



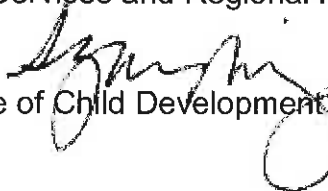
ANNOUNCEMENT

Subsidized Child Care Services - S-17 #07
Early Learning Services – ELS-17#13

Issue Date: December 22, 2017
Effective Date: January 01, 2018
Sunset Date: Ongoing

SUBJECT: Increasing Base Payment Rates for STAR 3 and STAR 4 Providers

TO: Child Care Information Services and Regional Keys

FROM: Suzann L. Morris, MPA 
Deputy Secretary, Office of Child Development & Early Learning

PURPOSE:

The purpose of this announcement is to advise Child Care Information Services (CCIS) agencies and Regional Keys of changes to base payment rates for STAR 3 and STAR 4 providers serving children in the subsidized child care program.

Attached to this announcement:
Letter to regulated STAR 3 and STAR 4 providers

BACKGROUND:

The Office of Child Development and Early Learning (OCDEL) pays child care providers serving children participating in the subsidized child care program at the lower of two rates – the rate the provider charges private-pay families or the established Maximum Child Care Allowance (MCCA). MCCAs are based on the age of the child, the county where care occurs, the unit of care (full-time or part-time), and the type of provider (child care center, group child care home, family child care home) rendering service.

OCDEL conducts Market Rate Surveys (MRS) every two years with the most recent one completed in 2016. However, because of level funding, base rates for providers have not increased and have been frozen at the rates reported during the 2008 MRS. This means providers who reported private-pay rates lower than the MCCAs in the 2008 MRS and whose private rates now exceed those maximums are significantly compromised in their ability to provide high quality child care.

As part of its continuing commitment to support high quality child care, OCDEL is increasing base payment rates to the MCCA for those STAR 3 and STAR 4 child care providers whose private rates meet or exceed the MCCA.

DISCUSSION:

Effective January 1, 2018, all STAR 3 and STAR 4 child care providers will be paid the lower of their private-pay rate or the MCCA.

The assigned (owning) CCIS agency will send the attached letter to all STAR 3 and STAR 4 providers to inform them that the amount paid for subsidized enrollments may be increased to the MCCA based on what is paid by private-pay families.

The letter instructs providers to do the following:

- If the provider uses Provider Self-Service (PSS), verify the private-pay rates in PSS reflect current published rates or update them accordingly.
- If the provider does not use PSS, contact the CCIS agency to have private-pay rates updated as needed.

In order to implement the base payment rate increase, the provider must submit published rates to the owning CCIS agency, unless the CCIS already has the supporting documentation. The CCIS agency should only convert STAR 3 and STAR 4 private-pay rates after receiving the provider's published rates that support the changes. The effective date of the rate increase is January 1, 2018, or the first of the month in which the CCIS receives the provider's private-pay rate documentation.

As CCIS agencies receive alerts that a regulated provider has attained STAR 3 or STAR 4 status, the CCIS agency must reach out to the provider to obtain accurate private-pay rates. If the provider's private-pay rate is equal to or is more than the MCCA, the CCIS agency must convert the provider's rate to the MCCA. The effective date of the conversion is the first of the month the provider's private-pay rate documentation is received by the CCIS.

The assigned CCIS shall generate a new Regulated Provider Agreement Appendix C-2, CCIS Subsidized Child Care Provider Payment Rates, for each STAR 3 and STAR 4 provider that has a subsidized base payment rate change.

NEXT STEPS:

1. Distribute and review this announcement with appropriate staff.
2. Subsidy coordinators will send a spreadsheet of STAR 3 and STAR 4 providers to the assigned CCIS agencies for use in verifying the correct providers receive the attached letter.
3. CCIS agencies will send the attached letter to providers on the spreadsheets by December 29, 2017.
4. Assigned CCIS agencies will update private-pay rates and convert them as stated above for current STAR 3 and 4 providers, effective the first of the month the provider's private-pay rate documentation is received.
5. Going forward the assigned CCIS should contact new STAR 3 or STAR 4

providers who are paid less than the MCCA to submit private-pay rate documentation and convert the rates effective the first of the month the documentation is received.

6. Assigned CCIS agencies will generate a new Appendix C-2 for each STAR 3 and STAR 4 provider who has a subsidized base payment rate change.