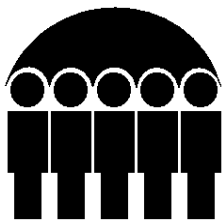


September 18, 2009

Employees' Manual  
Title 15  
Chapter C

# **FOSTER GROUP CARE SERVICES CONTRACTING**



Iowa  
Department  
of  
Human Services

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## **Overview**

Iowa children and their families who become clients of the Department are provided services with the assistance of a referral worker who connects them with a service that best meets their needs.

Child welfare services that focus on safety, permanency, and well-being are provided through contractual agreements, such as:

- ◆ The community care contract;
- ◆ Safety planning services contracts;
- ◆ The contract for recruitment, retention, and support of resource families;
- ◆ Family safety, risk, and permanency services (FSRP) contracts;
- ◆ Foster group care services (FGCS) contracts; and
- ◆ Purchase of social service (POSS) contracts for shelter care and supervised apartment living.

Most services related to child welfare programs under the Department are purchased under new performance-based contracts. Interim contracting arrangements have been made for the continued provision of foster group care services. The appendix to this chapter contains the FGCS provider handbook, which focuses on the foster group care services program and contract.

New service components under the recently adopted foster group care services contracting rules (441 Iowa Administrative Code Chapter 152) and program are considered part of the child welfare services offered by the Department.

A provider interested in providing foster group care services to Iowa children must contact the Bureau of Purchased Services (BPS) in the Department's central office. The prospective provider is then referred to licensing, assigned a contract monitor, and given directions to access the [FGCS PROVIDER HANDBOOK](#).

Providers must first be **licensed** by the Department under rules that relate to foster group care services, as found in 441 Iowa Administrative Code Chapters [114](#) and [115](#).

Following the attainment of the required licensing, the provider may begin the **contracting** process with the Department-assigned contract monitor. This includes establishing rates through negotiation.

Form 470-3052, *Foster Group Care Services Contract*, outlines the contractual requirements for providing child welfare service and group care maintenance within the foster group care services program.

Once the rate and contract are approved, a provider is ready to receive the referral of clients for authorized services by the referral workers—either social workers from the Department or juvenile court officers from the court system.

The Department does not make payment for voluntary (family) referrals to foster group care services. Referral workers make the connection between clients who need foster group care services and the FGCS providers.

### **Legal Basis**

Federal laws, regulations, and policies relating to FGCS and child welfare services are tied to these funding streams:

- ◆ Title IV-B, Child Welfare.
- ◆ Title IV-E, Foster Care and Adoption Assistance.
- ◆ Social Services Block Grant.

Iowa law focuses on these types of child welfare programs in Iowa Code Chapters 234, "Child and Family Services," and 235, "Child Welfare." These chapters govern the provision of services and the Department's authority to administer state and federal funding for such services.

Rules governing the child welfare services provided under the FGCS program can be found in various sections of the Iowa Administrative Code (IAC), including the following:

- ◆ 441 IAC Chapter 112, "Licensing and Regulation of Child Foster Care Facilities."
- ◆ 441 IAC Chapter 114, "Licensing and Regulation of All Group Care Living Foster Care Facilities for Children."
- ◆ 441 IAC Chapter 115, "Licensing and Regulation of Comprehensive Residential Facilities for Children."
- ◆ 441 IAC Chapter 152, "Foster Group Care Contracting."
- ◆ 441 IAC Chapter 156, "Payments for Foster Care."
- ◆ 441 IAC Chapter 202, "foster Care Services."

Definitions of terms and conditions of participation relevant to FGCS contracts are set forth in the administrative rules and policies that relate to foster group care services and in contract documents.

### **Responsibilities of the Department**

**Legal reference:** 441 IAC 152, "Foster Group Care Contracting"  
*Foster Group Care Services Contract, 470-3052*

The Department determines a child's **eligibility** for foster group care services. Children in need of foster group care services must first receive **authorization** from the referral worker with supervisory approval.

**Referrals** for foster group care services by Department or Juvenile Court referral workers are made to providers with a current FGCS contract. Providers may bill the Department only for these authorized services rendered to eligible clients. The Department makes payment using various federal and state funding sources.

The Department administers the federal and state funds that are appropriated for child welfare services. In addition to the state funds, the Department determines the amount of federal funds that are to be expended from the Title IV-B, Title IV-E, and Social Services Block grant funding streams.

In addition, the Department determines expenditure of funding that comes through child support recovery and children's unearned income (Social Security and Supplemental Security Income benefits).

Various **data management systems** are among the supports the Department maintains, in order to be accountable for reimbursements to providers for services rendered. Department staff in the field offices and in central office enter data into these computerized data systems (the Family and Children's Services System (FACS) and the Purchase of Social Services System (POSS)).

Data maintained that is pertinent to the various parts of the FGCS program includes, but is not limited to, client eligibility, client referrals and records related to children and their families, provider information, service codes and rates associated with each provider's contract, billing claims, and payment data.

The Department has established by rule and policy the procedures and requirements for providing foster group care services and the procedures for monitoring the quality of those services.

### **Purpose of the Manual**

The purpose of this manual is to provide guidance to Department contract monitors and other fiscal management staff in carrying out their responsibilities for FGCS contract development and administration.

This manual should be used in conjunction with the ***FOSTER GROUP CARE SERVICES (FGCS) PROVIDER HANDBOOK***. (See [15-C-Appendix](#).) When applicable, cross-references are made to general sections in the ***FGCS PROVIDER HANDBOOK*** where forms and procedures are already described.

### **Forms Matrix**

Following is a matrix to assist contract monitors in the submission of forms or other supporting documents to be submitted for various contract actions. These documents are to be submitted to the Bureau of Purchased Services, unless otherwise specified. The number of copies required is listed in parentheses.

Not all FGCS forms are available in the public folders on Outlook; there are various avenues to access current versions of forms. To access forms not available on Outlook, contact BPS staff in Central Office.

Form Name and Number or Other Document	Submission With					
	New Contract	Amendment to Contract	Contract Renewal	Administrative Change	Annual Review	Termination of Contract
Cover memo	yes (1)	yes (1)	yes (1)	--	yes (1)	yes (1)
<i>Foster Group Care Services Contract Face Sheet, 470-3051</i>	yes (2)	yes (2)	yes (2)	--	--	--
Attached lists, as indicated on <i>Face Sheet</i>	if applicable, yes (1--2)	if applicable, yes (1-2)	if applicable, yes (1-2)	yes (1)		
<i>Foster Group Care Services Contract (with Appendix A), 470-3052</i>	yes (2)	--	yes (2)	--	--	--
Approved exception to policy	if applicable (2)	if applicable (2)	if applicable (2)	--	--	--
Contract addendum	if applicable (2)	if applicable (2)	if applicable (2)	--	--	--
<i>FGCS Negotiated Rate Establishment Amendment, 470-3404</i>	yes (1)	yes (1) if adding service code	yes (1) if also adding service code	--	--	--
<i>Amendment to F Foster Group Care Services Contract, 470-3053</i>	--	yes (2)	--	--	--	--
<i>FGCS Contract Monitoring &amp; Evaluation Guide, 470-3054</i>	--	--	yes (1)	--	--	--
Contract Checklist (not required but requested)	470-3211 yes (1)	470-3213 yes (1)	470-3212 yes (1)		--	--
Formal letter from provider on agency letterhead	--	--	--	yes (1)	--	yes (1), if possible
Current insurance documents on (at least) general, professional and auto liability with additional insureds	yes (1)	--				--

## **Developing a New Contract Proposal**

**Legal reference:** 441 IAC 152, "Foster Group Care Contracting"  
Iowa Code Chapters 486 and 486A, "Uniform Partnership Law"  
Iowa Code Chapter 487, "Uniform Limited Partnership Law"  
Iowa Code Chapter 490, "Business Corporations"  
Iowa Code Chapter 490A, "Limited Liability Companies"  
Iowa Code Chapter 504A, "Iowa Nonprofit Corporation Act"  
Iowa Code Chapter 547, "Trade Names"

After the initial contact by the potential provider, a contract monitor's duties with respect to developing new contract proposals are described in the following sections:

- ◆ [Initial contact by the potential provider.](#)
- ◆ [Giving basic information in the first meeting with the provider.](#)
- ◆ [Determining the legal entity with which the Department will contract.](#)
- ◆ [Verifying that the provider meets requirements.](#)
- ◆ [Issues relating to contract requests from out-of-state providers.](#)
- ◆ [Requesting an exception to a contract requirement.](#)
- ◆ [Processing the contract proposal for approval.](#)

### **Initial Contact by Potential Provider**

**Legal reference:** 441 IAC 152.4(234) "Initiation of Contract Proposal"  
*Foster Group Care Services Contract, 470-3052*

The official point of contact for a provider wishing to enter into an FGCS contract with DHS is the designated Bureau of Purchase of Services (BPS) staff person in central office.

Bureau of Purchased Services staff may discuss with the potential provider general components of the FGCS program, contract and fiscal requirements, and the provider's current or proposed services. (Refer to ***FGCS PROVIDER HANDBOOK***, [Chapter D, Program Requirements](#), for a general overview of foster group care services.)

The central office BPS staff will refer the provider to licensing before initiating the contracting process, as applicable. At some point in this period, the provider will also be given directions on how to access a copy of the ***FGCS PROVIDER HANDBOOK***. The provider should follow the procedures established, as specified by the central office staff.

Once a contract monitor is assigned, the contract monitor must coordinate with licensing staff to be sure the provider information regarding legal entity and name on the license is consistent and accurate.

Out-of-state providers are chosen to work with a specific population of children because the resources are not available within Iowa's boundaries. Some out-of-state providers may be chosen to work with an individual child for a time-limited period only and will **not** use the standard FGCS contract shell. All decisions to contract with entities outside of Iowa's boundaries are made with Department staff input at several levels to determine the best contracting process.

### **First Meeting of Assigned Contract Monitor with Provider**

**Legal reference:** 441 IAC 152.4(2) and 152.4(3)

At the first meeting with the prospective provider, give a general overview of what is involved in entering into an FGCS contract. Include an overview of the contract document and what information you will need to know about the provider at this time or in the near future.

Request the signed *Verification of Receipt of Handbook*, form 470-3057, from the provider, if this has not already been obtained. Keep this form in your file on this provider. (For more information and a sample of this form, refer to **FGCS PROVIDER HANDBOOK**, Chapter A, [Verification of Receipt of Handbook](#), Form 470-3057.)

You may discuss required forms and documentation that will need to be collected for review or submission, and corresponding references in the **FGCS PROVIDER HANDBOOK**. The following issues and topics **may** be included in the overview:

- ◆ **The FGCS services the provider intends to provide.** Confirm the services and review how they are reflected in the contract service codes. (Refer to **FGCS PROVIDER HANDBOOK**, Chapter D, [Program Requirements](#), for the service description.)
- ◆ **Licensing process.** If not already completed, explain the general licensing requirements. Direct specific questions on licensing to licensing staff.

- ◆ **Contract process, conditions, and requirements.** Review the basic steps of the contract approval process and give the provider copies of forms that are required to be filled in as the contract proposal is developed.  
  
Be sure you are using the most current version of each form. (Refer to [Forms Matrix](#); *FGCS PROVIDER HANDBOOK*, Chapter B, [Contract](#); and the POS.771 network share.)
- ◆ **Negotiated rate process.** (Refer to *FGCS PROVIDER HANDBOOK*, Chapter C, [Establishment of Rates](#).)
- ◆ **Subcontracts.** Review general subcontract requirements with the provider, if applicable. Be sure the provider knows that even if there are no subcontracts now, you must review any planned subcontract at least 30 days before implementation of any subcontract under the FGCS contract.
- ◆ **Changes in administrative information.** Address the requirements and the process for reporting to the Department if there are any changes during the course of an approved contract. (Refer to *FGCS PROVIDER HANDBOOK*, Chapter B, [Change in Administrative Information](#).)
- ◆ **Contract management.** Address the general process for any possible future changes, if a contract is approved. (Refer to *FGCS PROVIDER HANDBOOK*, Chapter B, [Contract Amendment](#).)
- ◆ **Addendums.** Providers that are a subsidiary of a larger parent corporation must attach a parent guarantee addendum to their contracts. Other special terms or conditions may also be included if approved by the Department.

