

Subsidized Child Care Assistance Program Policy Manual
Chapter 17. Payment Rates

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I. CHAPTER OVERVIEW

This chapter explains the rates which may be paid to providers that have been approved for participation in the Subsidized Child Care Assistance (SCCA) Program.

II. APPROVAL NOTICE

The Approval Notice is a form generated by NC FAST which identifies specific provider information such as age range, capacity, and maximum payment rate information. Refer to [Chapter 15 : Approval and Enrollment Procedures for Licensed Facilities](#), for more information.

III. PAYMENT RATES FOR FACILITIES

A. Payment Rates for Child Care Facilities

The following childcare facilities are paid the rates charged to private paying parents or the current market rate associated with their star rated license, whichever is lower.

1. Licensed childcare centers,
2. Licensed childcare homes,
3. Licensed before and/or after-school programs.

New facilities who have been issued a temporary license will be paid their private paying rate or the three-star market rate, whichever is lower.

Religious-sponsored facilities choosing to operate under a Notice of Compliance (G.S. 110-106) without a star rated license will be paid their private-paying rate or the one-star market rate, whichever is lower.

Refer to Appendix B for a listing of the current market rates. Additional fees charged by providers are not reimbursable. If the provider's charge is more than the rate to be paid by the Local Department of Social Services (DSS) or Local Purchasing Agency (LPA) and the arrangement is the recipient's choice for the child, it is

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permissible for the recipient to pay the difference between the provider's charge and the rate paid by the DSS/LPA. This is allowed only if the recipient indicates a desire to do so. The DSS/LPA cannot require the recipient to pay the difference. If the recipient is unwilling or unable to pay the difference, the DSS/LPA must allow the recipient to select another provider.

NOTE: Parental fees must be deducted from the provider's allowable charge to determine the amount of payment to be issued to the provider by the DSS/LPA.

B. Enhancement Payments

Enhancements are payments made to providers who meet requirements established by local partnerships for children, in addition to their payments received for caring for a child. Although they are drawn from the same Smart Start fund source, Smart Start enhancement payments are managed separately from Smart Start provider payments. Providers must meet specific requirements established by their County's Local Partnership to receive enhancement payments. An DSS/LPA Fund Manager configures county Smart Start Enhancement requirements based on provider star rating and service age group coverage identified in their current Memorandum of Understanding (MOU). Other enhancement configuration criteria include dates and amount of payment. Smart Start enhancements are pro-rated when a monthly Subsidized Child Care payment is pro-rated.

NC FAST manages enhancement payments by automatically:

1. Generating and processing a roster for the service.
2. Generating enhancement payments to providers each month that the child attends the provider.
3. Generating a separate Service Plan item for each child for whom an enhancement payment is made.

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Smart Start enhancement payments will be paid through NC FAST based on provider star rating, provider type (home or center), and service age group coverage identified in their current Memorandum of Understanding (MOU). Enhancement payments are not prorated in NC FAST. Smart Start bonus payments will not be paid through NC FAST. Any Smart Start bonus payment that is to be paid will be administered through and paid by the local partnership through the Smart Start Reporting System (SSRS).

Local Smart Start partnerships may also approve the use of Smart Start funds to pay an enhancement. The enhancement is a dollar amount. The enhancement may be paid to childcare providers for activities that increase the quality of care and is based on criteria determined by the local Smart Start partnership.

NOTE: Smart Start funds cannot be used for school-age children nor can they be used to pay for Child Protective Services (CPS) or Child Welfare Services (CWS).

C. Payment Rates for Certified Developmental Day Centers

Certified developmental day centers primarily serve children who meet the definition of children with special needs but may also serve typically developing children. Payment rates for certified developmental day facilities for children with special needs and typically developing children are based on a cost study which is conducted by the Office of the Controller in the Department of Health and Human Services. The cost study establishes a net cost that is used as the subsidy payment rate for children with special needs and typically developing children.

