


**MARYLAND DEPARTMENT OF HUMAN RESOURCES
SOCIAL SERVICES ADMINISTRATION
311 WEST SARATOGA STREET
BALTIMORE, MARYLAND 21201**

DATE: May 16, 2016

POLICY #: Policy Directive SSA 16-23

TO: Directors, Local Departments of Social Services
Assistant Directors, Services

FROM: Rebecca Jones Gaston, MSW 
Acting Executive Director
Social Services Administration

RE: Title IV-E Allowable Cost (Replaces SSA Policy
Directive 12-38)

PROGRAMS AFFECTED: Out-of-Home Placement, Title IV-E Eligibility

ORIGINATING OFFICE: Title IV-E Eligibility

ACTION REQUIRED OF: All Local Departments' Out of Home Placement
Staff; DHR/SSA Title IV-E Regions; Montgomery
County DHHS; and Department of Juvenile
Services Youth Assistance Unit

REQUIRED ACTION: Implement policy and procedure

ACTION DUE DATE: May 16, 2016

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PURPOSE:

The purpose of this policy is to provide guidance and set methodology for determination of acceptable allowable costs for purposes of Title IV-E reimbursement. This policy differentiates between allowable costs that are included in Maryland's board rate or maintenance payment, and those costs which are allowable as a separate payment chargeable for federal reimbursement under Title IV-E. This policy should be used in conjunction with any memos or policy directives regarding flex funds, superflex funds, or service log budget codes and instructions.

BACKGROUND:

The Social Security Act requires that the Title IV-E foster care maintenance payment is to cover the cost of (and the cost of providing), among other things, the personal incidentals of the child in foster care. These items are typically purchased for the child on an occasional, as-needed basis and may include a variety of items. Specifically, the federal government considers the following categories of expenditures examples of "personal incidentals":

- Items related to personal hygiene;
- Cosmetics;
- Over-the-counter medications and special dietary foods;
- Infant and toddler supplies, including high chairs and diapers;
- Fees related to activities, such as boy/girl scouts;
- Special lessons, including horseback riding;
- Graduation fees;
- Funeral expenses; and
- Miscellaneous items such as stamps, envelopes, writing paper, film and the cost of film development for a personal camera.

Further, as stated in section 8.3B.1 of the Child Welfare Policy Manual (CWPM), the "reasonable and occasional" costs of such items as tickets or other admission fees for sporting, entertainment or cultural events or dues for clubs are reimbursable under the foster care maintenance payment as personal incidentals.

What are “Allowable Costs?” Title IV-E Allowable Costs are **REASONABLE** payments made on behalf of IV-E eligible children in foster care that are identified as reimbursable to the State of Maryland under Federal government regulations. The State may provide for these costs in the basic foster care maintenance payment or a separate payment to the foster parent.

This policy concentrates on those items that are an allowable cost for the Title IV-E reimbursable child and the qualifying criteria for application of said costs. This policy is to be used in conjunction with the *Title IV-E Allowable Cost Quick Reference Table* (Attachment A) and also with any current annual policy directives or memorandums from DHR/DJS regarding Flex and Superflex funds.

Examples of the costs captured under the foster care room & board rate include: food, clothing, school supplies, personal incidentals, routine medical appointment transportation, shelter and daily supervision. Personal incidentals included in the board rate are detailed in SSA Policy Directive #11-19 *Guidelines for Foster Care Board Rate and Expenditures*. Others such as day care payments and a child’s personal travel (transportation) to the child’s removal home for visitation, court hearings and special medical appointments are separate allowable costs that are entered into MD CHESSIE using the service log.

I. Is it An Allowable Cost

In order to determine if a cost is allowable, the following questions should be used:

- A. Is the child a Title IV-E eligible and reimbursable foster child?
 - 1. If no, it is not an allowable cost.
 - 2. If yes, then additionally:
 - a. Is the cost specific to the child but not a counseling or therapy cost?
 - i. If yes, then cost should be charged to 21xx.
 - ii. If no, then cost should be charged to 71xx.
 - 3. Exception: Is the cost one that would ordinarily be covered by Medical Assistance?
 - If yes, then cost should be charged to 71xx.

II. Justification and Documentation Requirements for Allowable Costs

See Attachment A: *Title IV-E Allowable Cost Quick Reference Table*

Allowable Costs outside of the maintenance or board rate generally fall into 1 of 4 categories:

- Child Care
- Recreation
- Transportation
- Incidentals

Note that there will be instances where further documentation or justification may be required. In such cases the Title IV-E unit representative will contact case services for required clarity.

