



North Carolina Department of Health and Human Services

DIVISION OF CHILD DEVELOPMENT

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Michael F. Easley, Governor • Carmen Hooker Odom, Secretary • Peggy M. Ball, Director

SUBSIDIZED CHILD CARE SERVICES MANUAL ~ CHANGE NOTICE # 1 – 03

TO: County Departments of Social Services
Other Local Purchasing Agencies
State Level Contract Agencies

FROM: Peggy M. Ball

SUBJECT: Revisions to the Subsidized Child Care Services Manual

ISSUE DATE: March 26, 2003

The purpose of this Change Notice is to communicate changes that have been made to the **Subsidized Child Care Services Manual** since the October 2002 issuance. The changes include information regarding the payment for child care services when a child is in the custody of the department of social services and is placed in the home of a relative and the relative operates a licensed family child care home. In addition, the Question and Answer document related to the More at Four Pre-Kindergarten Program has been revised and is attached. This document was distributed at the March 2003 More at Four regional trainings; therefore, the document has a revision date of March 1, 2003. The Change Notice also provides information about the implementation of new market rates effective April 1, 2003, and includes some pen and ink changes for the Subsidized Child Care Services Manual. Additional information about the changes is provided as follows.

Paying for Subsidy Services Provided by a Relative

In recent years, county staff have encountered situations in which children in the custody of the county department of social services are placed in the home of a relative who also operates a licensed family child care home. In the past, the Subsidized Child Care Program policy did not allow the relative to receive payment for subsidy service for the relative child. At the recommendation of the Policy Simplification Project Workgroup and following discussion with the Day Care Committee of the North Carolina Association of County Directors of Social Services, the Division has revised the subsidy policy to allow payment to be made in this situation to support the stability of the child's placement with a relative. Refer to the attached revised manual pages for Chapter 20 of the Subsidized Child Care Services Manual.



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Market Rate Implementation

In February 2003, the Division notified county departments of social services, state level contractors and other local purchasing agencies (LPA) that new market rates would become effective April 1, 2003. The market rates were increased in some age ranges and license types for certain counties based on results from the 2000 market rate survey. In those instances where the survey results indicated a change was needed, the market rate increase ranged from 1% to 3% of the October 2000 rates, which were collected in the market rate survey. Federal funds have been identified by the Division to offset the cost of implementing the new market rates and will be allocated to counties.

A copy of the new market rate tables for each type of care is enclosed. In addition, the new rates will be posted on the Division's website and copies can also be accessed through NC-XPTR. The rates are effective April 1, 2003 and must be implemented for April services paid in May. Prior to issuing payments in May for the April service month, LPA staff must compare the rates on file for all providers to the new market rates. If the private paying rates on file indicate that the provider can receive a higher subsidy payment, then the payment for April services must be revised.

The following examples have been developed using the new market rates to assist child care staff in determining whether to increase the subsidy payment rate for a provider due to the implementation of new market rates. Also, an example has been provided to show the process for handling additional requests for rate increases submitted by providers.

Example of comparisons of old and new market rates to provider's charge:

On February 1, 2002, the LPA received new private pay rates from Kellie's Child Care Center, a three - star center in Polk County. The provider increased her private paying rates effective March 1, 2002. The new private pay rates were higher than the current market rates for a three - star center, so the LPA could only approve an increase in subsidy payment up to the current market rate effective March 1, 2002. For example, the provider reported that her infant and toddler rate to private paying parents would increase to \$595 per month effective March 1, 2002. The market rate for infants and toddlers in Polk County at that time was \$585 per month, which is lower than the provider's charge. Therefore, the county processed an increase in the provider's subsidy payment rate up to the market rate (\$585) and filed the original request.

The LPA received notice of new market rates effective April 1, 2003. The following steps are applied to determine the new subsidy payment rate. The LPA staff will compare the private pay rates on file for Kellie's Child Care Center to the new April 2003 market rates. Since the rates on file indicate Kellie's current charge to private paying parents for infants and toddlers is \$595 per month and is higher than the previous market rate, it is compared to the April 2003 market rates. Effective April 1, 2003, the market rate for infants and toddlers will increase to \$603; therefore, the county would adjust the provider's subsidy payment rate to the provider's actual private pay rate of \$595. The one rate increase per year limit does not apply to this situation since the provider had reported this rate earlier but the market rate prevented the county from implementing the full rate.

