

Payment-to-Provider Payment Clarifications

Webinar 1
July 19, 2016

Department of Workforce Services
Office of Child Care



Payment-to-Provider Pros

- Saves hassle and delays collecting subsidy from parents
- Funds deposited at the beginning of the month
- Providers have more control and stability in payments
- Minimal time and attendance requirements allow for flexibility
- Utilization of DWS Provider Portal to view and report changes online
- Highly favorable Provider Survey

Payment-to-Provider Cons

- Doesn't solve everything
- Increased overpayments as a result of:
 - (1) Child not in attendance
 - (2) Changes not known or reported timely
 - (3) DWS unable to act on changes before additional payments are issued
- New, unfamiliar processes
- Limited payment options (checks)

Agenda

1. Eight-hour rule clarification
2. DWS Credits
3. DWS Overpayments
4. Overpayment process
5. Reports and Forms
6. Upcoming Changes

Eight-hour Rule

Eight-hour Rule

Providers may retain the full, monthly subsidy payment so long as at least eight hours of care were provided for the child by the 15th of the month.

DWS allows exceptions for non-traditional schedules.

Intent

- To SUPPORT PROVIDERS by:
 - allowing the full payment to be applied to monthly business expenses;
 - covering the costs of reserving slots for the month;
 - allowing for temporary absences;
 - reducing “provider hopping” mid-month. Changes reported to DWS are made the following month.

Example #1

A customer stops bringing her children on the 4th of the month after at least eight hours of care were provided for all her children. The provider may keep the full payment for the month to cover costs such as purchasing food, paying a teacher, or other expenses incurred to reserve the monthly slots.

Example #2

A provider is caring for a family with two children. One of the children attends for part of the month (at least eight hours), then changes providers. The other child remains in care. There is no overpayment. DWS will not pay the new provider until the following month.

IMPORTANT

- If the parent is not eligible or benefits are prorated, DWS cannot pay for that period, even if services were provided.
- Child care subsidy payments are based on the customer's monthly eligibility and must be applied to the current month of service only.
- If a child attends less than expected and the provider chooses to only bill for actual days in care, the over-issuance must be returned to DWS. The excess funds cannot be applied to the customer's current or future invoices.

The INTENT

- Is NOT to pay based on enrollment only.
- Is NOT to use the funds to pay for the customer's copayment or outstanding balance.
- Is NOT to use the funds to build up a future credit when the customer is no longer eligible for subsidy.
- Is NOT to have a child attend one day, or sporadically on a regular basis, to receive the full, monthly payment.

Misuse of Funds

Using the funds for any of these purposes is considered a misuse of funds.

Providers may be subject to a disqualification to receive any child care funds from DWS or OCC for a minimum of one year.

Example #3

The customer notifies the provider on June 28th that she no longer needs child care. The provider and parent negotiate to bring her children on July 1 for eight hours to keep the July payment. The funds are used to recoup unpaid out-of-pocket expenses and covers two-week notice the parent is responsible for.

This is a misuse of subsidy funds because it does not comply with DWS policy.

Program Integrity

We need your help to make this successful!

If the program is not administered as intended, the federal government will require DWS to implement stronger internal controls and oversight of provider payments.

Other factors

Subsidy calculation

- Maximum monthly rate (local market)
- Parent's participation hours
- Provider charge per child

Elimination of the Form 980

- Standard monthly, full-time provider rates reported to Care About Childcare (CAC) are used in the payment calculation.
- Parents are responsible to let DWS know if a child has a part-time rate and when the rate changes.

Unintended Consequences

- This process has resulted in over issuance of monthly benefits in some situations.
- If a provider receives a higher monthly subsidy payment than they are charging the parent, this results in a credit or overpayment with DWS.
- Causes confusion about the amount of co-payment owed to the provider.

Over the next few months, we are making some changes that we hope will resolve these issues.

Credits and Overpayments

What is a DWS credit?

A credit is an overpayment with DWS that is deducted from a future subsidy payment rather than returning the funds to DWS.

Credits

- IF a provider receives a greater subsidy payment than they charge the customer for the month

AND

- Children are still attending (and receiving subsidy),

THEN

- Report a DWS credit through the DWS Provider Portal. The excess funds will be deducted from the following month's subsidy amount.

Credits (continued)

- If the overpayment is greater than the following month's subsidy, a credit can be applied up to the amount of the subsidy payment only for the next month.
- The difference will need to be returned to DWS.

Example #4

A provider receives a monthly subsidy payment of \$500 for a family. The provider's actual charge is \$300 because they only charged a part-time rate for this month only. This leaves a \$200 "credit" that is reported through the DWS Provider Portal.

The following month, the subsidy will be reduced by \$200 to offset the over issuance.

What is an Overpayment?

- Credit cannot fully be applied to the following month's payment.
- A child was not in care at least eight hours by the 15th of the month.
- A child was never in care.

Partial Overpayments

- Termination of services by a provider
 - DWS will only pay for actual days the child was in care.
 - Attendance records may be requested.
- Provider reports a child stops attending
 - Some children in the household attended and some did not.
 - Child attends later in the month and is eligible for child care.*
 - Attendance records may be requested.

*The parent must contact DWS to have case reopened and report current provider.

Tips to reduce overpayments

- REVIEW the DWS Provider Portal, Children in Care page, regularly.
 - Watch for new customers in “pending” status.
 - Look for children who stopped attending or have had a schedule change.
- REPORT children who were never in care or not known.
- REPORT children who were in care less than eight hours or stopped attending.
- **REPORT an individual child’s rate change by emailing occ@utah.gov.**
 - **Rate changes are made effective the following month.**
- Report all changes by the 25th of the month or as soon as known.
- Help EDUCATE parents about notifying providers and DWS of changes timely.

Public Assistance Overpayments (PAO)

Overpayment referral process

- Formal, legal notification process
- Right to appeal
- Re-payment timeframes

Mail checks to:

ORS-Overpayments

DWS PA Overpayment Unit

140 East 300 South

P.O. Box 2695

Salt Lake City, UT 84110-2695

Specify payment is for child care. Include customer's name(s) and case number(s), payment month.

Overpayment Questions

- For specific re-payment questions, call:

801-526-9810

or

800-821-2239

Reports and Forms

Transaction History-Tip

“View Transaction History” Report

Find all payments issued for the current month by changing the start date to the 26th of the previous month.

IRS Form 1099

- It is mandatory for all providers to submit their Federal Employee Identification Number (FEIN) or Social Security Number (SSN) in the DWS Provider Portal.
- Link from Portal Home Page.
- Enter on Banking tab.
- Submit by October 1, 2016.
- 1099's will be issued annually.

Coming this fall...

DWS Provider Portal changes

- Report and update part-time and in-school rates for an individual child through the DWS Provider Portal.
- Reduces the risk of an overpayment.
- Not required for children in full-time care (CAC rate used).

Child Care Reauthorization

- Reduced co-payments
- 12-month eligibility
- Three month's of job search child care
- Higher income eligibility thresholds

Webinar Schedule

Save the Dates

- August 31
 - DWS Provider Portal changes demo
- September 20
 - Child Care Reauthorization changes

Questions?

Resources

jobs.utah.gov/childcare -DWS Provider Portal,
Frequently Asked Questions (FAQ's)

occ@utah.gov -DWS, OCC Provider Helpline

careaboutchildcare.utah.gov -Care About Child Care