1. Child with Special Needs

- i. In order to authorize the special needs rate, the following criteria must be met:
 - The child must meet the special needs criteria defined in Chapter 6: Serving Children with Special Needs.
 - The provider must report rates for children with special needs and typically developing children in a certified

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developmental day cost study. A net cost is determined after the center documents available revenues such as Medicaid, Early Intervention Funds, DPI payments, or other fund sources.

- The provider must complete the cost study process in order to continue to receive subsidy payments as a certified developmental day center.
 - The DSS/LPA must receive a Referral for Child Care – Children with Special Needs form (DCD-0093) from the local Children’s Developmental Services Agency and/or a copy of the service delivery plan page of the Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP). The DCD-0093 and/or the service delivery plan page of the IEP or IFSP must be completed and reviewed each year in order to continue paying the appropriate rate.
- ii. When the child qualifies for subsidy assistance, the DSS/LPA pays the net cost of care as shown on the Approval Notice for each child with special needs.
- When a preschool age child with special needs between the age of birth and five (5) years of age, is enrolled in a certified developmental day center, the DSS/LPA pays the rate on the Approval Notice.
 - When a school-age child is enrolled in a certified developmental day facility, the local education agency pays the center for basic education and related services for the school portion of the day for that child. The DSS/LPA cannot use subsidy funds to pay for the school hours.

If the child needs before and/or after-school care and the certified developmental day program offers childcare, the DSS/LPA may pay a part-time rate for that service (before and/or after-school). In order to pay for before and/or after-school care, the DSS/LPA must determine the hours that school

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operates, the hours of the before and/or after-school care, and if private paying parents are charged for that time. Payment would be at 50% or 75% of the rate on the Approval Notice, based on the hours of care needed. The DSS/LPA may also pay a full-day rate for childcare provided to school-age children at a certified developmental day facility on public school holidays, teacher workdays, and during summer vacation, if care is needed.

NOTE: Certified Developmental Day Centers are not eligible to receive Supplemental Payments for children with special needs.

2. Typically Developing Child

Certified developmental day centers are encouraged to enroll typically developing children. In order to determine the rate for a typically developing child, the DSS/LPA will pay the rate indicated on the Approval Notice for typically developing children.

Refer to [Chapter 16](#): Payment Policies for more information on payment policies.

D. Supplemental Payment for Children with Special Needs

More children with special needs are being served in inclusive childcare settings, that is a center or home in which the majority of the children receiving care do not have special needs. This policy applies to all licensed homes and centers with the exception of certified developmental day facilities. In some cases when a child with special needs receives care in an inclusive childcare setting, the provider may incur additional expenses to care for the child. In these cases, the childcare provider can request a supplemental payment to cover these expenses.

Providers requesting supplemental payment to purchase specialized learning materials or equipment, the equipment and or toys must be ordered to support children with special needs. If purchasing equipment/toys from a catalog, providers should include a photo of

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the equipment/fine & gross motor toys along with the cost. Equipment is the property of DCDEE and should follow the child to whichever childcare facility that child attends. The family has the option to donate the equipment to the current facility that purchased it should the child age out of its use.

Providers requesting supplemental payments to be used for hiring staff must also include documentation showing the required qualifications of hired staff. Attachment 2: the Supplemental Payment Fact Sheet includes a list of those qualifications that are accepted. This Fact Sheet is to be used when requesting Supplemental Payments. Actual additional documented costs incurred by the provider must be based on the plan developed to meet the child's individual needs.

Examples of costs incurred by the provider, which may be covered by supplemental payments include, but are not limited to:

- Specialized learning materials or equipment,
- Additional staff, and
- Substitute time so that staff can participate in training which would help ensure successful placement of the child with special needs.

NOTE: Both preschool children and school-age children who need childcare services when they are not in school are eligible for the supplemental payment. However, not all providers will need a supplemental payment to meet the childcare needs for serving the child in an inclusive setting, as some children with disabilities can be included with no additional costs to the provider.

Examples of costs, which are not covered by supplemental payments include, but are not limited to:

- Consultation services,
- educational services, and
- Specialized therapies and related services, such as occupational and speech therapy.

