Minnesota Department of Human Services

Bulletin

NUMBER

#14-32-18

DATE

December 18, 2014

OF INTEREST TO

County Directors

Tribal Social Service Directors and Staff

County Fiscal Coordinators and Staff

Social Services Supervisors

ACTION/DUE DATE

Review and implement as directed.

EXPIRATION DATE

December 18, 2016

Northstar Care for Children Fiscal Processes

TOPIC

Northstar Care for Children fiscal reports, the Northstar Care Fiscal Reconciliation Process, phase-in and transitions, legally and financially responsible agencies, and other related processes.

PURPOSE

To provide information and guidance on the fiscal processes for Northstar Care for Children, which becomes effective on January 1, 2015.

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SIGNED

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TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.

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Background

Previously, when Minnesota foster parents wanted to become a child's permanent family through adoption or transfer of legal custody, the financial benefits decreased. Benefits were typically reduced by at least half, and sometimes 70 percent or even more. The benefit discrepancy made adoption or transfer of legal custody impossible for many families. It was a serious barrier, leaving many children growing up without a permanent family, particularly American Indian children, African-American children, sibling groups, and older children.

Effective January 1, 2015, Northstar Care for Children eliminates the previous benefit discrepancy for young people age six and over. It unifies benefits for children age five and younger by calculating them all on the same basis, although these benefits are not uniform. The basic benefit is determined by the child's age. Northstar Care uses a uniform assessment for determining additional benefits. Northstar Care also introduces a number of other improvements, including improving consistency in practice across the state while allowing for variation for individual children and families.

Northstar Care is about assisting young people who can't be reunified to secure a new permanent family. As a result, it deals with family foster homes, supervised independent living settings, transfers of permanent legal and physical custody to a relative, and adoptions. It makes no changes in respite care or in group homes, residential treatment, or other group facility settings.

Legal References

Minnesota Statutes, section 256.01, subdivision 2(q)
Minnesota Statutes, chapter 256N
Minnesota Statutes, section 257.85
Minnesota Statutes, chapter 259A
Minnesota Statutes, sections 260C.4411 – 260C.4413

Overview

Three Components

Effective January 1, 2015, Northstar Care for Children has three components that line up with three different legal statuses:

1. Northstar Foster Care for young people in family foster homes and extended foster care – supervised independent living
2. Northstar Kinship Assistance for eligible young people who have undergone a transfer of permanent legal and physical custody to a relative
3. Northstar Adoption Assistance for eligible young people who have been adopted

Three Different Sets of Eligibility Requirements

The three components of Northstar Care have been designed to be as similar as practical. However, Northstar Care eligibility is based on federal Title IV-E regulations, and Title IV-E regulations vary with the three different legal statuses.

Although there are other details, the key points of eligibility are as follows:

- Northstar Foster Care: the young person must live with a foster parent who is licensed or getting licensed (first six months) or one of the two special status situations (pre-adoptive placement or extended foster care – supervised independent living setting).
- Northstar Kinship Assistance: the young person must live with the prospective relative custodian as a licensed foster parent for six months in a row.
- Northstar Adoption Assistance: meeting all three points of the special needs determination.

Not every young person in foster care will qualify for Northstar Kinship Assistance or Northstar Adoption Assistance. Some young people in foster care will qualify for Northstar Kinship Assistance but not for Northstar Adoption Assistance, or vice versa.

Three Benefits

Most eligible young people receive three benefits:

1. Medical Assistance (also known as Medicaid)
2. Monthly basic payment is based on the young person's age
3. Monthly supplemental payment is based on the young person's uniform assessment known as the MAPCY (Minnesota Assessment of Parenting for Children and Youth)

For the second and third benefits listed above, the department has released the monthly payments and their equivalent daily rates in DHS bulletin #14-32-11 (July 7, 2014) "Northstar Care for Children Maintenance and Supplemental Difficulty of Care Payment Rates."

DHS will revise these rates effective July 1, 2016, and annually after that. The revisions will be made in the same manner that foster care rates have been adjusted for the past 25 years, based on the Estimates of the Cost of Raising a Child, published by the United

States Department of Agriculture. The revision cannot increase the rates by more than three percent annually. [Minnesota Statutes, section 256N.26, subdivisions 1 and 8-9]

Northstar Care unifies benefits for foster care, kinship, and adoptions. The monthly payment follows an eligible child from a foster home to permanency, but the amount depends on the age of a child at the time of gaining permanency. Since eligibility must be established prior to court action, the age is measured when eligibility determination is begun prior to final court action on adoption or a transfer of permanent legal and physical custody:

- For eligible children who are age six or older when eligibility determination is begun prior to final court action, the monthly payment is the same as they would get in a foster home.
- For eligible children who are age five or younger eligibility determination is begun prior to final court action, the monthly payment is half what they would get in a foster home (the Pre-School Entry Alternate Rate).

Northstar Care Slowly Replaces the Previous Programs

Northstar Care for Children is for children who enter one of its components in 2015 or after. These components are Northstar Foster Care, Northstar Kinship Assistance, and Northstar Adoption Assistance.

The Pre-Northstar Care legacy programs are retained for the children already in them and are slowly phased out as children exit. The Pre-Northstar Care legacy programs include legacy foster care with the previous Difficulty of Care assessment process, legacy Relative Custody Assistance (RCA), legacy Adoption Assistance, for a small number of children the Minnesota Permanency Demonstration Project (MnPD).

Children who are already part of those legacy programs will continue with their program unless specific changes occur that move them to Northstar Care. These specific changes may result in transitions, for which there are specific rules.

No additional children may be added to Relative Custody Assistance or legacy Adoption Assistance after November 26, 2014 (the day before Thanksgiving).
For details, see Phase-in and Transitions below.

Costs are Shared

Counties and tribes continue to issue payments for foster care (both legacy and Northstar) and for legacy Relative Custody Assistance. DHS continues to issue payments for adoption assistance (both legacy and Northstar) and begins issuing payments for the new Northstar Kinship Assistance.

County and tribal expenditures are captured through three fiscal reports.

