

Protocol for Requesting Risk Pool Funding

State Fiscal Year 2016-17

This Protocol for Requesting Risk Pool Funding for state fiscal year 2016-17 outlines the process by which Community-Based Care Lead Agencies may apply for potential funding from the Risk Pool appropriation provided in the General Appropriations Act.

The establishment of a statewide risk pool program, administered by the Department, serves to manage and share the financial risks associated with the Community-Based Care (CBC) model for child welfare services in Florida. Should factors outside of a Lead Agency's control (e.g., shifts in the number of children in care, increase in the number of very difficult populations, or a change in the characteristics of the children and families served) cause costs to rise, potentially impeding the Lead Agency's ability to provide ongoing quality services for all children and families served, section 409.990(7), F.S., provides qualified Lead Agencies with access to petition for relief from the risk pool in an effort to avoid lead agency failure.

Section 1: Eligibility criteria

Proviso language contained in Specific Appropriation 342 of the General Appropriations Act for state fiscal year 2016-2017 required the Department to conduct a comprehensive, multi-year review of the revenues, expenditures, and financial position of all CBCs for the fiscal years that ended June 30, 2015 and June 30, 2016. In order to accomplish this task, the Department convened a Proviso Oversight Team led by the Deputy Secretary and comprised of two CBC CEOs, two CBC CFOs, two consultants and representatives from the Offices of CBC/ME Financial Accountability and Child Welfare. This diverse team provided multiple vantage points to help evaluate the system of care and financial status of the CBCs statewide.

To simplify the risk pool process and minimize duplication in requests for data and information, the risk pool protocol will rely significantly on the extensive data used to develop financial viability plans and to support the ongoing monitoring of all CBCs for financial stability and programmatic performance.

A CBC is eligible to apply for risk pool funds in state fiscal year 2016-17 if they meet the following criteria:

- The CBC projects a **current year** deficit in excess of their available carry forward funds. (Note: Prior year deficits carried forward are excluded from the calculation of current year deficits.)
- The CBC has submitted to the Department's Office of CBC/ME Financial Accountability a Plan to Achieve Financial Viability.
- The CBC is implementing its Financial Viability Plan with a high degree of fidelity.

Priority consideration for risk pool funding will be given to any CBC whose percentage change in removals, based on the 12-month moving average for removals from September 2013 to September 2016, reaches or exceeds 50 percent¹. (See attached)

Section 2: Application submission process

In addition to the CBC's Financial Viability Plan, a CBC seeking risk pool funds must submit to the Department by **November 30, 2016**, the "Risk Pool Funding Application SFY 2016-17."

Applications will be reviewed and prioritized in two phases. Phase I is intended to meet acute needs, and will provide priority consideration for risk pool funding to any CBC whose percentage change in removals, based on the 12-month moving average for removals from September 2013 to September 2016, reaches or exceeds 50 percent. Phase II, subject to funding availability, may afford CBCs an additional opportunity to make a case to be considered for risk pool funding.

Applications will be reviewed with all available cost/expenditure data and all other supporting documentation, including the CBC's Financial Viability Plan. Department personnel, upon request, may review additional records related to this Application for potential funding resolutions.

- 1.1 The CBC should forward the Risk Pool Funding Application to the Regional Managing Director and the Department CBC Contract Manager.
- 1.2 Completed applications should be forwarded electronically by the Regional Managing Director, on behalf of the Lead Agency, to the Deputy Secretary for the Department. This step shall be accomplished no later than December 2, 2016.
- 1.3 The review of all Risk Pool Funding Applications will be governed by a peer review process led by the Deputy Secretary and subject to the approval of the Secretary of the Department of Children and Families. The Peer Review Committee will be selected and facilitated by the Deputy Secretary and will include, but not be limited to the following members (or their designees):
 - (a) Two (2) Executive Directors (ED) or Chief Executive Officers (CEO) from nonapplicant Lead Agencies; and
 - (b) One (1) Chief Financial Officer from a nonapplicant Lead Agency.

¹ The 12-month moving average will be calculated by summing total removals between October and September 2012-13 and October and September 2015-16 and then dividing by 12 for each data point.