NOTE: These services must be paid with local mental health or local education agency funds.

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E. Documentation Needed to Request a Supplemental Payment

The DSS/LPA must receive the following documents to review the need for a supplemental payment.

1. Child with Special Needs Additional Expense Documentation (DCD-0454A) form completed by the provider that includes the following:

- i. Documentation of the services or activities that the provider will offer which require additional expenses. Costs are determined by the provider in collaboration with one of the following representatives:
 - Early Intervention Coordinator from the Children’s Developmental Services Agency (for children under three (3) years of age).
 - Staff from the local education agency (for children three (3) years or older);
 - Child Service Coordinators in the local public health department; or
 - Child Service Coordinators in the local management entity (local mental health agency) LME. The appropriate signature is needed from one of the representatives to verify the need for these services.
 - A Referral for Child Care – Children with Special Needs (DCD-0093) form completed by the appropriate staff listed above; or
 - The service delivery plan page of the current Individualized Family Service Plan (IFSP), Individualized Education Program (IEP) Person-Centered Plan (PCP), or the 504 Plan to indicate that the child has special needs. When plans expire, childcare worker must request the most current/updated plan.
- ii. All three (3) copies of the Provider Information Form (DCD-0454B) with the top portion of the form completed to indicate:
 - The name of the facility.

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- The subsidized childcare facility ID number (SCC ID#);
- The name and age of the child with special needs for whom the supplemental payment is requested; and
- The number of children with and without special needs enrolled in the facility.

F. Procedures for Approving a Supplemental Payment

Determine whether the DSS/LPA is able to approve the supplemental payment by considering the following information:

1. Upon receiving all the documentation, the DSS/LPA may approve the supplemental payment if it is a one-time cost under \$1000 or a recurring cost under \$300 per month.
2. If the supplemental payment is a one-time cost of \$1000 or more or a recurring cost of \$300 or more, the DSS/LPA must obtain written approval from the Subsidy Services Consultant of DCDEE by forwarding copies of all the documentation in Section III.F.3 above as well as an Approval of Supplemental Rate (DCD-0094) form.

The Subsidy Services Policy Consultant will review, approve or disapprove the request for a supplemental payment and return the Approval of Supplemental Rate (DCD-0094) form to the DSS/LPA to be kept in the case record.

NOTE: Funding for payment of supplemental payment for these children should come from the special needs set-aside. If the set-aside funds are depleted during the year, regular subsidy funds are used to make the payment.

G. Provider Notification of the amount of a Supplemental Payment

1. Enter the amount of the supplemental payment along with the effective date of payment on the Provider Information Form (DCD-0454B). Additionally, this evidence must be entered into NC FAST. Refer to the supplemental payment job aid.

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2. Send copies of the Provider Information Form to:
 - i. The provider.
 - ii. The coordinator from the Children’s Developmental Services Agency (CDSA), local education agency (LEA); local public health department or local management entity (LME); and
 - iii. The person(s) in the DSS/LPA responsible for payment and/or reimbursement of the payment.

3. Documentation Requirements
 - i. Document in the client’s record that the child has been identified as a child with special needs and that a supplemental payment has been requested and approved.
 - ii. File the original copy of all forms in the client’s record.
 - iii. File a copy of the Approval of the Supplemental Rate form (DCD-0094) in the provider payment record.

NOTE: Approval Notices will not reflect supplemental payments.

H. Reviewing the Amount of the Supplemental Payment

The supplemental payment must be reviewed by the childcare worker at least annually and new forms must be submitted even if the child's placement does not change. Copies of both the Child with Special Needs Additional Expense Documentation Form (DCD-0454A) and the Provider Information Form (DCD-0454B) must be mailed to the provider.

It is the responsibility of the provider to inform the DSS/LPA of any change in the child's status, such as a reduction in the number of hours attending or extended absence due to illness. If the change results in a reduction in the supplemental payment amount, the provider must

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complete a revised Child with Special Needs Additional Expense Documentation Form (DCD-0454A).