These categories and the required documentation for each vary. It is very important that information regarding the documentation and justification be entered by the caseworker in the Service Log notes. This is the only means available to verify that the cost charged meets federal requirements.

A. Child Care

1. Criteria: The cost of day care and day camp that is a substitute for day care is an allowable cost for a Title IV-E child. In order for this cost to be allowable and charged to the federal government, the following criteria must be met:
 - a. Foster parent(s) must be employed full time outside of the home. If there is more than one foster parent both foster parents must be employed fulltime outside of the home. If one of the foster parents is not employed but needs childcare in order to look for fulltime employment, that is also acceptable. For purposes of Title IV-E, "employed fulltime" includes full time educational enrollment for attendance outside the home, or a combination of part-time employment and education outside of the home equating to fulltime. Training Note: The cost of day care for the foster parent to attend training(s) to fulfill annual in-service training requirements for continued approval can also be documented as an allowable cost.
 - b. Minor parents whose non-committed infants are placed in the same foster care placement are also eligible as long as they are employed fulltime as explained above. Note that for the Minor parent, the employment status of the foster parent is not the requirement; the requirement is dependent on the minor parent.
 - c. The day care provider must be a licensed child care provider. This can be a formal child care home or child care center. The provider must be licensed for services by the Maryland Office of Child Care Administration (unless out of state provider, who must be licensed by their state).
2. Documentation: Documentation to meet this requirement includes invoices for the child care services scanned into MD CHESSIE; verification by caseworker of current child care license (should be indicated by a license number existing in MD CHESSIE). Caseworker should enter into the service log notes that the child is age appropriate for child care services and how the services are specific to the child and the child's age and/or needs. Child care services for foster parent(s) attending training must include certificate or valid documentation of attendance of each foster parent.

3. Not Allowable: Relatives and friends (informal) are not formal child care providers. **CHILD CARE FUNDS CANNOT BE PAID TO FOSTER PARENTS** of the child who are also licensed child care providers. Nor can funds be paid to unemployed foster parent of the child for providing childcare!

B. Recreation

The costs applicable to the Title IV-E child regarding recreational or social activities are an allowable cost. These costs include fees for social activities related to school, community recreational activities, recreation sport activity participation or spectator costs, and summer camp. While vacations are not an allowable cost, the admission to amusements and attractions while on vacation can be an allowable cost.

1. Criteria: Child only cost for listed activity. Activity must be for child and age appropriate. Can include reimbursement FOR foster parent ONLY if foster parent is required to be a chaperone for the Title IV-E child to ensure the child's safety for the activity.
2. Documentation: Invoices and receipts must be scanned into MD CHESSIE. These receipts can include registration forms indicating payment and ticket stubs. There must be clear documentation that the cost is specific to the child. A group cost receipt must indicate the personal cost of the individual child (i.e. \$125 receipt that shows 5 persons at cost of \$25 each – child's cost \$25).
3. Not allowable: Because (with little exception) only the cost attributable to the Title IV-E child is allowable, payments for foster parents, other Title IV-E ineligible children, children of the foster parent(s) and biological/adoptive parent or legal guardian for social activities (even those with the Title IV-E child) are NOT allowable. Also not allowable are vacations, limousines, and food purchased for the child during recreational activity.

C. Transportation

Transportation of the Title IV-E child both to and from specified activities can be an allowable cost. These activities include such activities as visits with siblings or biological/adoptive parents, court appearances, school (see Educational stability), and transportation to appropriate allowable recreational activities.

1. Criteria: Child only transportation costs. Educational stability requirements include the payment of transportation to the home school by the local school district in the 1st school year, then it is the responsibility of the local department to pay for the school transportation. This includes paying the same local government or another local government for the provision of the transportation (i.e. the school district provides the bus, but after the first year the LDSS pays the transportation bill even if it is to the same county). Foster parents may be reimbursed travel expenses to attend required in-service training required for continued approval.
2. Documentation: Caseworker must clearly document the reason for each trip and indicate how it is specific to the child in cost and reason. Invoices and receipts should be scanned into MD CHESSIE. For educational stability transportation, documentation regarding the home school and best interest must be in the child's records and referenced in the notes as justification. See SSA Policy Directive #14-04 *Educational Stability*. For foster parent

training invoice, receipts, or completed mileage forms are required, as well as documentation of attendance at training.

3. Not Allowed: Transportation of the biological or adoptive parent (even to facilitate visits with the parents or siblings). Transportation for regular medical/mental health appointments and the transportation of the child for employment or education (other than educational stability).