All the costs are shared, with a new state share in foster care and a new local share for permanency. Northstar Care costs more than the previous programs, but the additional costs are funded by new state appropriations and new federal Title IV-E revenue. Counties and tribes will pay roughly what they would have paid in the absence of

Northstar Care. This is accomplished through the Northstar Care Fiscal Reconciliation Process.

For details, see Issuing Payments and Collecting Offsets, Three Fiscal Reports and Northstar Care Fiscal Reconciliation below.

Procedures, Requirements, and Deadlines

DHS will issue procedures, requirements, and deadlines for the administration of Northstar Care for Children. These will be issued in bulletins, built into the Social Service Information System (SSIS), posted on the web, or published in other formats as appropriate. [Minnesota Statutes, section 256N.28, subdivision 2]

Eligible and Ineligible Settings

Eligibility for Northstar Care includes a combination of an eligible setting plus eligibility factors that are specific to the particular young person or the particular component (Northstar Foster Care, Northstar Kinship Assistance, or Northstar Adoption Assistance). There are other eligibility factors that are specific to the specific young person. [Minnesota Statutes, section 256N.20]

Eligible Settings

Northstar Care eligibility revolves around situations that promote permanency for the young person. Eligible settings include family foster homes, extended foster care – supervised independent living, transfers of permanent legal and physical custody, and adoptions.

Young people in any of the following settings **may** be eligible:

- Family foster homes (BRASS Code 181)
- Shelter in family foster homes (BRASS Code 181)
- Therapeutic foster homes (BRASS Code 180)
- Foster homes licensed through a private foster care agency (child-placing agency, BRASS Code 180 or 181)
- Corporate foster homes (sometimes informally known as CADI homes, referring to the Medical Assistance Community Alternatives for Disabled Individuals Waiver that sometimes pays for some of their costs, BRASS Code 181)
- Youth (18 up to age 21) in extended foster care, whether with a caregiver (BRASS Code 181) or in a supervised independent living setting (BRASS Code 188)
- Permanent transfer of legal and physical custody to relative custodian(s)
- Adoption by adoptive parent(s)

All of these settings typically use the MAPCY assessment as part of benefit determination. [Minnesota Statutes, sections 256N.21-256N.23]

Eligible BRASS Codes but Not Eligible Expenditures

As noted in Eligible Settings above, Northstar Care includes family foster homes (BRASS Code 181), therapeutic foster homes (BRASS Code 180), and youth in extended foster care in a supervised independent living setting (BRASS Code 188).

However, not everything that fits into those three BRASS Codes is included in Northstar Care. For example, if the home remains unlicensed six months after the young person is placed there, further expenditures are ineligible. Expenditures resume being eligible again from the point that the home is licensed.

As another example, none of the following are included in Northstar Care: the Initial Clothing Allowance, Rule 4 Administrative Fees, child care beyond that included in the MAPCY, and transportation to school beyond that in the MAPCY for youth 18 up to 21 living independently.

Eligible expenditures represent the Northstar Care benefits, primarily the monthly basic payments and monthly supplemental payments. [Minnesota Statutes, section 256N.26; section 256N.27, subdivision 4; section 256N.28, subdivisions 2 and 4; and section 260C.4413]

Ineligible Settings

There are settings that are never included in Northstar Care, and are therefore ineligible settings. They may represent essential services, but most of them are ineligible because they aren't resources for permanency.

The following are settings that are not eligible for Northstar Care for Children:

- Respite care, including in a family foster home setting (BRASS Code 189 or 489)
- Residential facilities or group homes (BRASS Code 183)
- Residential treatment (BRASS Code 483)
- Residential correctional programs (BRASS Code 185)
- Residential shelter programs (BRASS Code 171)

In these settings, rates paid to the setting are generally determined by contract rather than through the uniform MAPCY assessment, and they will not be included in Northstar Care for Children. [Minnesota Statutes, section 256N.21; section 256N.28, subdivision 2; and section 260C.4412]

Consequences of Not Being Eligible

A young person might not be eligible for Northstar Care for a number of reasons – setting, licensure, something specific to that component (Northstar Foster Care, Northstar Kinship Assistance, or Northstar Adoption Assistance), or something specific to that young person.

The consequences of a child not being eligible for Northstar Care vary. If the young person is in out-of-home placement, then the agency still needs to pay the foster parent or provider, but there will be no state share through Northstar Care.

If the young person has gone through a transfer of permanent legal and physical custody or adoption, then DHS will not pay Northstar Care benefits for a child who is not eligible. [Minnesota Statutes, sections 256N.21-256N.23 and 256N.25-256N.27; and section 256N.28, subdivision 2]

Phase-In and Transitions

Northstar Care for Children is for children who enter one of its components in 2015 or after. The Pre-Northstar Care legacy programs are retained for the children already in them and are slowly phased out as children exit.

Legacy Programs Closed at Thanksgiving 2014

To implement Northstar Care, no new legacy Adoption Assistance or Relative Custody Assistance cases may start after November 26. November 26 is the Wednesday right before Thanksgiving.

If all required steps were not completed on or before November 26, all pending agreements for the legacy programs are void. In particular, the usual grace period of 30 days after court action to finalize Relative Custody Assistance expired on November 26, even if court action occurred less than 30 days prior to November 26.

Phase-in through Transitions a Central Feature of Northstar Care

The Northstar Care enacted in 2013 and amended in 2014 features extensive phase-in provisions. In general, most young people stay with their existing programs, while new ones enter Northstar Care.

Young people enter Northstar Care through various types of transitions, which are the central feature of Northstar Care phase-in processes. [Minnesota Statutes, section 256N.20, subdivision 7]

Four Phase-in Processes

There are four phase-in processes in Northstar Care:

1. New Entry
2. Re-entry
3. Status Transitions
4. Commissioner Transitions

The first three might be thought of as “natural” phase-in based on developments within the case. However, the fourth is through the exercise of authority that may not be related to the case. We will consider each of these four phase-in processes in turn. [Minnesota Statutes, section 256N.20, subdivision 7 and section 256N.28, subdivision 2]

1. New Entry Phase-in

Beginning January 1, 2015, young people who have never been in any of the legacy programs (foster care, Relative Custody Assistance, legacy Adoption Assistance, or the Minnesota Permanency Demonstration Project) enter Northstar Care for Children. [Minnesota Statutes, section 256N.21 and section 260C.4411]

2. Re-entry Phase-in

Beginning January 1, 2015, young people who have been in any of the legacy programs but are not currently in any of them enter Northstar Care for Children if one of its components (typically foster care) is appropriate. This is the first way in which young people who have already been associated with legacy Pre-Northstar Care programs become part of Northstar Care.

