

North Carolina Department of Health and Human Services

DIVISION OF CHILD DEVELOPMENT

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Michael F. Easley, Governor • Carmen Hooker Odom, Secretary • Robert W. Kindsvatter, Director

SUBSIDIZED CHILD CARE SERVICES MANUAL ~ CHANGE NOTICE # 1 - 06

TO: County Departments of Social Services
Other Local Purchasing Agencies

FROM: Robert W. Kindsvatter

DATE: August 24, 2006

RE: Implementation of 2006 Market Rates

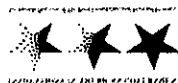
During the recent legislative session, additional subsidy funds were provided to implement new market rates for 3 to 5 star licensed centers and homes based upon the data from the 2005 Market Rate Survey. You recently received your county's allocation of child care subsidy funds for State Fiscal Year (SFY) 2006-07 which includes additional funds to support the new rates. The new rates are effective October 1, 2006, as specified by the General Assembly in Senate Bill 1741, the budget bill for 2006-07. A copy of the new market rate tables for each type of care is enclosed.

Market Rate Implementation

Prior to issuing payments in November for October services, local purchasing agency staff must determine which payments must be revised. During the market rate implementation process the Division is waiving the limit of one rate increase per calendar year for 3, 4 and 5 star providers. A provider who has already received a rate increase this year that was not the result of an increase in star level and whose private paying rates have increased can submit new private paying rates and receive another payment rate increase if the rates are within the new market rates. Any 3 through 5 star provider whose private paying rates are lower than the new market rates has the opportunity to submit new rates as well.

The following are steps for implementing the revised market rates in your county.

- Review the new market rate tables provided by the Division of Child Development (DCD) to identify which market rates by type of facility, star rated license level and age group have changed in your county. Please give particular attention to the revised age groupings in the market rate tables for family child care homes which impact rates for one-year-old children.
- Compare the private paying rates that are on file or are submitted to the new market rates for all of these providers.
- Determine the appropriate subsidy payment rate. The payment rate for children receiving subsidized child care is the private paying rate or the market rate for the appropriate age group and star rated license level for the facility, whichever is lower. If the private paying rate indicates that a provider can receive a higher subsidy payment, then the payment rate must be revised.
- Enter the revised payment rates in the Subsidized Child Care Reimbursement System.



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Subsidy Services Section staff are revising the Payment Rate Calculator and local purchasing agencies will be notified when the Calculator is ready for use in determining the subsidy payment rates. In addition, Approval Notices will be updated to reflect the revised market rates.

A flyer which you may use in a mailing to providers is enclosed to help you inform providers about the implementation of the new market rates. The flyer is also available on the Division's website at <http://ncchildcare.net> under *What's New*.

Instructions for Maintenance of Subsidized Child Care Services Manual

Your agency must maintain at least one copy of the previous market rates for reference during single audits, state monitoring visits and fraud investigations. Retain the market rate tables for nonlicensed homes dated April 1, 2003, since these rates did not change.

Remove

Subsidized Child Care Market Rates for
Child Care Centers and Family Child Care
Homes, Effective 4/1/03, **Appendix B**

Insert

Subsidized Child Care Market Rates for
Child Care Centers and Family Child Care
Homes, Effective 10/1/06, **Appendix B**

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. Your agency can print additional copies of the Change Notice by accessing the on-line version at <http://ncchildcare.net> under *What's New* or by accessing the on-line manual.

Please share this information with other child care and fiscal reimbursement staff in your agency. The Subsidy Services Consultant assigned to your county will assist you with any questions you may have regarding the implementation of the new market rates. If you have questions regarding your county's market rates, please address those to Janice Fain at 919-662-4535, extension 223.

Enclosures

RWK/BC

cc: DCD Consultants
DCD Program Compliance Consultants