$44,593) were for eligible children, as determined by their status as full time students, and to establish a payment edit for age. A copy of the State's comments appears in its entirety as the Appendix.

SCOPE

All audit work associated with this report was performed as a part of our audit of retroactive title IV-E Foster Care program costs. However, because the finding did not relate to the issue of the retroactive claim, we have chosen to report our findings separately. Findings relate to allowability of costs for direct maintenance payments during the period January 1, 1989 through December 31, 1991 as claimed by the State for reimbursement under the title IV-E Foster Care program.

FINDING AND RECOMMENDATIONS

We determined that the State claimed direct maintenance costs for children who were identified as eligible for foster care, but exceeded the age limit for eligibility (age 18). As a result we determined that as much as \$68,293 in direct maintenance costs could be

unallowable. We are recommending that the State (1) refund maintenance costs for the ineligible 19 year old children and the 18 year old children who had graduated from school and (2) determine if the remaining 18 year olds were full-time students, refunding costs for any who were ineligible. We are also recommending that the State establish computer edits that would prevent payments for children exceeding the age limits.

Under section 406(a) of the Social Security Act, a dependent child is defined as one under the age of 18. This age limit applies to title IV-E foster care eligibility under section 472 of the Act. The only exception under section 406(a) is (at State option) for those children who are over 18 and under the age of 19 and who are full-time students expected to complete their secondary schooling or equivalent training before reaching age 19. (45 CFR 233.90(b)(3))

As reported in our audit of retroactive costs, the State's inclusion of ineligible children in their title IV-E population resulted in overstated title IV-E allocation rates that overstated administrative costs to the Foster Care program. Since we were concerned that the State also paid direct payments to children that turned 19 years of age, we requested payment histories for those children. We determined that the retroactive claims did not include any children who had turned 19 years of age and had received a direct maintenance payment.

However, we determined that direct payments for children turning 19 years of age were included in the State's original quarterly claims. History information indicated that direct payments totaling \$68,293 had been made to these children. However, some of these payments were made when the children were 18 years of age. From the payment history information, we identified \$22,705 (\$13,596 FFP) of direct payments that were made after the children turned 19 years of age. These direct payments are not eligible for title IV-E foster care under any circumstances.

The remaining payments of \$45,588 (\$68,293 less \$22,705) paid to the children when they were 18 years of age could also be ineligible for title IV-E foster care reimbursement. To be eligible for direct payments, the children had to be full-time students and expected to graduate from a secondary school before turning 19 years of age. We determined that the State had paid \$995 (\$591 FFP) for three 18 year old children after they had graduated from secondary schools. We could not determine whether the remaining payments of \$44,593 (\$26,755 FFP) were made for eligible or ineligible 18 year old children.

Foster care payments to children who exceeded the age limits were, in part, caused by the State's policy of automatically continuing title IV-E foster care payments to children turning 18 years of age. The State's system required action to stop a child's eligibility and foster care payments. State officials indicated that this procedure was done to prevent stopping legitimate payments.

RECOMMENDATIONS

We recommend that the State:

- (1) Adjust \$23,700 (\$14,187 FFP) from original quarterly claims during period January 1, 1989 through December 31, 1991, for direct payments on children who had turned 19 years of age or were 18 and had graduated from secondary school.
- (2) Determine if remaining payments of \$44,593 (\$26,755 FFP) were for 18 year old children who were full-time students, and refund payments for ineligible children.
- (3) Establish a payment edit that would prevent title IV-E direct maintenance payments to children after the month following their 19th birthday.

Auditee Comments

The State agreed, after excluding children in an Independent Living Arrangement, with our first recommendation to adjust the direct maintenance claims on children who had turned 19 years of age or were 18 and had graduated from secondary school. However, the State did not respond to our other two recommendations.

OIG Response

We agree that Independent Living Arrangement participants were paid from State funds and should not be included in our adjustment. Accordingly, we have removed those participants from our adjustment amount.

INSTRUCTIONS FOR AUDITEE RESPONSE

Final determinations as to actions to be taken on all matters reported will be made by the HHS action official identified below. We request that you respond to each of the recommendations in this report to the HHS action official, presenting any comments or additional information that you believe may have a bearing on the final determination.

