

I. CHAPTER OVERVIEW

Child care payments are issued as vendor payments to providers and the local purchasing agency (LPA) claims reimbursement through the automated Subsidized Child Care Reimbursement System. Payment for subsidized child care services is determined by the plan of care and provider charges, based on the child's enrollment or attendance. This chapter discusses the policies for payment. Information regarding allowable payment rates is located in Chapter 21: Payment Rates.

If the LPA establishes payment policies in addition to those described in this chapter or in the Child Care Provider Agreement (DCD-0452) provided by the Division, the policies must be submitted to the local purchasing agency (LPA) director and local governing board for approval prior to submission to the Subsidy Services Consultant. The Subsidy Services Consultant reviews and follows the approved protocol set by the Division. The Division issues an approval letter with the final version of the approved policies to the LPA. Signatures of the LPA director and the Board Chair and date are required on the final copy of the policies which must be kept on file in the LPA's office. Local payment policies must be in writing, signed by the LPA and providers, and filed with the Child Care Provider Agreement (DCD-0452). The LPA and provider must maintain a signed copy of the Child Care Provider Agreement (DCD-0452). Refer to Chapter 22: Local Policy Options for information regarding local policies. LPAs must develop a uniform manner to notify parents and providers of local policies and revisions. LPAs must provide parents access to current local policies and providers must be given a copy.

NOTE: The LPA can implement the local policies and Child Care Provider Agreement once the Division issues the approval letter.

II. BASIC PAYMENT POLICY

Payment for subsidized child care services is typically based on enrollment but in some instances may be based on attendance. The provider must submit monthly attendance reports before payment can be made.

The Approval Notice displayed in the Subsidized Child Care (SCC) Reimbursement System for each provider indicates the maximum full and part-time rates based on market rates. Out-of-state providers do not have an Approval Notice. The LPA enters the provider's approved rate up to the market rate in the SCC Reimbursement System when making payment.

A. Payment Based on Enrollment

The payment is made based strictly on **enrollment** when the child is enrolled

according to the family's plan of care and is attending regularly.

1. When the child is enrolled in the same child care arrangement and care averages 32 through 55 hours per week, the appropriate monthly 100% rate for full-time care is paid to the provider.
2. When the child is enrolled in the same child care arrangement and care averages 18 through 31 hours per week, the appropriate monthly 75% rate for three-fourths care is paid to the provider.
3. When the child is enrolled in the same child care arrangement and care averages one (1) through 17 hours a week, the appropriate monthly 50% rate for half-time care is paid to the provider.

NOTE: When the provider charges all families only for the days the child actually attends, the LPA pays for the days attended.

B. Payment by Attendance

The county has the option to pay for child care services based on **attendance** when:

1. The child has been absent more than five (5) days but less than ten days in any calendar month and the provider has not notified the LPA;
2. The child has been absent more than ten (10) days; or
3. The provider charges only on the basis of attendance.

In these situations, the SCC Reimbursement System will automatically calculate the payment amount when the number of service days and the monthly rate for the plan of care are entered into the system.

C. Using Daily Rates

Daily rates are used to determine the amount of payment when:

1. Payment is based on attendance;
2. The child enrolls after the first of the month or the service is terminated during the month;
3. The child receives both part-time and full-time care during the month; e.g., a school-age child in a year-round school who normally receives before and/or after-school care also receives full-time care on days when school is not in session; or

PAYMENT POLICIES

10/01/02

4. The child is authorized to attend on a *per diem* basis. The provider's appropriate daily rate is multiplied by the number of days in the service month that the child attends.

When a child's care is paid based on attendance, the SCC Reimbursement System will determine the payment amount if the number of days of attendance and the provider's monthly rate are entered in the system.

D. Requirements for the LPA:

1. Processing information regarding expenditures in the SCC Reimbursement System on a monthly basis in order for the services to be reimbursed.
2. Making accurate and timely payments to the providers.
3. Giving the provider a copy of the SCC Reimbursement Summary on a monthly basis. LPAs that use an alternate reimbursement system may give providers a copy of the reimbursement summary produced by their system. However, if the total amount of the reimbursement to the provider is different from the amount on the SCC Reimbursement Summary, the SCC Reimbursement Summary must be used.

