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

Transmittal No: 95 LCM-92

Date: August 11, 1995

Division: Management Support
& Quality
Improvement

TO: Local District Commissioners

SUBJECT: SFY 95' - 96' Budget
Highlights Affecting the Fiscal and Claiming Process

ATTACHMENTS: None

The purpose of this LCM is to highlight the fiscal and claiming process changes necessitated by the recently completed State budget for SFY 1995-1996.

1) State Charges

a) Removals

Effective October 1, 1994 there is no longer 100% State reimbursement on expenditures for removal of an individual to another State. Any payments claimed on the RF3 since October 1994 line 7 (Removals) of the April, 1995 revised RF-3 (Adjustment Claim for Additional State Aid on Expenditures 100% Reimbursable) will not receive reimbursement. Supplemental claims may be submitted to receive reimbursement under the clients' regular eligibility category.

Removals provided to cases coded HR, EAA, ADC and EAF may be claimed on the appropriate schedule within the RF-2 claiming package. Claiming instructions appear in the Fiscal Reference Manual, Volume 2, Chapter 3.

b) Non-Resident State Charges

Effective October 1, 1994 there is no longer 100% State reimbursement, after federal reimbursement, for needy persons who have not acquired State residence (i.e. Non Resident State Charges). Expenditures for these persons should only be claimed on the appropriate schedule in the RF-2 package.

c) Native Americans

Expenditures made for needy native Americans and members of their families residing on a reservation within the state are still eligible for 100% state reimbursement after federal reimbursement. Payments should continue to be claimed in the first instance within the RF-2 package, with the additional state shares claimed through the RF-3 package.

Any RF-3 Needy Persons and Indian Claims submitted for the claim period October, 1994 or later has not been reimbursed through the Settlement process. To identify the portion of the claim that relates to Native Americans, any claim for Native Americans submitted for the period October, 1994 or later entitled "Native Americans" should be resubmitted on an informational RF-3. To avoid confusion this RF-3 claim must be manually completed and submitted directly to the:

Bureau of Local Financial Operations
Floor 8C
40 North Pearl Street
Albany, NY 12243

Please note that Mental Hygiene Releasees Medical reimbursement continues at 100% state funding after applying applicable federal funding. Any PA benefits paid to Mental Hygiene Releasees are no longer reimbursed at 100% state shares, but are reimbursed at standard rates.

Child Welfare services for Native Americans are part of the Child Welfare block grant, with the exception where the Department has entered into an agreement with a Native American tribe for the provision of foster care, preventive and adoption services to Native American children.

2) Medical Assistance

a) Managed Care

The enhanced State share rates previously scheduled to be effective April 1, 1995 have been rescinded. The enhanced rates established as of April 1, 1994 will determine reimbursement. Expenditures are reimbursed by the state at 26.55% for federally participating expenditures other than Family Planning, at 5.31% for FP Family Planning, and at 53.09% for FNP expenditures. In anticipation of the SFY 95/96 rate increase being rescinded, the Automated Claiming System's April, 1995 revised Schedule E was developed using the SFY 94/95 rates. Therefore, no adjustment by local districts nor any settlement adjustment by Albany will be required.

b) Long Term Care

The enhanced 32% State reimbursement for Long Term Care previously established for dates of service effective April 1, 1995 and later has been rescinded. Long Term Care for expenditures with a date of service of April 1, 1994 or later will be reimbursed at 31.235% enhanced state funding. All expenditures after April 1, 1994 should be claimed in Column 10 (31.235%). No expenditures even if the date of service is after April 1, 1995 should be reported in Column 12 (32%).

c) MA Pay In Program

The State Budget for 95-96 allows the Statewide implementation of the MA Pay In Program. Clients with excess income which makes them ineligible for Medicaid may pay in the excess income toward their medical bills until they are MA eligible. Social Service districts must operate a Pay In Program in accordance with a plan approved by the SDSS. An administrative directive is being developed describing Pay In program and Plan requirements.

