

I. CHAPTER OVERVIEW

Subsidized child care services can be provided to eligible children with special needs when care is needed to support the parent's education/training, employment, to support child protective services, the developmental needs for the child or to support child welfare services. The family of a child with special needs must meet the applicable income guidelines based on the reason care is needed.

II. DEFINITION OF SPECIAL NEEDS

Special needs children are children who have developmental delays, an established condition, or development that is atypical. If the parent indicates that the child has not been evaluated and the child care social worker believes the child may have special needs, the child care social worker should encourage the parent to have the child evaluated. Families may be referred to the local agency under the auspices of the following state agencies which are responsible for overseeing that children with special needs are identified and assessed:

- The Early Intervention Branch in the Women's and Children's Health Section of the Division of Public Health (DPH) of the Department of Health and Human Services for children under age three (3).
- The Exceptional Children Division in the Department of Public Instruction (DPI) for children age (3) and over.

The regional Children's Developmental Services Agency (CDSA) and local education agency (LEA) staff are responsible for referrals of children for eligibility assessments. Although the CDSA and LEA are the primary resources for making referrals on behalf of children with special needs, the local management entity (LME) may make referrals when children have a specific diagnosis such as traumatic brain injury or chronic disease such as cystic fibrosis. After the evaluation of a child's needs is completed, families are involved in making decisions about how the child can best be served. An Individualized Family Service Plan (IFSP) is developed for children with special needs birth to age three (3) and an Individualized Education Program (IEP) for children over the age of three (3). The definitions and criteria for pre-school children with disabilities are included in [Appendix C](#).

Although children may have been identified as having a special need through DPH's Infant-Toddler Program or DPI's Preschool Program, parents have the right to refuse services under these programs. However, if parents refuse these services, children may still receive community-based services through the Children Service Coordination Program in the local public health department. Child Service Coordinators in the local public health department may also make referrals for supplemental payments for children with special needs. Refer to the Instruction pages in [DCD-0093](#), [DCD-0094](#), [DCD-0454A](#) and [DCD-0454B](#).

NOTE: LPAs must conduct an annual review of the referring agency's documentation determining the level of care for a child with special needs. Subsidized child care services are available for children with special needs ages birth through age 17.

III. PRIORITY FOR SERVICES

Child Care and Development Fund (CCDF) regulations require that states give priority to children with special needs who need child care services. In order to meet this requirement, the Division of Child Development establishes a portion of the agency's total allocation as a set-aside for this purpose. The set-aside amount is a minimum; however, counties can set aside an amount greater than the minimum. In effect, agencies will establish a separate waiting list and a separate budget for children with special needs. Refer to [Chapter 21: Payment Rates](#) for information on payments for children with special needs and [Chapter 10: Waiting Lists Policies](#).

IV. DOCUMENTATION REQUIREMENTS

When claiming reimbursement for the provision of subsidy services for a child with special needs, designated codes are provided to indicate that the child has special needs. Use of the codes allows the county DSS or LPA to track the expenditure of funds that count against the special needs set-aside. In order to use the designated codes (400 series), the following documentation must be in the case record: the Referral for Child Care-Children with Special Needs ([DCD-0093](#)) or the current Service Delivery Page of the IFSP, IEP or PCP.

V. SUBSIDY POLICIES

Providing care for children with special needs may involve additional costs to the provider and may impact the rate charged. Such costs may include specialized equipment necessary for communication, mobility, and self-help; speech, physical, and occupational therapy; social work and case management staff for family support activities; certified teacher time devoted to one-on-one instruction; clerical and other administrative staff time necessary for special record requirements; and psychologists and other diagnostic personnel.

Subsidized child care funds are used to pay the rate charged for child care services and cannot be used to purchase specialized therapies, such as occupational and speech therapy, or educational services that are paid with local mental health or local education agency funds.

A. Certified Developmental Day Centers

The additional costs involved in providing care for children with special needs are accounted for in the approved payment rates for certified developmental

day centers. In order to pay the approved rate for the certified developmental day center, the rate must appear on the provider's Approval Notice, and the child with special needs must have the appropriate documentation described in [Section IV](#) above.

B. Inclusive Child Care Facilities

Because of such factors as parental choice, federal and state legislation, and the many benefits for both children with special needs and those who are typically developing, more and more children with special needs are being served in inclusive child care settings. These are programs which include children with special needs in a setting that primarily serves children who are typically developing. A local purchasing agency may pay a [supplemental payment](#) above the provider's approved rate for an individual child with special needs who is being mainstreamed into a family child care home (including nonlicensed child care homes) and centers which serve primarily typically developing children **if additional costs are incurred and there are no other funds available**. Funding for supplemental payments for these children should initially come from the special needs set-aside. The process for approving a supplemental payment is described in [Chapter 21: Payment Rates](#).

VI. REDETERMINATION

All appropriate forms must be renewed annually for Special Needs documentation for children in Certified Developmental Day Centers or for children in inclusive child care settings when the provider has been approved for a supplemental payment. Refer to [Chapter 11: Responding to Eligibility Changes and Redetermination](#) for additional information.