* * * * *

Page 4 - Gary J. Stangler

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), OIG, OAS reports issued to the Department's grantees and contractors are made available, if requested to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR part 5.)

Sincerely,



Barbara A. Bennett
Regional Inspector General
for Audit Services

Enclosure

HHS Action Official:

Ms. Linda Carson
Regional Administrator, Region VII
HHS/Administration for
Children and Families
601 East 12th Street,
Kansas City, Missouri 64106



MISSOURI
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MEL CARNAHAN
GOVERNOR

March 11, 1996

Ms. Barbara A. Bennett
Regional Inspector General
for Audit Services
Region VII
Room 284A
601 East 12th Street
Kansas City, MO 64106

Dear Ms. Bennett:

This is in response to your draft report titled Direct Maintenance Payments Under the Title IV-E Foster Care **Program** for Children Exceeding the Age Limit (CIN: A-07-96-01020).

Our review of the 40 children age 18 or over from your report showed that 17 children were identified as Independent Living Arrangement (ILA) participants. ILA participants are paid from state funds through the CSIPS Automated Payment System. Therefore, no Title IV-E funds were used for those placements.

An attached Document A identifies each child, the payment amount and the "FFP" portion.

Document B is a schedule showing the recomputation of the disallowance based on the information shown in Document A.

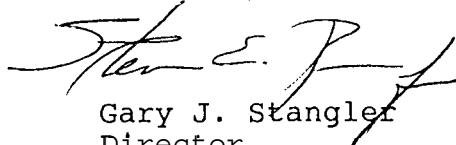
We believe the confusion with these 17 participants involves the "02" funding code. The "02" code is used for a number of sub-programs that fall under the umbrella program of Alternative Care IV-E. The computer system will automatically determine that the division should not claim Title IV-E for children based on the Placement Type (Field 47). In other words, this function is done automatically within the system.

Also attached is a memo (Document C) explaining the coding procedures that are used so that the over 18's are properly coded in the placement field and will be state-funded.

Barbara Bennett
Page 2 .

If we can be of further assistance, please contact J. B. Loewenstein at (573) 751-4245.

Sincerely,



Gary J. Stangler
Director

GJS:jw

Attachments

Document A

Title IV-E Care Program for Children Exceeding the Age Limit
..January 1, 1989 – December 31, 1991

Name	DCN	Direct Maintenance	FFP
	01398181	\$1,086.62	\$650.00
	20817047	\$244.00	\$144.40
	06580717	\$244.00	\$144.40
	07463714	\$1,700.52	\$1,006.38
	021122803	\$2,174.00	\$1,299.50
	03127223	\$1,165.73	\$691.68
	07815626	\$56.77	\$34.54
	08013485	\$430.82	\$257.71
	06144307	\$562.00	\$341.92
	02301852	\$6,278.00	\$3,755.52
	02128892	\$273.27	\$166.26
	04873049	\$534.68	\$325.30
	18014902	\$281.00	\$170.96
	01209362	\$2,008.56	\$1,211.82
	01957416	\$1,374.97	\$830.95
	13124483	\$3,653.00	\$2,193.78
	21692422	\$281.00	\$170.96
		<u>\$22,348.94</u>	<u>\$13,396.08</u>

1/

1/ Individual names blocked out of State response by OIG/OAS.

Document B

'Title IV-E Foster Care Program
for Children Exceeding the Age Limit
Schedule to Recompute Disallowance
January 1, 1989 - December 31, 1991

	<u>Direct Maintenance</u>	<u>FFP</u>
OIG Audit Results	\$46,049.00	\$27,583.00
DSS Analysis-Schedule Attached	<u>22,348.94</u>	<u>13,396.08</u>
Amount Overpaid	<u>\$23,700.06</u>	<u>\$14,186.92</u>

Document C
CS89-67

43
CSSU
MARY HOLTHERMAN
CS HANDBOOK

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
Broadway State Office Building
JEFFERSON CITY, MISSOURI
October 27, 1989