You may also want to use for yourself (or give to the provider) a checklist with these items and any other reminders you want to add. See the example of a checklist based on one that a contract monitor uses for new providers.

**Example: Contract Monitor Checklist for New FGCS Provider Contract**

Information or Document	Reference in <i>FGCS PROVIDER HANDBOOK</i>
<u>What you will need as part of the contract proposal:</u>	
<input type="checkbox"/> Verification of legal entity	
<input type="checkbox"/> Gather information to include in cover memo	
<input type="checkbox"/> Current <i>Contract</i> & Appendix (use template)	Chapter B, Page 9
<input type="checkbox"/> Exception to policy, if applicable	
<input type="checkbox"/> <i>Contract Addendum</i> , if applicable	
<input type="checkbox"/> Parent corporation guarantee, if applicable	
<input type="checkbox"/> <i>Face Sheet</i> (& any attached lists, if applicable)	Chapter B, Page 20
<input type="checkbox"/> Negotiated rate forms	Chapter C, Page 3
<input type="checkbox"/> Proof of liability insurance	Chapter B, Page 14
<input type="checkbox"/> General property with required dollar amounts	
<input type="checkbox"/> Professional with required dollar amounts	
<input type="checkbox"/> Auto with required dollar amounts	
<input type="checkbox"/> Additional named insureds of the State of Iowa and DHS for these policies	
<u>What you will keep in your contract file but not submit with the contract proposal:</u>	
<input type="checkbox"/> <i>Verification of Receipt of Handbook</i>	Chapter A, Page 10
<input type="checkbox"/> List of all facility sites to which clients will be placed under this contract with address, phone number, contract person, and service codes at each site	
<input type="checkbox"/> Policy and procedures reviewed:	Chapter D, Page 10
<input type="checkbox"/> Child abuse reporting	
<input type="checkbox"/> Confidentiality	
<input type="checkbox"/> Client appeals & grievances	
<input type="checkbox"/> Disaster planning & emergency response	
<input type="checkbox"/> <i>Drug-free work place</i>	
<input type="checkbox"/> <i>Review of subcontracts, if applicable</i>	Chapter B, Page 17
<input type="checkbox"/> <i>Table of organization and board membership, if applicable</i>	Chapter B, Page 7
<input type="checkbox"/> <i>Articles of incorporation or registration with Iowa Secretary of State, if applicable</i>	
<input type="checkbox"/> <i>Disclosure of ownership</i>	
<input type="checkbox"/> <i>Verification of staff child abuse checks</i>	
<input type="checkbox"/> <i>Verification of staff criminal record checks</i>	
<input type="checkbox"/> <i>Other _____</i>	

### **Determining the Legal Entity with Which to Contract**

**Legal reference:** Iowa Code Chapters 486A, 490, and 547

A contract is a legally binding agreement between two parties. In the case of the FGCS contract, the two parties are the provider and the Department. The Department needs to know with what entity it is entering the contract and that this is the legal entity that:

- ◆ Can uphold the contract,
- ◆ Has the ability to perform under the contract, and
- ◆ Has the financial and programmatic control over the services being purchased.

The name on the contract shall be the legal name of the responsible party entering into the contract with the Department. The entity named on the contract is the entity that the Department will hold accountable for all the terms and conditions of the contract.

We need to know that the provider name on the contract is the legal entity that is ultimately responsible for the services to be provided under the contract.

An example of why this matters is a situation where the Department must recoup payments. If the contract is with an entity that, in fact, does not have the control over the financial resources for the services provided under the contract, the Department may have difficulty obtaining the money owed the state.

#### **Legal Entity Name and Type**

Once you know with which entity the Department proposes to enter the contract, confirm with the provider the legal entity name and vendor type.

The legal entity for foster group care services will most likely be one of these vendor types under the contract:

- ◆ A corporation (C), non profit or for profit,
- ◆ A limited liability or professional limited liability company (LC, LLC, PC, or PLC), or
- ◆ A government entity

Compare the name and vendor type with any licenses being processed or already approved, with the goal of all having the same provider name.

Indicate the specific documents and other information the provider needs to give you for further verification and gaining an understanding of the entity with which the Department may enter into business.

(Refer to the general information on the topic of "legal entity" in the POSSRTSS network share. Use the "Legal Entity Checklist" to help you sort through the related issues.)

If the provider is a **corporation** or **company**:

- ◆ Verify that the provider is currently registered and has an "active" status with the Iowa Secretary of State to do business in Iowa under the same name.

Both in-state and out-of-state corporations and companies are required to be registered with the Iowa Secretary of State in order to do business in Iowa. This requirement applies if the corporation or company has an office or facility in Iowa or have employees who provide services in Iowa.

In order to be considered in "active" status, the corporation or company must pay fees and file documentation with the Secretary of State's Office.

A corporation or company that is in "inactive" status in the Iowa Secretary of State's system is no longer registered to do business in the state of Iowa. The Department should not enter into or renew a contract with a provider that is not in active status.

- ◆ The name entered on the contract must be the legal name of the corporation or company as registered with the Secretary of State. It should be the same name used in the provider's articles of incorporation, articles of organization, operating agreement, or other current legal documents that state the purpose and basic functioning of the entity.
- ◆ When a foreign (out-of-state) corporation or company is registered to do business in the state of Iowa, this means that the Iowa Secretary of State has checked at least at the initial registration and at the annual submission of documents to be sure the corporation or company is also registered to do business within its "home" state.

Therefore, it is not necessary for you to verify a provider's registration in its "home" state if the provider is registered and currently "active" with the Iowa Secretary of State.

- ◆ An out-of-state corporation or company with an FGCS contract may not have a facility, office, or staff providing services in Iowa, and thus does not need to register with the Iowa Secretary of State. In this case, the contract monitor shall verify registration and current active status of the provider by contacting the government agency that registers entities to lawfully do business in the state in which the group care facility is located.

If the provider is a **government entity**, the provider name to be used in the contract and related documentation shall be the name associated with the assigned federal identification number. For example, use the name of a state university or state agency and not the name of a program, office, or division under the university or state agency.

Maintain any information you collect from the provider that supports the legal entity and vendor type, disclosures of owners and board members, and other documentation in your files on this provider. This information does not need to be submitted to the Bureau of Purchased Services unless you want someone to assist you in reviewing it.

### **Determining Ability to Perform Under the Contract**

The question as to whether the entity seeking the contract has the ability to perform under the contract arises most frequently with corporations but may be an issue for other vendor types as well. If the entity is a corporation or company, ask for the following:

- ◆ A copy of the entity's articles of incorporation and by-laws, articles of organization, or operating agreement.
- ◆ Other information indicating whether or not the entity has any legal or operating agreements or subcontracts with any other entity.

Review these documents and any other information submitted to determine if there is a relationship between the entity seeking the contract and another entity. This entity may be considered a contractor, a subcontractor, a parent corporation, a subsidiary corporation, or some other entity doing business with the contracting corporation or company.

Ask the provider if there are any subcontracts or other relationships with other entities that might have an impact on the provider's control over the ability to perform under the contract.

If the articles of incorporation or other information give you reason to believe another entity has control over the services to be purchased under the contract either financially or programmatically, notify the Bureau of Purchased Services staff in central office.

No further action should be taken on the contract until the Department determines with which entity it should be contracting. The Department may enter into the contract with the original prospective provider (the subsidiary) or with the entity that has control (parent corporation or company).

The Bureau of Purchased Services will work with you and, if needed, the Attorney General's office to make a determination of whether the contract should be with a different entity, or if an assurance in the form of a guarantee from the parent corporation or company is required.

An assurance is needed if the Department decides to contract with the subsidiary corporation or company that does not have financial or programmatic control over the services provided under the FGCS contract.

The assurance or guarantee is a statement signed by the "parent" entity that has the financial or programmatic control over the entity with which we propose to enter into the contract. It assures or guarantees that the parent corporation or company with control will exercise that control in a manner that supports the contractor's ability to carry out the terms and conditions of the FGCS contract.

(Refer to the POSSRTSS network share.)

### **Verifying Compliance with Requirements**

**Legal reference:** 441 IAC 152.2(234)

In developing a contract proposal, you must:

- ◆ Confirm with the provider that **all** foster group care services at **all** desired sites are **licensed** (or are in the process of being licensed).

Because the contract itself does not specify each site that may correspond to a particular service code indicated on the face sheet, you must maintain your own system for keeping track of all sites under each contract. Be sure that each site has received and maintains the appropriate license in order for the provider to contract to provide and bill for FGCS services.

- ◆ Verify the **federal identification number** the Internal Revenue Service has assigned to this provider. The provider should be able to provide you with a copy of a letter from the Internal Revenue Service which indicates the number assigned to the same legal entity with which we are considering doing business under the contract.

You may accept IRS form 941 with the provider's information printed on it as verification. Make sure it matches the legal entity name and vendor type that has been given for licensing and to you for the proposed contract.

- ◆ Obtain the information the provider is required to **disclose** under the contract. (Refer to the FGCS contract, Section V. B.) Be sure to get all disclosures that are needed based on the vendor type. Some of this information may be easily accessible at the same time the provider is collecting documentation regarding its legal entity.
- ◆ Request that **negotiated rate forms** be sent to the prospective provider. As part of developing the new contract, the provider and service area manager will negotiate a rate for all proposed foster group care services.

The provider and service area manager will complete and sign form 470-3404, *FGCS Negotiated Rate Establishment Amendment*, and return it directly to central office. Central office staff will notify you by E-mail of the service codes for which rates can be established and can be added to the FGCS contract.

If negotiated rates cannot be established or the rate negotiation fails, you will be notified that no further contracting should proceed.

- ◆ Review a copy of the provider's **procedures** with regard to abuse reporting, client appeals and grievances, client confidentiality, disaster planning and emergency responses, and drug free workplace. (See [Review of Written Policies and Procedures](#) for more information.)
  - ◆ Collect copies of the **provider's insurance coverage** for general property liability, professional liability, and auto liability. Policies must name the state of Iowa and the Department of Human Services as additional insureds for all three types of liability coverage.
- Providers may need some lead-time in getting their insurance coverage to include all the requirements. (Refer to the **FGCS PROVIDER HANDBOOK**, Chapter B, [Indemnity and Insurance](#), and the POSSRTSS network share.)
- ◆ Review a copy of any **subcontracts** the provider has for providing direct foster group care services to clients. (See [Reviewing Subcontracts](#) for procedures.)

### **Review of Written Policies and Procedures**

**Legal reference:** 441 IAC 152.2(5)  
Foster Group Care Services Contract, 470-3052

Review the provider's handling of:

- ◆ Reporting child abuse,
- ◆ Maintaining confidentiality,
- ◆ Client appeals and grievances,
- ◆ Disaster planning and emergency response,
- ◆ Maintaining a drug-free work place,

Review these written policies and procedures to:

- ◆ See how they are made available to clients and, when applicable, to employed or subcontracted staff and volunteers.
- ◆ Be sure they are consistent with any current laws and rules.

You may review this information during an on-site visit or ask the provider to give you copies of policies, disclosure information, or other documents. Copies of these documents do not have to be submitted with the contract proposal to the Bureau of Purchased Services. Maintain any copies you receive in your provider file.

If you have questions about any of the provider's procedures in any of these areas that you cannot resolve, you may contact the Bureau of Purchased Services in central office for assistance.

For more information, refer to ***FGCS PROVIDER HANDBOOK***, Chapter B, [Review of Written Policies and Procedures](#).

### **Review of Subcontracts**

**Legal reference:** *Foster Group Care Services Contract, 470-3052*

Review any subcontracts that the provider has, or discuss any plans that the provider may have for subcontractors to provide direct foster group care services to clients. It is the responsibility of the provider under the contract to ensure the subcontractor's compliance.

Document the date you receive any **executed** subcontract so that you complete your review within 30 days. While you do not formally approve any subcontract, you can reject all or a portion of any subcontracts that in your determination does not adhere to FGCS contract conditions or guidelines. (Refer to **FGCS PROVIDER HANDBOOK**, Chapter B, [Subcontracting for Service Provision](#), and the POSSRTSS network share.)