NOTE: The SCC Reimbursement Summary provides an explanation to the provider of the payment amount for each child and allows the provider to review the information and determine if the payment amounts are correct. In the event that payments are incorrect, the provider must contact the LPA within 30 calendar days of receipt of the SCC Reimbursement Summary.

E. Responding to Absences

1. Responsibility of the Provider to Notify the LPA About Absences

When a child has been absent five days in any month, the provider must notify the LPA **within a week of the fifth (5th) day** of absence. Failure to report may result in payment on the basis of attendance. Each time a child is absent five (5) days, the provider must also attempt to contact the parent to determine if or when the child will return. This means that the provider may have to call the LPA and parent more than once during the same month to report absences if the child is out for other five (5) day periods in the month.

2. More Than Ten Days of Absence
 - a. Hardship Cases or Unusual Circumstances

In certain cases, the LPA may pay for more than ten absences in a

PAYMENT POLICIES

REVISED 9/25/09

service month. Child care social workers are encouraged to make decisions on hardship cases with respect to the needs of the family. A hardship case may cause the child to be absent from care for more than ten (10) days in a service month. The child care worker may determine that payment for care is in the best interest of this particular child. Agencies are encouraged to write local payment policies that will address these issues. Some examples of hardship cases are:

- (1) Illness;
- (2) Temporary disruption of transportation services; or
- (3) Unstable family situations involving child custody problems or child protective services issues. A situation in which a child is out temporarily to visit his/her divorced parent may be considered an unusual circumstance.

NOTE: A family vacation is not considered a hardship case or unusual circumstance.

If a particular situation warrants payment for more than ten (10) days of absence in one month, the LPA may authorize payment for extended absence according to local policy. However, the number of paid absences **may not exceed 30 consecutive service days without prior approval** from the Division of Child Development and Early Education (DCDEE). To get approval for absences of more than 30 consecutive days, the child care worker or the subsidy administrator/provider must call or write the Subsidy Services Consultant. They must provide the child's name, the date of absence, and a rationale for the absence. A statement of approval/disapproval will be sent from the Subsidy Services Consultant to the LPA. The statement of approval received from DCDEE must be retained in the record.

b. Documentation

Justification for payment for an extended absence must be documented in both the child's and provider's record. The documentation must include:

- (1) The reason for extending the number of paid absences;
- (2) The total number of paid absences for the service month;
- (3) The date of the service month; and

(4) The signature of the child care worker.

c. Habitual Absences

If a child is habitually absent, the provider and the child care worker should work together with the parent to determine why the child is absent. If the absences are not justified, the child care worker may wish to counsel the parent/responsible adult regarding absences. If the child continues to be absent without justification, the LPA may either pay on the basis of attendance or terminate the service.

III. PAYMENT POLICIES AND PROCEDURES

A. Subsidy Payment Rates Based on License Status

The payment rate for licensed centers and homes is usually determined by comparing the private paying rates to the market rate for the provider's star rated license level. However, there are times when a facility is operating with a different type of license which may impact payments.

1. If the facility is a **new program**, a temporary license is issued. The subsidy payment is the rate charged to private paying parents or the one star market rate, whichever is lower.
2. If the facility has a **change of location**, a temporary license is issued. The subsidy payment can continue at the same rate as the previous license.
3. If the facility receives a **provisional, probationary or special provisional license**, the subsidy payment rate can continue at the same rate as the previous license.
4. If the program is already established and the facility has a **change of ownership**, a temporary license is issued. The new owner can receive her private paying rate up to the market rate for the star rated license that was issued to the previous owner. The Regulatory Services Section Licensing Consultant will inform the owner and director during the first month that they have until the end of six (6) months to earn a star rated license.

B. When the Need for Child Care Changes

When the need for child care services changes from one need category to another, the child care worker must re-evaluate the family's situation to determine if the parental fee or hours that care is needed changes.

For example, a change may occur such as, a child who receives child care to support her parent's employment now receives care to support a CPS case.

Because parental fees are not imposed for child care services to support CPS, the LPA payment amount must be adjusted when the parental fee is discontinued. In this instance the parental fee should be deleted in the same month that the need for care changed by sending all parties the Child Care Action Notice (DCD-0450).

C. When Services Terminate

When services terminate for one of the following reasons, the LPA must give the provider a minimum of five (5) working days notice of termination of services. The LPA must contact the provider both verbally on the first day of notification of the situation and in writing via the Child Care Action Notice (DCD-0450). A five (5) work day notice is given when one of the following situations exists:

1. The parent provides written or verbal notification that the service is no longer needed or wanted;
2. The child moves out of the county; or
3. The child has been admitted to an institution and is no longer able to use the service.

