County and Tribal Memo

Date: October 3, 2023

To: County and Tribal Child Care Assistance Program Administrative, Client Access, Provider Billing and Provider Registration Contacts

From: Department of Human Services, Child Care Assistance Program Staff

RE: Child Care Assistance Program (CCAP) maximum rates and registration fees effective October 30, 2023

Background

This memo explains the 2023 legislative changes made to child care assistance maximum rates, registration fees and clarifies provider charges & discounts.

A. Maximum rates and registration fees

Effective October 30, 2023:

- Maximum rates will be the 75th percentile of the 2021 child care provider rate survey or rates in effect at the time of the update, whichever is greater.
- Maximum registration fees will be the 75th percentile of the 2021 child care provider rate survey or the fees in effect at the time of the update, whichever is greater.

Approximately 90% of maximum rates will increase under this change. There may be an increase in one rate but not another. For example, a particular county’s maximum rate for infant care in a center may increase, while the maximum rate for preschool care in a center remains the same.

All maximum registration fee reimbursement rates for licensed family child care will increase, and about 80% of maximum registration fee reimbursement rates for centers will increase.

Maximum rates and registration fees will not decrease as a result of these changes.

More information is available in this FAQ (DHS-7268B).
B. Clarifying provider charges and discounts

Provider Charges

A child care provider cannot charge families receiving child care assistance more than their private, full-paying client rate. For example:

- A provider’s private, full-paying client rate for infants is $350 per week
- The applicable maximum weekly rate for infants in this provider’s county is $400
- The provider cannot charge child care assistance $400 per week, because providers cannot charge a family receiving child care assistance more than their private, full-paying client rate.

Provider Discounts

A child care provider may offer a discount to a family. Common discounts include pre-pay discounts, multiple child discounts or employee discounts. If a family using child care assistance meets the discount criteria, the provider can choose whether to apply the discount to the amount the family owes the provider. Providers can choose whether to apply discounts to the amount they bill the Child Care Assistance Program.

Provider Discount Examples:

- Pre-pay discount:
  - A provider offers a discount to families who pay before care is provided. Because CCAP pays after care is provided, families receiving CCAP do not meet the discount criteria. The provider does not apply the discount to the amount they bill the Child Care Assistance Program.

- Multiple children discount:
  - A provider offers a 10% discount for each additional child a family enrolls.
  - A family owes the provider a $100 biweekly copay. The provider can choose whether to apply the 10% discount to the family’s $100 copay for a discount amount of $10.
  - The provider can choose whether to apply the 10% discount to the amount they bill the Child Care Assistance Program.

- Employee discount:
  - A provider offers $100 off the biweekly tuition for employees.
  - A family owes the provider a $30 copay. The $100 discount is greater than the amount the family owes the provider. The provider can choose whether to apply the discount to the family copay.
  - The provider can choose whether to apply the discount to the amount they bill the Child Care Assistance Program.
Other Funding Sources

A provider may use other funding sources, such as their own scholarships or other financial assistance, to fully cover their fee for some families.

For example, Head Start providers may be able to receive CCAP payments if certain criteria is met even though they do not typically charge families a fee. See Chapter 9.15.24 (Head Start Services) and 9.9.3 (Child Care Expenses Paid by Other Sources).

CCAP Policy Manual 9.9.6 (Provider charges) will be updated to reflect this guidance.

C. MEC² system changes

1. Overview

The MEC² system changes were completed October 1, 2023.

DHS will review the changes at the MEC² Mentor Meeting on October 11, 2023. Recordings of MEC² Mentor meetings are available on SIR. For more information visit SIR > MEC² > MEC² Mentors. A SIR login is required.

2. Maximum Rates tables

The Maximum Rates tables are updated with the new standard maximum rates and registration fees.

The amounts displayed are based on the county or city selected and the provider rate type selected.

The rate periods are updated. The new maximum rates and registration fees will display when the rate period is set to “10/30/2023 – “. The previous rate period will display “11/15/2021 – 10/29/2023”.

3. Service authorizations and notices

On October 1, 2023 a batch job generated and auto-approved new service authorizations on active cases for children with approved service authorizations. When at least one maximum rate (hourly, daily or weekly) increased for a child the service authorization notices were mailed to the family and provider.

Note:

When the last service authorization was approved by doing an override, review the auto-approved service authorization generated during the batch job to determine if an override continues to be needed. Workers will receive, an alert that says “The last SA was approved via Override. A new SA has been auto-approved by rate mass change. If the SA must be overridden, create new SA results and override as needed.”

4. Billing, issuance and remittance advices

The billing, issuance and remittance advice processes use the new maximum rates and registration fees when determining the amount to be paid. No changes were made to these processes.
5. **At-risk population facility rates and individual special needs rates**

At-risk population facility rates and individual special needs rates did not change due to the increases in maximum rates. The provider will continue to be paid the approved rates shown in the Special Needs Rate Information or At-Risk Population Facility Rate Information sections on a child’s Special Needs page.

New service authorizations were generated and auto approved for children with a completed Special Needs page. Service authorization notices were not mailed because rates listed did not change.

D. **CCAP agency actions needed**

1. **Service authorizations**

   Worker action is not required to implement the new maximum rates, as the batch job which generated new service authorizations also auto approved the service authorizations.

   If you received the alert about the last service authorization approved by doing an override, you need to review the case to determine if the auto-approved service authorization must be overridden. If it must still be overridden, create new service authorization results and override as needed.

2. **At-risk population facility rates and individual special needs rates**

   Contact your Child Care Assistance Program policy specialist if:
   - a provider caring for a child with an approved special needs rate requests an increase due to the new maximum rates, or
   - an at-risk population facility will receive an increase in their approved rate due to the new maximum rates.

E. **Forms and publications**

1. **New documents**

   The Department of Human Services created the following documents:
   - Minnesota Child Care Assistance Program Standard Maximum Rates – No Quality Differential (DHS-6441E)
   - Minnesota Child Care Assistance Program – 15 Percent Quality Differential Maximum Rates (DHS-6442E)
   - Minnesota Child Care Assistance Program – 20 Percent Quality Differential Maximum Rates (DHS-6824C)
   - Minnesota Child Care Assistance Program Maximum Registration Fees (DHS-6443C)
   - FAQs: Child Care Assistance Program Maximum Rate and Registration Fee Changes (DHS-7268B)
2. Revised documents

The Department of Human Services plans to revise the following forms and other documents to:

- Expire Minnesota Child Care Assistance Program Standard Maximum Rates – No Quality Differential (DHS-6441D)
- Expire Minnesota Child Care Assistance Program – 15 Percent Quality Differential Maximum Rates (DHS-6442D)
- Expire Minnesota Child Care Assistance Program – 20 Percent Quality Differential Maximum Rates (DHS-6824B)
- Expire Minnesota Child Care Assistance Program Maximum Registration Fees (DHS-6443B)
- Expire FAQs: Child Care Assistance Program Maximum Rate and Registration Fee Changes (DHS-7268A)
- Revise Minnesota Child Care Assistance Program Provider Guide (DHS-5260)

F. Other tools and resources

1. Child Care Assistance Program Policy Manual

Updates to the Child Care Assistance Program Policy Manual will be published in November 2023 to reflect new policies. The department will notify child care assistance agencies when updates are complete.

G. Questions

Contact the TSS Help Desk for all MEC² questions. Contact your Child Care Assistance Program policy specialist for questions about CCAP policies.