If you receive a **draft** subcontract that is not executed with a request to review it before the provider has any subcontractor sign it, note that there is no 30-day limit required for review of a draft. Be sure to explain this to the provider. Your concern should be only with issues that deal with requirements and conditions related to the FGCS contract.

### **Provider Located Outside of Iowa**

**Legal reference:** 441 IAC 142 "Interstate Compact on the Placement of Children"  
441 IAC 156.9(234) Rate of payment for foster group care  
441 IAC 156.20(234) Eligibility for foster care payment  
441 IAC 202.8(2) Out-of-state group care placements  
Iowa Code Section 232.158, Article VIII, "Interstate Compact"  
1999 Iowa Acts, Chapter 203, Section 15, paragraph 17 "c"(3)

There is no basis for denying a contract with an out-of-state provider other than the criteria for rejection specified in rule. Iowa places a priority on serving children in the least restrictive setting and in close proximity to the child's home. States contiguous to Iowa that have a group care facility that can serve Iowa children may serve some clients in closer proximity to the child's home than an in-state provider on the other side of Iowa.

There is no inherent basis for an exception to policy for any contract requirement, including the rate, just because a provider is located out of state. If an exception to policy is granted by the director, reflect the exceptions in the contract by adding a contract addendum to amend the language in the contract.

Questions that the service area or county should ask before entertaining a request for an exception for an out-of-state provider are:

- ◆ Does the state of Iowa need this provider in order to serve our customers?
- ◆ Could an existing program in Iowa meet the customers' needs?
- ◆ Is there an Iowa provider willing to develop a program to meet the customers' needs?

There are a few out-of-state facilities that have unique programs that do not exist in Iowa. There may be children with unique needs, such as disabilities and severe behavioral problems, for whom no services are available in Iowa but whose needs can be met by a program in an out-of-state facility. In these situations, the Department may make an exception to policy on contract or rate requirements. These exceptions do not have to be requested on a child-by-child basis.

Note, however, that foster care rules require that there be an exception to policy **for each child** for whom placement is being considered in an out-of-state facility if the rate for maintenance or child welfare services provided by that out-of-state agency are not established using the same rate-setting methodology as that used for Iowa-based providers. The case worker is responsible for this exception to policy.

If the Department is placing an Iowa child in an out-of-state group care facility that already has an FGCS contract, several steps need to be considered. Contact the FOSU Help Desk for guidance related to placement and any required exceptions to policy.

Staff involved must determine that the Department has the necessary legal authority to pay for the out-of-state placement by the desired effective date. These steps may include:

- ◆ Obtaining a court order placing custody with the Department.
- ◆ Obtaining the approval of the service area manager or designee.
- ◆ Obtaining approval under the Interstate Compact for Placement of Children.
- ◆ Having the contract and rates in development or in effect.
- ◆ Placing the child.

The court order granting the Department custody, the Interstate Compact administrators' approvals, and the approval of the service area manager or designee must be finalized **before** the child goes to the placement.

Coordination among Department staff is critical in these cases. Ongoing coordination between the referral worker, FOSU, and the group care program manager should be under the direction of the service area.

Current Interstate Compact policy requires the child's out-of-state placement to be reviewed every six months. Service area and county staff should set up their own tracking to make sure that:

- ◆ The placement reviews by workers occur at the required intervals.
- ◆ Monthly progress notes are sent to the child's assigned referral worker in Iowa.
- ◆ The provider or referral worker follows up any verbal reports in writing.
- ◆ Information that affects the contract is communicated immediately to the group care program manager, including changes in services or placement, or discharge from services.
- ◆ The referral worker informs the group care program manager if the child is being discharged before the expiration date of the contract.

For an out-of-state placement of just one specific child to a group care facility that does not already have an FGCS contract and that is not contiguous to the state of Iowa, other processes are necessary based on Department policy.

In this situation, a foster group care contract will not be used. Staff should work with the Field Operations Support Unit (FOSU Help Desk) to determine the steps involved in submitting a sole-source justification request, developing a contract using the standard DHS service contract template found in Contract Creator (C2), placement, and any required exceptions to policy.

- ◆ The term of the contract should be the same as any other, that is, no more than six years.
- ◆ The effective date of the new contract shall never be before the date the contract is fully executed and the Department has been granted the authority to pay the provider for the child who is being placed.
- ◆ The termination date of the contract shall be the expiration date of the contract or the date the child is discharged, whichever occurs first. Notice of discharge of the child from the facility should be given at least 10 days before the discharge.

### **Out-of-State Group Care Rates**

**Legal reference:** 441 IAC 156.9(2)

Under the FGCS Contract, the foster group care reimbursement rates paid for placement of children out-of-state is calculated according to the same rate-setting principles as those used for in-state providers, unless the director determines that appropriate care cannot be provided within the state.

The payment of the daily rate is based on the number of days in the calendar month in which service is provided. Establish the payment rate for maintenance and child welfare services provided by a public or private group care agency licensed or approved in another state using the rate-setting methodology in ***FGCS PROVIDER HANDBOOK***, Chapter C.

Exceptions can be made if the Department director determines that appropriate care is not available within Iowa pursuant to the following criteria:

- ◆ Whether the child's treatment needs are exceptional.
- ◆ Whether appropriate in-state alternatives are available.
- ◆ Whether an appropriate in-state alternative could be developed by using juvenile court-ordered service fund or wrap-around funds.
- ◆ Whether the placement and additional payment are expected to be time-limited with anticipated outcomes identified.
- ◆ Whether the placement has been approved by the service area manager or chief juvenile court officer.

The service area manager or chief juvenile court officer desiring to place a specific child must submit the request for a director's exception to the Appeals Section in central office. Cite in the exception request the rules relating to the rates that the provider is requesting to disregard.

Allow a minimum of two weeks for a response. The group care program manager is responsible for coordinating any exception to policy responses. The decision of the director regarding approval of an exception to the rules related to cost principles is not appealable.

This is not a blanket exception. Any service area manager or chief juvenile court officer desiring to place another child under the same terms must submit a separate exception request for each child.

## **Requesting an Exception to a Contract Requirement**

**Legal reference:** 441 IAC 1.8(17A,217)

As with other Department actions, exceptions may be granted to contracting requirements upon the Department's or provider's request. A provider may seek exemption from one or more policies related to providing foster group care services or from entering into an FGCS contract.

Follow the general Department procedures for making an exception to policy request, as found in Employees' Manual 1-B, [EXCEPTIONS TO POLICY](#). Adhere to your service area's procedures for processing a request for an exception to policy. Contact the Bureau of Purchased Services for assistance as needed.

For **in-state** providers and for out-of-state providers on Iowa's borders **that regularly serve** Iowa clients, exceptions to contract requirements are rarely granted. An exception might give a few months' allowance before or after the desired effective date, usually for a delay in complying with a requirement due to extenuating circumstances.

For an out-of-state provider considering an FGCS contract solely for the purpose of serving a **limited number of Iowa children** under an Interstate Compact agreement, exceptions to some contract requirements are occasionally granted. This may involve disregarding Iowa rule requirements for:

- ◆ Iowa licensure.
- ◆ Rate-setting methods.
- ◆ DOT public transit certification.
- ◆ Insurance coverage to include additional named insureds.
- ◆ Forms for showing compliance with equal opportunity, affirmative action, or civil rights compliance.

In such instances, we may accept the other state's licensing, rate-setting methods, equal opportunity and affirmative action compliance, etc., in lieu of our Iowa requirements. (See also [Providers Located Outside of Iowa](#).)

In general, exceptions for unique programs that provide services not available in Iowa may not be child-specific. See [Out-of-State Group Care Rates](#) for criteria used to obtain an exception to the policy on the payment rate for maintenance and child welfare services provided by a group care agency licensed in another state.

### **Developing a Contract Addendum for an Approved Exception**

When any FGCS contract being developed with a prospective provider involves the processing of an exception to policy, those contract-related portions of the exception that are approved by the director should then be reflected in the contract addendum.

While the exception request is being drafted, staff involved should be sure that the request incorporates all that needs to be altered in the FGCS contract.

The approved exception becomes the basis for the contract addendum. Each contract addendum is usually customized to fit a unique set of conditions. (Refer to general guidelines for developing a contract addendum under the POSSRTSS network share.)

### **Processing a Contract Proposal for Approval**

**Legal reference:** 441 IAC 152.4(3)

The provider submits to the contract monitor all required information that is to become part of the contract proposal. The provider is to complete all the contract-related forms, obtain all other required documentation, and submit this information to you at least 60 days before the desired effective date.

**Required** forms and documents include:

- ◆ *Foster Group Care Services Contract Face Sheet*, form 470-3051.
- ◆ Relevant attachments as listed on the face sheet. This could include copies of any addendum, approved exceptions to policy, explanations, or lists of any subcontractors.
- ◆ *Foster Group Care Services Contract*, form 470-3052, including Appendix A: Service Descriptions, Units of Service, and Rates; Appendix B: Contract Certifications; and Iowa Code Chapter 8F Terms, with the contract signature page and certifications signed by the provider.
- ◆ Insurance documents showing current coverage for general, professional, and auto liability with required additional named insureds for each type of coverage.
- ◆ DOT *Certification Application for Coordination of Public Transit Services*, form 020107, if it applies.

Refer to ***FGCS PROVIDER HANDBOOK***, Chapter B, [Contract Submission](#), for forms and instructions.

The following sections explain procedures for:

- ◆ [Review and submission by the contract monitor.](#)
- ◆ [Review by staff in the Bureau of Purchased Services.](#)
- ◆ [Staff actions when a new contract is approved.](#)

### **Contract Monitor Review**

Review the list of contract proposal forms and all other required documents for completeness and accuracy. (See [Forms Matrix](#).)

If any portion of the new contract proposal is inaccurate or incomplete, work with the provider representatives to correct or complete the deficiencies and get the new contract proposal in final form.

Once the new contract proposal appears accurate and complete, submit the proposal for signature to the service area manager for the county where the provider's administrative offices are located.

You have four weeks from receipt of an accurate and complete contract proposal to process it for signatures and to submit it to the Bureau of Purchased Services in central office.

**Before submitting** the contract proposal, forward the *Certification Application for Coordination of Public Transit Services* to the Department of Transportation at 800 Lincoln Way, Ames, Iowa 50010.

The remaining completed forms and documents become a part of the new contract proposal packet submitted to the Bureau of Purchased Services. Submit to the Bureau:

- ◆ One cover memo addressed to the Bureau of Purchased Services staff person who reviews the contracts, summarizing the contract action being submitted. In the cover memo:
  - Specify the desired term of the contract, usually six years. When proposing the term of the contract, consider these two factors:
    - Do you need to stagger your workload and therefore, have a contract end sooner than the usual six-year term?

- Do you have any other reason that a particular provider needs to be given a shorter term for the initial contract?  
(Examples: The provider is expressing uncertainty about continuing to meet requirements, or licensing staff have raised concerns about the provider.)
- Mention any other important issues you may have with regard to the provider or the contract documents, such as whether the DOT forms are applicable to this provider.
- ◆ One copy of the *FGCS Contract Checklist for Project Managers—New Contract*.
- ◆ The original and one additional copy of:
  - The *Foster Group Care Services Contract Face Sheet*, form 470-3051.
  - Attachments, if relevant (addendums, policy exceptions, explanations, lists of subcontractors.)
  - The *Foster Group Care Services Contract*, form 470-3052, including the contract signature and certifications pages signed by the provider. (Tab the signature pages with a sticky marker, paper clip, or some other indicator.)
- ◆ A copy of the E-mail received indicating approval of negotiated rates.
- ◆ Insurance documents showing current coverage for general, professional, and auto liability with required additional named insureds for each type of coverage.

Be sure that the proposal uses the most current version of the contract forms. You may wish to keep a “control copy” for your own records until the contract proposal is approved and signed copies are returned to you.

(Refer to the ***FGCS PROVIDER HANDBOOK***, Chapter B, [Contract](#), for forms and instructions.)

### **Central Office Review**

The director or the director's designee has 15 days from receipt of the contract proposal packet by the Bureau of Purchased Services to act upon the proposal. Bureau staff in central office will review the packet within 15 days of receipt for accuracy and completeness.

