Child Care Assistance Program Provider Memo

Date: October 4, 2023

To: Child care providers registered with the Child Care Assistance Program

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

RE: FAQs Maximum Rate and Registration Fee Changes

This memo answers questions about Child Care Assistance Program (CCAP) maximum rates and registration fee changes.

Why are maximum rates and registration fees changing on October 30, 2023?

Minnesota’s law about child care assistance rates changed. The new law requires the maximum rates and registration fees in effect on October 30, 2023, to be set at the higher of the current maximums or the 75th percentile of the 2021 survey of prices charged by licensed child care providers in Minnesota.

Which maximum rates and registration fees will increase?

Maximum rates

Effective Oct. 30, 2023, standard maximum rates increase to the 75th percentile of the 2021 Child Care Provider Rate Survey. A rate will only change if the 75th percentile is more than the current maximum.

Approximately 90% of maximum rates will increase. Counties and the cities of Sartell and St. Cloud may see some but not all of their maximum rates increase. For example, a county’s maximum rates for infant care in a center may increase, while the maximum rate for preschool care in a center remains the same. No maximum rates will decrease.

Specific maximum rates can be found at:

- 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)

**Registration Fees**

Effective October 30, 2023, registration fees increase to the 75th percentile of the 2021 survey of registration fees when the 75th percentile is more than the current maximum. Registration fees are set separately for licensed family child care and centers.

All registration fees for licensed family child care will increase and about 80% of registration fees for centers will increase. No registration fees will decrease.

Specific registration fees can be found at:

• Minnesota Child Care Assistance Program Maximum Registration Fees (DHS-6443C)

**Will any maximum rates or registration fees decrease?**

No.

**Why did some maximum rates and registration fees stay the same?**

If a maximum rate and registration fee did not increase, this means the current maximum is the same or more than the 75th percentile. The legislative change allows increases only when the current maximum is lower than the 75th percentile.

**How much will the maximum rates increase?**

Rate increases vary. For increasing maximum rates, weekly rates increase **on average** 16% for centers and 15% for licensed family child care. **Average** hourly and daily rate increases for centers are greater compared to weekly rate increases. Average hourly increases are greater and daily increases are about the same for licensed family child care compared to weekly rate increases.

For specific maximum rates and registration fees use the links above.

**Will new service authorizations be sent?**

New service authorizations were mailed October 3, 2023, when at least one maximum rate (hourly, daily or weekly) increased for a child with an active authorization.
What do I need to do for billing for families getting child care assistance?

On your paper billing forms, or if you bill using MEC^2 PRO, you should charge child care assistance the rates that you charge for your program. You determine your rates, which may be less, the same or more than the program allows for calculating payments.

How do providers bill child care assistance when they offer discounts, scholarships or other financial assistance to families?

**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**

Examples include:

**Pre-pay discount:**

- A provider offers a discount to families who pay before care is provided. Because child care assistance pays after care is provided, families receiving child care assistance 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 fees for some families.

For example, Head Start providers may be able to receive child care assistance payments if certain criteria is met even though they do not typically charge families a fee.

What do I need to do if my rates change?
If your rates change, now or in the future, report those rates to the local agency your program is registered with. You can use a CCAP Provider Registration Change report form DHS-7196-ENG.

Where can I find more information about caring for children receiving child care assistance?
For more information see:

• Minnesota Child Care Assistance (CCAP) Child Care Provider Guide (DHS-5260-ENG)
• Minnesota Child Care Assistance Program Financial Tracking Form (DHS-5318-ENG)

Who do I contact with questions?
Contact your local Child Care Assistance Program agency (county, Tribal office or other agency) that administers the program with any questions. Local agencies must handle all
specific case and payment actions, such as billing, updating provider registration information, reviewing special needs rates or at-risk population facility rates.

For general policy questions, contact the Minnesota Department of Human Services, Child Care Assistance Program, by email at DHS.CCAP@state.mn.us.