M E M O R A N D U M

TO: AREA DIRECTORS, COUNTY DIRECTORS AND CHILDREN'S SERVICES STAFF

FROM: PAULA J. WILLMARTH, DIRECTOR 

SUBJECT: CODING CHANGES FOR TITLE IV-E ELIGIBLE CHILDREN

ALTERNATIVE CARE HANDBOOK REVISION #9: REVISION OF Procedure D-5, Financial/Support Planning, Attachment D - Special Expenses Payment, Attachment G - Summary Chart of Alternative Care Placement Resources Characteristics, Attachment H - Medical Planning; Procedure D-16, Subsidizing an Adoption; Attachment A - Adoption Subsidy Program.
CHILDREN'S SERVICES FORMS MANUAL REVISION #18: REVISION OF CS-65 Instructions; SS-61 Instructions

REFERENCE: CHILDREN'S SERVICES

DISCUSSION:

The purpose of this Memorandum is to introduce staff to new procedures which will simplify the process of coding an Alternative Care child eligible for Title IV-E. These procedures will improve our financial claims reporting to the Federal government for children eligible for Title IV-E. The Federal Title IV-E program provides funding not only for a portion of the maintenance and special expenses for a child, but also provides funding for our social services staff. A significant portion of social services worker salaries are supported by Title IV-E.

A review of the ACTS system indicated that we are incorrectly recoding children from the "IV-E" fund code to an "HDN" fund code when they enter an ineligible placement type (i.e., hospital, etc.). Although it is correct that the child may not receive federal money for a "maintenance" payment, the child remains a "Title IV-E" child for purposes of claiming worker related costs. The changes in this Memorandum will allow us to more accurately


claim federal funds by eliminating the need to change fund categories when changing placement types.

Title IV-E also provides very specific guidelines concerning what types of expenses may be charged to Title IV-E and which expenses are not eligible. Since these items are included in the CSIPS service categories, the system will be able to segregate allowable from unallowable costs. Therefore, staff will no longer need to specify a fund category on the CS-65 form or ZS65 screen. The system will automatically charge the correct expenses to the federal program by looking at the child's fund code in ACTS. (The Independent Living Program is an exception.)

This Memorandum also introduces some miscellaneous changes to the CS-65 and a new report entitled "Children in Ineligible Placements." Manual page revisions also show changes implemented through Memorandum CS89-61.

Revisions to SS-61 Procedures

Currently, it is necessary for staff to change the Fund Category (Field 55 on the SS-61) if the child is determined ineligible for Title IV-E based on any one of the above criteria. This means that staff must remember to change the Fund Category to HDN (01) whenever a child enters an ineligible placement such as a hospital, psychiatric facility, or runs away. When the child returns to an eligible placement (foster/relative home or residential facility), staff must again change the Fund Category back to Alternative Care IV-E (code 02).

 We are revising the ACTS system to eliminate the need for staff to make a change in the Fund Category when the child is placed in an ineligible placement. Therefore, staff should not change the Fund Category from Alternative Care IV-E (02) when a child goes into an ineligible placement. (See Procedure D-5, page 27, Attachment G, and Procedure D-16, page 7, Attachment A.) The system will automatically determine that the Division should not claim Title IV-E for that child based on the Placement Type (Field 47). THIS CHANGE WILL MAKE IT CRITICAL FOR STAFF TO IMMEDIATELY CHANGE THE PLACEMENT TYPE WHEN A CHILD IS MOVED.

Staff will still need to change the Fund Category if the child loses AFDC eligibility or if "reasonable efforts" wording is not included in the court order. Redeterminations of IV-E eligibility should be reported in ACTS according to current SS-61 instructions.

Revisions to the CS-65 Procedures and the Entry Screen ZS65

Currently, staff must indicate the Fund Category on the CS-65 invoice form for each invoiced service. Changes have been made to the ZS65 entry screen (CS-65 entry screen) so that staff will no longer need to indicate the funding source on the CS-65 form (field 14, Fund Category) for the Alternative Care (AC) program

area. An exception to this is the Independent Living program. Staff must continue to enter the Fund Category (either Fund Category "14" or "15") if payment for the service is to be made from this program.

After all other fields have been completed on the ZS65 screen and the ENTER key has been depressed, the screen will display the Fund Category for each invoiced child. The Fund Category displayed on the screen will be the child's current Fund Category reported in ACTS. Any entries by the data entry operator in the "Fund" field on the screen (except for Fund Category "14" or "15") will be ignored by the system. Although the Fund Category for children in ineligible placements will show "02 IV-E," the system will not allow for a Title IV-E reimbursement claim.