- ◆ **If the contract packet is accurate and complete**, central office staff assign a contract number and verify the rate agreement. If the negotiated rate agreement is finalized, central office staff:
  - Finalizes the contract documents;
  - Obtains the contract owner signature on the director sign-off form;
  - Obtains the Department director's or designee's signature on the contract.

This contract approval commits the provider and Department to the contract.

- ◆ **If the contract proposal is inaccurate or incomplete**, the central office staff will inform you via E-mail.

If you are able to complete or correct the contract documents within a day or two from the time the E-mail notice was sent, central office staff will work with you to make the contract proposal complete and accurate.

If the errors are too major for corrections to be submitted within a day or two, or if you are not able to respond within a day or two, central office staff will send you E-mail, stating that the contract proposal as submitted is considered incomplete and cannot be processed or approved. The packet may be returned to you for corrections.

Work with the provider to make any necessary corrections or to obtain complete information as required under the contract, and resubmit the contract packet to central office for further review.

- ◆ **If the contract cannot be approved** after review of a complete and accurate proposal, the contract proposal will be **rejected** for one of these reasons:
  - The proposed contract does not meet applicable rules, regulations, or guidelines.
  - The applicant has falsified information required as a condition of participation.

- Licenses submitted as a condition of participation in the application process have never been approved, or have been revoked or suspended.
- The provider has failed to provide notification within seven days of a change that may significantly affect the licenses submitted as a condition of contracting.

The Department shall give the provider a notice and explanation in writing of any reasons for rejection of a contract proposal within ten working days of the Department decision.

### **Staff Actions Following Contract Approval**

An approved contract shows all three required signatures on the signature page of the contract. After the contract has been approved and all copies have been signed by the Department director or designee:

- ◆ The Bureau of Purchased Services staff will:
  - Keep the original copy of the contract and related forms for the central office contract files.
  - Send one signed copy to the provider.
  - Scan a signed copy to the POS.771 share, and place a transmittal addressed to the contract monitor related to the contract action. Access to these documents is available to you, the contract monitor, and to the service area manager.
  - Add the new provider and new contract data on the FGCS database, found in the FGCS folder on POS.771, and on other contract listings in that directory as applicable.
- ◆ The BPS secretary adds new provider information to the POSS, FACS, and I/3 data systems. The BPS secretary will:
  - Enter the provider agency data on the FACS provider screens.
  - Enter provider rates on the FACS PRRL screen.

Once the provider is entered into these systems, the provider is eligible to receive referrals of authorized DHS clients, beginning on or after the effective date of the contract.

Referral workers should be able to access the availability of the new provider from the FACS data system, and the provider will be eligible to bill for authorized services provided on or after the effective date of the contract.

Reminder: Facility data is not reflected in formal contract documents. In addition to what is entered and maintain on the FACS system, you should keep and update facility information in the provider's file that you maintain, and submit any facility updates to the BPS secretary to enter on FACS.

(Refer to [Monitoring Multi-Region Contracts](#) for more details relating to audits of providers with various sites in more than one service area.)

## **Managing a Contract**

**Legal reference:** 441 IAC 152.8(234)

Contract monitor duties in relation to managing FGCS contracts are explained in the following sections:

- ◆ [Making administrative or other changes to a contract.](#)
- ◆ [Amending a contract.](#)
- ◆ [Monitoring compliance with the contract.](#)
- ◆ [Monitoring multi-region contracts.](#)
- ◆ [Renewing a contract.](#)
- ◆ [Reviewing subcontracts.](#)
- ◆ [Terminating a contract.](#)

## **Processing Changes Related to the Provider Agency**

**Legal reference:** *Foster Group Care Services Contract*, 470-3052, Sections I. and V.D.

Providers are required to inform the Department promptly of **any** changes related to the contract, including administrative changes. Providers are encouraged to discuss any changes with you as much in advance as possible, to enable all parties to the contract to consider the impact of any changes on the current contract, the standing of the legal entity, and the impact on clients being served.

Administrative changes deal with provider information that does not affect the service components of the contract or change the legal entity with whom the Department is doing business, but does affect information about the provider agency.

Other changes may affect services to clients or reflect a change in legal entity or who is involved in the provider's business.

According to the FGCS contract, providers are to submit this information to the contract monitor within seven working days of any such change occurring, being documented, or being authorized by the action of one or more of the owners of the agency. Failure to do so may result in sanctions being imposed or termination of the contract.

Administrative changes which need to be sent to the Bureau of Purchased Services are changes to information reflected on the *Contract Face Sheet*, including:

- ◆ Provider site address (the main office, as indicated on the *Face Sheet*).
- ◆ Provider mailing address, if different from the site address.
- ◆ Provider phone number and fax number.
- ◆ Administrator's name.
- ◆ Provider contact E-mail address.
- ◆ Provider name (only if it is not a change in the legal entity).

#### **Administrative Changes Reflected on Contract Face Sheet**

For administrative changes reflected on the contract *Face Sheet*, the provider shall either:

- ◆ Submit a formal, signed letter on agency letterhead authorizing the change, rather than having to go through an amendment process, or
- ◆ Send an E-mail to the contract monitor.

If you, as the contract monitor, are not certain that an E-mail is official, you may require the formal, signed letter on agency letterhead.

For all administrative changes reflected on the face sheet, submit either a hard copy or an E-mail with an electronic copy of:

- ◆ A cover memo or E-mail describing the change.
- ◆ One hard copy or electronic copy of the contract *Face Sheet* highlighting the specific changes.
- ◆ The original copy of a letter from the provider on agency letterhead making a formal written request with the signature of an authorized provider representative.

When processing **only** an administrative change:

- ◆ It is not necessary to process any copies of the contract (form 470-3052), other than the contract *Face Sheet*.
- ◆ Only **one** hard copy of the *Face Sheet* needs to be sent to the Bureau of Purchased Services.

After review of the information, staff in BPS central office will seek further information or corrections as needed. Once all is complete, you will receive an E-mail from central office staff stating this. Then put into your contract file a copy of:

- ◆ The cover memo or E-mail you submitted.
- ◆ The final, complete *Face Sheet* highlighting the changes.
- ◆ The formal letter from the provider.
- ◆ Any other attachments in the contract files you maintain.
- ◆ The E-mail from central office staff indicating that the face sheet is correct and complete.

Your cover memo or E-mail, the original letter from the provider, the final, completed *Face Sheet*, and follow-up E-mails will be also placed in the master provider file in the BPS central office.

After receiving the agreement from central office staff, send a copy of the final, complete *Face Sheet* to the provider for its files. Ask the provider to maintain the information related to this action.

Central office staff will also modify contract data files and data systems accordingly.

The staff in the Bureau of Purchased Services will give notice about the change to other central office staff, such as licensing or DCFS foster group care policy staff, as deemed appropriate.

The following sections cover additional considerations for these changes:

- ◆ [Provider agency site address change.](#)
- ◆ [Provider agency mailing address change.](#)
- ◆ [Provider name change.](#)

### **Provider Agency Site Address Change**

If you were not aware of a change of the provider's main office site address before receiving a phone call or formal letter, you may want to contact the administrator to be sure the address has indeed changed, especially if the site address is also the mailing address.

It has happened that other staff affiliated with the provider agency have made unauthorized changes to an address, resulting in state warrants being sent to unauthorized persons.

A site address change of the provider's main office may require a new **insurance** certificate reflecting the new site address. Attach either:

- ◆ A copy of the general liability insurance coverage ACORD or other documentation showing proof that the provider's new site is included, or
- ◆ A letter from the provider or the provider's insurance agent explaining why the provider should be exempt from such coverage.

### **Provider Agency Mailing Address Change**

If you were not aware of a change of the provider's main office mailing address before receiving a phone call or formal letter, you may want to contact the administrator to be sure the mailing address has indeed changed.

As with changes to provider site addresses, unauthorized changes to the mailing address have resulted in state warrants or correspondence being sent to unauthorized people.

### **Provider Name Change**

If a corporation changes its name because it has created a different legal entity, a new contract is required.

If you have questions about a reported name change, discuss any of these issues with staff in the Bureau of Purchased Services before processing any paper work related to a provider or agency name change.

### **Provider E-Mail Address Change**

If the agency administrator has a new E-mail address, be sure to confirm it with a phone call or other type of contact with this person. As with the mailing address, we want to be sure that the E-mail address is correct and bona fide.

The Department is increasing correspondence via E-mail rather than regular mail, and we want to be sure that we are communicating with the administrator. There may be other authorized persons to receive an E-mail for the agency.

While only one E-mail address (for the administrator) is requested on the *Face Sheet*, you can inform central office staff of secondary staff names and E-mail addresses to also send contract-related information.

### **Other Administrative Changes**

The contract monitor records changes related to contract compliance and information about the provider that is not reflected on the *Face Sheet*. Such changes include:

- ◆ Control interests.
- ◆ Ownership.
- ◆ Business transactions.
- ◆ Fraud.
- ◆ Criminal convictions.

Other types of information falling into this category of changes are part of general contract compliance, such as disclosure requirements, or part of fiscal or rate documentation requirements.

Updates to such information that has changed should be made as the provider informs you. You should be informed within seven working days of any change occurring.

This information is initially collected by the contract monitor and maintained in contract monitor files for each provider. This information may also be shared with BPS staff in central office and maintained in the provider master file, as deemed appropriate.

At the time of renewal or other contract monitoring, review this type of information to ensure that it is current and does not affect any provisions of the contract.

### **Amending a Contract**

**Legal reference:** *Foster Group care Services Contract, 470-3052, Section III. C.*

An amendment of an FGCS contract includes the addition or deletion of service codes within the contract. Amending the FGCS contract may be:

- ◆ A joint decision between the Department and provider, or
- ◆ A unilateral decision by the Department.

NOTE: When the provider and Department jointly agree to amend the contract, the amendment to add or delete a service code can be processed as a separate contract action or at the time of a contract renewal.

The following sections deal with procedures for joint and unilateral decisions.

#### **Amendment by Joint Decision**

**Legal reference:** *Foster Group Care Services Contract, 470-3052, Section III. C.*

When you or the provider see a need to add or delete one or more service codes under the existing contract, discuss the proposed amendment with each other. Discuss the reason for the amendment and the effect this may have on services provided. Explain the forms and information that will need to be processed.

If a service is being **deleted**, be sure that:

- ◆ Referral workers are aware of the action, so that all necessary plans regarding the ending of services to the affected clients can be thoughtfully carried out.
- ◆ Any billing and payment issues related to the deletion of a service code can be handled according to the end date of the deleted service code.

If a service is being **added**, the provider should give no promise of delivering the new service by any specified date until the rates are established and the amendment to add that service code has been approved and signed. Added services cannot begin until:

- ◆ The added service is approved by licensing, if not already licensed.
- ◆ The service code rates that have been negotiated are approved.
- ◆ The effective date is indicated by Bureau of Purchased Services staff on an approved contract amendment that is signed by all required parties.

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### **Required Information**

To add or delete a service, the provider must complete all contract-related forms and obtain all required documentation. Whenever possible, the provider shall submit this information to you at least 60 days before the desired effective date.

Required forms and documents the provider submits for a contract amendment include:

- ◆ *Foster Group Care Services Contract Face Sheet*, form 470-3051.
- ◆ Attachments, if needed, as listed on the face sheet.
- ◆ *Amendment to Foster Group Care Contract*, form 470-3053, with the provider's signature, unless it is an amendment that is also a part of a contract renewal.
- ◆ The required explanation that is to be attached.
- ◆ If adding a new service code, a copy of the E-mail received indicating approval of negotiated rates.

(Refer to the amendment checklist and ***FGCS PROVIDER HANDBOOK***, Chapter B, [Contract Amendment](#).)

### **Processing the Amendment for Approval**

Review the listed contract amendment forms and all other required documents submitted by the provider for completeness and accuracy. If the amendment is being processed with a contract renewal, remember to use the guidelines for processing a contract renewal with an amendment.

Use the *RTSS Contract Checklist for Contract Monitors—Contract Amendment*, form 470-3213, (on the POSSRTSS network share) and the [Forms Matrix](#).