D. Incidentals

There are a number of items specific to the child listed as incidentals. These are items that are important or essential to the child's well-being, allowed as a cost, but not included for Maryland in the maintenance or board rate.

1. Criteria: An incidental item that is necessary for the child's well-being or care must be specific to the child. This includes specific to the child's circumstance and age. There are a number of instances where Maryland will pay for items or activities, but not all of these are Title IV-E allowable. The caseworkers should regularly familiarize themselves with flex and superflex allowances to determine first if it is an incidental cost that is allowable, then determine if it is within those items listed as Title IV-E allowable. Some categories of special note include:
 - a. Clothing: Initial one-time clothing allowance for the episode of foster care. The initial one-time clothing allowance cannot be repeated due to placement change of the same episode of foster care. Clothing needs for medical reasons can be an allowable cost. This should be discussed with your Title IV-E representative prior to utilizing the federal code. Medical reasons can be such things as a temporary medical condition (extreme rapid weight gain/loss due to medication or other acute medical condition).
 - b. Graduation related expenses: This can include invitations, cap and gown. Note some items such as class rings are considered a social activity and would be charged under Recreation.
 - c. Prom: Prom expenses including dress, tuxedo rental, hair and makeup, accessories. These expenses must be deemed reasonable for the economics of the area which the child is located. Still does not include a limousine. Note that the fees and tickets for the prom are considered social costs and should be charged under Recreation.
 - d. Over the counter medications and personal hygiene: Medications not requiring prescriptions and medically necessary personal hygiene products, such as special mouthwash for gingivitis or special bed pads, may be charged UNLESS these items are available directly from Medical Assistance. Items that were formerly over the counter, like disposable adult-size diapers and insulin strips, are available directly from medical assistance. Please discuss with IV-E specialist/unit prior to using code.

Vitamin supplements are considered health foods and are NOT an allowable cost.

- e. Special dietary foods: Special foods such as for tube feeding, special failure to thrive formula, and kosher foods (when required by restrictions of religion only) can be an allowable cost. These should be discussed with your Title IV-E representative.
 - f. Minor Parent: Cost directly attributable to the infant of a minor parent (including bedding, cribs, high chairs) can be listed as incidental
2. Documentation: Requires invoices and receipts. The special needs of the child must be clearly articulated in the Service Log notes. Must show that the cost is specific to the child in the cost, reasoning and documentation. Must demonstrate the need for the incidental and explain why the cost is reasonable.
 3. Not Allowed: Furniture and bedding (see Minor Parent exception above); regular clothing needs and hygiene items (as delineated in SSA Policy Directive #11-19); infant needs such as diapers, wipes and formula.

E. Non-Allowable Federal Payments

1. PAYMENTS TO PARENTS/LEGAL GUARDIANS ARE NOT A TITLE IV-E ALLOWABLE COST Regardless of child's Title IV-E status!!!

2. Respite Payments: Respite payments are not a Title IV-E allowable cost for the State of Maryland. Title IV-E does not allow for dual maintenance payments. In Maryland, the foster parent continues to receive payment during the same time period as the respite provider is receiving payment. For Maryland this is ALWAYS a state coded cost.

III. Entering Allowable Cost in MD CHESSIE

Allowable costs are entered by the caseworker on the Service Log in MD CHESSIE. The supervisor must approve the entries. Required documents such as ticket stubs, receipts and invoices are to be scanned into the child's client file cabinet. Remember to discuss any questionable costs with your Title IV-E representative. Also, be aware that the Title IV-E representative may request further justification or clarification at the time costs are reviewed.

The allowable cost entry must include:

- a. Service log action: what is the payment for and for whom
- b. Correct finance code: 21xx for Title IV-E allowable cost (see Attachment A, column 3)
- c. Details of the cost: Should be in the "notes" section. Especially important if documentation of the cost reflects cost to others than the Title IV-E child. Must be specific the amount applicable to the child and why.
- d. Justification: Includes the reason for the cost and also details required justifications such as employment, educational stability, foster parent training, age appropriateness, and

reasonableness. If there is documentation elsewhere in the record that is required to justify the cost, it should be referenced here by the caseworker prior to supervisor approval of the expenditure.

IV. Verification of allowable cost and Claims adjustments

A. DHR

1. Allowable Title IV-E costs are reviewed during determinations. Initial determinations occur within 60 days of the beginning of the child's episode in foster care. Redeterminations occur, at minimum, on an annual basis (anniversary of child's entry into foster care). There may be some time lapse between entry of the alleged allowable cost and verification by the Title IV-E specialist.
2. Standard procedures for claim adjustment must be initiated. Service log entries are not automatically adjusted. Dependent on the jurisdiction, Title IV-E either notifies the local department finance or includes the claim adjustment to DHR Office of Budget & Finance.

