

I. CHAPTER OVERVIEW

Child care payments are issued as vendor payments to providers and the local purchasing agency (LPA) claims reimbursement through the automated Subsidized Child Care Reimbursement System. Payment for subsidized child care services is determined by the plan of care and provider charges, based on the child's enrollment or attendance. This chapter discusses the policies for payment. Information regarding allowable payment rates is located in Chapter 21: Payment Rates.

If the LPA establishes payment policies in addition to those described in this chapter or in the Child Care Provider Agreement (DCD-0452) provided by the Division, the policies must be submitted to the local purchasing agency (LPA) director and local governing board for approval prior to submission to the Subsidy Services Consultant. The Subsidy Services Consultant reviews and follows the approved protocol set by the Division. The Division issues an approval letter with the final version of the approved policies to the LPA. Signatures of the LPA director and the Board Chair and date are required on the final copy of the policies which must be kept on file in the LPA's office. Local payment policies must be in writing, signed by the LPA and providers, and filed with the Child Care Provider Agreement (DCD-0452). The LPA and provider must maintain a signed copy of the Child Care Provider Agreement (DCD-0452). Refer to Chapter 22: Local Policy Options for information regarding local policies. LPAs must develop a uniform manner to notify parents and providers of local policies and revisions. LPAs must provide parents access to current local policies and providers must be given a copy.

NOTE: The LPA can implement the local policies and Child Care Provider Agreement once the Division issues the approval letter.

II. BASIC PAYMENT POLICY

Payment for subsidized child care services is typically based on enrollment but in some instances may be based on attendance. The provider must submit monthly attendance reports before payment can be made.

The Approval Notice displayed in the Subsidized Child Care (SCC) Reimbursement System for each provider indicates the maximum full and part-time rates based on market rates. Out-of-state providers do not have an Approval Notice. The LPA enters the provider's approved rate up to the market rate in the SCC Reimbursement System when making payment.

A. Payment Based on Enrollment

The payment is made based strictly on **enrollment** when the child is enrolled

according to the family's plan of care and is attending regularly.

1. When the child is enrolled in the same child care arrangement and care averages 32 through 55 hours per week, the appropriate monthly 100% rate for full-time care is paid to the provider.
2. When the child is enrolled in the same child care arrangement and care averages 18 through 31 hours per week, the appropriate monthly 75% rate for three-fourths care is paid to the provider.
3. When the child is enrolled in the same child care arrangement and care averages one (1) through 17 hours a week, the appropriate monthly 50% rate for half-time care is paid to the provider.

NOTE: When the provider charges all families only for the days the child actually attends, the LPA pays for the days attended.

B. Payment by Attendance

The county has the option to pay for child care services based on **attendance** when:

1. The child has been absent more than five (5) days but less than ten days in any calendar month and the provider has not notified the LPA;
2. The child has been absent more than ten (10) days; or
3. The provider charges only on the basis of attendance.

In these situations, the SCC Reimbursement System will automatically calculate the payment amount when the number of service days and the monthly rate for the plan of care are entered into the system.

C. Using Daily Rates

Daily rates are used to determine the amount of payment when:

1. Payment is based on attendance;
2. The child enrolls after the first of the month or the service is terminated during the month;
3. The child receives both part-time and full-time care during the month; e.g., a school-age child in a year-round school who normally receives before and/or after-school care also receives full-time care on days when school is not in session; or

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4. The child is authorized to attend on a *per diem* basis. The provider's appropriate daily rate is multiplied by the number of days in the service month that the child attends.

When a child's care is paid based on attendance, the SCC Reimbursement System will determine the payment amount if the number of days of attendance and the provider's monthly rate are entered in the system.

D. Requirements for the LPA:

1. Processing information regarding expenditures in the SCC Reimbursement System on a monthly basis in order for the services to be reimbursed.
2. Making accurate and timely payments to the providers.
3. Giving the provider a copy of the SCC Reimbursement Summary on a monthly basis. LPAs that use an alternate reimbursement system may give providers a copy of the reimbursement summary produced by their system. However, if the total amount of the reimbursement to the provider is different from the amount on the SCC Reimbursement Summary, the SCC Reimbursement Summary must be used.