If any portion of the contract amendment is inaccurate or incomplete, work with the provider representatives to correct or complete any deficiencies and get the contract amendment in final form.

Once the contract amendment is accurate and complete, submit the contract amendment (as an amendment only) for signature to the service area manager for the county where the provider's administrative offices are located.

You have four weeks from receipt of an accurate and complete contract amendment to process it for signatures and then to submit it to central office.

After your final review of the required forms and documents from the provider, add to them the following for the contract amendment packet for submission to the Bureau of Purchased Services:

- ◆ A cover memo, specifying:
  - Any other pertinent issues related to the amendment.
  - The desired effective date of the contract amendment. (Deletions of service codes usually occur the last day of a month. Additions of service codes occur on the day following the director's or director's designee's signature.)
- ◆ One copy of the *FGCS Contract Checklist for Contract Monitors—Contract Amendment*.
- ◆ One copy of the *FGCS Contract Checklist for Contract Monitors—Contract Renewal*, if the amendment is being processed with a contract renewal.

(Remember that you do not need to submit the amendment form when an amendment is made in conjunction with a contract renewal. Refer to the POSSRTSS network share.)

Submit the cover memo with the original and one additional copy of the amendment forms and at least one copy of any other attachments, to the Bureau of Purchased Services at least 30 days before the desired effective date of the amendment.

Mark each signature page with a tab, such as a sticky marker, paper clip, or other indicator.

You may wish to retain a "control copy" for your own records until the contract amendment is approved and the contract is signed.

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### **Review by Central Office**

Central office staff in the Bureau of Purchased Services will review the packet within 15 days of receipt for accuracy and completeness.

- ◆ If the contract amendment forms and documents are accurate and complete, central office staff approves the amendment by:
  - Finalizing the contract documents;
  - Obtaining the contract owner signature on the director sign-off form; and
  - Obtaining the signature of the Department director or designee on the contract. This commits the provider and Department to the amendment to the contract.
- ◆ If the contract amendment is inaccurate or incomplete, central office staff will inform you via E-mail. If you are able to complete or correct the contract documents within a day or two from the time the E-mail notice was sent, central office staff will work with you to make the contract amendment complete and accurate.
- ◆ If the errors are too major for corrections to be submitted within a day or two, or if you are not able to respond within a day or two, central office staff will send you another E-mail. This E-mail will state that the contract amendment as submitted is considered incomplete and cannot be processed or approved. The packet may be returned to you for corrections.

Work with the provider to make any necessary corrections or to obtain complete information as required under the contract, and resubmit the contract amendment to the Bureau of Purchased Services for further review.

An approved contract amendment will show all three required signatures:

- ◆ On the signature page of the amendment (for an amendment only action), or
- ◆ On the signature page of the contract (for an amendment with a contract renewal).

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### **Staff Actions Upon Approval of a Contract Amendment**

After the contract amendment has been approved and all copies have been signed by the Department director or designee, central office:

- ◆ Keeps the original copy of the contract amendment and related forms for the Bureau of Purchased Services contract files.
- ◆ Sends one signed copy to the provider.
- ◆ Scans a signed copy to the POS.771 share, and places a transmittal addressed to you related to the contract action. Access to these documents is authorized for you and the service area manager.

Depending on the details of the amendment to add or delete service codes, the secretary for the Bureau of Purchased Services will update the FACS provider rate screen to show the addition or deletion of the service codes and rates.

You will need to deal with any changes the amendment makes to facility or site information related to this provider agency. Reminder: Facility data and changes are not reflected in contract documents. However, you should:

- ◆ Keep this facility information updated in the provider's contract file that you maintain, and
- ◆ Submit any facility updates to the BPS secretary to enter on FACS.

### **Unilateral Department Decision to Amend the Contract**

**Legal reference:** *Foster Group care Services Contract*, 470-3052, Section III. C.

The Department may unilaterally amend any FGCS contract to delete an existing service. The two main circumstances for this unilateral amendment are:

- ◆ When a required license for a particular service has been denied, revoked, not maintained, or voluntarily withdrawn by the provider, but the provider has failed to amend the contract accordingly. In this case, the Department must give the provider a 10-day notice of its intent to delete the service code affected.

- ◆ When the Department and the provider cannot reach agreement on a negotiated rate after exhausting all remedies under 441 IAC 152.3(1). In this case, the Department must give the provider 30 days' notice of its intent to amend the contract to delete the service code affected. (See ***FGCS PROVIDER HANDBOOK***, Chapter C, [Rate Resolution Process](#).)

**Note:** A unilateral amendment **does not apply** if the service code represents services provided by a provider that has more than one site offering these services, and only one site is involved with the revocation or other problems with regard to licensing.

When a problem comes to your attention regarding one particular site, it may not be just a problem with that one site. It may be a larger agency-wide issue affecting the overall performance of the provider in not meeting one or more conditions under the contract.

If such is the case, you may need to do **further review** of the provider to be sure this problem not affecting or possibly going to affect other services at that site or within the entire agency. Also consult with other Department staff who may have information that would be helpful in making such a recommendation.

After such review, you can inform central office staff of your recommendation for appropriate action to take:

- ◆ To delete one or more of the service codes.
- ◆ To terminate the contract.

At that point you and central office staff can discuss your recommendation, pursue collecting further information if needed, and follow the Department's process for coming to agreement with any county, service area, and other central office Department staff as deemed appropriate.

### **Notice of a Unilateral Amendment**

Usually you, the contract monitor, will send the certified notice to the provider about the Department's intent to delete a service code unilaterally. However, there may be situations in which it is preferred that the notice be sent from the Bureau of Purchased of Services.

The notice to the provider should be a certified letter explaining the intended deletion with an attached face sheet noting the service codes affected. If you are sending the notice, contact central office staff so they can provide assistance, if needed.

Send a copy of this notice via the regular mail system to the service area and central office for filing with the provider's contract files maintained in those offices. Keep a copy of the notice with your copy of the contract.

Upon receipt of this letter and face sheet and following the required time frames for notice to the provider, the Bureau of Purchased of Services staff will make changes to the data system screens.

In particular, the FACS rate screens (PRRL) will show that the service code has been deleted on the date indicated on the notice. This will either be the date licensing was denied or revoked or not maintained, or the date after which the provider has received the required notice.

### **Monitoring Compliance**

**Legal reference:** 441 IAC 152.8(2)

Monitor performance under the contract and provide or arrange for technical assistance to improve the provider's performance. The following sections explain requirements for monitoring compliance with contract requirements:

- ◆ Review of documents submitted annually relating to:
  - Insurance.
  - DOT's public transit certification, if required.
- ◆ Making on-site visits to the provider.

#### **Insurance**

**Legal reference:** *Foster Group Care Services Contract*, 470-3052, Section IV. N.

The provider must **annually** submit the same type of documentation as required with a new contract proposal, with the exception of insurance.

If the Bureau of Purchased of Services in Central Office is designated as the certificate holder for each of the provider's required insurance policies, this information will be sent directly to the Bureau on the annual update of the provider's insurance and will be tracked separately from the contract renewal dates.

The updated documentation must be for at least **all three** types of liability insurance required under the contract, including:

- ◆ Proof of current **general property liability** coverage.
- ◆ Proof of current **professional liability** coverage.
- ◆ Proof of current **auto liability** coverage.

Coverage must include both the state of Iowa and the Iowa Department of Human Services as **additional insureds**.

The suggested limits identified in the *Foster Group Care Contract, 470-3052*, are considered **minimums**. Each provider should assess the coverage limits according to the provider's perceived needs.

Be sure that the provider has considered all types of activities it may be involved in while conducting business providing care or services to a client, and any damage that may occur to another caused by a client while receiving care or services from the provider.

### **General Property Liability**

General property liability insurance coverage is required for every provider of foster group care services. The recommended minimums are as follows:

- ◆ General aggregate: \$2 million
- ◆ Completed operations aggregate: \$1 million
- ◆ Personal injury: \$1 million
- ◆ Each occurrence: \$1 million

Providers that lease space where the landlord has the insurance coverage on the property may not need to carry this coverage themselves, as long as they can supply proof of the landlord's insurance.

The provider or insurance agent should make whatever written statements are needed in these situations. This becomes part of the insurance documentation that is to be updated and submitted annually.

NOTE: If a provider does not have the specified minimum amount of general liability insurances, the provider may substitute an excess liability coverage policy to reach the specified minimums. Contact central office staff for assistance if you have questions about this.

### **Professional Liability**

Professional liability insurance coverage is required for every provider of foster group care services. The recommended minimums are as follows:

- ◆ Aggregate: \$2 million
- ◆ Each occurrence: \$2 million

NOTE: If a provider does not have the specified minimum amount of professional liability insurances, the provider may substitute an excess liability coverage policy to reach the specified minimums. Contact central office staff for assistance if you have questions about this.

### **Auto Liability**

Automobile liability insurance coverage is required for every provider of foster group care services. The recommended minimum for any agency-owned auto, hired auto, and non-agency owned auto is a combined single limit of \$1 million.

If the insurance is **self-insurance** via a self-insured pool, you as the contract monitor are still responsible to obtain the updated insurance documentation annually, and submit the updated information as part of monitoring.

Some providers do not have agency vehicles, but instead have their staff or others use their own private vehicles for conducting business that includes transporting FGCS clients. If so, the provider must submit an assurance that before being allowed to transport FGCS clients or conduct FGCS business using their own vehicles, these drivers will provide proof of:

- ◆ Possession of current Iowa driver's license, and
- ◆ Their current auto liability insurance coverage for their own vehicle.

### **DOT Certification for Public Transit Services**

**Legal reference:** Iowa Code Chapter 324A; 761 IAC 910; 441 IAC 152.2(9), "Certification by Department of Transportation"  
*Foster Group Care Services Contract, 470-3052, Section IV. M.*

If an FGCS provider furnishes public transit services according to definitions of the Department of Transportation (DOT), the provider shall update DOT form 020107, *Certification Application for Coordination of Public Transit Services*, as needed and shall re-file the form with the DOT annually.

DOT staff work on public transportation needs in established areas around the state. They not only wish to be aware of those who can provide public transit services to new or existing populations, but also of entities that may need public transit services. If they are aware of service providers, they can connect with them as needed.

### **On-Site Monitoring**

**Legal reference:** 441 IAC Chapter 152.8(234) and 152.9(234)  
*Foster Group Care Services Contract, 470-3052*

Conduct on-site monitoring of each provider. Document reports from each evaluation and any follow-up, and share copies with the provider and with Bureau of Purchased Services central office staff.

The Department conducts billing reviews of in-state FGCS providers. Out-of-state FGCS providers are reviewed at the discretion of the Bureau of Purchased Services. In addition, other on-site visits and monitoring may occur.

The purpose of a billing review is to determine if the provider has retained clinical and fiscal records that substantiate claims submitted to the Department for reimbursement. (For more information, see **FGCS PROVIDER HANDBOOK**, Chapter F: [Billing Review](#).)

If you do monitoring when annual information is collected on self-insurance, agency policies, and other contract requirements, indicate your findings on form 470-0670, *Report of On-Site Visit*. Send a copy of this report and any follow-up to the provider, and as you deem appropriate, to the Bureau of Purchased Services for filing with the contract.

At the time of contract monitoring, the evaluation form required to be submitted is the *FGCS Contract Monitoring and Evaluation Guide*, form 470-3054. Complete this form to reflect your assessment of the provider's compliance with major contract requirements and conditions at that time.

On-site visits are conducted as needed at the request of the Bureau of Purchased Services, others in the Department, or other governmental bodies. These visits may be scheduled or may be unannounced.

These visits may include you and other Department staff or Department of Inspections and Appeals licensing staff who are monitoring a situation with regard to a particular provider and particular issue. A joint decision of those involved is made in terms of how the report is to be documented and findings communicated to the provider and any other necessary parties.

Other reviews may also be conducted as part of contract monitoring. (Refer to ***FGCS PROVIDER HANDBOOK***, Chapter F, [Department-Authorized Reviews and Audits](#), for more information.)

### **Monitoring Multi-Region Contracts**

The assigned contract monitor is also referred to as the "agency contract monitor" when the provider has sites in more than one service area. The agency contract monitor is the one with overall responsibility for the contract.

