



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

LISA TUCKER CAULEY • Division Director, Human Services

July 20, 2026

DEAR COUNTY DIRECTORS OF SOCIAL SERVICES

**ATTENTION: DIRECTORS, CHILD WELFARE PROGRAM ADMINISTRATORS, MANAGERS,
SUPERVISORS, AND SOCIAL WORKERS**

**SUBJECT: REVISION TO JUNE 11, 2026 GUIDANCE REGARDING TITLE IV-E ADMINISTRATIVE
CLAIMING FOR CHILDREN PLACED IN DHSR LICENSED RESIDENTIAL TREATMENT
FACILITIES**

REQUIRED ACTION: ☐ Information Only ☐ Time Sensitive ☒ Action Required

**PURPOSE: REVISION TO THE DEAR COUNTY DIRECTOR LETTER ISSUED ON JUNE 11, 2026,
REGARDING TITLE IV-E CLAIMING FOR CHILDREN PLACED IN DIVISION OF HEALTH
SERVICE REGULATION (DHSR) LICENSED RESIDENTIAL TREATMENT FACILITIES.**

Following the issuance of the June 11 guidance, the North Carolina Department of Health and Human Services, Division of Social Services (NCDHHS DSS), heard concerns from county departments of social services regarding the administrative and fiscal impact of not being able to claim allowable Title IV-E administrative activities for children placed in these settings. NCDHHS DSS values the partnership we have with counties and understood the additional burden this guidance could create. In response to these concerns, NCDHHS DSS sought additional technical assistance and clarification from the Administration for Children and Families (ACF) to ensure North Carolina's claiming practices remained consistent with federal requirements while maximizing available federal funding.

Based on this additional federal guidance, NCDHHS DSS has confirmed that Title IV-E administrative costs may be claimed for otherwise eligible children placed in DHSR licensed residential treatment facilities, provided the child remains in a licensed foster care placement and all other Title IV-E administrative claiming requirements are met.

Accordingly, the June 11, 2026 guidance stating that Title IV-E (Z) administrative claims associated with these placements were unallowable is hereby rescinded. County departments of social services may claim allowable Title IV-E administrative activities for these children in accordance with established Title IV-E claiming policies and federal requirements.

This revised guidance does not change the policy regarding Title IV-E foster care maintenance payments. Effective with the July 2026 service month, PATHNC and CPPS will continue to automatically disallow the first 14 days of Title IV-E maintenance funding for children placed in DHSR licensed residential treatment facilities requiring LME/MCO Health Plan authorization. These placement costs may continue to be claimed to State Foster Home Funds, as appropriate.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF SOCIAL SERVICES

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Please ensure that all applicable fiscal, eligibility, and child welfare staff are informed of this revised guidance and implement these changes in accordance with established Title IV-E claiming policies.

NCDHHS DSS appreciates the feedback provided by county departments throughout this process. Your willingness to share implementation challenges allowed us to seek additional federal clarification and ensure that North Carolina's guidance accurately reflects federal policy. We value our continued partnership and remain committed to working collaboratively with counties to support compliant Title IV-E claiming while maximizing available federal resources for North Carolina's child welfare system.

If you have any questions regarding this communication, please contact your Local Business Liaison (LBL) or Nikki Hull, Compliance and Eligibility Manager, andrea.hull@dhhs.nc.gov for assistance.

Sincerely,



Beth Riley, MBA
Child Welfare Financial Officer
Division of Social Services, Child Welfare
North Carolina Department of Health and
Human Services

CC: Lisa T. Cauley, Division Director, Human Services
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