

+-----+
| LOCAL COMMISSIONERS MEMORANDUM |
+-----+

DSS-4037EL (Rev. 9/89)

Transmittal No: 95 LCM-133

Date: December 8, 1995

Division: Services and
Community
Development

TO: Local District Commissioners

SUBJECT: Child Welfare Managed Care and the Federal Child Welfare
Waiver Demonstration Project

ATTACHMENTS: None

Recent changes in the New York State Social Services Law (SSL) grant social services districts the option to develop managed care or other alternative systems to provide some of the services included in the family and children's services block grant. The new statutory provisions are set forth in Section 153-i(2) of the SSL. These provisions require a social services district seeking to develop a managed care, or other alternative child welfare service system, to provide a plan for establishing and implementing such a system. Subsequently, as you were notified in July (95 LCM-71), a proposal was submitted by the State Department of Social Services (the Department) to the federal Department of Health and Human Services (DHHS) to participate in the federal Child Welfare Waiver Demonstration Project related to Titles IV-B and IV-E of the Social Security Act (SSA). This proposal is centered on the development of managed care systems for the delivery of child welfare service.

The purpose of this memorandum is to provide further details regarding the provisions in the SSL; to provide information regarding the federal Waiver Demonstration Project; and to offer a series of questions that will assist social services districts in determining whether to develop managed care systems for some of their child welfare services. Also included in this memorandum is additional information regarding the Guidelines for Completing a Child Welfare Managed Care Plan, that are currently being developed by the Department, and the plan submission and federal waiver application process.

Overview of Section 153-i-2 of the SSL

Section 153-i(2) of the SSL provides the parameters within which social services districts may develop managed care or other alternative systems for family and children's services. Throughout this LCM, any reference to a managed care system and/or a local district's managed care plan applies to either a managed care and/or other alternative services system as might be developed by a local district. SSL Section 153-i(2) includes the following elements of a managed care system:

- A social services district may establish such a system individually or in combination with other social services districts.
- A social service district's managed care system can be established to provide any or all family and children's services included in the block grant, except for child protective investigations. Therefore, a district's plan can be established to provide foster care services, preventive services, adoption services, and/or child protective services other than child protective investigations.
- Such a system must be designed to achieve performance outcomes, including, but not limited to, the protection of children from abuse and neglect; prevention of the need for foster care placement; and the reduction of the length of foster care placements by achieving permanency planning goals in the shortest time feasible taking into consideration the circumstances of the children and their families, including, but not limited to, assisting in the commencement of proceedings to free children for adoption when the provision of services to the children and their families are not appropriate or successful, or, if necessary, the continuation in foster care of children who may not be safely discharged to their families, guardians, or other legally responsible persons for whom the grounds for termination of parental rights can not be established.
- Such a system may include, but not be limited to, the establishment of home rebuilders programs with capitated rates for services that are provided to prevent placement in foster care and to discharge children from care to suitable, permanent homes in a more timely manner through preventive services, intensified discharge planning, pre-adoptive services and after-care and/or post adoptive services.
- Payments to managers or service providers in a managed care system may be based on the maximum foster care reimbursement rates established by the Department, capitated rates or other payment mechanisms for all or a portion of services, either separately or combined.
- Under a managed care system, a social services district may delegate responsibility for case management services to service managers or providers. If case management is delegated, provider accountability

must be ensured through the incorporation of quality control standards that provide for the appropriate monitoring of services such as recognized accreditation mechanisms, performance audits by the district or other means.

- Under a managed care system, a social services district may delegate the responsibility for approving and paying preventive services rent subsidies or assistance to an authorized agency in a purchase of service agreement for preventive services.
- In designing and implementing a managed care system, a social services district shall give priority to the establishment of interagency collaborative arrangements between the social services district, public schools, public health and mental health providers, and other public and private agencies that encourage the provision of preventive services at the earliest possible time to ameliorate the conditions that contribute to the need for foster care placements, including but not limited to the provision of home visiting services pursuant to Section 429 of the SSL and other health screening methods, early prevention efforts through collaboration between the social services district and public schools, and interagency efforts to reduce out-of-state and other residential placements of emotionally disturbed children. Community residents and providers must be involved in the design and implementation of such interagency collaborative agreements.
- A social services district seeking to establish a family and children's services managed care system must obtain prior approval from the Department for its plan for establishing and implementing the system. In its plan, the social services district should clearly describe how its managed care system will meet the specific statutorily required performance outcomes.
- Such a plan may include requests for a waiver of any regulatory requirements established pursuant to Sections 34-a and 409-d of the SSL regarding the form, content, development or amendment of the child welfare services plan component of the multi-year services plan and the annual implementation reports.