A "site" is a location from which services are delivered, staff report, and records are kept. If the facility must be licensed, each separately licensed location is a site.

The "agency site" or "administrative site" is the main office of the provider. This is the same site address that is found on the contract *Face Sheet* and on the FACS address screen for each provider.

A "facility site" is a location from which services are delivered, staff report, and records are kept other than the agency's administrative site. These facility sites may or may not be located in the same service area as the administrative site.

A "satellite site" is a location from which services are provided, but staff do not report there and records are not kept there.

The following questions and answers reflect the current policies and procedures with regard to contract monitors who monitoring multi-area contracts:

◆ **When do you decide to use more than one contract monitor to monitor the contract?**

The chief of the Bureau of Purchased Services may assign a second contract monitor to assist with a specific task, such as a billing review, or to work independently to even out monitor workloads. Considerations may include physical proximity for an on-site review and local decision-making.

◆ **Who directs involvement with the provider?** (i.e., frequency of contacts and the nature of the contacts)

It is recommended that one site visit be conducted to each site per year. One or more of the following activities may be carried out at each site:

- Billing reviews to determine the adequacy of the provider's documentation to support the provider's claims for payment. (See *FGCS PROVIDER HANDBOOK*, Chapter F: [Billing Reviews](#), for more information.)
- Monitoring compliance of contract terms and requirements.
- Consultation on program improvement, based on input from the local offices served by that site.

It is at the contract monitor's discretion, with input from central office, to determine whether to carry out these or other activities during one or multiple on-site visits.

◆ **Who is responsible for processing amendments?**

The agency contract monitor is responsible for processing all amendments and coordinating licensure, when applicable.

◆ **Who is responsible to respond to the provider on policy interpretation and answering questions?**

The agency contract monitor responds and sends a copy of the issue and the response with consultation from central office, as necessary.

◆ **Who handles complaints?**

If the complaint is about a facility, the agency contract monitor informs central office about the complaint. Central office and the contract monitor will coordinate a response or action.

The contract monitor is responsible for following up on the complaint and the actions to be taken. If the situation rises to the need for an on-site visit, the contract monitor:

- Conducts the site visit;
- Completes a written report of findings; and
- Sends a copy of the report to the facility site, to central office, and to the provider representative at the administrative site.

If there is a child abuse report involving a facility site, the agency contract monitor informs central office. Licensing and central office will determine the contract monitor's role in the investigation.

◆ **Who handles questions related to billing reviews?**

Usually, the contract monitor assigned to the agency handles specific questions related to billing reviews.

If the facility site or agency has a more complex question, the contract monitor will inform central office staff about the question. The response can be negotiated between the contract monitor and central office.

◆ **Who is responsible for compiling the on-site review and renewal information?**

The agency contract monitor needs to make sure that the on-site visits incorporate all the applicable requirements (contained in the *Contract Monitoring and Evaluation Guide*, form 470-3054) for all sites of the provider agency.

All reports of on-site visits, including billing reviews, should be documented using form 470-3054 and must be posted to the POS.771 Billing Audit share at the time they are sent to the provider.

◆ **Who handles coordination of issues related to licensing?**

The contract monitor assigned to the agency which includes a site where an issue involving licensure arises is responsible for notifying the appropriate licensing staff and also central office.

◆ **Who decides what sites are included under the contract?**

A site stays connected to the contract unless the Department takes action to deny, revoke, or suspend the site as a provider of foster group care services. If a local area does not want to use a licensed site any more, workers should no longer make referrals to that site.

◆ **What information needs to be communicated by the contract monitor?**

The contract monitor:

- Serves as a clearinghouse for information regarding the provider.
- Sends copies of contract forms to central office (contract, face sheet, attachments, exceptions to policy, amendments, addenda, administrative changes, and terminations).
- Transmits facility-specific licensing information to central office.
- Notifies central office if there seems to be a pattern of a problem developing.

### **Renewing a Contract**

**Legal reference:** *Foster Group Care Services Contract, 470-3052, Section III. D.*

The decision to renew the contract is a joint decision between the Department and the provider. If there is agreement to renew the contract, the provider should submit completed documents to you far enough in advance so that there is the same 60 days' processing time as required under new contracts.

The following sections explain procedures for:

- ◆ Evaluating the provider.
- ◆ Developing a contract renewal.
- ◆ Processing a contract renewal for approval.

### **Evaluating the Provider**

Document your evaluation of the provider for purposes of a renewal on the *FGCS Contract Monitoring and Evaluation Guide, form 470-3054*.

A contract renewal requires **at least one on-site visit**. This on-site visit may be conducted within the 12 months before the expiration date of the contract for purposes of the renewal only, or in conjunction with any other on-site visits, including billing reviews. Use the results of the on-site visit and other input to determine whether you recommend renewing the contract.

### **Developing a Contract Renewal**

If there is agreement to renew the contract, the provider fills in all the contract-related forms and obtains all other required documentation. The provider must submit this completed information to you at least 60 days before the expiration date of the current contract.

Required forms and documents the provider must submit to you for a contract renewal include:

- ◆ *Foster Group Care Services Contract Face Sheet*, form 470-3051.
- ◆ Relevant attachments, as listed on the face sheet.
- ◆ *Foster Group Care Services Contract*, form 470-3052, including Appendix A: Service Descriptions, Units of Service, and Rates; Appendix B: Contract Certifications and Iowa Code Chapter 8F Terms, with the contract signature and certification pages signed by the provider.
- ◆ Self-insurance documents showing current coverage for general, professional, and auto liability with required additional insureds for each type of coverage.
- ◆ *Certification Application for Coordination of Public Transit Services*, DOT form 020107, if not previously submitted during that year and if applicable. (After your review, do **not** send this form to the Bureau of Purchased Services. Instead, send it directly to DOT.)

Refer to ***FGCS PROVIDER HANDBOOK***, Chapter B, [Contract Renewal](#), for forms and instructions. Also, see the following example of a checklist one project manager uses when processing a contract renewal with the provider.

<b>Example: Contract Monitor Checklist for FGCS Contract Renewal</b>	
<b>Information/Document:</b>	<b>Reference in FGCS Provider Handbook:</b>
What you will need as part of the <b>contract renewal proposal</b> :	
<input type="checkbox"/> Revisit verification of legal entity	
<input type="checkbox"/> Gather information to include in cover memo	
<input type="checkbox"/> Current <i>Contract &amp; Appendix</i> (use template)	Chapter B, Page 9
<input type="checkbox"/> Exception to policy, if applicable	
<input type="checkbox"/> Contract Addendum, if applicable	

Information/Document	Reference in FGCS Provider Handbook
<input type="checkbox"/> Parent corporation guarantee, if applicable	
<input type="checkbox"/> Updated <i>Face Sheet</i> with applicable lists attached	Chapter B, Page 20
<input type="checkbox"/> Current proof of liability self-insurance * <ul style="list-style-type: none"> <li><input type="checkbox"/> General property</li> <li><input type="checkbox"/> Professional</li> <li><input type="checkbox"/> Auto</li> <li><input type="checkbox"/> The state of Iowa and DHS as additional insureds for these policies</li> </ul>	Chapter B, Page 14
What you need to <b>send to others</b> :	
<i>Certificate of Transportation</i> to DOT *	Chapter B, Page 15
*If applicable and not already submitted as part of annual review.	
What is kept and <b>updated in your contract file</b> but not submitted with contract renewal proposal:	
<input type="checkbox"/> Verify list of all facility sites and the address, phone number, contract person, and service codes at each site	
<input type="checkbox"/> Policy and procedures reviewed: <ul style="list-style-type: none"> <li><input type="checkbox"/> Child abuse</li> <li><input type="checkbox"/> Confidentiality</li> <li><input type="checkbox"/> Appeals &amp; grievance</li> <li><input type="checkbox"/> Disaster plan and emergency response</li> </ul>	Chapter B, Page 10
<input type="checkbox"/> Drug free workplace	
<input type="checkbox"/> Review of subcontracts, if applicable	Chapter B
<input type="checkbox"/> Current table of organization/board membership, if applicable	Chapter B
<input type="checkbox"/> Current articles of incorporation, articles of organization, or operating agreement, if applicable	
<input type="checkbox"/> Disclosure of ownership	
<input type="checkbox"/> Provider verification of staff child abuse checks	
<input type="checkbox"/> Provider verification of staff criminal record checks	
<input type="checkbox"/> Other _____	

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### **Processing the Contract Renewal for Approval**

Review the [Forms Matrix](#) and the *FGCS Contract Checklist for Contract Monitors—Contract Renewal*, form 470-3212 (on the POSSRTSS network share) for details about the contract forms and other documentation to be included in the contract renewal packet.

Review the listed contract renewal forms and all other required documents for completeness and accuracy.

If any portion of the contract renewal is inaccurate or incomplete, work with the provider representatives to correct or complete any deficiencies and get the contract renewal in final form.

Once the contract renewal is accurate and complete, submit the contract renewal for signature to the service area manager for the county where the provider's administrative offices are located.

You have four weeks from receipt of an accurate and complete contract renewal to process it for signatures and submit to the Bureau of Purchased Services.

After your final review of the documents submitted by the provider, submit the following as part of the contract renewal packet to the Bureau of Purchased Services:

- ◆ A cover memo, specifying:
  - The desired term of the contract, usually for six years.
  - Any other pertinent issues related to the renewal.
- ◆ The original and one additional copy of:
  - The most current version of the *Foster Group Care Services Contract Face Sheet*, form 470-3051.
  - Relevant attachments, as listed on the face sheet (copies of any addenda, approved exceptions to policy, explanations, or lists of any subcontractors).
  - The most current version of the *Foster Group Care Services Contract*, form 470-3052, including Appendix A—Service Descriptions, Units of Service, and Rates, and Appendix B—Contract Certifications and Iowa Code Chapter 8F Terms, with the signature and certification pages signed by the provider.

- ◆ One copy of:
  - Your completed *FGCS Contract Monitoring and Evaluation Guide*, form 470-3054.
  - The *FGCS Contract Checklist for Contract Monitor—Contract Renewal*.
  - Self-insurance documents showing current coverage for general, professional, and auto liability with required additional named insureds for each type of coverage or a statement indicating this requirement is met.
  - Any other information relevant to the review regarding this provider.

Mark the signature pages with a tab, such as a sticky marker, paper clip, or some other indicator.

If the contract renewal includes an amendment, also include one copy of the "*FGCS Contract Checklist for Contract Monitors—Amendment*" form. If the amendment is to add a service code, include the email indicating approval of negotiated rates.

If the contract renewal includes an administrative change, also include one copy of the "*FGCS Contract Checklist for Contract Monitors—Administrative Change*" form.

You may wish to retain a "control copy" for your own records until the contract renewal is approved and signed copies are returned to you.

### **Approval by the Bureau of Purchased Services**

Submit the cover memo with the original and one additional copy of the contract renewal, with any attachments, to the Bureau of Purchased Services at least 30 days before the expiration date of the current contract and the desired effective date of the renewal.

The Bureau of Purchased Services will review the packet within 15 days of receipt for accuracy and completeness.

- ◆ If the contract renewal is inaccurate or incomplete, central office staff will inform you via E-mail.

If you are able to complete or correct the contract documents within a day or two from the time the E-mail notice was sent, central office staff will work with you to make the contract renewal proposal complete and accurate.

- ◆ If the error or incompleteness is too major to be corrected and submitted within a day or two, or if you are not able to respond to correct minor deficiencies within a day or two, central office staff will send you an E-mail that the contract renewal proposal as submitted cannot be processed or approved. The packet may be returned to you directly for correction.

Work with the provider to make any necessary corrections or to obtain complete information as required under the contract, and resubmit the contract renewal packet to the Bureau of Purchased Services for further review.

- ◆ When the contract packet forms and documents are accurate and complete, the Bureau of Purchased Services approves the contract by finalizing the contract documents and obtaining the contract owner signature on the director sign-off form and the Department director's or designee's signature on the contract, which then commits the provider and Department to the renewed contract.