The most likely circumstances are that the young people had been reunified and the reunification fails, but there are other less likely possibilities. [Minnesota Statutes, section 256N.21; section 256N.28, subdivision 2; and section 260C.4411]

3. *Status Transitions Phase-in*

A status transition is the primary way out of legacy Pre-Northstar Care legacy foster care. Ordinarily, a young person residing in a family foster home setting prior to January 1, 2015, would remain in the legacy Pre-Northstar Care foster care unless a status change occurs. Status transitions occur automatically when a young person in foster care experiences specific changes in status, moving a young person out of legacy Pre-Northstar Care foster care and potentially into Northstar Care for Children.

There are six main types of status transitions, involving an individual young person who:

3a. Moves to a different family foster home

3b. Has permanent legal and physical custody transferred to a relative caregiver

3c. Is adopted

3d. Experiences reunification or a court-ordered trial home visit

3e. Moves to a different placement setting that is neither a family foster home nor an extended foster care supervised independent living setting (EFC-SIL)

3f. Ages out of foster care.

In all six of these situations, what might be thought of as a legacy Pre-Northstar Care "ticket" possessed by that young person expires. In the first situation (3a), the status transition always results in the child entering Northstar Care as part of Northstar Foster Care. In the next two status transitions, the young person might enter Northstar Care, but only if they meet the eligibility criteria for Northstar Kinship Assistance (3b) or Northstar Adoption Assistance (3c).

There is an **important exception** to status transition type 3e. It involves a young person moving to a different placement setting that is neither a family foster home nor an extended foster care independent living setting (EFC-SIL, for youth 18 up to 21). In some circumstances, this is a **temporary move**, such as a consequence placement or residential treatment. If the young person is placed back with the legacy family foster home or independent living setting within a year without any intervening family foster homes or independent living settings, then there has been **no status transition** and the legacy "ticket" does not expire.

In the final three status transitions (always 3d and 3f, and usually with 3e), the legacy "ticket" may expire without their entering Northstar Care, so in some sense these young people are "phased in" even though they do not actually enter Northstar Care.

There are other types of status transitions that may apply to Pre-Northstar Relative Custody Assistance (RCA) or legacy Pre-Northstar Adoption Assistance (LAA), such as the collapse of the permanency arrangement. Status transitions clearly speed up the phase-in process. At least as importantly, 3b and 3c make the Northstar Care permanency components available to young people who are in legacy Pre-Northstar Care foster care. [Minnesota Statutes, section 256N.20, subdivision 7; sections 256N.21-256N.23; section 256N.28, subdivisions 2 and 7; and section 257.85, chapter 259A; and section 260C.4411]

4. Commissioner Transitions Phase-in

A limited number of young people each year will transition into Northstar Care through a commissioner transition.

If the other three phase-in processes are thought of as "natural" processes that are determined by circumstances that evolve during the ordinary development of the case, commissioner phase-ins are by fiat that may have nothing to do with any circumstances within the case. Other than aging out, a commissioner transition is the primary way out of legacy Pre-Northstar Relative Custody Assistance (RCA) or legacy Pre-Northstar Adoption Assistance (LAA).

There are two main types of commissioner transition:

4a. Commissioner transition from Relative Custody Assistance (RCA) to Northstar Kinship Assistance

4b. Commissioner transition from Legacy Adoption Assistance to Northstar Adoption Assistance

The other more unusual types of commissioner transition are from the Minnesota Permanency Demonstration Project into Northstar Kinship Assistance or Northstar Adoption Assistance.

Caregiver Choice

The different types of commissioner transitions vary in terms of caregiver choice.

DHS may unilaterally terminate a Relative Custody Assistance (RCA) or Minnesota Permanency Demonstration Project agreement and replace it with an appropriate Northstar Care Benefit Agreement at its discretion.

However, DHS does not have the same authority with a commissioner transition from legacy Adoption Assistance to Northstar Adoption Assistance. DHS may invite adoptive parents to replace a legacy Adoption Assistance agreement with a Northstar Adoption Assistance Benefit Agreement, but it cannot unilaterally terminate the legacy Adoption Assistance agreement. In most cases, we would expect that the adoptive parents would choose the better benefits available under Northstar Adoption Assistance, but it must be a mutual agreement.

Eligibility and Title IV-E

There is no Northstar Care eligibility test applied to these Commissioner Transitions. In other words, any child who moves from Relative Custody Assistance, legacy Adoption Assistance, or the Minnesota Permanency Demonstration Project into Northstar Care through a commissioner transition is automatically qualified to be part of Northstar Kinship Assistance (for a transfer of permanent legal and physical custody) or Northstar Adoption Assistance (for an adoption).

After a commissioner transition, a child who was Title IV-E in legacy AA continues to be Title IV-E in Northstar Adoption Assistance. DHS is working to confirm with the federal government but assumes that the Title IV-E eligible young people in the Minnesota Permanency Demonstration Project could retain that eligibility through a commissioner transition into Northstar Care.

Benefit Options

Under a commissioner transition, the benefits given are somewhat more flexible than for young people who enter Northstar Kinship Assistance or Northstar Adoption Assistance via other means. The monthly basic payment is always based on the age of the young person, but there are **two sets of options** that make the over-all benefits less prescriptive.

In the first set of options, DHS may employ either:

1. The full benefits levels, or
2. The under-6 “Preschool Entry” rates (half the full amounts) “regardless of the age of the child”. [Minnesota Statutes, section 256N.28, Subdivision 7]. In many circumstances, the “Alternate Pre-school Entry Rate” will be higher than the young person has previously been receiving under the legacy program.