There will be instances where, in retrospect, a cost that was entered as Title IV-E allowable is determined to be ineligible. The Title IV-E representative will contact casework services and request the entry be amended to reflect the correct code.

- B. DJS: DJS staff will follow the current supervisory instruction for verification of allowable cost as this may be handled by separate units.

Attachments:

Title IV-E Allowable Cost Quick Reference Table

Ancillary Payments for Children in Foster Care Responsibility Codes

Title IV-E Allowable Cost Quick Reference Table

Cost Description	Allowable (circumstances)	Federal Code	Justification or Documentation Required	Not Allowable
Child Care				
<ul style="list-style-type: none"> Child Care Day Camp (school-aged child; used as a substitute for child care) 	<ul style="list-style-type: none"> IV-E Eligible Child Licensed (Formal) Child Care Foster Parent(s) full-time work outside of the home Child of a IV-E Eligible Minor Parent 	2132	<ul style="list-style-type: none"> Invoice (scanned into Chessie) Verification of current child care license Must be age appropriate Must be clearly documented and specific to the child age appropriate 	<ul style="list-style-type: none"> Foster Parent providing child care Informal child care provider/day camp Unemployed Foster Parent Ineligible Foster Child
Recreation				
<ul style="list-style-type: none"> Entertainment (Community Recreational Activities) Social 	<ul style="list-style-type: none"> IV-E Eligible Child only Foster Parent Chaperone (only if chaperone for child is required) Club Dues Prom Fees and Expenses Junior & Senior Dues Class Ring Senior Portraits Class Trip Yearbook Sports events, equipment and expenses 	2133	<ul style="list-style-type: none"> Invoice (Scanned into Chessie) Receipt (Scanned into Chessie) Ticket Stub Must be clearly documented and specific to the child 	<ul style="list-style-type: none"> Payment for biological or adoptive parent(s) entertainment/social activities Vacations Limousine Food purchased for the child during recreational activity
Respite Care				
None	This is not an allowable payment because foster care and respite providers receive maintenance payments for the same service period			

Cost Description	Allowable (circumstances)	Federal Code	Justification or Documentation Required	Not Allowable
Payments To Parents or legal Guardians	This is not a federally allowable payment			
Transportation				
	<ul style="list-style-type: none"> IV-E Eligible Child Visits with siblings, biological or adoptive parents Court Foster Parent (training only) Educational stability (after the 1st school year) Transportation to allowable recreation 	2134	<ul style="list-style-type: none"> Invoice (scanned into Chessie) Must be clearly documented for each trip Must be specific to the child Cost documentation must be specific to the child 	<ul style="list-style-type: none"> Biological and adoptive parent(s) Ineligible child Regular medical/Psychological appointments Child transportation to work
Incidentals				
	<ul style="list-style-type: none"> IV-E Eligible Child Initial (one-time) Clothing Ongoing Clothing Need for Medical reasons Graduation Over-the-Counter Medicine Personal Hygiene (Medically necessary) Special dietary foods Child of IV-E Eligible Minor School supplies Birth Certificate Infant supplies (crib, bedding, high chair) 	2133	<ul style="list-style-type: none"> Invoice (scanned into Chessie) Receipt (scanned into Chessie) Must clearly document the special need Must be specific to the child Must be demonstrated need and reasonable 	<ul style="list-style-type: none"> Prescription medication Monthly clothing allowance Monthly personal hygiene items Infant supplies (diapers, wipes, formula, etc.)

Ancillary Payments for Children in Foster Care

Responsibility Roles

SERVICE WORKER	Foster Care/Adoption Supervisor	Title IV-E Specialist	Title IV-E Regional Supervisor	Finance Officer
Service Log entry of action (cost)	Verify amount	Verify IV-E Eligibility	Review documents verifying need for funding code change	Complete Journal Entry for payment correction
Use of Correct Funding Code	Ensure proper justification for expense	Review required justification for code use	Submit memo and supporting documents to the local DSS Finance Office	Document change on the Monthly 302 Finance Report
Details of the cost: Amount, Criteria, and Justification	Verify Correct Funding Code	Confirm the amount		
	Approve Payment	Correct payments if necessary, by completing a Journal Entry memo to the Finance Office		
		Submit memo to the IV-E Regional Supervisor of review		