Chapter 5–Use of Funding in Substitute Care

5.01 Allowable Substitute Care Settings
The Children’s Long-Term Support (CLTS) Waiver Program can provide services for eligible children or youth residing in foster care homes (levels 1-5) and adult family homes. (Refer to Chapter 2–Eligibility for more information about eligible living situations.)

Provider standards and requirements for delivering children’s foster care and adult family home services through the CLTS Waiver Program are outlined in Chapter 4 of this manual. For services provided to a child or youth residing in a level 5 foster home, the county waiver agency (CWA) is required to maintain an approval letter from the Wisconsin Department of Children and Families (DCF) Exceptions Panel.

Regulations and standards for foster care homes and adult family homes are administered by both the Wisconsin Department of Health and Services (DHS) and DCF. CWAs are responsible for collaborating with professionals from other programs and systems serving children and youth in substitute care to coordinate the available services and supports for these families and ensure all applicable standards for these services are met.

5.02 Determining Allowable Costs
The CLTS Waiver Program may fund various portions of costs for substitute care associated with resident care and supervision and administrative overhead. Federal law prohibits the use of Medicaid waiver funds for room and board costs. CWAs are responsible for ensuring CLTS waiver funds are not used to pay for room and board expenses.

Foster care uses a uniform rate methodology that breaks down costs for foster homes. (Refer to Uniform Foster Care Rate Setting Policy (DCF-P-PFS0042) for more information.) To help distinguish allowable care and supervision costs from non-allowable room and board costs, this section includes lists for general guidance which provide examples only and are not comprehensive.

Instructions and forms for calculating expenses for a substitute care facility are located at the end of this chapter in Section 5.05–Resources. CWAs may use another methodology to document the breakdown of care and supervision services and room and board costs in the home as long as the provider-developed form clearly allocates all of the applicable costs. CWAs are responsible for maintaining facility-specific documentation as well as child or youth-specific documentation for out-of-home care costs. This documentation should be updated at least
annually. CWAs are also responsible for maintaining documentation for overhead costs billed to the CLTS Waiver Program.

**Allowable Costs: Resident Care and Supervision and Administrative Costs**

**Resident Care and Supervision**
Costs covered by the CLTS Waiver Program that apply to the foster parent(s) or provider:
- Salaries\(^1\)
- Fringe benefits (employee health and/or life insurance, employer contribution to retirement plans)
- Federal Insurance Contributions Act (FICA) withholding
- Workers compensation
- Unemployment compensation
- Staff travel
- Resident travel, including depreciation on facility vehicle, contract transportation services, public transit, and mileage payments to staff
- Staff and/or agency liability insurance
- Staff development and/or education

**Administrative Cost**
The CLTS Waiver Program can fund a portion of the administrative costs for a child or youth residing in a level 3, 4, or 5 treatment foster home but cannot fund expenses associated with child welfare administrative IV-E claims. Refer to [CLTS Waiver Program Approved CLTS Treatment Foster Care Administrative Rates (P-00700)](Insert CLTS Waiver Program Approved CLTS Treatment Foster Care Administrative Rates (P-00700)) for the portion of administrative costs allowed through the waiver for treatment foster care. Administrative costs must be documented on the child’s or youth’s individual service plan, including costs associated with both the CLTS Waiver Program and child welfare.

**Non-Allowable Costs: Room and Board**
Medicaid waiver funds may not be used to pay for costs associated with room and board in an out-of-home placement. The room and board rate is calculated by subtracting the total room

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\(^1\) In certain circumstances a facility staff person’s wages and benefits may be apportioned between room and board costs and care and supervision costs. For example, an employee may have separate duties that include specified time providing building and grounds maintenance (room and board) and specified hours providing resident supports (care and supervision).
and board costs from the overall facility rate and dividing this total by the number of people residing in the home. The list below provides examples of expenses that are attributable to room and board and can be used for general guidance, but is not comprehensive.

The itemization of room and board reduces the basic foster care rate as well as the supplemental and exceptional rates. The CWA must identify and separate any of the expenses listed below from the basic foster care rate, supplemental rate, and exceptional rate, and claim them as room and board rather than care and supervision.

- Housing: use the Understanding the Uniform Foster Care Rate brochure (DCF-P-PFS0142) to calculate the housing cost by deducting the applicable percentage from the basic rate or rent; depreciation and mortgage, interest, and insurance (title, mortgage, property and casualty); or building and/or grounds maintenance costs.
- Food: use the Understanding the Uniform Foster Care Rate brochure (DCF-P-PFS0142) to calculate the food cost by deducting the applicable percentage from the basic rate or the monthly food budget for the household.
- Property taxes
- Household supplies specific to the child or youth (if applicable)
- Utilities (electricity, water and sewer, heating fuel)
- Household telephone
- Cable television

5.03 Ability to Pay Room and Board
If room and board expenses are more than the child’s or youth’s available resources, a source of funding other than the CLTS waiver must be used.

Determining the Amount of Income Available to Pay for Room and Board
For a youth residing in an adult family home, the CWA must use the Formula to Determine Amount of Income Available to Pay for Room and Board (F-20920), with financial information from the Medicaid Waiver Eligibility and Cost Sharing Worksheet (F-20919) or Client Assistance for Re-employment and Economic Support System (CARES) Community Waivers Budget screens. CWAs must not limit or exclude allowable deductions from the youth’s income when calculating their ability to contribute toward room and board. The amounts entered on F-20920 should correspond to the figures used in the eligibility calculations on the F-20919 or CARES screen.

The CWA must complete F-20920 when the youth enters an adult family home, review it at each annual recertification, update it whenever the youth’s financial situation changes, and maintain this documentation.
5.04 Payment for Foster Care During an Institutional Stay

The CLTS Waiver Program can continue to fund the waiver-allowable portion of foster care costs when a child or youth residing in a foster home enters a Medicaid-certified institution (hospital, nursing home, intermediate care facility for people with intellectual disabilities, or State Center) and their enrollment in the waiver program is suspended. Refer to Chapter 4 for additional information about CLTS Waiver Program services and institutional stays.

5.05 Resources

- Calculating Expenses for a CLTS Foster Home Using Actual Expenses (F-01715)
- Calculating Expenses for a CLTS Foster Home Using the Uniform Foster Care Brochure (F-01716)
- CLTS Waiver Program Approved CLTS Treatment Foster Care Administrative Rates (P-00700)
- Formula to Determine Amount of Income Available to Pay for Room and Board (F-20920)
- Instructions—Calculating CLTS Foster Care Room and Board Expenses (F-01721)
- Medicaid Waiver Eligibility and Cost Sharing Worksheet (F-20919)
- Regulation of Health and Residential Care Providers
- Understanding the Uniform Foster Care Rate brochure (DCF-P-PFS0142)
- Uniform Foster Care Rate Setting Policy (DCF-P-PFS0042)