When services are being terminated for a reason other than what is stated above, a ten (10) work day notice is provided to the parent and provider. If the child does not need to attend child care during the notice period and the provider enrolls a new child, the LPA will not pay for the days the new child is in the space.

If the provider terminates care, refuses to serve the child or indicates that it is not necessary to pay for a notice, payment will be made only for those days the child attends.

Chapter 11: Responding to Eligibility Changes and Redetermination provides additional information regarding the termination of services.

D. When Part-Time Care is not Available

Sometimes part-time care is needed but the only care available from the provider selected by the parent is a full-time arrangement. If there are no other providers available who offer or are willing to provide part-time care, the LPA has the option in this situation to pay a full-time rate to the provider or the parent may pay the difference. Refer to Chapter 22: Local Policy Options for additional information regarding local policies. The LPA should first review the part-time care policy found in Chapter 5: Establishing Need and a Plan of Care.

E. When the Facility is Closed

LPA's are encouraged to establish limits about the number of days during the contract period that a facility can be closed and still receive payment for subsidized child care for those days. Reasonable requests for emergencies such as severe weather, broken heating or cooling systems, illness or accident, etc. can be reimbursed. The LPA should address in local policy the number and type (e.g., holiday, vacation, emergency) of days the county will pay when a facility is not open. Refer to [Chapter 22: Local Policy Options](#) for additional information regarding local policies. The LPA may pay for up to ten (10) days in a month when the facility is closed but should not pay for any days that private paying parents are not required to pay.

F. Preschool Age Children Who Need Child Care for Before and/or After-School, Holidays, Inclement Weather, or Teacher Workdays

Payment for a preschool age child who needs child care services for before and/or after-school, a Head Start program or preschool program in a public school, must be made based on the child's age and the percentage of time that the child needs care.

When a preschool age child needs full day child care on holidays, inclement weather or teacher workdays, an additional payment is made. The monthly payment rate for these days is determined by subtracting the part-time monthly rate from the full-time monthly rate. The monthly payment rate and the number of days the child received the extra hours of service are entered into the Subsidized Child Care Reimbursement System (SCCRS) which automatically calculates the payment amount.

For example, a four year-old child attends a preschool program at the local school from 8:00 a.m. until 2:30 p.m., but her mother works until 4:30 p.m. and needs care until 5:00 p.m. The school operates a before and after-school program which the child attends for 2 ½ hours per day. Since this is less than 18 hours per week, payment for this preschool age child would be made based on the child's age using 50% of the full time cost of child care at this facility. This child also attends the facility for full days on teacher workdays. The payment rate for the teacher workdays would be calculated by subtracting the before and/or after-school monthly rate from the full-time monthly rate.

G. Holidays, Inclement Weather and Teacher Workdays

When a school-age child needs full day child care on holidays, inclement weather or teacher workdays, an additional payment is made. The monthly payment rate for these days is determined by subtracting the part-time monthly rate from the full-time monthly rate. The resulting monthly payment rate and the number of days the child **received** the extra hours of service are entered

into the SCCRS which automatically calculates the payment amount.

There is no additional parental fee in the month where there is a holiday, inclement weather day or teacher workday since fees are established for the child care arrangement in which the child spends the most hours per month. However, there will be a full-time parental fee when school dismisses for the summer and restarts for the fall and during scheduled breaks for year-round schools, when this occurs, the child care worker should include the full-time parental fee on the Application for Child Care Services ([DCD-0456](#)) and the Child Care Voucher ([DCD-0446](#)) or the Child Care Action Notice ([DCD-0450](#)).

The **Subsidized Child Care Reimbursement Manual** provides additional information on these payment situations and the appropriate codes.

H. School-Age Children for Full-Time Summer Care

During the months in which school closes for the summer and school re-opens in the fall, a school-age child could have two (2) plans of care, one for the days for before and/or after-school care and one for the days for full-time care. A parental fee, if applicable, is imposed on each plan. The child care worker should include the full-time parental fee on the Application for Child Care Services ([DCD-0456](#)) and the Child Care Voucher ([DCD-0446](#)) or the Child Care Action Notice ([DCD-0450](#)).

