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| LOCAL COMMISSIONERS MEMORANDUM |
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DSS-4037EL (Rev. 9/89)

Transmittal No: 95 LCM-71

Date: July 11, 1995

Division: Services and
Community
Development

TO: Local District Commissioners

SUBJECT: Child Welfare Waiver Demonstration Project

ATTACHMENTS: I Letter of Agreement (Available On-Line)
II Copy of Federal Register Vol. 60 No. 115 Pages 31478-
31483 (Not Available On-Line)

On June 15, the federal Department of Health and Human Services (HHS) announced in the Federal Register a request for proposals for Child Welfare Waiver Demonstrations related to Titles IV-E and IV-B of the Social Security Act. Under this waiver program, HHS will permit up to ten states to experiment with programmatic innovations that require some flexibility in the use of Title IV-E or IV-B funds in order to achieve improved outcomes for children and families. The principles and objectives outlined in the HHS announcement cover the entire range of child welfare services. The maximum demonstration period that will be allowed is 5 years.

While the waiver plan is required to be cost-neutral to the federal government, the language of the waiver offers two fiscal opportunities of key importance. First, the state's proposal to HHS can be designed to "lock in" federal funding at current (or projected) spending levels for as long as five years. This would satisfy the cost-neutral principle for the federal requirement while assuring a specified level of federal funding that might otherwise be reduced in the current environment. Specifically, in the context of the State's Family and Childrens Services block grant, local districts will be encouraged to reduce their foster care population. However, reduced care days translates into reduced federal revenues under the existing system because most federal revenue for child welfare (95%) comes to New York as reimbursement for foster care. Without a waiver, the loss of federal revenue could reach \$250 million over the next four years. A waiver proposal would stabilize federal funding for the project period.

Second, the language of the cost-neutrality provisions allows for increased spending of federal revenue (front-loading) in the early phases of project provided that overall cost neutrality is maintained. This would make it possible to intensify services in the near term while anticipating lower foster care utilization in the latter stages of the project. These fiscal features in combination should be particularly meaningful to local districts given the current fiscal constraints.

At this time, a single proposal is envisioned from the Department of Social Services that allows for a variety of local district initiatives under the broad umbrella of managed care. The proposal would have as its theme the reduction of caredays provided in the foster care system, while allowing for the full range of local district initiatives that might be developed as a local response to improving child and family services.

We have very tight time frames for developing our proposal to HHS. The Department's complete proposal must be received by HHS in Washington by July 31, 1995. Therefore, time is of the essence in the completion of the Department's application. We are looking for ways to answer your questions. At this time, we have reserved meeting room 5 at the upcoming NYPWA conference in Ellenville (Fallsvew Hotel) on July 18th from 3:15 to 4:30 to present the proposal in greater detail and to answer any questions that district staff may have. It is hoped that with the receipt of this correspondence, districts may begin to determine if they would be interested in participating in the project. We are asking that letters of agreement be returned to the Department by Monday, July 24th. We realize that there is not much time, but we must adhere to the schedule imposed by HHS.

A standard letter of agreement is included with this LCM as Attachment I. Please be aware that sending in the letter of agreement is a very preliminary step in the proposal process and will not be binding on you. Local district participation in the waiver project (should New York be approved as one of the 10 states) will be subject to negotiation with the Department and the terms and conditions of the waiver as specified by HHS as part of any approvals. While participation is not necessarily contingent on the receipt of a signed letter of agreement, priority will be given to social services districts which provide us with letters of agreement to include with our proposal to HHS.

In evaluating whether your district might be interested, consideration should be given to the following issues:

- * District readiness, including a willingness to bring innovative approaches to the business of child welfare so that children avoid placement where possible, and find safe, permanent homes when necessary;

- * The financial advantage of receiving Federal funds for aftercare services; Title IV-E dollars that now are only paid for caredays may be available for in-home services under the waiver.

- * District willingness to participate in a formal evaluation process.

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If you are interested in participating in this proposal, please fill out the letter of agreement (Attachment I) and return it to the New York State Department of Social Services by July 24, 1995 to:

Mr. Fred Wulczyn
Director, Child Welfare Managed Care Unit
Division of Services and Community Development
New York State Department of Social Services
40 North Pearl Street, 10C
Albany, New York 12243
Fax # 518-474-9004

Questions should be directed to your Regional Office director, or to Fred Wulczyn, Director, Child Welfare Managed Care Unit at (518) 486-3431.

Donald K. Smith

LETTER OF AGREEMENT

Please accept this as our agreement to apply for participation in the New York State Child Welfare Waiver Demonstration. This agreement will be contingent on the final proposal negotiated between the Federal Department of Health and Human Services and the New York State Department of Social Services and on our negotiations with New York State Department of Social Services.

Social Services District

Commissioner or Designee (typed, please)

Commissioner or Designee (signature, please)

Address

Contact Person

Contact Telephone Number

Date

Letters of Agreement are due to be received in the New York State Department of Social Services by July 24, 1995, and may be faxed to Fred Wulczyn at (518) 474-9004 or mailed to the address below.

Mr. Fred Wulczyn
Director, Child Welfare Managed Care Unit
Division of Services and Community Development
New York State Department of Social Services
40 North Pearl Street, 10C
Albany, New York 12243