

**PURCHASED CARE  
PAYMENT  
AUTHORIZATION  
PROCEDURES**

DHS will authorize payments to an agency for care and services only if a completed individual agreement, DHS 3600, exists. Efforts must be made to ensure that the DHS-3600 is completed at placement, but not longer than within 30 days of the placement. If the DHS-3600 is not signed on the effective date, the effective date should be indicated on the approved agreement. The rates for child caring institutions and placement agency foster care (PAFC) providers are located on FOM 905-5, Rates for Child Care Institutions and Placement Agencies and at [www.mfia.state.mi.us/olmweb/ex/CFS-Rates.pdf](http://www.mfia.state.mi.us/olmweb/ex/CFS-Rates.pdf). Payment authorizations will be made by DHS only when the purchased care payment procedures outlined within this section of the manual are followed.

DHS will authorize the rates established by the DHS Office of Contracts and Purchasing (OCP). No deviation from the established rate is to be authorized.

**Purchased Family  
Foster Care  
Licensed  
Placement Agency  
Foster Care  
(PAFC) Provider**

The authorization includes:

**Maintenance Rate** - See FOM 905-3, Foster Care Rates.

**Treatment/Administration costs** - See FOM 905-5, Rates for Child Care Institutions and Placement Agencies.

**Treatment/Administration costs can include the following:**

- Social services costs - social work, clerical, supervisory and administrative salaries and benefits (social security, retirement, insurance). Included are the salaries of supportive services such as bookkeeping, statistical procedures, planning, staff development, data processing, etc.

- Operational costs - travel, supplies, utilities, equipment, rent, professional fees, postage, conferences, subscriptions, organization dues, etc.

**Treatment/Administration costs cannot include the following:**

- Costs resulting from fundraising, religious services, parochial school tuition, chaplain services, donated goods or services, and payments to parent organizations.
- Payment of post placement (or aftercare) services. Payments for trial home visits can be paid outside of MiSACWIS through the Federal Compliance Division (FCD). There is to be no payment of a treatment/administration rate from MiSACWIS after a youth has returned home.

**Note:** The treatment/administration rate and the maintenance rate are displayed separately and totaled on the DHS-659 printed from MiSACWIS.

**Case Service Payments** - Expenses not included in the maintenance rate but which are available to children placed with DHS for care and supervision may be considered for authorization. These expenses are identified in FOM 903-09 **and can be reimbursed with documentation.**

**Purchased Family  
Foster Care When  
a Child Is Placed in  
an Unlicensed  
Relative Placement**

Title IV-E eligibility requires that the child's placement be licensed. Title IV-E cannot be used to fund a child's placement in an unlicensed relative placement.

When the child is a state ward (MCI, Act 220, Act 296, or Delinquent, Act 150) state ward board and care funding may be used to pay cost of care in an unlicensed relative placement including the treatment/administration rate. When the child is a court ward, county funds may be used for maintenance and the treatment/administration rate. Requirements related to licensing relative placements are found in FOM 722-03, Foster Care-Placement/Replacement.

For a child who is otherwise eligible for title IV-E who has been placed in an unlicensed home, title IV-E funding cannot be used until the home is licensed. Once licensed, retroactive title IV-E payments can be made back to the effective date of the license as long as no Family Independence Program (FIP) or other payments from an alternate fund source were issued for the same time period. If the relative received FIP payments he/she can enter into a repay agreement for the FIP payments. The relative must complete a DHS-4358-A, Notice of Over issuance, and a DHS-4358-B, Department and Client Error Information and Repayment Agreement. Follow local office procedures to process the DHS-4358-A and DHS-4358-B. These forms are to be attached to the placement service authorization and routed to the Federal Compliance Division for payments to be authorized in MiSACWIS for these situations. If another fund source was used, reconciliation action in MiSACWIS must be completed.

For a relative who declines maintenance payments or prefers to receive FIP for the child, a treatment/administration only rate may be authorized in MiSACWIS for state wards only from state ward board and care funds. Route the approved placement service authorization to the Federal Compliance Division for treatment/administration rate only with comments that include references to the relative continuing to receive FIP.

