

Balancing Access and Quality in Payment Policies

Alice Womack

Kansas State Child Care Administrator

July 31, 2007



Components

● EBT Payment System

- Includes both regulated and unregulated providers

● Market Rate Study


- Included only regulated providers
- Unregulated providers not included as not market based businesses
- Analyzed impact of EBT Payment System as well as rates

● Quality Challenges





Background

- Previous market rate study completed in 2004
 - Last payment rate adjustment made in 2002
 - New EBT payment system for child care implemented statewide in September, 2005
 - Quality rating system exists, but is not statewide
 - Currently, no tiered payment system
- 




EBT Payment System Overview

Goals

- Simplify payment process for parents, providers and staff
- Mirror private sector payment processes
- Involve the parent in the payment process

Benefit issuance

- Child care approved on eligibility determination system
 - Interface occurs with EFD Government Solutions
 - Benefits loaded on EBT card on first of each month
 - Program debited when benefits actually used
- 




EBT Payment System – Processes and Roles

Workers/staff

- Enroll providers
- Determine eligibility
- Enter information into automated system
- Issue EBT card
- Act on changes reported

Automated system

- Calculates benefits
 - Sends child care plans (vouchers) to parents
 - Sends notices
 - Advises EFD
Government Solutions funds are available
 - Interface with EFD for approved providers
- 




EBT Payment System – Processes and Roles

EFD Government Solutions

- Contracts with providers (POS device, non-POS and bank account information)
- Installs POS devices if chosen
- Operates a 24/7 Help desk
- Transfers funds as requested by parents


Providers


- Contract with EFD Government Solutions for EBT payments
 - Negotiate payment and policy terms with parents
 - Bill parents for services
 - Receive transfer of funds
 - Comply with audit requests
- 




EBT Payment System – Processes and Roles

Parents

- Apply for benefits
 - Select provider
 - Negotiate payment and policy terms with provider
 - Request transfer of funds to provider
 - Report changes to worker
- 



EBT Payment System Impact on Payments to Providers

- Benefits available for payment to be made on first of each month
 - Benefits available throughout the month for use in purchasing child care
 - Hours of care needed calculated prospectively
 - No adjustment made for actual hours of care
 - Benefits not terminated before end of month
- 



Market Rate Study

- Completed June 20, 2007 using December, 2006 data
 - Included analysis of EBT payment amounts
 - Used R&R data – did not conduct a survey
 - Included total population of regulated providers
 - Based on rates reported to R & R for parent referrals
 - Represented rates providers charge to the private sector
-



Market Rate Survey

- Mapping used to analyze data
 - Provider Type
 - County in which provider conducts business
 - Age of children
 - New area rate groups
 - Group 1 – 4 counties (highest rates)
 - Group 2- 11 counties
 - Group 3- remaining 90 counties (lowest rates)
-




Market Rate Study Results- Rates


- Current maximum hourly rates consistently below 50th percentile for regulated providers
- County grouping changes
 - 2 counties moved from Group 2 to Group 1
 - 2 counties moved from Group 2 to Group 3





Market Rate Study – EBT Payment System Impact

- Paid hours, percentile and benefits increased
 - Average number of providers serving subsidy children increased
 - Group 1 – by 13.3%
 - Group 2 – by 9.6%
 - Group 3 – insignificant increase (0.1%)
- 



Market Rate Study – EBT Payment System Impact on Percentile Computation

● Registered Providers

- under 18 months – 49th percentile
- over 18 months – 63rd percentile

● Licensed Home Providers

- under 18 months – 67th percentile
- over 18 months – 70th percentile

● Centers

- under 12 months- slightly lower than 50th percentile
 - 12 to 18 months – 56th percentile
 - 18 to 30 months – 56th percentile
 - 30 months to 5 years – 56th percentile
 - 6 years and older – 66th percentile
- 




Conclusions from Market Rate Study and EBT Payment System Analysis

- EBT Payment System policies have increased access
 - Increase in number of providers serving subsidy children in Groups 1 and 2
 - While maximum hourly rates have not been adjusted, additional funds are available to parents to purchase child care
 - Actual benefits issued to licensed providers has increased despite flat funding of maximum hourly rates & licensed providers serve more subsidy children than other provider types
-




Conclusions from Kansas Market Rate Study and EBT Payment System Analysis

- Factors other than maximum hourly rates must be considered when determining actual provider payment and access
 - Payment rate increase still needed for some provider types
 - Actual registered provider rates and center rates are still below 65th percentile
 - Kansas is proposing a provider rate increase for State Fiscal year 2009
- 



Quality Challenges

- Funding to increase payment rates even with benefits of EBT Payment System
 - Quality Rating System availability statewide to assess quality of care being provided
 - Implementation of a tiered payment strategy
- 



Questions????

Contact information:
alice.womack@srs.ks.gov