For example, a school-age child is enrolled for before and/or after-school care for the school year. School closes for the summer on the 20th of June. Her plan of care changed to full-time child care for the remainder of June. There are 21 service days in June. The child will require eight (8) days of full-time care and 13 days of before and/or after-school care. The parental fee will be assessed based on the daily rate for each plan of care.

The **Subsidized Child Care Reimbursement Manual** provides additional information on these procedures.

I. Year-Round Schools

The same payment and parental fee policy for full-time care applies for children who are enrolled in year-round school. The child care worker should include the parental fee on the Application for Child Care Services ([DCD-0456](#)) and the Child Care Voucher ([DCD-0446](#)). In addition, the child care worker should indicate on the voucher if the child is in year-round school. The child receiving both part-time and full-time care during the month may receive full-time care on a teacher workday. Teacher workdays, inclement weather days, and holidays are treated the same as they would be in a traditional school. Scheduled breaks for year-round schools are treated the

same as summer breaks for traditional schools. This means that the child will have two (2) distinct plans of care and a parental fee for each plan of care.

The **Subsidized Child Care Reimbursement Manual** provides additional information.

J. Payment for Religious-Sponsored Programs (G.S. 110-106)

The policy below applies to any religious-sponsored child care program that has been approved for participation in the Subsidized Child Care (SCC) Program and includes licensed programs or programs operating under a Notice of Compliance.

The local purchasing agency should share a copy of the Child Care Provider Agreement (DCD-0452) with the provider to review information regarding subsidy policies and fraud; however, the provider is not required to sign the Provider Agreement. In this situation, the provider is required to:

1. Sign and date a Child Care Voucher (DCD-0446) for each child receiving subsidy funds;
2. Complete the Application for Enrollment to be a Provider of Subsidized Child Care (DCD-0451); and
3. Sign a copy of the LPA's local payment policies (or a revised document) that includes information such as the requirement to submit accurate attendance reports.

K. When the Child Receives Care in His/Her Home

It may be necessary (in some situations) to authorize payment for services for a child in his/her own home when one of the following situations exists:

1. A child is in DSS custody and resides in a licensed foster home and the foster parent operates a licensed family child care home.
2. A child is in DSS custody and is placed in the home of a relative and the relative operates a licensed family child care home.
3. A child and parent/responsible adult reside in the home with another adult household member who operates a licensed family child care home and the parent/responsible adult is not the owner or operator of the family child care home.
4. A child whose parent/responsible adult is in the Armed Forces and has selected the licensed family child care home provider to be the child's guardian while he or she is deployed.

5. A child whose parent/responsible adult is incarcerated and has given the licensed family child care home provider custody (physical and/or legal) and/or power of attorney.

L. More Than One Plan of Care

When a situation occurs in which the average number of hours that care is needed exceeds 55 hours a week, child care can be provided through two (2) different providers or through a single provider who offers care for extended hours.

1. When **two (2) different providers** are used, each provider is paid the rate appropriate for the established plan of care.
2. If a single provider is paid for more than one shift, the licensed child care center or home must be approved by the Regulatory Services Section Licensing Consultant to provide care for more than one shift and the approval must be included on the provider's Approval Notice.

Approval for a plan, which is different from the usual full-time enrollment plan, must be case specific and the need for two (2) arrangements documented in the child's case record.

To determine the payment for **a single provider offering extended hours**, the child care worker must consider the total number of hours per week that child care is provided. The LPA can authorize an additional payment *only if the total hours per week that care is provided exceeds 55 hours*.

The LPA can authorize an additional payment when the total hours per week exceed 55 hours. The provider must be paid according to the rate private pay parents are charged (either a daily rate or a monthly 50% part-time rate) for the additional time above 55 hours determined by the rate charged to private pay parents.

M. Out-of-County and Out-of-State Providers

There may be situations in which it is necessary for a child receiving subsidy services to receive child care services from a provider in another county or state. Examples might include:

1. A child in the custody of a local department of social services is placed in a foster home or relative's home in another county or state, and child care services are needed; and
2. A parent commutes to an employment location that is in another county or state and requests child care near the employment location.

Additional information regarding enrollment procedures and payment rates for out-of- county and out-of- state providers is provided in Chapter 16: Approval and Enrollment Procedures for Licensed Facilities.