In the second set of options, DHS may either:

1. Use a MAPCY special assessment (there will have been no reason for the young person to have had one previously), or
2. Forego a special assessment and assign an appropriate level based on other criteria.

In the less common situation of using a MAPCY **special assessment**, DHS would request a county or tribal agency to complete a special assessment, and then base the monthly supplemental difficulty of care payment on the approved MAPCY level.

In the usual situation where DHS foregoes a special assessment, DHS will instead **assign** an appropriate level and base the monthly supplemental difficulty of care payment on that. There are some restrictions to this option, such as the amount may not be lower than under the legacy program.

Not for Foster Care

Commissioner transitions cannot shift a young person out of legacy foster care into Northstar Foster Care. [Minnesota Statutes, section 256N.20, subdivision 7; section 256N.22, subdivision 13; section 256N.23, subdivision 14; section 256N.24, subdivisions 1 and 7-8; section 256N.26, subdivision 5; section 256N.28, subdivisions 2 and 7; and sections 257.85 and 259A]

Commissioner Transitions Promote Permanency and Balance Spending

Commissioner transitions help speed up the phasing in of Northstar Care for Children. They promote permanency goals for children, help county and tribal agencies and the state meet budget targets, and can lead to administrative simplification.

Phasing in will occur at different rates for foster care compared to permanency. On the one hand, the legacy Pre-Northstar Care permanency programs (RCA, Adoption Assistance, and the Minnesota Permanency Demonstration Project) tend to involve children who stay on the program month after month for many years, with slow turnover. On the other hand, legacy Pre-Northstar Care foster care involves a wide mix, with some foster children are on the program for long periods while others are in care only briefly – perhaps a few days or weeks – and many in between. This yields a much faster turnover for foster care than is experienced by the permanency programs. That's a problem in a situation where that turnover is the primary determinant of how rapidly Northstar Care gets phased in.

During phase-in, commissioner transitions will be timed to partially offset this spending imbalance. Although the numbers of young people will be limited by budget considerations, the exact young people who are selected for commissioner transitions will be based on a number of permanency and other considerations, prioritized in state statute.

When Northstar Care is fully phased in, this won't be an issue. There will no longer be young people on the legacy programs, the new higher level of spending will be fairly stable and predictable, and there will be no more distortions created by different rates of phasing in. [Minnesota Statutes, section 256N.27 and section 256N.28, subdivision 7]

Moves within Northstar Care beyond Phase-in

Northstar Care for Children is designed so that young people who are already in Northstar Care can move among the three components if the situation warrants. In particular, we encourage situations where a young person who cannot be reunified with their previous family to move from Northstar Foster Care into either Northstar Kinship Assistance or Northstar Adoption Assistance.

It's also possible, although probably rare, for a young person who is in Northstar Kinship Assistance to move to Northstar Adoption Assistance (the opposite cannot occur without an intervening time in foster care). This option is required to be available under federal Title IV-E, if it makes sense for the court to terminate parental rights. A tribal court may exercise the alternative of suspending parental rights.

It is also possible (although less desirable) for a young person who has been in Northstar Kinship Assistance or Northstar Adoption Assistance to move into Northstar Care Foster Care. This might include a young person remaining in one of the permanency components (Northstar Kinship Assistance or Northstar Adoption Assistance) **and** simultaneously be in Northstar Care Foster Care. In such circumstances, the agency would be working toward reunification with the Northstar permanent caregiver. [Minnesota Statutes, sections 256N.21-256N.23]

Legally and Financially Responsible Agencies

Northstar Care for Children defines two key agency roles: legally responsible and financially responsible agencies. The roles are determined by the agency's responsibilities in law and tribal code at placement.

Legally Responsible Agency

The legally responsible agency is responsible for a young person's placement, care, and supervision.

Legal responsibility may be through a court order, voluntary placement agreement or voluntary relinquishment. This may be to a local county social service agency, American Indian Child Welfare Initiative Tribe, or Minnesota Tribe that assumes initial court jurisdiction, or when a case transfers from state court to tribal court and legal responsibility is transferred from the county to the tribe.

Financially Responsible Agency

The financially responsible agency is about money. It is the social service agency that pays the local share of Northstar Care Foster Care, Northstar Kinship Assistance, and Northstar Adoption Assistance.

The financially responsible agency is usually a county, but it can also be one of the two American Indian Child Welfare Initiative tribes – Leech Lake and White Earth.

Under Northstar Care for Children, the agency that is financially responsible at the time of foster care placement continues to be responsible for the local share of any maintenance payments after permanency.

Agencies Working Together

Usually both roles are played by a single agency. Even when one agency has both roles, however, there may be different staff or units within that agency handling legal and financial aspects. They must work together.

Less frequently, the legally responsible and financial responsible agencies are not the same. Although this can involve two counties, more commonly this involves a tribe with legal responsibility and a county with financial responsibility. When the two agencies are different, then they must work together on Northstar Care for Children.

Most of this is the same or similar to how agencies have needed to work together prior to Northstar Care.

Attachment A outlines the respective roles Under Northstar Care in 12 subject areas:

1. The Two Agency Roles are Defined by Placement
2. Case of Record in SSIS
3. MAPCY Assessments and Reassessments in Northstar Foster Care
4. Notice of MAPCY to Caregivers in Foster Care
5. Payments for Northstar Foster Care
6. Case Planning, Permanency, and Court
7. Kinship or Adoption Placement Agreement
8. Northstar Kinship or Adoption Assistance Eligibility Determination
9. Northstar Kinship or Adoption Assistance Benefit Agreement
10. Payments for Northstar Kinship or Adoption Assistance
11. MAPCY Reassessments for Northstar Kinship or Adoption Assistance
12. Notice of MAPCY to Caregivers in NKA or NAA

Please see Attachment A for details.

At present, SSIS offers no capability to transmit data back and forth among agencies. Given the focus on Northstar Care, DHS is considering whether there are future enhancements to SSIS that would simplify the work when legally and financially responsible agencies are different.

Issuing Payments and Collecting Offsets

Northstar Care makes minimal changes to who issues payments or collects offsets. The two primary changes are first that DHS starts to issue payments for Northstar Kinship Assistance, and second that all the new payments are based on Northstar Care benefits including the uniform assessment.