Example of how to handle an additional request to increase rates:

On January 1, 2003, Playtime Child Care Center, a three - star facility in Polk County, reported a rate increase to private paying parents. The rate for infants increased from \$550 to \$575 per month effective March 1, 2003. Since the new rate was within the current market rate of \$585 per month, the rate was approved for subsidy payment. In April 2003, Playtime Child Care Center reports another rate increase from \$575 to \$600 per month effective June 1, 2003. The new rate is within the April 2003 market rates; however, the provider had already reported and received a subsidy rate increase effective March 1, 2003 for infants. The private pay rate reported effective June 2003 cannot be processed until the next calendar year due to the policy that limits a provider to one rate increase per calendar year (January – December).

Any questions regarding the application of the new market rates should be addressed to your Subsidy Services Consultant. Questions regarding how your county’s market rates were determined should be addressed to Rob Kindsvatter at 919-662-4535, extension 285.

Please note the instructions for the maintenance of the Subsidized Child Care Services Manual which follow.

Instructions for Maintenance of Subsidized Child Care Services Manual

Your agency must maintain at least one copy of the previous manual material for reference during single audits, state monitoring visits and fraud investigations. We recommend that staff review the changes to become familiar with the new information.

Remove

Pages 9 and 10 of **Chapter 20** dated October 2002.

Attachment I of **Chapter 21**
Dated October 2002.

September 2000 Market Rates, Appendix B

Insert

Pages 9 and 10 of revised **Chapter 20** dated April 1, 2003.

Revised Attachment I of **Chapter 21** dated March 1, 2003.

April 2003 Market Rates, Appendix B

Pen and Ink Changes

Chapter 7: Family Definitions and Determining Income Eligibility

- Page 10, Section VIII. A., 2nd paragraph, end of 4th line - If multiple pay stubs are not available due (**insert “to”**) the client being newly employed, the LPA should not delay the approval of the application but can request that the client submit additional pay stubs in the following weeks.

Chapter 9: Parental Choice and Voucher Procedures

- Page 2, Section II. A. #3., NOTE, last line – After “In addition” (**insert “a parent’s choice of provider may also not be available”**) if a sanction has been imposed upon a provider

disallowing new children funded with subsidy funds from enrolling for a specified time period.

Chapter 16: Approval and Enrollment Procedures for Licensed Facilities

- Page 5, Section III. A. #3., last sentence – If these are not available, the provider must complete the Private Paying Rates and Other (**insert “Fees form”**) (DCD-0458).

Chapter 17: Approval Process for Nonlicensed Homes and In-Home Care

- Page 1, Section II. A., 1st sentence should read the Application For Enrollment To Be **“A”** Provider of Subsidized Child Care (DCD-0451).

Chapter 19: The Child Care Provider Agreement

- Page 1, Section III. A. 7th line – (**delete sentence “If the provider’s rates are listed on the Application for Enrollment to be a Provider of Subsidized Child Care (DCD-0451), it is not necessary to provide another form.”**)

Chapter 20: Payment Policies

- Page 18, Section VIII. B., 2nd paragraph, last sentence, the reference to Section C.2. a. (**change to Section C. 1.**)
- Page 18, Section VIII. B., 3rd paragraph, last sentence, the reference to Section C.2.b. (**change to Section C. 2.**)
- Page 19, Section VIII. B., 1st paragraph, last sentence, the reference to Section C.2.c. (**change to Section C. 3.**)

Chapter 23: Fraudulent Misrepresentation and Overpayments

- Page 3, Section II, B, 1st full paragraph, 2nd sentence – remove reference to Attachment 2.
- Page 3, Section II, B, a – remove reference to Attachment 2.
- Page 11, Section II, G., Example I, 4th sentence, (**insert words “eligible for” after “not”**).

A copy of this **Change Notice** should be retained in your manual in **Appendix E**.

Only a limited number of copies of this Change Notice will be printed. If your agency needs additional copies and cannot make them at the local level, please contact Fay Lewis in the Subsidy Services Section at (919) 662-4561. In the future, we will be transitioning to providing the manual on-line rather than printing paper copies. The manual can be accessed on-line at **<http://info.dhhs.state.nc.us/olm.manuals/dcd/ccs/man/index.htm>**. Questions regarding the manual materials should be directed to your Subsidy Services Consultant.

Enclosures