N. Making Payment for Children Over Twelve (12) Years of Age

In order for children over the age of 12 who are receiving subsidy services to be served in a licensed program, providers must comply with licensing requirements for school age children. Refer to Chapter 4: Application, Eligibility Determination and Documentation for additional information regarding serving children over the age 12.

IV. SUPPLEMENTAL PAYMENT FOR THE CHILD AND ADULT CARE FOOD PROGRAM

Federal regulations for the Child and Adult Care Food Program (CACFP) indicate that a private for profit center can participate in the program each month the program maintains an enrollment in which a minimum of twenty-five per cent (25%) of the children are receiving child care services funding from the Social Services Block Grant (SSBG) or blended funds, which include SSBG. In order to maintain this requirement, it is necessary in some situations to supplement the payment for children whose care is funded by Smart Start (Fund Source 15) and Work First (Fund Source 71) with other child care funds to make them eligible for the program. The payment amount under Smart Start or Work First funding is reduced by one dollar (\$1.00) and the one dollar (\$1.00) is then paid from Fund Source 25 funds which includes SSBG funds.

Children age 12 and younger are eligible to participate in the CACFP. (The age limit for children of migrant workers is 15 years.) Children with developmental disabilities can participate regardless of age if they receive care at a center or home where the majority of enrollees are age 18 or under. At-risk after-school care programs may be eligible to participate in the CACFP. If a family's income exceeds DCDEE subsidized child care income eligibility level, the child is not eligible for this supplemental payment and thus does not count toward the 25% enrollment requirement. For more information on the Child and Adult Care Food Program, see Chapter 3: Roles and Responsibilities.

V. CAPACITY

It is the responsibility of child care facilities to comply with their licensing requirements and restrictions. There are certain circumstances when a provider can be paid for more children than the provider is licensed or approved to serve, such as when:

A child's care is terminated during the month and another child is placed in the empty space in the program for the remaining days in the month;

- A child attends in the morning only and another child attends only in the afternoon (if both children are school-age, care can only be approved for one (1) of the children for holidays, inclement weather, or teacher workdays);
- Two (2) children share the same space, one attends two (2) days a week and another child attends three (3) different days during the same week; or

NOTE: In each of these circumstances the provider may receive payment for more children than approved on the license, but there should never be more children in attendance, at one time, than the number for which the provider is licensed.

If payment is made for any child that exceeds the approved capacity, the provider will be required to pay back the overpayment to the LPA. **The provider has the responsibility when accepting a Child Care Voucher (DCD-0446) to make sure that the program will not exceed the approved capacity.** An administrative action may be brought by DCDEE's Regulatory Services Section against a provider if the provider fails to maintain compliance within their licensed capacity. Refer to Chapter 15: Noncompliance with Licensing Regulation for more information on Administrative Actions.

Overpayments by the LPA to the provider must be corrected through the SCCRS back to the date of their occurrence. Refer to Chapter 23: Fraudulent Misrepresentation and Overpayments for more information.

VI. USING MORE THAN ONE SOURCE OF FUNDS TO PAY CHILD CARE COSTS

The provider may receive payment for child care services from two (2) or more sources of funds, for an individual child provided the total payment (including the parent fee) does not exceed the private paying rate which has been reported to the LPA. When a provider receives payment from two (2) or more sources for an individual child, the provider must notify the LPA of the child(ren) who will be receiving multiple sources of assistance and the amount to be paid by the other funding source. It is the responsibility of the LPA to explain this requirement to the provider at the time the Child Care Provider Agreement (DCD-0452) is signed (refer to the DCD-0452 for more information). In addition, the provider should include information about other funding used for a specific child on the monthly attendance sheet.

A. Public Funds

More than one funding source may be used to pay for a child enrolled in a child care program. That part of the program or the hours of care that are paid by other funding sources cannot also be paid with subsidized child care funds. Some examples of these public funds are:

1. Head Start

Federal Head Start funding is expected to pay for all required services during the hours of operation in which Head Start services are provided. Head Start programs usually operate four (4) or five (5) days a week for five (5) or six (6) hours a day. Most programs are funded for nine (9) or ten (10) months per year. However, many Head Start agencies offer child care during the hours before and after the regular Head Start program and during the summer months when Head Start is not in operation. If a Head Start program wants to participate in the Subsidized Child Care Program, those hours of the program that are **not** funded by Head Start can be approved for a child eligible for subsidized child care.