Issuing Payments

As with legacy foster care, counties and tribes issue the payments to caregivers for Northstar Foster Care. Benefits are based on age and the most recent MAPCY assessment.

Counties and tribes will also issue payments to caregivers for legacy foster care until all the young people involved leave or move into Northstar Care. Counties will also continue to issue payments for Relative Custody Assistance (RCA) until it is completely phased out. Some counties will continue to issue payments for the Minnesota Permanency Demonstration Project (which from 2005-2010 proved many of the ideas built into Northstar Care).

DHS will issue payments for the new Northstar Kinship Assistance and Northstar Adoption Assistance. DHS will also continue to issue payments for legacy Adoption Assistance.

Payments by counties and tribes feed into the three fiscal reports (covered next in Three Fiscal Reports). Those reports in turn feed into the Northstar Care Fiscal Reconciliation Process (covered after that in Northstar Care Fiscal Reconciliation Process). [Minnesota Statutes, sections 256N.26, subdivisions 15 and 19 and section 256N.28, subdivision 2]

Collecting Offsetting Revenue

The parties who pay (counties, tribes, or DHS) get the Title IV-E revenue. The Title IV-E revenue is netted off in the Northstar Care Fiscal Reconciliation Process. The parties who pay also get to keep the income offsets involved (parental fees, child support, and other recoveries, benefit reductions, and so forth). Such offsets are ignored by the Northstar Care Fiscal Reconciliation Process. [Minnesota Statutes, sections 256N.27, subdivisions 1 and 4 and section 256N.28, subdivision 2]

Three Fiscal Reports

As noted in the previous section, counties and tribes issue payments for foster care. Some counties also issue payments for RCA and/or the MN Permanency Demonstration Project. Counties and tribes then need to get the Title IV-E revenue they have earned. They also need to get their new Northstar Care state share.

This is facilitated through **three** quarterly fiscal reports:

1. A revised Title IV-E Foster Care Abstract Report
2. A brand-new Non-Title IV-E Foster Care Fiscal Report
3. The recently new Relative Custody Assistance (RCA) Fiscal Report

All three of these reports feed into the Northstar Care Fiscal Reconciliation Process. That process sorts out the county, tribal, and state shares of Northstar Care. [Minnesota Statutes, section 256.01, subdivision2, paragraph (q); section 256.82; section 256N.28, subdivisions 2-4; and sections 257.85 and 260C.4411]

Title IV-E Foster Care Abstract Report

The first of the three fiscal reports will be the Title IV-E Foster Care Abstract Report. This report dates back over 30 years to the creation of federal Title IV-E out of AFDC Foster Care back in 1980. It has become a complex but well-understood quarterly fiscal report.

There will be minimal change in how Title IV-E is reimbursed to counties and tribes. As in the past, Title IV-E revenue will be paid directly off the Title IV-E Foster Care Abstract Report.

This report will be improved in a several key ways:

- Notably, SSIS will be able to process against a current list of state-licensed foster homes (but tribal and out-of-state licenses will remain a manual process).
- SSIS will also do the processing at the state level, improving the compatibility of the

report to the state processing system. This should mean that better feedback will be available to counties and tribes.

- The Title IV-E Report will also be adapted to Northstar Care. It will look for a MAPCY assessment for Northstar Care young people, or for Difficulty of Care (DOC) points for legacy ones.
- The report will give warnings or errors if the MAPCY does not exist or is not up-to-date.

Portions of the Title IV-E Report will feed into the Northstar Care Fiscal Reconciliation Process. Not all of it, however, because not all of it is eligible. For example, the Title IV-E Report includes group facilities, “Rule 4” administrative fees, and so forth that are not eligible for Northstar Care state share. None of these ineligible expenditures will factor in the Northstar Care Fiscal Reconciliation Process.

DHS will revise the bulletin governing this report, currently #12-32-05 (March 1, 2012). [Minnesota Statutes, section 256.01, subdivision2, paragraph (q); section 256.82; section 256N.27, subdivision 1; section 256N.28, subdivisions 2-4; and section 260C.4411]

Non-Title IV-E Foster Care Fiscal Report

The second of the three fiscal reports currently has the working title of Non-Title IV-E Foster Care Fiscal Report. However awkward its name, it plays an important role in Northstar Care. The Title IV-E Report covers foster care only when the young person is Title IV-E eligible. This report covers both legacy and Northstar Care for the **rest** of the Family Foster Homes and also Extended Foster Care – Supervised Independent Living.

These placements have always been part of foster care. They have not been formally reported to the state in the past, although DHS has made use of SSIS data for many purposes, including the annual Child Welfare Report.

It will be similar to the long-established Title IV-E Foster Care Abstract Report, except that it will include homes that are not yet licensed under some circumstances. This report will include most of BRASS Codes 180, 181, and 188. It will not include respite care (not a placement), even if in a “Rule 1” type family foster home.

Unlike the Title IV-E Report, it will not include:

- “Rule 4” Child Placing agency administrative fees,
- Initial clothing allowance,
- Separate child care beyond that included in the uniform assessment, or
- Some other special cost codes.

Like the Title IV-E Report, it will look for licensing status, and will be able to track homes with state licenses. Tracking the licensing status of tribal and out-of-state licenses will continue to be a manual process. It will pick up legacy DOC points or the MAPCY assessment, as appropriate.

Unlike the Title IV-E Report, it will include unlicensed homes for up to six months after placement. Agencies should use that time to get the homes licensed so they can still be included in the report.

In addition to family foster homes that are already licensed and unlicensed ones for up to six months, it will also include the two special status placements:

1. Pre-adoptive placement
2. Extended Foster Care Supervised Independent Living (EFC-SIL)

Because this report is tailor-made for Northstar Care, all the expenditures included will feed into the Northstar Care Reconciliation Process. This is in contrast with the previously discussed Title IV-E Abstract Report, which includes expenditures that are not eligible for a Northstar Care state share.