An approved contract renewal will show all three required signatures on the signature page of the contract. After the contract has been approved and all copies have been signed by the Department Director or designee, the BPS central office staff will:

- ◆ Keep the original copy of the contract and related forms for the Bureau of Purchased Services contract files.
- ◆ Send one copy of the contract to the provider.
- ◆ Scan a signed copy to the POS.771 share, and places a transmittal addressed to you related to the contract action. Access to these documents is available for you and the service area manager.

If there have been no amendments nor administrative changes processed with the contract renewal, there are only minor edits to be made to the data systems and these are made in **Central Office**.

With regard to FACS, the BPS secretary is responsible for:

- ◆ Updating the **provider agency** data to show the new term for the renewed contract.
- ◆ Updating rate information on the PRRL screen if there are amendments to add or delete a service code.
- ◆ Making any administrative changes to provider agency details on the AGCD screen and internal data systems.

During a contract renewal, you may become aware of changes that have been made to one or more facilities or sites of the provider agency.

Reminder: Facility data and changes are not reflected in formal contract documents. You should:

- ◆ Keep and update facility information in the provider's file that you maintain, and
- ◆ Submit any facility updates to the BPS secretary to enter on FACS.

### **Reviewing Subcontracts**

**Legal reference:** *Foster Group Care Services Contract, 470-3052, Section IV. P.*

FGCS providers are permitted to have subcontractors who deliver foster group care services to authorized clients referred to the provider.

Be sure that FGCS providers understand that they are responsible under the FGCS contract for ensuring that any subcontractor that delivers foster group care services meets all the conditions and requirements under the FGCS contract and any related federal and state laws, rules, and policies.

The FGCS provider is responsible for billing for FGCS services delivered by the subcontractor and reimbursing the subcontractor.

NOTE: The procedures described below do not apply to subcontracts a provider might have for secretarial, janitorial, accounting, or other such duties that are not directly providing FGCS services to clients.

### **Required Review by Contract Monitors**

If a new, prospective, or current provider plans to have or amend a subcontract for foster group care services under the FGCS contract, the provider may submit a copy of the proposed subcontract to you for review. This does not fall under the 30-day review requirements.

When an executed subcontract has been signed by the contractor and subcontractor, and this document is submitted to you for review, it must be submitted at least 30 days before implementing the subcontract or changes to a subcontract. Document the date upon which this document is received and provide a response to the provider before the 30-day limit.

After your review, determine if the Department should reject all or any parts to the subcontract. Put this response in writing to the provider. Any portions of the subcontract rejected may not be included in any subsequent costs submitted to the Department for reimbursement.

You may want to coordinate with licensing staff to be sure that there is consistency in understanding of:

- ◆ What subcontractors are involved.
- ◆ The names of any staff providing FGCS services under the subcontract.
- ◆ The type of services being provided.

Licensing staff will review subcontracted staff providing foster group care services and their qualifications at the time of new or renewed licensing approval, as they are made aware of subcontracted staff. However, it is the responsibility of the provider to ensure that all subcontractors meet contract requirements and conditions, including being sure that subcontracted staff providing FGCS services are qualified.

The provider should be informed that they are not to bill for:

- ◆ Any foster group care service provided by a subcontractor until the provider has submitted the subcontract to you for review at least 30 days in advance.
- ◆ Any services that are related to a part of a subcontract which was rejected by the Department or that do not meet contract requirements.

### **Optional Tools**

You may wish to have some documentation of your review and any rejection of any portions of the subcontract, or of the provider's understanding of its responsibilities with regard to subcontractors.

Refer to central office staff for any documentation that may be recommended with regard to your review of the subcontract and to **FGCS PROVIDER HANDBOOK**, Chapter B, [Subcontracting for Service Provision](#), for further information on subcontracting.

Refer to the POSSRTSS network share for a sample form that can be customized to a specific provider to achieve mutual understanding of the provider's responsibilities with regard to any particular subcontractor.

Use of a form like this helps eliminate a later misunderstanding if providers claim they never knew what their responsibilities were when subcontracting with another entity to provide FGCS services to clients referred to them. You may keep any such agreements in your contract files on the provider.

### **Terminating a Contract**

**Legal reference:** 441 IAC 152.5(234)  
*Foster Group Care Services Contract, 470-3052, Section III. E.*

“Termination” relates to ending the contract sometime during the term of the contract before the approved expiration date indicated on the contract. Termination may occur with or without cause.

The provider or the Department may terminate the contract any time **without cause** upon 30 days’ notice.

The Department may terminate the contract upon ten days’ notice **for cause**. Ten days’ notice is **not** required in the event of revocation of licensure or imminent danger to clients.

- ◆ If termination is due to revocation of or failure to maintain licensure, the termination is effective on the date the license is revoked or no longer in effect.
- ◆ If termination is due to imminent danger to clients, the termination is effective immediately upon notice.

If the Department so requests, the provider shall submit to the Department a financial statement detailing all costs up to the effective date of termination within 20 calendar days of the date of termination. The sole and complete remedy of the provider shall be payment for services completed before the effective date of termination.

### **Provider Terminates the Contract**

According to procedure and good business practices, a provider that wishes to terminate the FGCS contract shall notify the Department in writing as much in advance of the termination date as possible.

The notification should be at least 30 days in advance if termination is without cause, in order to work with Department staff in handling the impact on any current clients and unresolved fiscal issues.

The notice should be submitted to you on the provider's agency letterhead and be signed by an authorized representative. It should indicate:

- ◆ The date it is written,
- ◆ The reason for the termination, if the provider chooses to share it, and
- ◆ The date upon which the contract is to terminate. When the date is arbitrary, the Department asks that the termination date be on the last day of a given month.

Submit the provider's original notification to the Bureau of Purchased Services for processing the termination on data systems and filing in central office contract files. File copies of the provider's notice in your contract files for the provider.

Notify the service area manager and if needed, also contact licensing staff and any referral workers with regard to possible transition of any current clients to other providers for services.

Sometimes the provider who is terminating does not adhere to the requirements for notifying the Department in advance nor for using certified mail. Notice may come via licensing, local news, a phone call, or others within the Department.

In such cases, you are asked to follow-up the best you can. This may mean calling the provider to verify the news and sending to the provider a certified letter stating what has been heard or understood and indicating the contract is being terminated by a specified date.

If you have not been able to verify the information with the provider, you can add to this letter a deadline date by which you must hear from the provider. Indicate that in the absence of contact by that date, the contract will be terminated on the specified date.

In the absence of any justified reason for some specified date before the 30-days' notice, make the termination date 30 days from the date you send the notice. This will make the notice in accordance with a termination without cause.

### **Department Terminates the Contract**

Procedures for Department-initiated terminations vary depending on the reason for termination. Causes for termination of a contract are:

- ◆ Determination by the Department that insufficient funds are available to continue the services involved.
- ◆ Failure of the provider to complete or submit required reports.
- ◆ Failure of the provider to make financial and statistical records available for review by the department or authorized party.
- ◆ Failure of either party to abide by the provisions of the contract.
- ◆ Failure to reach agreement on negotiated rates within 130 days of initiating rate negotiations in accordance with rule 441 IAC 152.3(234).

### **Termination With Cause**

Generally, termination with cause occurs when at least one of the parties fails to satisfy an obligation of the contract. If termination is for noncompliance, this step is preceded in most instances by attempts to correct the area of noncompliance. Documentation of the Department's and the provider's attempts to correct the problem should be available.

Before terminating a contract with cause, discuss the situation with representatives of the Department in the service area and central office and document the issues. Agreement must be made at all Department levels representing the Department's signatures on the contract.

If the Department's recommended action is to initiate termination of the contract and you are to handle the notice, draft a letter giving the reason (or cause) for the termination based on the causes listed in the early part of this section. Include in the letter documentation of any attempts to correct noncompliance.

Share the draft for review and comment with staff in the Bureau of Purchased Services. After the draft is agreed to, send the letter to the provider via certified mail with return receipt. The letter shall indicate that the termination date is ten days after the notice is sent.

Work with others in the Department, as needed, in handling the impact on any current clients and unresolved fiscal issues.

Send a cover letter with an explanation about the termination and a copy of the letter you sent to the provider, including any other pertinent documentation, to the Bureau of Purchased Services for entry into the data systems and for filing in the Central Office contract file.

Enter any copies of this same information into any other contract files maintained in the service area offices. Also send copies of your cover memo and certified letter to others in the Department who may need to know about the termination, such as:

- ◆ The administrator of the Division of Child and Family Services
- ◆ The group care program manager.
- ◆ The Field Operations Support Unit, which can inform all service area managers (who in turn can alert referral workers).
- ◆ Division of Fiscal Management staff who handle payments.
- ◆ The other contract monitors (as an "FYI").

### **Termination due to Imminent Danger**

If the Department is terminating a contract due to imminent danger to clients, immediately contact the appropriate licensing, service area, and central office staff for verification of the situation. If the danger is verified, you will be informed and termination of the contract should be initiated immediately.

This may be handled by central office staff or by you. Work with others in the Department, as needed, in handling the impact on any current clients and any unresolved fiscal issues.

If you are to handle the notice, share a draft for review and comment with appropriate staff in the Bureau of Purchased Services. The notice shall give the termination reason and show the date of termination as the date notice is sent. After the draft is agreed to, send the written notice to the provider via certified mail with return receipt.

After the letter has been sent, notify central office so that appropriate data systems entries with regard to provider agency information and rates can be made right away.

Send a cover memo explaining the circumstances surrounding the termination and a copy of the termination notice, including any other pertinent documentation, to the Bureau of Purchased Services for filing in the Central Office contract file. Enter copies of this same information into any other contract files maintained in the service area.

Also send copies of your cover memo and certified letter to others in the Department who may need to know about the termination, such as:

- ◆ The administrator of the Division of Child and Family Services
- ◆ The group care program manager.
- ◆ The Field Operations Support Unit, which can inform all service area managers (who in turn can alert referral workers).
- ◆ Division of Fiscal Management staff who handle payments.
- ◆ The other contract monitors (as an "FYI").

### **Termination due to Lack of License**

If the Department is terminating a contract due to revocation of a site license or failure of the provider to maintain licensure, verify the information with staff in the Bureau of Purchased Services and any other Department staff involved. If the lack of license is verified, document how you know this to be true.

Send a written notice to the provider via certified return receipt mail giving the termination reason. State the date of termination as the date upon which the license ended.

Work with others in the Department, as needed, in handling the impact on any current clients and any unresolved fiscal issues.

Send a cover letter with an explanation about the termination and a copy of the letter you sent to the provider, including any other pertinent documentation, to the Bureau of Purchased Services for entry into the data systems and for filing in the central office contract file. Enter any copies of this same information into any other contract files maintained in the service area offices.

Also send copies of your cover memo and certified letter to others in the Department who may need to know about the termination, such as:

- ◆ The administrator of the Division of Child and Family Services
- ◆ The group care program manager.
- ◆ The Field Operations Support Unit, which can inform all service area managers (who in turn can alert referral workers).
- ◆ Division of Fiscal Management staff who handle payments.
- ◆ The other contract monitors (as an "FYI").

### **Termination Without Cause**

Terminating a contract "without cause" means that the termination is not due to any of the reasons stated under "causes for termination," but just because the Department has decided for other reasons not to do business any longer with a certain provider. (For example, the Department may wish to terminate a contract if no services have been provided under the contract for 12 months.)

Before the termination action is initiated, agreement to terminate the contract must be made at all Department levels representing the Department's signatures on the contract.

If there is agreement, draft a certified letter. Do not give a reason for termination in your letter, unless you are otherwise advised. State only that the contract is being terminated without cause.

Legally, the Department is not obligated to give a reason when terminating a contract without cause, and we are advised by legal counsel that it is best not to—not in the written notice nor in any prior or subsequent discussion or correspondence you may have with the provider.

Share the draft for review and comment with staff in the Bureau of Purchased Services. If the provider appeals an action initiated by the service area, central office staff may become involved in the appeal action and would want to be able to support the service area's action.

After the draft is agreed to, the letter to the provider via certified mail with return receipt. Give the date of termination as 30 days from the date the notice is sent.

Work with others in the Department, as needed, in handling the impact on any current clients and unresolved fiscal issues.

