



Child Development
and Early Education
HEALTH AND HUMAN SERVICES

Pat McCrory
Governor

Richard O. Brajer
Secretary

Pamela L. Shue
Director

SUBSIDIZED CHILD CARE ASSISTANCE ADMINISTRATIVE LETTER #06-16

TO: Directors of County Departments of Social Services
Directors of Other Local Purchasing Agencies

SUBJECT: Implementation of 2016 Market Rates

ATTENTION: Child Care Coordinators, Supervisors and Managers
Other DSS Personnel who work with the Subsidized Child Care Assistance Program

ISSUE DATE: August 9, 2016

Change Effective October 1, 2016

During the recent legislative session, a decision was made to implement new market rates for children three through five years of age in three-, four-, and five-star rated child care centers and homes in Tier One and Tier Two counties based upon the data from the 2015 Market Rate Study. The new rates are effective October 1, 2016, as specified by the General Assembly in Session Law 2016-94, the budget bill for 2015-2016. A copy of the new market rate tables for each type of care and star level for each county is attached. Counties may determine if they are a Tier 1 or Tier 2 county by referring to <https://www.nccommerce.com/research-publications/incentive-reports/county-tier-designations>.

Market Rate Implementation

Prior to issuing payments in November 2016 for October 2016 services, Local Purchasing Agency staff must determine which payments must be revised. The increase during the Market Rate implementation process does not affect the limit of one rate increase per calendar year for these facilities.

The following are steps for implementing the revised market rates in your county.

- Review the new market rate tables provided by DCDEE to identify which market rates by type of facility, star rated license level, and age group have changed in your county.
- Compare the private paying rates that are on file or are submitted to the new market rates for all of these facilities.



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- Determine the appropriate subsidy payment rate. The payment rate for children receiving subsidized child care is the private paying rate or the market rate for the appropriate age group and star rated license level for the facility, whichever is lower. If the private paying rate indicates that a facility can receive a higher subsidy payment, then the payment rate must be revised.
- Enter the new private paying rates for each facility in the Subsidized Child Care Reimbursement System (SCCRS)'s Rate Calculator for Entering Private Paying Rates. This is found as Option 5 in the Approval Notice menu.
- Provide notification of the newly approved subsidy rates to the facilities affected by increases in subsidy payment rates.
- Have providers enter updated private pay rates using the NC FAST Provider Portal. If the provider has already enrolled, changes should be entered using "Market Increase" as the reason for the change. Providers that have not enrolled using the NC FAST Provider Portal by August 15, 2016 should enroll using their new private pay rates.

In order for new provider rates to become effective October 1, 2016, providers must submit rate changes to their county so that they are received no later than August 31, 2016.

In addition, Approval Notices will be updated to reflect the revised market rates. Approval Notices on the NC FAST Provider Portal will reflect the January 1, 2016 market rates until October 3, 2016, at which time a new approval notice will be available reflecting the new October 1, 2016 market rates and revised approved subsidy rates. A flyer which you may use in mailing to facilities is enclosed to help you inform providers about the implementation of the new market rates. The flyer is also available on the Division's website at <http://ncchildcare.nc.gov> under *What's New*.

Please share this information with other child care and reimbursement staff in your agency. If you have questions regarding your county's market rates, please address those questions to DCDEE.Subsidy.Policy.Help@dhhs.nc.gov.

Sincerely,



Pamela L. Shue, Ed.D.

PS/EE

Attachment





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NEWS from the NORTH CAROLINA
 DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION
 Changes to the DCDEE Subsidized Child Care Market Rates

October 2016

As of October 1, 2016, three-, four-, and five-star rated child care centers and family child care home providers in Tier 1 and Tier 2 counties may receive Market Rate Adjustments for three, four, and five year olds as specified by the General Assembly in Session Law 2016-94, the budget bill for 2015-16. Providers may determine if they are within a Tier 1 or a Tier 2 county by referring to <https://www.nccommerce.com/research-publications/incentive-reports/county-tier-designations>.

This change will not affect your ability to have one Private Pay Rate increase during the calendar year. Rate increases go into effect on the first day of the month following a 30-day notice of the rate change. For example, private pay rate changes must be received by no later than August 31, 2016 to have the change take effect October 1, 2016.

Providers are required to take action to change their Private Pay Rates. The table below provides information for communicating with the county and entering the rates into the new NC FAST Provider Portal. These steps are required to keep existing processes and the new NC FAST Provider Portal in sync with identical Private Pay Rates.

		Before 8/15/16	Between 8/15/16 and 9/30/16	Between 10/1/16 and 12/29/16
Provider Actions Required	For existing processes	Send updated Rate Sheet to County/LPA	Send updated Rate Sheet to County/LPA	Send updated Rate Sheet to County/LPA
	In NC FAST Provider Portal	Modify Private Pay Rates using "Market Increase" as the reason for the change	Modify rates or complete enrollment with new Private Pay Rates	Modify rates or complete enrollment with new Private Pay Rates
Market Rates Reflected on Approval Notice*		Existing January 1, 2016 market rates	Existing January 1, 2016 market rates	New October 1, 2016 market rates

*New approved rates will be provided (or available via an Approval Notice on the NC FAST Provider Portal for NC FAST-enrolled providers) reflecting October 1, 2016 market rates and revised approved subsidy rates by October 3, 2016.

If you have any questions about the new Market Rates, please contact your Local Purchasing Agency.