DHS will issue a subsequent bulletin covering this new report, which will begin with the January-March 2015 quarter. [Minnesota Statutes, section 256.01, subdivision2, paragraph (q); section 256.82; section 256N.27, subdivision 1; section 256N.28, subdivisions 2 and 4; and section 260C.4411]

Relative Custody Assistance Fiscal Report

Until April 1, 2014, DHS reimbursed counties for Relative Custody Assistance (RCA) through the SEAGR Report entry of BRASS Code 182. That will not be adequate for Northstar Care for Children. DHS needs to know which young people are receiving RCA and how their benefit was calculated. That requires client-specific reporting.

DHS needs the additional data from this report to plan for the phasing out of Relative Custody Assistance, including potential transitions of some young people from RCA to Northstar Kinship Assistance. DHS will temporarily reimburse counties for Relative Custody Assistance directly from this report through calendar year 2014. Beginning with the January-March 2015 quarter, the Relative Custody Assistance (RCA) Report will feed into the Northstar Care Fiscal Reconciliation Report.

The RCA Report is based on the RCA Payment Worksheet. Therefore, counties must have an up-to-date RCA Payment Worksheet in SSIS for each client in order for those payments to be included on the report.

DHS released bulletin #14-32-05 (February 6, 2014).regarding the RCA Report, which became effective with the April-June 2014 quarter. [Minnesota Statutes, section 256.01, subdivision 2, paragraph (q); section 256N.28, subdivisions 2 and 4; and section 257.85]

Northstar Care Fiscal Reconciliation Process

Northstar Care Finances More Permanency

As a result of the unified benefits through Northstar Care, we expect to have more children in Kinship Assistance and Adoption Assistance and fewer in Foster Care than would have been the case with the legacy programs.

Typically this will occur without the child moving homes – the same adults who have been foster parents (relatives or not) will be accepting transfer of custody or adopting. Most of these will be children who would otherwise have remained in long-term Foster Care at county or tribal expense.

Therefore, Northstar Care involves realigning existing county, tribal, and state funding (more spent on Kinship Assistance and Adoption Assistance and less on Foster Care) as well as new state and federal funds. As specified in state law, the Northstar Care Fiscal Reconciliation Process is what accomplishes that realignment. [Minnesota Statutes, section 256N.01; section 256N.27; section 256N.28, subdivision 2]

Fiscal Reconciliation Process Overview

Northstar Care for Children involves the state, counties, and tribes sharing costs.

The purpose of the Northstar Care Fiscal Reconciliation Process is to apply the State/Local Shares calculation and Proportionate Shares Calculations to actual expenditures in order to determine who owes what.

The Northstar Care Fiscal Reconciliation Process brings together a wide set of Northstar Care and legacy Pre-Northstar Care expenditures and revenue.

The goal of the process is for counties and tribes to pay about what they would have paid without Northstar Care, with the federal and state governments picking up the additional costs. [Minnesota Statutes, section 256N.27]

Nonfederal Portion Shared

Although all of the Northstar and legacy costs are included, it's the nonfederal portion that is pooled, after the federal Title IV-E portion is netted off. The remaining nonfederal portion is shared by the state and counties and child welfare initiative tribes.

This is in contrast to the existing arrangement where counties and tribes pay for foster care while the state pays for Relative Custody Assistance (RCA) and legacy Adoption Assistance (AA). [Minnesota Statutes, section 256N.27, subdivisions 1 and 4]

Inputs-Process-Outputs

The Northstar Care Fiscal Reconciliation Process may seem complicated and perhaps even mysterious. But like any other process there are inputs, a process, and outputs.

Inputs include:

1. The three fiscal reports outlined earlier.
2. DHS payments issued for adoptions or kinship.
3. Historical data to calculate percentages and trends.

Process includes:

1. Net off Title IV-E Revenue.
2. Apply the two fundamental calculations.
3. Derive net amounts the agency owes the state and due to the agency from the state.

Outputs include:

1. How much was spent by each party.
2. The calculated share for each party.
3. Invoices and payments to settle up.

[Minnesota Statutes, section 256N.20, subdivision 5; section 256N.27; and section 256N.28, subdivisions 2-4]

Two Fundamental Calculations

At the center of the process are two fundamental calculations:

1. The State/Local Calculation
2. The Proportionate Share Calculation

Both calculations are based on historical data and are **always** calculated in that order.

The **State/Local Calculation** divides the nonfederal portion up into how much the state should pay versus how much all the local agencies (counties and tribes) together should pay. The state share and local share are based on historical data (some still in the future) of what the various parties have paid in calendar years 2011, 2012, 2013, and 2014.

To avoid cost shifting from the state to counties and tribes, these shares are further adjusted based on trends during those years. We expect the state share to continue to grow and the local share to continue to decline, although this trend has slowed recently.

The **Proportionate Share Calculation** splits up the total Local Share among all of the agencies. To avoid cost shifting among counties and tribes, the local share is adjusted based on historic proportionate shares.

To avoid these proportionate shares becoming stagnant relics of past behavior, the commissioner adjusts these shares over time based on relative changes in utilization – use of Foster Care, Kinship Assistance, and Adoption Assistance. Counties and tribes that use more than they did in the past should go up, those that use less should go down.

By law, DHS must ensure that **none** of the adjustments are unduly influenced by one-time events, anomalies, small changes that appear large compared to a narrow historic base (such as one family moving into or out of one county), or the results of the transfer of responsibilities to tribal social service agencies under the American Indian Child Welfare Initiative. [Minnesota Statutes, section 256N.27, subdivisions 4-5 and section 256N.28, subdivision 2]

Results

The net effect of the Northstar Care Fiscal Reconciliation Process is that Northstar Care for Children is more expensive than the previous collection of programs, and yet counties and tribes pay roughly the same amount that they would have paid in the absence of Northstar Care. More young people get permanent families, but the state and federal government pick up the extra costs.

DHS plans to provide counties and tribes with useful reports from the Fiscal Reconciliation Process. Given expected timelines, the reports might not be available immediately, but will get built into SSIS. [Minnesota Statutes, section 256N.20, subdivision 5; section 256N.27; and section 256N.28, subdivisions 2-4]

Questions

Regarding the fiscal processes:

Deb Jensen
DHS Financial Operations Division
(651) 431-3740 or deb.jensen@state.mn.us

Regarding policy questions:

northstar.care@state.mn.us

Regarding using Social Service Information System (SSIS):

SSIS Helpdesk

(651) 431-4801 or dhs.ssishelp@state.mn.us

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651) 431-4660 (voice) or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.