Send a cover letter with an explanation about the termination and a copy of the letter you sent to the provider, including any other pertinent documentation, to the Bureau of Purchased Services for entry into the data systems and for filing in the central office contract file.

Enter any copies of this same information into any other contract files maintained in the service area offices. Also send copies of your cover memo and certified letter to others in the Department who may need to know about the termination, such as:

- ◆ The administrator of the Division of Child and Family Services
- ◆ The group care program manager.
- ◆ The Field Operations Support Unit, which can inform all service area managers (who in turn can alert referral workers).
- ◆ Division of Fiscal Management staff who handle payments.
- ◆ The other contract monitors (as an "FYI").

### **Disposition of DHS Client Records When a Contract Terminates**

#### **Policy:**

DHS is the owner and lawfully authorized custodian of these confidential client records. Notwithstanding this, when a provider's contract terminates, client records can either:

- ◆ Be maintained by the provider, or
- ◆ Be taken into possession by the Department.

In either case, the records must be maintained according to state record retention requirements. 441 Iowa Administrative Code subrule 152.2(6) "Maintenance of service records," states that records for clients served through a Foster Group Care Services Contract must be retained by the provider for a period of:

- ◆ Not less than five years following the date of final payment or
- ◆ Completion of any required audit or review, whichever is later.

#### **Comment:**

The Department's legal counsel has advised that DHS client records belong to the Department, regardless of whether, at any given time, they are in the possession of the provider under contract or the Department.

Department ownership of client records is supported by the following legal references:

- ◆ Rule 441 Iowa Administrative Code 9.1(17A,22) defines "record" to mean the whole or part of a public record that is owned by or in the physical possession of the Department of Human Services. The "custodian" is the Department or an entity lawfully delegated authority by the Department.
- ◆ 441--Chapter 9 also defines which public records shall be considered "open records" and which shall be considered and kept "confidential records." Client records are said to be Department records and fall under the categorization of confidential records.
- ◆ The Department is the entity delegated the authority to act in the implementation of Iowa Code Chapter 22, "Examination of Public Records." Chapter 22 says that
  - The "lawful custodian" of records means the government body currently in physical possession of a public record.
  - The custodian of a public record in the physical possession of persons outside a government body is still the government body owning that record. Client files are considered to be a public record, but have been designated by law and rule to be further categorized as confidential records.
  - The records relating to the investment of public funds are the property of the public body responsible for the public funds.
- ◆ Iowa Code section 217.1 provides that DHS is established to administer programs designed to improve the well-being and productivity of the people of Iowa, and this chapter fully emphasizes the Department's authority and responsibility.

**Procedure:**

When a provider's contract is terminated, the contract monitor determines whether

- ◆ The Department should retain the DHS client records or
- ◆ The provider should retain the DHS client records.

If needed, the contract monitor may seek additional input from BPS Central Office staff in making the determination.

Questions to ask of the provider whose contract is terminating include:

- ◆ Is the provider “closing doors” and dissolving as a legal and viable entity/agency, or is the provider continuing to operate as the same legal entity but just not wanting to maintain the FGCS contract with the Department?
- ◆ Does the provider appear to have an ongoing means to store the records?
- ◆ Is the provider planning on leaving the state?
- ◆ Is the provider merging with another agency in a formal or informal manner?

In addition to asking these and any other relevant questions, make note of any concerns that have been documented or expressed with regard to any impropriety on the part of the terminating provider. Take these things into consideration when determining whether the provider or the Department should retain the client records.

The following sections explain the recommended procedures for each option.

#### **Department Retains the DHS Client Records**

The Department should collect the records for a provider whose contract is terminating if:

- ◆ The terminating provider has no means to store the records because the provider is going out of business and will have no building or space in which to store the records and maintain confidentiality of those records.
- ◆ The terminating provider is planning to leave the state. Records would not be easily accessed for review for audit purposes, if needed by authorized representatives of the Department or other designated government personnel during the required retention period.
- ◆ The terminating provider is not planning to legally merge with another agency, but is coordinating with another provider to:
  - Assume responsibility for that provider’s caseload,
  - Take possession of buildings or property, or
  - Hire some of the terminating provider’s employees.

This situation poses a problem on various counts:

- Department contracts are not assignable.
- There is no guarantee that referral workers will refer to the employees transferring to the other provider.
- It is neither appropriate nor legal that the new provider have access to the DHS client records formerly maintained by the terminating provider.

The best resolution is for the Department to retain the records to ensure that those records are not going to be absorbed and inappropriately utilized by the other agency.

- ◆ There is some concern of possible impropriety on the part of the terminating provider with regard to DHS client records, in addition to the considerations addressed above.

Procedure:

1. Make a plan with the provider for obtaining the records.
  - ◆ Find out from the provider how many DHS client files the provider has.
  - ◆ Translate this into the number of files that can be stored in client record boxes.
  - ◆ Order this number of boxes from the BPS secretary.
  - ◆ You can give these boxes to the provider with instructions as to how to document the client files and put the files in each box, or you can gather the files and do this.
2. Determine a date by which you want the provider to deliver the individual records or the formally boxed records to you, or the date on which you will pick up the files.
3. Agree on the location for pick-up or drop-off. If you are having the provider drop off the records,
  - ◆ Be sure you stress the importance of maintaining the confidentiality of the records during transit, drop-off, or pick-up. The records should never be left unattended nor in the hands of unauthorized persons.

- ◆ Make the place of drop-off be at a DHS location in which other DHS staff have been informed of the plan, so they can be ready to receive the records in case you are not able to be present. (You may be called away or unexpectedly be absent.)
  - ◆ Ask the provider to make a list that indicates the names of all those DHS client files that were transferred. This should equal the number of files you were initially informed were involved.
4. Put these plans as to the date and location for drop-off in writing and give copies to all parties to avoid missed signals. If this is not possible, be sure you are clear in any verbal communication and ask for verbal confirmation from the other parties.
  5. When you or someone else delegated from the Department receive the files, be sure that the records are not just dropped off and left unattended at the Department location.
    - ◆ At the time of drop-off, you or another designated DHS staff person should check to be sure all client records listed have, in fact, been delivered to the Department.
    - ◆ Communicate any discrepancies in the number of records at that time, and agree on a plan of resolution, as needed.
    - ◆ Be prepared that a provider may or may not abide by the time and place earlier agreed to in the plan. Alert other Department staff involved of this possibility.
  6. Determine the place to store the records within the Department.
    - ◆ Try to store the records in an appropriate Department location as close to the local area of the terminating provider as possible, in case Department staff from that area need to refer to the client files from the provider.
    - ◆ If appropriate storage space is not available in the local area, arrange to have the records transported to central office in Des Moines to store in the State Records Center.

NOTE: Once the Department takes possession of the client records, then we retain the files for the required period. They do not go back to the provider.

### **Provider Retains the DHS Client Records**

A provider may retain the DHS client records after terminating the contract if:

- ◆ The provider has an appropriate place and means to store the records and indicates the ability to maintain the confidentiality of those records.
- ◆ The provider is planning to remain in the state of Iowa or in a state near the Iowa borders, so that access to records in case of any audit during the required retention period will not pose any major problems.
- ◆ There are no documented or expressed concerns of possible impropriety with regard to this provider retaining the client records for the required retention period under the contract.

Procedure:

1. Ask the provider to put in writing to you the location that the provider plans to store the DHS client records. Put this plan in your contract file related to this provider.
2. Write a follow-up letter to the provider. In addition to the termination date of the contract, include:
  - ◆ A notice that the provider shall notify you or BPS central office staff if the provider ever moves the stored records to another location.
  - ◆ A reminder of the first possible date for destruction of the stored records. The time may be extended if a later audit is not completed by the initial destruction date.
  - ◆ A reminder that the provider is not to transfer to or share access to any of the stored records with any other entity except authorized representatives of the Department or other governmental personnel approved by the Department.
  - ◆ A reminder that if any person seeks to access the stored records who is not authorized to do so by the Department, the provider should initially deny this request and should inform the BPS staff in Central Office immediately.

If the audit and review is authorized, the BPS staff will inform the provider that certain persons are permitted access for the purposes set forth related to the audit.

If there is no authorized audit and review of the provider's stored DHS client records, the provider should maintain denial of access to these records by such persons.

- ◆ A reminder that record destruction can take place when the required retention period is ended if there is no ongoing authorized audit, and that documents should be shredded so that confidentiality of all DHS client records is safeguarded.

If the provider is legally merging with another provider already under contract who agrees to retain the terminating provider's DHS client records according to the contract requirements, contact the authorized representative of that provider. To be sure the transfer and maintenance of the records to the receiving provider will be handled appropriately:

1. Stress the importance of maintaining the confidentiality of these records during transfer.
2. Ask for the details of the plans for this transfer, including but not limited to the number of records, the time of transfer, the place where the files will be delivered, and the provider staff involved.
3. Make note of this plan in both providers' contract files.
4. Send a copy of the plan to the contract manager in BPS/Central Office.
5. Follow-up accordingly to ensure that the transfer did take place appropriately.

Sample letter when the provider retains the DHS client records:

XYZ Group Care  
(Address)

Dear Mr. Adams:

Re: Termination of FGCS contract

Since the decision was made that your agency will retain the DHS client records it will be your responsibility to notify (NAME), Bureau Chief, Bureau of Purchased Services (BPS) at 515-242-5970, if you ever move the DHS client records to another location. I understand them to be currently located in your main administrative office at (ADDRESS).

These records should be kept for five years from the last date of service for FGCS client records. There may be requirements from other sources or your board may have other requirements that you will want to check with, to make sure you do not need to retain these records for a longer period of time.

You are aware that you are not to transfer to or share access of any of these DHS client records with any other entity except authorized representatives of the department or other governmental personnel approved by DHS.

If any person seeks to access the stored records who is not authorized to do so by the Department, you should initially deny this request and inform the BPS staff in Central Office immediately. If the audit and review is authorized, BPS staff will inform you that certain persons are permitted access for the purposes set forth related to the audit. If there is no authorized audit and review of your stored DHS client records, you should maintain denial of access to these records by such persons.

Also a reminder that when the required retention period is ended and there is no on-going authorized audit at that time, that record destruction can take place on that date and documents should be shredded so that confidentiality of all DHS client records are safeguarded.

Respectfully,

(NAME), Contract Monitor  
(ADDRESS)  
(PHONE NUMBER)

cc: BPS Central Office/Master file

### **Retention of the Provider Contract File**

Regardless of which option is chosen for storage of the DHS client records of the provider with the terminating contract, you should also retain in your office your copies of the contract file of the terminating provider. Keep these records for the same retention period as required in the correlating contract.

Notes of the final disposition and agreed-upon plan for storage of the client records should be accessible in this contract file. Send a copy of these notes and other pertinent history related to the terminating provider's contract, to BPS central office staff for filing in the master provider file.

If any changes are made to the location of the client records during the retention period, updated information should also be added to the terminated provider's contract file. Send a copy of any changes of records storage to the contracting staff in BPS/Central Office.

The "official" contract file is the one retained in the BPS/Central Office. However, the contract monitor's copy of the provider's file may contain additional documentation and notes that are not required to be sent to the BPS as part of the official contract.

Both the contract monitor's provider file and the one retained in the BPS/Central Office must include documentation regarding the location of the DHS client records of a terminated provider regardless of the disposition of those records.



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

September 18, 2009

## GENERAL LETTER NO. 15-C-9

ISSUED BY: Bureau of Purchasing Services, Division of Fiscal Management

SUBJECT: Employees' Manual, Title 15, Chapter C, **FOSTER GROUP CARE SERVICES CONTRACTING**, Title page, new; Contents (pages 1 and 2), new; and pages 1 through 65, new.

### Summary

Administrative rules in 441 Chapter 152 related to new *Foster Group Care Services Contract*, were effective July 1, 2009, and published in the Iowa Administrative Bulletin on May 6, 2009, as ARC 7741B. This letter issues a new Employee' Manual chapter to describe the foster group care services contracting processes.

This manual is intended for used by Bureau of Purchased Services contract monitors in developing new foster group care services contract proposals and managing existing foster group care services contracts.

### Effective Date

July 1, 2009

### Additional Information

Refer questions about this general letter to your service area manager or to the Bureau of Purchased Services.