NOTE: The SCC Reimbursement Summary provides an explanation to the provider of the payment amount for each child and allows the provider to review the information and determine if the payment amounts are correct. In the event that payments are incorrect, the provider must contact the LPA within 30 calendar days of receipt of the SCC Reimbursement Summary.

E. Responding to Absences

1. Responsibility of the Provider to Notify the LPA About Absences

When a child has been absent five days in any month, the provider must notify the LPA **within a week of the fifth (5th) day** of absence. Failure to report may result in payment on the basis of attendance. Each time a child is absent five (5) days, the provider must also attempt to contact the parent to determine if or when the child will return. This means that the provider may have to call the LPA and parent more than once during the same month to report absences if the child is out for other five (5) day periods in the month.

2. More Than Ten Days of Absence
 - a. Hardship Cases or Unusual Circumstances

In certain cases, the LPA may pay for more than ten absences in a

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service month. Child care social workers are encouraged to make decisions on hardship cases with respect to the needs of the family. A hardship case may cause the child to be absent from care for more than ten (10) days in a service month. The child care worker may determine that payment for care is in the best interest of this particular child. Agencies are encouraged to write local payment policies that will address these issues. Some examples of hardship cases are:

- (1) Illness;
- (2) Temporary disruption of transportation services; or
- (3) Unstable family situations involving child custody problems or child protective services issues. A situation in which a child is out temporarily to visit his/her divorced parent may be considered an unusual circumstance.

NOTE: A family vacation is not considered a hardship case or unusual circumstance.

If a particular situation warrants payment for more than ten (10) days of absence in one month, the LPA may authorize payment for extended absence according to local policy. However, the number of paid absences **may not exceed 30 consecutive service days without prior approval** from the Division of Child Development and Early Education (DCDEE). To get approval for absences of more than 30 consecutive days, the child care worker or the subsidy administrator/provider must call or write the Subsidy Services Consultant. They must provide the child's name, the date of absence, and a rationale for the absence. A statement of approval/disapproval will be sent from the Subsidy Services Consultant to the LPA. The statement of approval received from DCDEE must be retained in the record.

b. Documentation

Justification for payment for an extended absence must be documented in both the child's and provider's record. The documentation must include:

- (1) The reason for extending the number of paid absences;
- (2) The total number of paid absences for the service month;
- (3) The date of the service month; and

(4) The signature of the child care worker.

c. Habitual Absences

If a child is habitually absent, the provider and the child care worker should work together with the parent to determine why the child is absent. If the absences are not justified, the child care worker may wish to counsel the parent/responsible adult regarding absences. If the child continues to be absent without justification, the LPA may either pay on the basis of attendance or terminate the service.

III. PAYMENT POLICIES AND PROCEDURES

A. Subsidy Payment Rates Based on License Status

The payment rate for licensed centers and homes is usually determined by comparing the private paying rates to the market rate for the provider's star rated license level. However, there are times when a facility is operating with a different type of license which may impact payments.

1. If the facility is a **new program**, a temporary license is issued. The subsidy payment is the rate charged to private paying parents or the one star market rate, whichever is lower.
2. If the facility has a **change of location**, a temporary license is issued. The subsidy payment can continue at the same rate as the previous license.
3. If the facility receives a **provisional, probationary or special provisional license**, the subsidy payment rate can continue at the same rate as the previous license.
4. If the program is already established and the facility has a **change of ownership**, a temporary license is issued. The new owner can receive her private paying rate up to the market rate for the star rated license that was issued to the previous owner. The Regulatory Services Section Licensing Consultant will inform the owner and director during the first month that they have until the end of six (6) months to earn a star rated license.

B. When the Need for Child Care Changes

When the need for child care services changes from one need category to another, the child care worker must re-evaluate the family's situation to determine if the parental fee or hours that care is needed changes.

For example, a change may occur such as, a child who receives child care to support her parent's employment now receives care to support a CPS case.