Attachment A

Agency Responsibilities under Northstar Care for Children

- There are **two agency roles**: legally responsible and financially responsible agencies.
- The roles are defined by the agency's responsibilities in law and tribal code at placement (see Subject 1 below).
- Usually both roles are played by a single agency. Even when one agency has both roles, however, there may be different staff or units within that agency handling legal and financial aspects. They **must work together**.
- Less frequently, the legally responsible and financial responsible agencies are not the same.
- Although this can involve two counties, more commonly this involves a tribe with legal responsibility and a county with financial responsibility.
- When the two agencies are different, then they **must work together** on Northstar Care for Children.

#	Subject	Legally Responsible Agency	Financially Responsible Agency
1	**The Two Agency Roles are Defined by Placement**	The legally responsible agency is responsible for a young person's: • Placement • Care • Supervision. Legal responsibility may be through a court order, voluntary placement agreement or voluntary relinquishment. This may be to a local county social service agency, American Indian Child Welfare Initiative Tribe, or Minnesota Tribe that assumes initial court jurisdiction, or when a case transfers from state court to tribal court and legal responsibility is transferred from the county to the tribe.	The financially responsible agency is about money. It's the social service agency that pays the local share of Northstar Care Foster Care, Northstar Kinship Assistance, and Northstar Adoption Assistance. The financially responsible agency is usually a county, but it can also be one of the two American Indian Child Welfare Initiative tribes – Leech Lake and White Earth. Under Northstar Care for Children, the agency that is financially responsible at the time of foster care placement continues to be responsible for the local share of any maintenance payments after permanency.
2	**Case of Record in SSIS**	The legally responsible agency may use SSIS for its work, if it has access to it. However, the financially responsible agency maintains the **case of record**. Therefore, if the agencies are different, the legally responsible agency needs to send appropriate information to the financially responsible agency.	The financially responsible agency enters the child's placement and permanency planning information into SSIS and maintains the **case of record**. If the agencies are different, the financially responsible agency gets this information from the legally responsible agency.

#	Subject	Legally Responsible Agency	Financially Responsible Agency
3	**MAPCY Assessments and Reassessments for Northstar Foster Care**	Ordinarily, the legally responsible agency takes the initiative. In consultation with the caregiver(s), and youth if appropriate, the assessor for the legally responsible agency completes the assessment or reassessment. However, the exact role of the legally responsible agency varies based on three different situations (see below). In all three situations, if the agencies are different, the legally responsible agency ordinarily completes a paper version and sends it to the financially responsible agency for entry into SSIS and final approval. (DHS is considering options for future possible improvements to SSIS that might reduce the need for a paper-based part of the MAPCY process.)	The financially responsible agency has final approval for the assessment or reassessment. However, if the agencies are different, the financially responsible agency must seek the assistance of the legally responsible agency in its completion. Exactly how that occurs varies. There are three situations: However, exactly how that occurs varies based on three different situations (see below). In all three situations, the financially responsible agency enters the MAPCY assessment into SSIS, approves it, and maintains the **assessment of record** within SSIS. (The department is considering options for future possible improvements to SSIS that might reduce the need for a paper-based part of the MAPCY process.) The financially responsible agency must submit Extraordinary Level Requests to DHS on a timely basis. For the highest needs young people, these requests require DHS approval.
3A	**MAPCY Situation A**	If the legally responsible agency has **all assessment capabilities**: • Is willing and able to do the assessment in a timely manner • Ensures that all its assessors are trained on the assessment tool • Has one or more internal agency-designated approvers who are working to ensure agency and statewide consistency • Ensures required documentation of high needs and high parenting levels through its designated approvers…	…in this situation, the financially responsible agency must give great deference to the legally responsible agency's approved assessment.

#	Subject	Legally Responsible Agency	Financially Responsible Agency
3B	**MAPCY Situation B**	If the legally responsible agency has **most assessment capabilities**: • Is willing and able to do the assessment in a timely manner • Ensures that all its assessors are trained on the assessment tool • But does not have an internal agency-designated approver at this time…	…in this situation, the financially responsible agency must: • Verify that the required documentation of high needs and high parenting levels is adequately covered • Work with the partner legally responsible agency to ensure statewide consistency with individual assessments and (if appropriate) with assessments through time.
3C	**MAPCY Situation C**	If the legally responsible agency is **unwilling or unable** to do the assessment…	…in this situation, the financially responsible agency should seek input from the legally responsible agency and complete the assessment based on that input, discussions with the caregiver(s), discussions with the youth if appropriate, and other case information available.
4	**Notice of MAPCY to Caregivers for Northstar Foster Care**	The legally responsible agency is not responsible to provide notice to the caregiver about the completed assessment.	The financially responsible agency: • Sends a written notice to the caregiver within 15 days of the approved assessment • Includes a summary of the assessment, a statement of rating and benefit level and how to request a fair hearing.
5	**Payments for Northstar Foster Care**	When the two agencies are different, in many circumstances, the legally responsible agency will not issue payments. Those payments will instead be issued by the financially responsible agency. The two agencies must work together to determine which of the following four situations apply (see below). It may vary on a case by case basis. Any payments made by the legally responsible agency are **not** included in Title IV-E or the Northstar Care fiscal reconciliation process. All reimbursement is through the financially responsible agency. In all situations, payments to caregivers must be made monthly and timely. Payments to the foster parent(s) or child-placing agencies must be based on the child's age and the assessed benefit level from	When the two agencies are different, in many circumstances, the financially responsible agency will issue payments rather than the legally responsible agency. The two agencies must work together to determine which of the following four situations apply (see below). It may vary on a case by case basis. The financially responsible agency's payments are always included in Title IV-E and the Northstar Care fiscal reconciliation process. The financially responsible agency receives any federal Title IV-E and/or Northstar Care state share revenue from DHS. If reimbursing the legally responsible agency, the amount includes the Title IV-E portion and state share. The child must be the client although the legally responsible agency or child-placing agency may be the payee.