1.4 The Peer Review Committee will:

- (a) Review, analyze, and discuss the application.
- (b) Verify the accuracy of the data being reported by the Lead Agency.
- (c) Conduct an on-site, fact-finding visit to confirm input from the applying Lead Agency (if a visit has not occurred in the last 12 months).
- (d) Assess need for immediate technical assistance regarding budget development/management, and determine if continued on-site technical assistance is appropriate. In these cases, the Peer Review Committee will serve as the coordinating entity for the provision of technical assistance.
- (e) Make a final recommendation to the Secretary upon the completion of all required site visits, regarding approval or disapproval of the application. Recommendations for approval will include:
 - i. Amount of funding and mix of funds to be made available.
 - ii. Limitations or requirements on use of additional funding that are linked to correction of factors that caused the shortfall.
 - iii. Any follow-up actions or additional documentation needed from the Lead Agency or Region.
 - iv. Report on technical assistance activities completed and remaining, and/or recommendations for future technical assistance.
 - v. Access to the risk pool.

1.5 If at the end of the year, a Lead Agency that received assistance from the Risk Pool concludes with a surplus, the Department reserves the right to require the Lead Agency to refund the Department the relative portion of the surplus that was accumulated as a result of the awarded risk pool funds.

Risk Pool Application SFY 2016-17

Please complete all items and submit electronically to the Regional Managing Director. Upon review and concurrence of the Risk Pool Request, the Regional Managing Director will submit the application to the Deputy Secretary for the Department.

Lead Agency Name:

Region:

Contract No.:

Address:

Lead Agency Contact:

Phone No.:

Contract Manager:

Phone No.:

This request is being submitted in response to an anticipated current year deficit in excess of available carry forward funds.

Financials:

- 1) Confirm the dollar amount being requested: \$
- 2) Confirm that funds will be expended by the end of the current fiscal year: Yes No
- 3) How do you propose to use these funds to address or correct the underlying cause of the shortfall?

Lead Agency Name:

Region:

Contract No.:

Lead Agency CEO/ED Name and Signature

Date

CBC Contract Manager Name and Signature

Date

Regional Managing Director Name:

Please confirm the following:

The Lead Agency submitted a Financial Viability Plan. Yes No

The Lead Agency is actively working its Financial Viability Plan. Yes No

Please check the applicable box to indicate your level of support of this application:

- Concur
- *Do Not Concur

Regional Managing Director Signature

Date

***Rationale:**

(This item must be completed if "Do Not Concur" is checked.)

Exhibit A

Section 409.990(7), Florida Statutes:

- (a) The department, in consultation with the Florida Coalition for Children, Inc., shall develop and implement a community-based care risk pool initiative to mitigate the financial risk to eligible lead agencies. This initiative must include:
1. A risk pool application and protocol developed by the department which outlines submission criteria, including, but not limited to, financial and program management, descriptive data requirements, and timeframes for submission of applications. Requests for funding from risk pool applicants must be based on relevant and verifiable service trends and changes that have occurred during the current fiscal year. The application must confirm that expenditure of approved risk pool funds by the lead agency will be completed within the current fiscal year.
 2. A risk pool peer review committee, appointed by the secretary and consisting of department staff and representatives from at least three nonapplicant lead agencies, which reviews and assesses all risk pool applications. Upon completion of each application review, the peer review committee shall report its findings and recommendations to the secretary, providing, at a minimum, the following information:
 - a. Justification for the specific funding amount required by the risk pool applicant based on the current year's service trend data, including validation that the applicant's financial need was caused by circumstances beyond the control of the lead agency management;
 - b. Verification that the proposed use of risk pool funds meets at least one of the purposes specified in paragraph (c); and
 - c. Evidence of technical assistance provided in an effort to avoid the need to access the risk pool and recommendations for technical assistance to the lead agency to ensure that risk pool funds are expended effectively and that the agency's need for future risk pool funding is diminished.
- (b) Upon approval by the secretary of a risk pool application, the department may request funds from the risk pool in accordance with s. [216.181](#)(6)(a).
- (c) The purposes for which the community-based care risk pool shall be used include:
1. Significant changes in the number or composition of clients eligible to receive services.
 2. Significant changes in the services that are eligible for reimbursement.
 3. Continuity of care in the event of failure, discontinuance of service, or financial misconduct by a lead agency.
 4. Significant changes in the mix of available funds.
- (d) The department may also request in its annual legislative budget request, and the Governor may recommend, that the funding necessary to effect paragraph (c) be appropriated to the department. In addition, the department may request the allocation of funds from the community-based care risk pool in accordance with s. [216.181](#)(6)(a). Funds from the pool may be used to match available federal dollars.
1. Such funds shall constitute partial security for contract performance by lead agencies and shall be used to offset the need for a performance bond.
 2. The department may separately require a bond to mitigate the financial consequences of potential acts of malfeasance or misfeasance or criminal violations by the service provider.