The Federal Child Welfare Demonstration Project

Under the federal Child Welfare Waiver Demonstration Project, up to ten states will be allowed to test alternative approaches to the delivery of child welfare services and to experiment with programmatic innovations that provide some flexibility in the use of Title IV-E or IV-B funds, with the overall goal of achieving improved outcomes for children and families. The principles and objectives of the federal Child Welfare Demonstration Project cover the entire range of child welfare services.

New York State's proposal is centered on the development of child welfare managed care systems in social services districts, and has as its central theme the reduction of caredays provided for in the foster care system. The project is geared at testing whether targeted preventive services, discharge planning, and aftercare services will help families avoid placement of

children, help return children home who have been placed, or speed the adoption process after parental rights have been terminated. Flexible funding will allow for the development of services that best meet client needs without categorical restraints.

It is important to note that participation in the federal Waiver Demonstration Project is not required in order for a social services district to develop a managed care system or other alternative system for family and children's services. Section 153-i(2) of the SSL provides a broad framework within which social services districts can develop such systems. A social services district may opt to develop such a system without participating in the federal Waiver Demonstration Project.

There are, however, advantages to be gained for most, but not all, social services districts through participation in the federal Waiver Demonstration Project. Specifically, the Waiver Demonstration Project would permit the use of federal Title IV-E funds for child welfare services other than foster care board and maintenance costs. Currently, Title IV-E funds can not be used for preventive or other types of non-foster care services. The waiver would allow social services districts to reinvest federal Title IV-E revenue so as to support the development of services which would provide alternatives to foster care. Consequently, the Waiver Demonstration Project would offer benefits for social services districts that anticipate reducing placement rates and/or the duration of placements as part of their managed care plans. For example, if a social services district intends to reduce caredays through the provision of intensified aftercare services, the board and maintenance costs associated with the "averted caredays" can not now be used to offset the cost of services. Under the Waiver Demonstration Project, a portion of those federal funds could be made available for services enhancement.

The essential components of the Departments's federal waiver proposal are:

- The project has a maximum demonstration period of five years.
- The waiver plan must be cost neutral to the federal government over the five year period, but cost neutrality need not be maintained in each year. This would allow for some increased up-front spending (front-loading) of federal revenue.
- Social services districts participating in the federal Waiver Demonstration Project must participate in a formal evaluation process.

The Department expects that DHHS will determine which ten states may participate in the federal Child Welfare Waiver Demonstration Project by December 1, 1995. Should New York State be chosen by DHHS to participate in the Waiver Demonstration Project, the specific details of the waiver requirements will be finalized as part of the negotiation process with DHHS. Similarly, social services district participation in the waiver demonstration project would be contingent upon the district's acceptance of the final terms and conditions as agreed to by the Department.

Developing a District Response

There are three areas for social services districts to consider when developing their plan. The first has to do with the steps social services districts are required to take as part of their plan development process, the second relates to the goals and objectives of the plan, and the third is the plan requirements.

Plan Development

In the area of plan development, social services districts shall give priority to the establishment of interagency collaborative agreements to deliver those services that will prevent foster care placements. Additionally, social services districts must involve community residents and providers in the process of designing and implementing these agreements.

Objectives of the Plan

Regarding the overall objective of the plan, social services districts are required to provide information that addresses the manner in which their managed care system will meet the three statutory performance outcomes: child protection, prevention of foster care placements, and reduction in foster care length of stay.

Plan Requirements

A social services district's plan, developed pursuant to Section 153-i-2 of the SSL, must address four areas regardless of whether the district would be participating in the federal Waiver Demonstration Project. They are: needs assessment/target population; anticipated client and service delivery outcomes; program development and model of practice; and a fiscal plan. Most often, the State requirements for a managed care plan would match those for the federal Waiver Demonstration Project. In some cases, additional information would be needed to meet the federal requirements for the waiver project. More detailed information regarding each of the plan requirements is included in the Guidelines for Completing a Managed Care Plan, which also addresses the federal waiver application process. A copy of the guidelines can be obtained by contacting your Regional Office of the Division of Services and Community Development.