#	Subject	Legally Responsible Agency	Financially Responsible Agency
5	**Payments for Northstar Foster Care (continued)**	the MAPCY assessment approved by the financially responsible agency. The agency issuing payments to the foster parent(s) must allow them access to the agency's records of payment transactions.	In all situations, payments to caregivers must be made monthly and timely. Payments to the foster parent(s) or child-placing agencies must be based on the child's age and the assessed benefit level from the MAPCY assessment approved by the financially responsible agency. The agency issuing payments to the foster parent(s) must allow them access to the agency's records of payment transactions.
5.1	**Payments Situation #1**	If the financially responsible agency is issuing the payments to the foster parent(s) in a **one-step process**, the legally responsible agency plays no direct role in the payments…	…in this situation, the financially responsible agency issues the payments directly to the foster parent(s). There is no reimbursement to the legally responsible agency.
5.2	**Payments Situation #2**	If the financially responsible agency is issuing the payments to a child-placing agency in a **two-step process**, the legally responsible agency plays no direct role in the payments…	…in this situation, the financially responsible agency issues the payments to the child-placing agency. The child-placing agency issues the payments to the foster parent(s). There is no reimbursement to the legally responsible agency.
5.3	**Payments Situation #3**	If the legally responsible agency is issuing the payments to the foster parent(s) in a **three-step process**, the legally responsible agency receives reimbursement through the financially responsible agency …	…in this situation, the financially responsible agency issues the payments to the legally responsible agency. The legally responsible agency pays the foster parent(s). The exact order of the steps may vary, but in the end the financially responsible agency reimburses the legally responsible agency, in part from Title IV-E and state share.
5.4	**Payments Situation #4**	If the legally responsible agency is issuing the payments to a child-placing agency in a **four-step process**, the legally responsible agency receives reimbursement through the financially responsible agency …	…in this situation, the financially responsible agency issues the payments to the legally responsible agency. The legally responsible agency pays the child-placing agency. The child-placing agency pays the foster parent(s). The exact order of the steps may vary, but in the end the financially responsible agency reimburses the legally responsible agency, in part from Title IV-E and state share.

#	Subject	Legally Responsible Agency	Financially Responsible Agency
6	**Case Planning, Permanency, and Court**	The legally responsible agency is responsible for: • Case planning • Permanency • Legal processes consistent with federal laws and applicable state or tribal code • Ruling out reunification and adoption as permanency options before considering transfer of permanent legal and physical custody • Providing needed information to the financially responsible agency for entry into SSIS.	The financially responsible agency is not responsible for case planning, permanency or legal processes. However, the financially responsible agency enters and maintains the placement and case planning in the **case of record** within SSIS.
7	**Kinship or Adoption Placement Agreement**	The legally responsible agency: • Determines placement • Selects the prospective relative custodian(s) or prospective adoptive parent(s), and proposes them to the court • Secures signatures of agency and caregiver(s) on the agreement (plus a DHS representative for an Adoption Placement Agreement).	The financially responsible agency is not responsible for the placement decision or selection of the prospective relative custodian(s) or prospective adoptive parent(s).
8	**Eligibility Determination for Northstar Kinship or Adoption Assistance**	Provides the financially responsible agency the information necessary to prepare the Northstar Kinship Assistance or Adoption Assistance Eligibility Determination.	The financially responsible agency prepares the Northstar Kinship or Adoption Assistance Eligibility Determination for review and final approval by DHS. This process is completed in SSIS.
9	**Benefit Agreement for Northstar Kinship or Adoption Assistance**	The legally responsible agency works with the caregiver and the financially responsible agency to sign the Northstar Kinship Assistance or Adoption Assistance Benefit Agreement prior to the tribal or juvenile court finalizing the adoption or transfer of permanent legal and physical custody. The legally responsible agency works with the court to ensure that appropriate court findings are issued.	The financially responsible agency verifies that a Northstar Kinship Assistance or Adoption Assistance Benefit Agreement has been signed by the caregiver(s), the legally and financially responsible agencies, and by DHS prior to the tribal or juvenile court finalizing the adoption or transfer of permanent legal and physical custody. The Financially Responsible Agency completes the negotiation of the Benefit Agreement with the caregiver(s)

#	Subject	Legally Responsible Agency	Financially Responsible Agency
9	**Benefit Agreement for Northstar Kinship or Adoption Assistance (continued)**	Receives a copy of the Northstar Kinship or Adoption Assistance Benefit Agreement.	and works with the legally responsible agency to ensure the Benefit Agreement is signed prior to final court action.
10	**Payments for Northstar Kinship or Adoption Assistance**	Minnesota DHS issues payments for Northstar Kinship or Adoption Assistance. The legally responsible agency has no direct responsibility for these payments.	Minnesota DHS issues payments for Northstar Kinship or Adoption Assistance. The financially responsibility agency at the time of foster care placement continues to be financially responsible for the local share of any maintenance payments after permanency.
11	**MAPCY Reassessments for Northstar Kinship or Adoption Assistance**	If the caregiver contacts the legally responsible agency to request a reassessment, the agency may assist the caregiver by forwarding the written request to the financially responsible agency. Ordinarily, in consultation with the caregiver (and youth if appropriate), the assessor for the legally responsible agency completes the assessment. However, if the legally responsible agency is unwilling or unable to do the assessment, then see Subject 4C “MAPCY Situation C” above.	The caregiver(s) contact the financially responsible agency when requesting a reassessment. The financially responsible agency has final approval for the reassessment. However, the financially responsible agency must seek the assistance of the legally responsible agency in its completion. Please see all three situations listed below Subject 4 “MAPCY Assessments and Reassessments in Northstar Foster Care” above.
12	**Notice of MAPCY to Caregivers for Northstar Kinship or Adoption Assistance**	The legally responsible agency is not responsible to provide notice to the caregiver about the completed reassessment.	The financially responsible agency sends a written notice to the caregiver(s) within 15 days of the approved reassessment.