For vendor specific payments invoiced on the CS-65, the Fund Category displayed after entry will always be "02 IV-E" funds. These services include: Foster Parent Training, Master Foster Parent Training, Availability Payments and Liability Insurance. Since these providers are a resource for a IV-E eligible child, these payments are Title IV-E allowable.

All CS-65 system edits which prevent the use of IV-E Fund Category (02 and 04) with certain service codes (i.e., MPRE for a medical prescription payment) have been removed. The CS-65 instructions have been revised to incorporate these changes.

Miscellaneous Alternative Care Handbook Revisions

References to the fund category on the CS-65 Invoice form have been deleted from the handbook procedures, as staff are no longer required to enter this information on the form.

Updated SSI and Alternative Care maintenance rates have been included in Procedure D-5, page 24.

Notation is made of the Medicaid card being generated on the first working day of the month, rather than the fifth day of the month. Revision has also been made noting that the Medicaid eligibility end date has changed from the 9th day of the month to the 4th day of the month.

Identification of a public child care institution caring for 25 children has been added to D-5, page 27.

Miscellaneous SS-61 Instructions Revision

Fund Category Adoption Subsidy-FEP (05) has been added where appropriate, as identified in Memorandum CS89-61.

Miscellaneous CS-65 Revisions

Revisions have been made to the CS-65 instructions to include procedures for invoicing the following:

1. Day Care, Residential Treatment and Children's Treatment services not authorized in the Service Eligibility and Authorization System (SEAS);
2. CA/N Exams as a result of a CA/N report and;
3. Expenses paid to a child directly who participates in the Independent Living Program. Payments may also be invoiced for Foster Care Graduates who lead Independent Living groups. Refer to Memorandum PJW89-11, dated March 10, 1989, for further information related to the Independent Living Program.
4. Staff should note that specific procedures related to legal and medical expenses are no longer identified in the CS-65 instructions. Staff are instructed to refer to the Alternative Care Handbook.
5. Clarification has been made in the instructions pertaining to the use of service code ASRT (Adoption Subsidy Residential Treatment Services).

IV-E Children In Ineligible Placements Report

A report has been produced to identify children currently placed in an ineligible IV-E placement as we are unable in Central Office to determine if these children would be eligible for Title IV-E if they were in an eligible placement. The report is being sent to each county. The report lists, by Case Manager county, all Alternative Care children in ineligible placement types. These placement types include: ILA, MMD, MMH, SCH, RUN, DET and CTO.

Upon receipt of the report, staff should do the following:

1. Review the report and identify children who are currently IV-E eligible, except for their placement type, using information in the child's case record;
2. For each IV-E eligible child, update the SS-61 with the 02 IV-E Fund Category (field 55). The Title XIX begin date does not need to be updated for this change.

Revisions to Chapter 6, Children's Services Information Systems Handbook for the keying instructions for the CS-65 entry screen (ZS65) will be sent under cover of a separate memorandum. Data entry operators should follow these revised keying instructions.

NECESSARY ACTION:

1. Immediately review this memorandum with all Children's Services Staff.

2. Effective immediately, begin using revised procedures for completing and entering invoiced expenses on the CS-65 form and entry screen.
3. Effective immediately, IV-E eligible children should be coded with the IV-E Fund Category, regardless of the child's placement type.
4. Upon receipt, review the "IV-E Children In Ineligible Placements Report" and immediately update, as necessary, all IV-E eligible children in ACTS with the IV-E Fund Category.
5. Replace Alternative Care Handbook, Procedures D-5, pages 23-35, Attachments D, G and H, and D-16, pages 7-8 and 21-22, Attachment A with new pages.
6. Replace Children's Services Forms Manual, CS-65 Instructions, dated May 1989 with the instructions dated September 1989 and SS-61 Instructions, pages 9-35, with new pages.
7. All comments and recommendations regarding these procedures should be sent in writing to the Supervisor of the Program Development Unit of the Children's Services Section within sixty (60) days of the date of this Memorandum. If no comments are received, the policy will remain the same until further notice.
8. All questions regarding specific case situations, as related to these procedures, should be cleared through normal supervisory channels.

PJW:KU:NG:jd