

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.