2. Local Education Agency

When a **preschool age** child is enrolled in a certified developmental day facility, the local purchasing agency pays the appropriate rate determined by the net cost study which is indicated on the Approval Notice. The child's approved plan of care determines the portion of the day for which payment will be made.

When a **school-age child** is placed by the local education agency (LEA) in a certified developmental day facility, the LEA pays the center for basic education and related services for the school portion of the day for that child. The LPA cannot use subsidy funds to pay for the hours that school operates.

If the child needs before and/or after-school care and the certified developmental day program offers child care, the LPA may pay a part-time rate for that service (before and/or after-school). In order to pay for before and/or after-school care, the LPA must determine what the school hours are, what hours are for before and/or after-school care, and if private paying parents are charged for that time. Payment would be at 50% or 75%, based on the hours of care needed. The LPA may also pay a full day rate for child care provided to school-age children at a certified developmental day facility on public school holidays, teacher workdays, and during summer vacation, if care is needed. If the parent is required to pay a parental fee, the fee is subtracted from the amount to be paid by the LPA.

See Chapter 21: Payment Rates for information regarding payments to certified developmental day centers.

B. Grants, Loans, and Scholarships

A parent may receive financial aid which is *designated for child care*, e.g., from the state funded child care program through the community college system or other community college funding, based on criteria established by the local community college. The amount of the financial aid will be subtracted from the payment made by the LPA to the provider. The parent must use the financial aid to pay the provider. Communication between the financial aid officer and the child care worker will assure that efforts are not duplicated and the applicant receives the maximum benefit for which she is eligible. Funds received in hand from other grants, loans, or scholarships (e.g., Pell grant) are not designated specifically for child care and the parent cannot be required to use such funds to pay for child care services.

To determine the amount of payment in this situation, the parent's fee is subtracted from the grant first; the remainder is then applied to the amount that the LPA pays. The difference is the amount that the LPA can pay.

C. Employer Benefits

Child care workers should discuss with parents/responsible adults the possibility of receiving employer benefits or discounts for child care. An employer benefit is usually paid to an employee to assist with the cost of child care. When a parent receives a child care benefit from her employer, the benefit is first applied to the parent's fee and then to the amount the LPA pays to the provider. The LPA pays the remaining balance of the payment.

VII. SUSPENSION OF SUBSIDIZED CHILD CARE PAYMENTS**A. Reasons for Suspension or Termination**

Subsidized child care payments are subject to termination for failure by the provider to meet licensing requirements that jeopardize the health and safety of children. LPAs may not make subsidized child care payments to a provider or issue new Child Care Vouchers ([DCD-0446](#)) in the following situations.

1. When the license has been summarily suspended and the facility is closed by DCDEE.
2. When the license has been revoked or denied.
3. When the provider has received a Notice to Cease Operations (applies to a religious-sponsored facility operating under G. S. 110-106).
4. If there are other situations where an LPA has concerns about repeated instances of noncompliance they should contact the Subsidy Services

Section, to determine if the LPA can be authorized to discontinue payment. Examples of noncompliance could be violations of record keeping or payment policies.

The termination of subsidy payments remains in effect even if the provider appeals any action or situation listed above.

NOTE: A provider could also be permanently disqualified from participating in the SCC Program when there is a sanction imposed for a second incidence of fraudulent misrepresentation.

Refer to Chapter 15: Noncompliance with Licensing Requirements for a listing of Administrative Actions available to DCDEE and Chapter 23: Fraudulent Misrepresentation and Overpayments for information regarding imposing sanctions.

B. DCDEE Responsibilities

DCDEE may take any of the actions previously mentioned when violation of any section of the statutes or rules has been willful, continual, or hazardous to children. In addition, DCDEE may take any of the actions noted if the provider has not made reasonable efforts to comply, or is unable to comply, with the required standards.

In situations where there is an Order Requiring Summary Suspension of License, the provider must immediately surrender the license on the date of the Order. On this date subsidy payments will stop and subsidy services will terminate for children who are enrolled. See Section C.1. below for additional information about Summary Suspension.

