



INDIANA DEPARTMENT OF CHILD SERVICES CHILD WELFARE POLICY

Chapter 18: Licensing of Child Placing Agencies

Section 12: Rate Setting

Effective Date: November 1, 2022

Version: 1

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POLICY OVERVIEW

In accordance with Indiana Administrative Code (IAC) (465 IAC 2-16), the Indiana Department of Child Services (DCS) establishes payment rates for a child placed by DCS or juvenile justice with a Licensed Child Placing Agency (LCPA). The rate setting process also establishes the reimbursement rate that Indiana may claim from the federal government.

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PROCEDURE

A Child Placing Agency (CPA) in Indiana must be licensed by DCS, in accordance with state law, for DCS to recommend placement of a child or for DCS to pay the cost of the placement. See policy 18.01 Initial Licensing Process for information regarding the licensing process.

The Licensing Specialist will:

1. Verify the LCPA is established as a supplier (hereafter, the LCPA is referred to as a supplier); and
2. Ensure the LCPA Licensing Manager is aware that the supplier's license is nearing finalization.

The LCPA Licensing Manager will:

1. Notify the Rate Setting Program Manager and the DCS Contract Specialist Supervisor that a new supplier is submitting information for a new license if the supplier plans to seek a contract;

Note: Notify the Deputy Chief Financial Officer (CFO) of Federal Financial Management if rate setting is needed for a non-contracted agency.

2. Notify the Rate Setting Program Manager and Contract Specialist Supervisor when the supplier's license has been finalized and provide the Rate Setting Program Manager with a copy of the supplier's license;
3. Complete and send the completed Contract Request Form to the Contract Specialist Supervisor;
4. Notify the DCS Resource Unit and the Deputy Directors of Field Operations, Juvenile Justice Initiatives and Support, and Child Welfare Services once the supplier is fully contracted and provide a brief description of all programs; and
5. Email the supplier advising that services may commence.

Note: The Licensing Specialist should be copied on the email.

Upon notification that a supplier's license is nearing finalization, the Rate Setting Program Manager will:

1. Contact the supplier to request a Cost Report;
2. Review the Cost Report once submitted by the supplier;

Note: DCS shall determine whether a cost is reasonable using reasonability tests through the application of DCS' cost limits.

3. Notify the DCS Contracting Unit that rates are set for a new program or license;
4. Send the Notice of Approved Rate and Right to Administrative Review Letter and a copy of the Cost Report to the supplier;

Note: A supplier may request a review of the base rates. The request must be submitted in writing to DCS via the Residential Treatment Services Provider (RTSP) and Child Placing Agency (CPA) Rates Administrative Review Request form within 30 calendar days from the date the supplier received the Notice of Approved Rate and Right to Administrative Review Letter. If the supplier is unsuccessful in their Administrative Review, the supplier will receive information about how to administratively appeal this determination. An administrative appeal must be submitted within 15 calendar days of receiving the Administrative Review decision following all instructions listed on the Request for Administrative Appeal Hearing Residential Treatment Services Provider (RTSP) / Child Placing Agency (CPA) Rates form. See Practice Guidance for additional information.

5. Verify the supplier has submitted required data through the Indiana Transparency Portal (ITP) to finalize the rate; and

Note: If the supplier does not submit data timely this may have a negative impact on the supplier's contract.

6. Review the supplier's annual Cost Report.

Note: The supplier is required to submit a Cost Report by March 31st each year.

Upon notification that rate setting is needed for a supplier outside of Indiana, the Deputy CFO of Federal Financial Management will collaborate with the Assistant Deputy of Juvenile Justice Initiatives and Services to ensure rates are set for the supplier.

Once the rates are set for the provider, the Division Manager of Purchasing, Contracts, Audits, and Fraud Investigation will submit a special procurement to the Indiana Department of Administration (IDOA) to receive approval to enter into a contract with the provider. Once approval has been received from IDOA, the LCPA Licensing Unit will submit a completed Contract Request Form to the Contract Specialist Supervisor.

Upon receipt of the Contract Request Form from LCPA Licensing Unit, the Contract Specialist Supervisor will:

1. Assign the contract to a Contract Specialist; and
2. Guide and assist the Contract Specialist, as needed, throughout the processing of the contract up to and including the approval process.

