



California  
Department of  
Health Services

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**Department of Health Services**



**ARNOLD SCHWARZENEGGER**  
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CHDP Program Letter No.: 06-05

**TO: ALL COUNTY CHILD HEALTH AND DISABILITY PREVENTION  
(CHDP) PROGRAM DIRECTORS, DEPUTY DIRECTORS, MEDICAL  
CONSULTANTS, CHILDREN'S MEDICAL SERVICES (CMS)  
BRANCH STAFF AND REGIONAL OFFICE STAFF**

**SUBJECT: REVISIONS TO THE HEALTH CARE PROGRAM FOR CHILDREN  
IN FOSTER CARE (HCPCFC) ADMINISTRATIVE FUNDING  
METHODOLOGY**

The purpose of this CHDP Program Letter is to notify local CHDP program staff of changes in the funding methodology for local HCPCFC administrative programs beginning with the Fiscal Year (FY) 2006-2007 HCPCFC Budget Allocation Letter.

Background

Local HCPCFC administrative programs have been receiving a fixed allocation of state general fund dollars for the past three FY's. This was matchable with up to 75 percent federal funding through Title XIX for support of Medicaid (Medi-Cal in California) beneficiaries in out-of-home placement. Recent examination of caseload data from the California Department of Social Service's Child Welfare System/Case Management System (CWS/CMS), indicates a decline in the overall caseload of children in out-of-home placement.

Change in Allocation Methodology

The current fixed allocation methodology fails to distribute funds equitably among local programs. Therefore, it is the intent of the CMS Branch to make the HCPCFC budgeting process more dynamic by linking it to the changes in caseload and supportive of the public health nursing program activities. Faced with an annual "static" (and possibly decreasing) state general fund allocation for this program, it is the goal of the CMS Branch to distribute the funds in the most equitable manner possible based on the caseload of children being served in the county. The ultimate goal is to achieve, over time, parity with the actual caseload.

The first step in the implementation of this change will require that the HCPCFC funding allocation for FY 2006/2007 be based on the most recent caseload data obtained from the CWS/CMS as of July 1, 2005. These data include the number of children in out-of-home placement, both foster care and probation, supervised by the county, and those placed in the county from other counties. This proportion will then be applied toward the total state dollars available to determine each county's allocation.

In order to alleviate the possibility of a major loss in funding for individual counties, this methodology will be implemented in 5 percent increments (plus or minus) annually. The application of the "plus (+) or minus (-) 5 percent" will be applied to the allocations used in FY 2005/2006 and become the allocation for FY 2006/2007. Each year thereafter, the previous year's allocation will be adjusted plus or minus 5 percent based on the most recent caseload data until each county allocation is in parity with its caseload. This adjustment methodology should provide the least disruption to local programs and time to identify alternative funding sources to augment local foster care programs as needed.

If you have questions, please contact your local program's nurse consultant or administrative consultant/analyst.

**Original Signed by Harvey Fry for Marian Dalsey**

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Children's Medical Services Branch