When any of the other actions listed are taken, DCDEE will mail a Notice of Administrative Action, which is marked “proposed action”, to the provider informing her of the intended action. A cover letter will be attached, which states: “The Department of Health and Human Services is preparing to take administrative action.” A copy of the letter and action will also be sent to the child care coordinator of the LPA as an advance warning for the LPA that an action may occur. **The LPA will not act on this “proposed” action.** If the action is to proceed, DCDEE will then hand deliver to the provider another Notice of Administrative Action with a cover letter that states “this action is taken.” A copy will also be mailed to the child care coordinator of the LPA. When the LPA receives its copy, they should proceed by notifying the provider and parents that subsidy will be suspended within 45 calendar days from the date the action was delivered. During this 45 calendar days, the LPA shall not enroll any new children receiving subsidies. See Section C.2. on the next page for additional instructions.

In other situations where the LPA receives authorization to discontinue Subsidized Child Care payments, this authorization is given directly to the LPA. The LPA notifies the provider concerning the determination. See Section C.3. on the next page for additional instructions.

NOTE: The Approval Notice will be terminated for all the actions stated above when the Rate Setting Unit receives notification.

C. Local Purchasing Agency Responsibilities

1. When the LPA receives from DCDEE **the copy of the Order Requiring Summary Suspension of License**, the LPA must take the following action immediately:
 - a. Notify the parents of the children enrolled at the facility via telephone and *in writing* that the subsidy payment for care at the facility will cease on that date and the reason why.
 - b. Complete a Child Care Action Notice (DCD-0450) terminating care at the current facility and provide the parents with other options for care.
 - c. Complete a Child Care Voucher (DCD-0446) authorizing care at a new facility of the parent's choice.
 - d. Notify the provider *in writing* that the provider agreement is terminated on that date, the reason why payment is terminated, and that payment will not be made for care provided to children remaining in the facility after that date.

Sample letters for the parent and provider are attached.

2. When the LPA receives from DCDEE **the copy of the Notice to Cease Operation (G.S. 110-106) or the notice that the license has been revoked or denied**, the LPA must take the following action immediately:
 - a. Notify the parents of the children enrolled at the facility *in writing* of the date that subsidy payments for care at the facility will be discontinued and the reason why. The *final date* that subsidy payments can be made for children remaining in care at the facility is 45 calendar days from the delivery date; however, parents may withdraw their children at any time before this date.
 - b. Notify the provider *in writing* that the provider agreement terminates 45 calendar days from the date on the notice. This

PAYMENT POLICIES

REVISED 09/01/07

means that payments will not be made for care provided to children remaining in the facility after that date.

- c. If a parent chooses to withdraw the child(ren) before the 45 calendar day period ends, send a Child Care Action Notice (DCD 0450) giving a ten (10) work day notice of termination to the provider.
- d. At least ten (10) work days prior to the final date that subsidy payments can be made send an Action Notice to both the parents and the provider to terminate services for all children who remain in care at the facility.
- e. During the 45 days the LPA shall not enroll any new children receiving subsidies.

Sample letters for the parent and provider are attached.

- 3. When a LPA has concerns about repeated instances of noncompliance by a child care provider and wishes to terminate the Child Care Provider Agreement (DCD-0452), the LPA should contact the Subsidy Services Section of the DCDEE with the information that supports the LPA's concerns. DCDEE staff in the Subsidy Services Section will review information and determine whether or not the Provider Agreement should be terminated based on the information provided. When the LPA receives notice from DCDEE authorizing the discontinuance of subsidy payments to the provider, the LPA should follow the steps in Section VIII.C.2.a-e above.

Sample letters for the parent and provider are attached.

In other situations where the LPA receives authorization to discontinue subsidized child care payments, this authorization is given

directly to the LPA. The LPA notifies the provider concerning the determination.

D. Option for Parents

Parents who choose to select another arrangement in situations where subsidy payments have been suspended must contact the LPA to obtain a new Child Care Voucher (DCD-0446). In some cases, it will be necessary for the LPA to pay for two (2) arrangements for a ten (10) work day period, such as when a parent wishes to move his/her child immediately upon learning of the action during the time the ten (10) day notice is given to the provider.

If parents continue to choose a provider who is appealing an action described in this section, they are responsible for paying the provider after the 45 day limit.

NOTE: In cases of administrative actions other than when the facility is closed by DCDEE, the LPA *must honor the provider agreement and continue to pay the provider for subsidized child care*. See information above regarding when to stop subsidy payment for revocations, denial of license, and notice to cease to operate. An LPA that has concerns about repeated instances of noncompliance should contact the Subsidy Services Section of DCDEE at (919) 662-4561.