Administrative expenses associated with a social service districts' operation of a Pay In Program will be claimed on the Schedule D-4 (MA Eligibility/Determination/Authorization/Payments Cost Shares DSS-2347-B2). These amounts are exempt from the State Share cap on administrative costs. Pay In amounts applied to LDSS MA expenditures claimed through MMIS or the Schedule E (Computation of Federal and State Aid, DSS 157) must be reported as refunds on the applicable lines of the Schedule E. Amounts reported on the Schedule E should not include refunds or credits to recipients for overpaid MA Pay In amounts.

d) Incentives for Personal Care

The State Budget provides incentives of \$1 million for districts to reduce personal care expenditures. Further information will be made available to counties at a later time.

e) Medical Transportation

There is no cap on Medical Transportation expenditures for SFY 95/96.

3) State Tax Offset for Overpayments

Overpayments on closed cases may now be collected via the intercept of a state income tax refund. A procedure is being developed to match a file of cases with overpayments to all individuals receiving refunds.

4) Brokers Fees, Finders Fees and Security Deposits

Effective July 1, 1995 the State reimbursement for expenditures made by local district for Brokers Fees, Finders Fees and Security Deposits has been reduced to 25% of the non-federal share. These expenditures should not be claimed through the normal program schedules, but should be reported on the DSS-3922 (Financial Summary for Special Projects). The DSS-3922 should be identified as "Fees/Security Deposits" under the project name. For expenditures made under ADC and EAF, districts should effect shares of 50% Federal, 12.5% State, and 37.5% local. For HR eligible cases the rate of reimbursement should be 25% State and 75% local. The reduced reimbursement related to security deposits is only in effect when payment is sent to the landlord and held in an escrow account. For situations where a security agreement is made and payment is not made until damages are determined, funding is at the regular reimbursement rate. These expenditures should be claimed on the normal RF-2 claim forms to effect 50% Federal/25% State/25% Local shares for ADC and EAF and 0%/50%/50% shares for HR.

To distinguish between these two situations, pay type Q5 (Security Deposit -not reported) should be used for true security deposit situations to authorize security deposits reimbursable at the reduced 25% state share level.

Pay type 67 (Security Deposit) should be used in security agreement situations, when monies are being paid to landlords for damages.

Payment Type 68 (Brokers Fee/Finders Fee) should be used in upstate WMS to authorize a reduced 25% state share level for brokers fees and finders fees.

The BICS composites are being modified to segregate pay type values Q5 and 68 so that amounts are not reported for regular reimbursement on the Schedules A, C and F. Until this change is migrated to production, these two pay type values must be identified manually and the amounts claimed on the DSS-3922.

5) Family and Children's Services Block Grant

The 1995-96 State Budget created the Family and Children Services Block Grant effective July 1, 1995. The Block Grant includes the State Share reimbursement for the provision and administration of Foster Care services including care/maintenance, tuition, independent living, job corps supervision and out of state JD/PINS. The Family and Children's Block Grant also includes the state share of Adoption Services, Child Protective Services, and Child Preventive Services. Payments excluded from the Block Grant are as follows:

- Adoption Subsidy Payments,
- Committee on Special Education (CSE),
- Dormitory Authority Payments,
- State Reimbursement for Indian Tribes,
- Adult Protective Services, and
- Residential/Nonresidential Domestic Violence Overclaims

Federal funds are also excluded from the Block Grant and are reimbursed under current rules for effected federal programs.

The time periods for applicable local district claims receiving state reimbursement from the Family and Children's Block Grant for SFY '95-'96 is determined based on the period claims are settled. State share claims normally settled during the period after June 30, 1995 will be applied toward the Family and Children's Block Grant. The claims normally settled before July 1, 1995 will be settled according to procedures in place before the Family and Children's Block Grant. However, the state share settlement due for June, 1995 will be late this year and settlement will take place in July, 1995.

Original and Supplemental claims listed for the below noted periods will be applied to the Family and Children's Block Grant:

- | Foster Care Administration claims submitted during the period January - September, 1995,
- | FNP Adoption Services and Administration claims submitted for the period January - September, 1995,
- | Child Preventive and Child Protective Services claims submitted for the period January - September, 1995,
- | Foster Care Maintenance Claims submitted for the period April - December, 1995, and
- | Title IV-E Adoption Services and Administration Claims submitted for the period April - December, 1995.

| EAF State share amounts claimed on the Schedule H for Foster Care and tuition, out of State JD/PINS Foster Care and Tuition, mandated and non mandated preventive, and pre and post determination protective from the period beginning with claims submitted April, 1995.