Technical Assistance and Support for Social Services Districts

The Department recognizes that the development of a child welfare managed care system at the local level would be enhanced by a strong State/local partnership. Thus, throughout the development and implementation of such a plan, a social services district is encouraged to identify specific State actions and/or supports that may be necessary or helpful for the district to implement a successful system. These State supports could include, but are not limited to, such things as:

- technical assistance in identifying target populations, determining outcomes and performance indicators, and designing service strategies;

- technical assistance to identify and overcome barriers to implementing a managed care or other alternative service plan and participating in the federal Child Welfare Waiver Demonstration Project if the State receives federal approval of its application;
- networking with other social services districts as appropriate;
- securing training and support for staff and organizational development; and
- technical assistance in collaborating with other systems, including education, public health, mental health, and other public and private agencies.

The Division of Services and Community Development is prepared to assist social services districts as they develop their plans. For assistance, please contact your Regional Office of the Division of Services and Community Development.

Is Child Welfare Managed Care An Option For You?

A social services district may elect to take a number of different approaches as part of its overall district plan for child welfare services in a block grant environment. Managed Care is one of them. Child welfare managed care offers social services districts the opportunity to make changes in the way services are delivered and financed. The series of questions listed below is designed to assist social services districts in determining whether they want to pursue managed care or some other alternative service system as an option.

There are three circumstances in which a managed care plan is required. If a social services district plans to take any or all of these steps as part of its overall child welfare strategy, the social services district must submit a managed care plan to the Department for approval. They are:

- The social services district plans to modify its existing payment system for some or all child welfare services, to include capitated rates or any other new payment methodologies.
- The social services district intends to make changes in its case management plan that include delegating this responsibility to outside service managers or providers.
- The social services district is applying to participate in the federal Child Welfare Waiver Demonstration Project provided the State receives federal approval to participate in the project.

If a social services district is not planning to take any of the above steps at this time, and/or is uncertain of its interest in developing a managed care service system, some additional questions are listed below. If you answer these questions positively, a managed care system may be an effective service model for your social services district. You are encouraged to contact the Department regarding any additional questions you may have, and to obtain a copy of the Guidelines for Completing a Managed Care Plan.

- Is the social services district considering lowering the rate of foster care placement and/or reducing the lengths of stays as part of its overall fiscal and program plan? Does service utilization in the social services district support this strategy?
- Is the social services district interested in putting an increased emphasis on individual, family, and service delivery outcomes to measure and monitor overall system effectiveness?
- Is the social services district prepared to restructure service delivery in order to emphasize those strategies that will reduce the length of out-of-home placements and increase the availability of community-based services?
- Is the social services district interested in reinvesting funds saved through the reduction of caredays toward the development of services aimed at placement prevention and the provision of "wrap around" services to children and families?
- Is the social services district interested in promoting interagency efforts, particularly in the area of early intervention preventive services?
- Is the social services district prepared to initiate a planning process that includes working in partnership with agencies and individuals from the community, and with staff from various levels of the district's organization?
- Is the social services district prepared to promote a greater degree of worker and program flexibility in order to achieve program and fiscal goals, and to assist families in achieving self sufficiency?
- Is the social services district interested in increasing its reliance on data for program development, evaluation and quality assurance purposes?

Next Steps

A local district that is interested in developing a managed care system should contact their Regional Office of the Division of Services and Community Development to obtain a copy of the Guidelines for Completing a Child Welfare Managed Care Plan.

Submitting a Plan

A social services district wishing to establish a managed care system pursuant to Section 153-i(2) of the SSL must obtain Department approval through the submission of a managed care plan as a component of the Consolidated Service Plan (CSP) through the CSP plan amendment process. The social services district may cross reference pertinent information in the plan with other portions of its CSP. The submission must conform to the CSP processes detailed in 94 LCM-128. However, in its submission, the social

services district may request waivers of regulatory provisions regarding the form, content, development or amendment of the child welfare services plan component of the CSP.

