

	<b>INDIANA DEPARTMENT OF CHILD SERVICES</b> <b>CHILD WELFARE POLICY</b>	
	<b>Chapter 17:</b> Residential Licensing <b>Section 04:</b> Rate Setting	
	<b>Effective Date:</b> July 1, 2022	<b>Version:</b> 2

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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 residential treatment service provider. The rate setting process also establishes the reimbursement rate that Indiana may claim from the federal government.

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## PROCEDURE

A residential treatment service provider in Indiana must be licensed by DCS, in accordance with state law, for DCS to recommend placement of a child with the provider or for DCS to pay the cost of the placement. See policy 17.01 Initial Licensing Process for additional information.

The Licensing Specialist will:

1. Verify the residential treatment service provider is established as a supplier (hereafter, the residential treatment service provider is referred to as a supplier); and
2. Ensure the Residential Licensing Unit (RLU) Manager is aware that the supplier's license is nearing finalization.

The RLU Manager will:

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

**Note:** The Licensing Specialist, RLU Clinical Specialist, and Licensing Supervisor should be copied on the email.

Upon notification that a supplier's license is nearing finalization, the Rate Setting Team 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 our cost limits.

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

**Note:** A supplier may request to have a review of the base rates. The request must be received within 30 days of the date the supplier received the Rate Letter. See Practice Guidance for additional information.

5. Verify the supplier has submitted required data through the Indiana Transparency Portal 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 31<sup>st</sup> 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 RLU Manager to ensure rates are set for the supplier.

Upon assignment of a contract, the Contract Specialist will:

1. Contact the supplier to ensure all necessary paperwork has been submitted;
2. Begin drafting the contract in Supplier Contract Management (SCM);
3. Create the contract in KidTraks;
4. Collaborate with the Chief Counsel of Contracts to finalize the draft of the contract;
5. Send the final 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 after receipt of system notification that the contract has been signed:
  - 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 SCM for state approval (i.e., IDOA, State Budget Agency [SBA], and Office of the Indiana Attorney General); and
9. Notify RLU 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 Indiana Transparency portal for accessing the contract.

Upon receipt of the Contract Request form from RLU, the Contract Specialist Supervisor will:

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

The Chief Counsel of Contracts will collaborate with the Contract Specialist to finalize the contract.

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## RELEVANT INFORMATION

### Definitions

#### Base Rate

A base rate is defined by 465 IAC 2-16-4 as including 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 2-16-5 as a report that DCS requires each residential treatment services provider to complete for each residential program that the residential treatment services provider operates. 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](#)
- Rate Letter - Available in the case management system
- [Residential Treatment Services Provider \(RTSP\) and Child Placing Agency \(CPA\) Rates Administrative Review Request \(SF 55061\)](#)

### Related Policies

- [17.01 Initial Licensing Process](#)
- [17.07 Residential License Revocation](#)

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## LEGAL REFERENCES

- [IC 31-27-7 Department Base Rates Review](#)
- [465 IAC 2-16 Rate Setting for Residential Treatment Services Providers](#)
- [465 IAC 2-16-4: "Base Rate" defined](#)
- [465 IAC 2-16-5: "Cost report" defined](#)

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## PRACTICE GUIDANCE- DCS POLICY 17.04

*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 request for review as described must be:

1. Submitted in writing to DCS via the Residential Treatment Services Provider (RTSP) and Child Placing Agency (CPA) Rates Administrative Review Request; and
2. Received by DCS not more than 30 days after the date on which DCS mailed a Rate Letter to the supplier.

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 17.07 Residential 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:

1. Provide written notice and an explanation of DCS' decision to the supplier; and
2. Publish the notice and explanation of DCS' decision on the DCS Placement webpage.

The explanation of DCS' decision must include a detailed explanation of the following:

1. The specific portion of the disputed cost that is being approved or denied for reimbursement;
2. Explanation as to why the disputed cost being denied is unreasonable; and
3. The information DCS used to make its determination.

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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