The Family and Children's Services Block Grant is a cash cap. The cap places a limit on the amount of State reimbursement available to local districts. For districts which exceed their cap, the unpaid state share will be pended and paid with the next state fiscal year block grant funds. Those state share payments will be charged against the then current year block grant.

Districts are eligible to continue to receive federal reimbursement regardless of whether they are under or over the Family and Children's Services block grant cap.

Foster Care amounts normally settled during the April-June, 1995 period (i.e. settlements usually by June 30) will be settled according to procedures in place before the Family and Children's Block Grant. Foster Care amounts will be applied to the one quarter Foster Care Cap determined for the first quarter of the SFY '95-'96. The amounts applied to the Foster Care Cap will include original and supplemental claims submitted for the below noted periods:

| Foster Care Maintenance Claims submitted for the period January - March, 1995, and
| Foster Care Administration Amounts submitted for the period October - December, 1994.

After settlement of the Foster Care amounts which are applied against the 25% Foster Care Cap, districts may receive a debit or credit to their Family and Children's Block Grant allocation. The Family and Children's Block Grant will be credited for amounts under the Foster Care Cap and debited for amounts over the Foster Care Cap.

Title XX overclaims identified for Child Protective, Child Preventive, FNP Adoption services and administrative costs claimed for the October - December, 1994 period and usually settled by the state prior to July 1, 1995 will receive the traditional 75%/50% state share reimbursement according to procedures noted in Volume 1, Chapter 8 of the Fiscal Reference Manual.

Title XX Overclaims for Child Protective, Child Preventive, FNP Adoption Services and Administration determined for claims submitted January, 1995 and forward are now part of the Block Grant and are no longer eligible for the State funding that existed under the traditional Title XX shift process.

The State funding outside of the Family and Children's Block Grant for services over the Federal Title XX ceiling will only be available for Services to Victims of Domestic Violence and for Adult Protective Services. Traditional state reimbursement will be provided for the October, 1994 - September, 1995 period in which original and supplemental claims were submitted for these two categories.

Chapter 8, Volume 1 of the Fiscal Reference Manual is being revised to incorporate funding provisions of the Family and Children's Services Block Grant.

6) State Chargebacks

There is now a State chargeback for the non-federal share for the Administrative costs of the Common Benefit and Issuance Card (CBIC) and for the Client Notices System (CNS). The chargebacks were authorized by the 1995-96 State Budget.

7) State Share Training Expenditure CAP

The State Budget enacted for State Fiscal Year 1995-1996 requires that the State Share Training Expenditures CAP be established. This CAP is set at \$5,000,000 for SFY '95-'96 and is to be allocated to all social services districts including New York City. The allocation is based on the highest level of spending for either calendar year 1993 or calendar year 1994 with a minimum allocation of \$15,000. New York City's allocation will be based on calendar year 1994 spending levels. Since all local social services districts are anticipated to spend their allocations the Department does not expect that any reallocations will be done. Any claims for reimbursement that exceed the CAP will not be reimbursed.

Please note that expenditures claimed for State reimbursement on the Schedule D-6 and any State share expenditures claimed through the AC-92 process will be counted against the district's allocation.

Costs allocated on the Schedule D-6 to the At Risk, Low Income or Child Care Development Block Grant day care programs or the Food Stamp Employment and Training program will not count toward the State Share Training CAP but will be counted toward the respective allocation for those programs.

8) PERS/Shared Aide

The State Budget for SFY '95-'96 assigns each social service district with a cost savings target to be achieved through the expanded use of Personal Emergency Response Services (PERS) and Shared Aide. The Statewide target is \$53 million State share. A local Commissioner's letter from the Division of Health and Long Term Care is being written and will discuss PERS and Shared Aides Savings targets for the local districts.

9) Automated Finger Imaging System (AFIS)

Upon enactment of legislation no enhanced reimbursement is available for the twelve finger imaging pilots. Regular reimbursement will be available for finger imaging of ADC and HR clients. A proposed LCM discusses the State Budget changes planned for the AFIS.

For any questions on the changes appearing in this LCM, please call Roland Levie at 1-800-343-8859, ext. 4-7549, User ID# FMS001 or Marvin Gold at (212) 383-1733, User ID# OFM270.

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