

Exhibit C

1. Methodology for determining excess capacity and how that will be applied: DCS will use a single year cost report, as opposed to multiple years. The following will apply to the single year cost report and will be further detailed in the Provider Manual and/or on the instructions for the cost report:
 - a. If a unit/cottage is inactive/idle, the licensed beds within that unit/cottage will not be included in determining excess capacity if the costs for such are not included on the annual cost report.
 - b. For a facility that is opened for a partial year, the partial year costs should be reported and the same percentage of the beds will be utilized in the calculation of excess capacity.
2. Definition of the categories of supervision CPA foster care: The categories of supervision will be set out in the Provider Manual. They will be related to the CANS categories and will be as follows:
 - a. Foster care (CANS category 1)
 - b. Foster care with services (CANS category 2)
 - c. Therapeutic (CANS category 3)
 - d. Therapeutic Plus (CANS category 4 or higher)
 - e. There may be additional categories specified in the Provider Manual.
3. Cost report form and how that will differ from the current IV-E cost report form:
 - a. DCS will utilize the IV-E cost report to set the cost based rates described in the rules. No other cost reports will be required.
 - b. DCS anticipates setting the following cost based rates for residential programs:
 - i. IV-E rate
 - ii. base rate (which will have additional non-IV-E items added to the IV-E rate), and
 - iii. education rate.
4. Assessment process: DCS will add to the CANS policy that in completing a CANS assessment on a child and his or her family, the FCM should first gather information from readily available sources, which may include the child, the family, the Court Appointed Special Advocate (CASA), Guardian Ad Litem (GAL), foster parents, service providers, the school, and others with relevant information.

5. Unbundling pursuant to the residential and CPA rate rule:
 - a. Residential providers and CPAs can collaborate with other providers to provide Medicaid services with reference to behavioral health services.
 - b. For Residential, DCS will authorize behavioral health services as part of the placement. An additional referral will not be needed. The "units" authorized will be governed by the contract.
 - c. For both CPAs and residential, the referral/authorization given at the time of placement authorizes the provider to provide the service. Providers do not have to wait until Medicaid approves units to start performing the services. If the child is not Medicaid eligible or Medicaid denies the approval service, then DCS will pay based on the initial referral.
 - d. For residential providers, educational services will have a separate cost based rate that is established through the IV-E cost report. This rate will be combined with other costs based rates established by the department to establish the payment rate. As to costs to comply with an IEP, those will be included on the cost report based on costs from the previous year in complying with IEPs.
6. DCS will pay CPAs for their foster parents' properly claimed excess travel and any other payments the foster parents are due to receive from DCS, as specified in Section 19 of the CPA rule.
7. DCS will amend the CPA licensing rule to have a caseload ratio that ranges from 1:8 to 1:12 for the enhanced supervision categories of care.