For a child who is a court ward and the home is not licensed, county funds may pay the treatment/administration rate.

A treatment/administration rate cannot be paid to the placement agency foster care (PAFC) provider using title IV-E funds when a child is placed with an unlicensed relative.

## Purchased Residential Care

The authorization includes:

1. **The Institutional Rate:** See FOM 905-5, Rates for Child Care Institutions and Placement Agencies. The rate includes all of the institutional costs, including administrative, social service and child maintenance expenses. The institutional rate is to be authorized in MiSACWIS.
2. **Case Service Payments:** Most case service payments are not available to children in institutional residential placements as these items are already included in the institutional rate.

Special clothing allowances may be available to the youth. Additional support services, intended to prevent placement disruption, such as one-on-one, may be available; see FOM 903-09, Case Service Payments. The Bureau of Child and Adult Licensing (BCAL) consultant must be contacted for discussion. **Prior** approval must be obtained through the BCAL for additional support services.

### Other Residential Facilities

Payments to facilities which are not licensed as placement agency foster care (PAFC) providers or child caring institutions (such as detention homes) are not paid through MiSACWIS; see FOM 903-02, Payment for Detention Care.

**Note:** Title IV-E funds **cannot** be used for payment to these facilities.

### Non-Contracted Placement Approval Process

Placement of a youth with a non-contracted agency is only possible if all contracted private agency options and public agencies that can meet the child's needs have been exhausted. Consideration will only be given to programs that have a rate established before December 15, 2009 by DHS Office of Contracts and Purchasing (OCP). Contact the BCAL consultant for possible placement suggestions: Phone: (517) 373-7950 Fax: (517) 335-6121.

Prior approval must be granted before the non-contracted placement can be made. For children with a foster care and/or juvenile justice case, the DHS-396, Residential Placement Exception Request, should be completed and approved in MiSACWIS. The approved DHS-396 must be routed to BCAL in MiSACWIS.

If an abuse/neglect ward is exhibiting delinquent behaviors, but has not been adjudicated as a delinquent and the local DHS office is pursuing a juvenile justice placement for the youth, the local DHS office must obtain consent for the JJ placement from the youth's Lawyer-Guardian Ad Litem (L-GAL) and the court. A statement must be included in the DHS-396, Residential Placement Exception Request, regarding the required consents. Any request for placement in a residential juvenile justice facility must follow JJ7 700, Juvenile Justice Assignment Unit Placement Process.

**Note:** When a youth is placed in a mental health institution paid for by Medicaid and is discharged but not moved to another placement, this is considered a non-contracted placement. A DHS-396, Placement Exception Request, must be completed in MiSACWIS and approval must be obtained. Title IV-E funds cannot be used for days beyond what Medicaid will pay for.

For delinquent wards, The exception letter should include the following information regarding the youth and placement requested.

- Youth's name.
- Date of birth.
- MiSACWIS ID.
- Funding source.
- Legal status.
- DHS worker's name, county, phone number and fax number.
- DHS supervisor's name, phone number and signature.
- Requested placement: agency name, program name, provider number, service code and per diem rate.

Within the body of the request letter, the anticipated date of placement and a projected length of stay should be noted. Other information to be included, but not limited to: the current placement and why the youth cannot be maintained in this placement, brief background of the youth, current issues of the youth and how the facility can meet these needs, and an explanation of why this particular facility is the most appropriate setting for this youth. Also provide information on efforts to locate/ identify other contract placement resources. This should include: names of the agencies, when referral was made and the status of the agency as a placement option. Any applicable documentation, including the most recent initial services plan or updated services plan should be attached to the request and forwarded to BCAL. This request must be signed by the DHS Foster Care Supervisor.

Prior approval must be granted before the non-contracted placement can be made. A written exception request must be sent to BCAL.

For payment authorization to a non-contracted placement, route the placement service authorization with the approval memo from BCAL attached to the Federal Compliance Division in MiSACWIS.