A managed care plan can be submitted by a social services district at any time. If a social services district is also applying to participate in the federal Waiver Demonstration Project, however, preparation of a managed care plan as soon as possible is encouraged in order to comply with federal requirements that are pending at this time. If the Department is chosen to participate in the federal Waiver Demonstration Project, social services districts will be notified of the federal timeframes as soon as they become available. For assistance in completing a managed care plan, contact your Regional Office of the Division of Services and Community Development or the Child Welfare Managed Care Unit.

Local district managed care plans should be submitted to each of the following: the Office of the Deputy Commissioner for Services and Community Development; the Regional Office of the Division of Services and Community Development, and the Child Welfare Managed Care Unit.

The addresses are as follows:

Office of the Deputy Commissioner for Services and Community Development
New York State Department of Social Services
40 North Pearl Street, 11th Floor
Albany, New York 12243

Child Welfare Managed Care Unit
New York State Department of Social Services
40 North Pearl Street, 10th Floor
Albany, New York 12243

Mr. Fred Levitan, Acting Director
NYS DSS - F&CS
Metropolitan Regional Office
80 Maiden Lane, 5th Floor
New York, New York 10038

Mr. William McLaughlin, Director
NYS DSS - F&CS
Albany Regional Office
40 N. Pearl Street Annex
Albany, New York 12243

Mr. Jack Klump, Director
NYS DSS - F&CS
Syracuse Regional Office
351 S. Warren Street, 5th Floor
Syracuse, New York 13202

Mrs. Linda C. Brown, Director
NYS DSS - F&CS
Buffalo Regional Office
838 Ellicott Square Building
Buffalo, New York 14203

Ms. Linda Kurtz, Director
NYS DSS - F&CS
Rochester Regional Office
259 Monroe Avenue, Monroe Square
3rd Floor
Rochester, NY 14607

As part of the Office Automation (OA) initiative, participating counties may automate their submission. All of the forms and optional formats have been re-formatted on-line. All instructions and forms are contained in the FCS file of the E-Form drawer in the Electronic Library.

Review and Approval

In accordance with Section 153-i(2) of the SSL, a social services district must obtain prior approval of its managed care plan from the Department prior to implementing such a plan. The Department's review will be guided by its intention to assist the social services districts in shaping the most effective service delivery system. The Commissioner's approval represents a commitment to work closely with the social services district in the implementation of its plan. The Department will review a social services district's plan to determine whether it meets the following criteria:

1. Does the plan contain all the required information and processes?
2. Is the plan comprehensive and internally consistent?
3. Choice of target population - Is the target population specific and appropriate; supported by the data; and large enough to have a demonstrable impact?
4. Proposed outcomes - Are the proposed outcomes realistic and achievable and are they linked to one or more measurable indicators by which the outcomes can be verified or validated?
5. Service strategies - Are the proposed service strategies realistic and consistent? Will they lead to outcome achievement? How comprehensive and creative are the service strategies? Do the service strategies include methods to reinvest foster care revenue? Do the service strategies include a quality control component?
6. The fiscal basis of the plan - Along with the proposed service plan, the fiscal strategy is a crucial component of any managed care plan. A district that proposes a managed care plan will be asked to demonstrate how its fiscal plan relates to its overall service program and client outcomes. Where a district proposes capitated payments or some other type of performance based contract, as the way to reimburse providers, the district will have to identify the methods used to calculate payments, including the underlying pattern of service utilization. For a district that elects to enter into the federal Child Welfare Waiver Demonstration Project, the fiscal plan will have to be tied to the cost neutrality provisions as established by DHHS.
7. Readiness of the social services district - Does the social services district demonstrate readiness and commitment to institute this plan?
8. Plan evaluation - For those districts applying to participate in the federal Waiver Demonstration Project, is the district willing and able to work with the Department on the evaluation of its managed care plan?

Date December 8, 1995

Trans. No. 95 LCM-133

Page No. 10

In addition to the criteria cited above, the Department reserves the right to select social services districts for participation in the federal Child Welfare Waiver Demonstration Project based on other criteria such as demographic diversity and diversity of approach.

Rose Pandozy
Deputy Commissioner