

**MEMORANDUM**

TO: Michael Lynch, Ohio Department of Job and Family Services

FROM: Sydney King, Regulatory Policy Advocate

DATE: March 20, 2014

RE: **CSI Review – Foster Care Management Part 2 (5101:2-47-11, 5101:2-47-26.1 and 5101:2-47-26.2)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of three amended rules being proposed by the Ohio Department of Job and Family Services (ODJFS) pursuant to the five-year review requirement of ORC 119.032. The rule package was filed with the CSI Office on February 19, 2014 and the comment period for the rule closed on February 26, 2014. No comments were received during the CSI public comment period.

The proposed rules provide the requirements for the reimbursement criteria for children's residential centers, group homes, maternity homes, residential parenting facilities, and purchased foster care homes. It also provides requirements for cost report filing, record retention, and an "Agreed Upon Procedures Engagement" form. According to ODJFS, a substitute care provider must submit a cost report for rate setting in order for a child who is Title IV-E program eligible to be federally reimbursed. The rules implement statutory requirements found in Ohio Revised Code 5101.141 and 5101.145.

According to the BIA, stakeholders were involved in the early review stage. Stakeholders included public children service agencies, private non-custodial agencies, county prosecutors, Ohio Association of Child Caring Agencies (OACCA), and Public Children Services Agencies of Ohio (PCSAO). ODJFS facilitated three workgroups with the goals of improving state contracting for purchased care, improving the cost reporting, and establishing foster care ceiling rates. The workgroups included members from statewide associations, OACCA, and PCSAO. ODJFS performed a clearance comment period and no comments were received.

The BIA identifies the major adverse impact as the cost of hiring a certified public accountant (CPA) to perform an “Agreed Upon Procedure Engagement.” ODJFS states the CPA is needed to create a testing tool used to ensure the figures reported on the cost report are accurate. ODJFS performed stakeholder outreach for estimates on the costs. Stakeholders estimate the adverse impact to cost between \$5,000 and \$10,000 depending on the size of the agency. There are approximately 125 private non-custodial agencies and private child placing agencies who will be impacted by these rules. There are additional adverse impacts associated with the completion of forms for reimbursement, record retention for compliance, and conflict of interest policies. It is estimated the impact would be time and administrative costs.

ODJFS states in the BIA that it is statutorily required “to monitor and review costs associated with private substitute care providers’ fiscal accountability relating to federal foster care funding” and the rules allow them to successfully perform this statutory requirement.

After reviewing the proposed rules and the BIA, the CSI Office has determined that the rules satisfactorily meet the standards espoused by the CSI Office, and the purpose of the rules are justified.

Recommendation

For the reasons explained above this office does not have any recommendations regarding this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor’s Office