Upon receipt of a contract assignment, the Contract Specialist will:

1. Contact the supplier if all necessary paperwork has not been submitted;
2. Begin processing the contract template in the Supplier Contract Management (SCM) system;
3. Create a contract in the case management system;
4. Send the processed contract template to either a Staff Attorney or the Division Director of Contracts to draft the contract;
5. Send the contract to the supplier for signature;
6. Send the contract to the DCS Director or designee for signature after obtaining the supplier's signature;
7. Check the following clearances before routing for state approvals:
 - a. Secretary of State (SOS),
 - b. Department of Workforce Development (DWD),
 - c. Department of Revenue (DOR),
 - d. Indiana Department of Administration (IDOA), and
 - e. System for Award Management (SAM).
8. Send the contract through Supplier Contract Management (SCM) to receive all the necessary state approvals (e.g., IDOA, State Budget Agency, Office of Attorney General); and
9. Notify LCPA Licensing Unit when the contract is fully executed.

Note: Once the contract is fully executed, the supplier will receive an email from IDOA, including a link to the ITP for accessing the contract.

A Staff Attorney or the Division Director of Contracts will collaborate with the Contract Specialist to finalize the execution of the contract.

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RELEVANT INFORMATION

Definitions

Base Rate

IC 31-27-7 uses the same definition for base rate concerning CPAs as outlined for residential treatment service providers in 465 IAC 2-16-4 which includes the following components:

1. Maintenance payment;
2. Administrative payment; and
3. Payment for costs that are not eligible for Title IV-E reimbursement, if such costs are related to licensing requirements as established by 465 IAC 2-9 through 465 IAC 2-13, as amended, or written agreement between the department and residential treatment service providers. Such costs shall include but are not limited to on-site nursing staff; or transportation to medical appointments for the child.

Cost Report

A cost report is defined by 465 IAC 2-17-6 as "a report that DCS requires each CPA to complete for each foster care program that the CPA operates or supervises". Each cost report shall include budgeted cost data.

Reasonability Test

For purposes of DCS, a reasonability test is an evaluation performed by the DCS Rate Setting Team and is based on what a reasonable person would pay in the same or similar circumstances for the same or similar item or service.

Forms and Tools

- Contract Request Form - available from the Contract Specialist Supervisor
- Cost Report - available in the Case Management System
- [DCS Placement Webpage](#)
- [Indiana Transparency Portal \(ITP\)](#)
- Notice of Approved Rate and Right to Administrative Review Letter - available in the Case Management System
- [Request for Administrative Appeal Hearing Residential Treatment Services Provider "RTSP"/Child Placing Agency "CPA" Rates \(SF 55062\)](#)
- [Residential Treatment Services Provider \(RTSP\) and Child Placing Agency \(CPA\) Rates Administrative Review Request \(SF 55061\)](#)

Related Policies

- [18.01 Initial Licensing Process](#)
- [18.05 License Revocation](#)

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LEGAL REFERENCES

- [IC 31-27-7 Department Base Rates Review](#)
- [465 IAC 2-17 Rate Setting for Child Placing Agencies](#)

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PRACTICE GUIDANCE- DCS POLICY 18.12

Practice Guidance is designed to assist DCS staff with thoughtful and practical direction on how to effectively integrate tools and social work practice into daily case management in an effort to achieve positive family and child outcomes. Practice Guidance is separate from Policy.

Base Rates Review

A supplier may request a review of the base rates approved by DCS if the supplier believes that an error or omission was made in the:

1. Cost report that the supplier submitted to DCS;
2. DCS' calculation of the base rate; or
3. DCS' determination of the reasonableness of a cost.

A supplier making a request for review for an error or omission described above shall submit the request for review in the form and manner specified by DCS, including:

1. Identification of the current base rate and approved new base rate, as applicable to a specific program or service offered by the supplier;
2. An itemized statement of administrative and indirect costs that the supplier considers allowable under this chapter;
3. A clear, concise statement of the reasons for the requested change; and
4. A detailed statement supporting the requested change.

Note: DCS shall not accept or process an incomplete request for review. If a supplier submits a request for a base rate review and the supplier is currently undergoing revocation proceedings (see policy 18.05 License Revocation), the DCS Rate Setting Team must be notified of the revocation proceedings. DCS shall not act upon the request for review when the revocation proceedings are pending.

Not more than 30 days after the date on which DCS receives a request for review submitted under this chapter, DCS shall conduct a review and provide written notice and an explanation of DCS' decision to the supplier.

DCS may give special consideration to approval of the cost if the supplier proves that a cost was previously covered for any supplier or is associated with:

1. Accreditation;
2. Staff safety;
3. Child safety; or
4. A DCS requirement.

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