It is the responsibility of the childcare staff to maintain on-going communication with the coordinator from the Children's Developmental Services Agency, local education agency, local management entity, or local public health department to assure that the child continues to meet the definition of a child with special needs and requires childcare services.

IV. REVISIONS IN RATES

A. Rate Change Limitations

Providers are responsible for reporting changes (including both increases and decreases) in their private paying rates to the DSS/LPA. Corrections to rates entered by the provider in the NC FAST Provider Portal can only be made by the County Provider Manager at the provider's request. Only the rate that was entered incorrectly can be corrected. Providers will enter their rates into the NC FAST Provider Portal. Once rates are entered, providers will submit them. If an incorrect rate is entered and rates have been submitted, the provider cannot make corrections. The provider must contact their county's DSS/LPA Provider Manager to make any corrections that need to be made.

1. Limit on Number of Subsidy Rate Increases

Providers can increase their private pay rates once per calendar year in the NC FAST Provider Portal. Providers must report increases in private paying rates at least 30 calendar days before the approved rates can become effective for the subsidy payment. Changes in subsidy payment rates can only become effective on the first day of a month.

Additional rate changes can be made when there is a:

i. Star Rating Increase

If the provider's star level increases or if there is a Market Rate Adjustment, the provider can request a rate

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change within 90 calendar days of the star level increase or market rate adjustment.

ii. Market Rate Adjustment

All requests for rate increases related to market rates or provider's star level can be submitted no later than 90 calendar days after the effective date of the change and no sooner than 90 calendar days before the effective date.

The purpose of the 30-day notice of increase in rates is to allow time for the processing of the increase in rates and allow the DSS/LPA staff time to calculate the impact the increase will have on their subsidy allocation.

2. Rate Decreases

Occasionally a provider reports a rate incorrectly or decreases rates that they had previously implemented. Since a provider cannot be paid a rate for children receiving subsidies that is higher than the rate charged for private paying children, corrections of subsidy payments must be processed immediately when the decrease occurs.

If a provider's private paying rate decreased during a month and not the first day of a month, the decrease will be effective for the subsidy payment the first day of the month following the decrease.

3. Adding a Rate

If a provider extends their childcare program to serve additional ages and shifts for which she had not previously reported a rate, these are not considered increases but an extension of a program. Therefore, these rates should be entered in the NC FAST Provider Portal. The effective date the rate will be added or established for the subsidy payment will be the date the rate is entered into the NC FAST Provider Portal. Therefore, it is important that a provider submits private paying rates for program changes prior to the change in their program.

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NOTE: School-age rates and care: Some facilities, though licensed to serve children through school-age, do not offer school-age care in their licensed facility, but offer school-age care in a room or building which is not licensed. In order for a child receiving subsidies to be served by the school-age program, the program must be licensed. The provider cannot legally report a rate for school-age care for their licensed program and then serve the school-age child with the children in the unregulated program. If subsidy funds are used for unregulated school-age care, repayment must be made.

If a provider owns two (2) or more facilities located on the same property and merges the licenses into one (1) license and if a rate increases, the rate would be processed based on the policy as stated for increases. If the provider extended the program and none of the buildings had previously offered the extended services, then the effective date would be the date the added rate is entered in the NC FAST Provider Portal.

NOTE: If the provider was not already licensed to provide care for infants and toddlers, the DSS/LPA would not be able to pay for the younger age children until the license has been changed by the Regulatory Services Section. The effective date would be based on the date the rates are entered but cannot be before the effective date of the license.

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For additional information on policy described in this chapter please refer to:

SCCA Manual:

[Chapter 15: Approval and Enrollment Procedures for Licensed Facilities](#)

[Chapter 16: Payment Policies](#)

NC FAST Job Aids:

[SCCA - Provider Manager: Provider Service Rate Management](#)

[SCCA - Special Need Supplemental Payment Evidence](#)

SCCA Program Rules:

[10A NCAC 10 .0203](#)

PAYMENT RATES FOR SUBSIDIZED CHILD CARE