

Learning Together About
the Provider Perspective on
Child Care Subsidies:
An Overview of the Research

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Research on Providers and Subsidies

Relatively less research in this area. Key synthesis/source documents:

- Rohacek, *A Summary of Research on How CCDF Policies Affect Providers*. Urban Institute, Washington, DC; 2012. <http://www.urban.org>
- Forry and Daneri, *Emerging Findings in Subsidy Research*. Child Trends, Washington, DC. (currently in development)



Overarching Areas of Inquiry

- 1) What do we know about child care providers overall, compared to the subset that serve families receiving subsidies?
- 2) What do we know about how subsidy system policies and implementation practices work for/affect providers?



1) What do we know about providers, and those serving subsidized families?

Selected key characteristics

- Type of care
- Level of involvement with subsidies
- Quality of care
- Price/rates, funding sources, financial stability
- Other key characteristics (size, auspice, ages served, geographic location)



Subsidies and Type of Care

Broad base of research finds positive associations between:

- Subsidies and regulated care
- Subsidies and center-based care

Some questions:

- Why? What is the pathway, causal connection?
- Why such broad variation across states? What factors account for variation?



Level of Involvement of Providers with Subsidies...

Some, but relatively little, research on

- Willingness to serve families on subsidies
- Extent to which providers actually serve families on subsidies
- What proportion of clientele are on subsidies
- Dynamics of these patterns



...Level of Involvement of Providers with Subsidies

Some questions:

- What are the patterns?
- How do patterns vary across provider types, provider quality, providers with different characteristics?
- Do patterns change with different economic/demand patterns? In different markets or policy contexts?
- How do they relate to specific subsidy policies and implementation practices?



Subsidies and quality of care...

Complex literature – mixed findings, with studies that do find differences finding that the quality of care used by (or available to) subsidized families may be of lower quality



...Subsidies and quality of care...

Some questions:

- What is the appropriate comparison group – all providers? Or providers in similar markets?
- Would we expect higher quality care given current design of CCDF subsidy policies? By what pathways could policies/implementation practices support higher quality? Do such policies work?



...Subsidies and quality of care

Some questions (continued)

- Do quality findings vary across providers (i.e. type, ages served), and why? (Some indication of this in the research)
- How to separate out effects of subsidies within the broad range of factors shaping quality of providers, (i.e. markets, demand, other policy factors such as quality initiatives and other child care/early education policies/programs)?



B) What do we know about subsidy policies/ implementation practices and providers?

Some key issues

- Rates
- Other reimbursement policies and practices
- Financing mechanisms (contracts/vouchers)
- Costs incurred by providers serving subsidized families
 - Working with subsidy agency
 - Working with families



Rates...

Have an important platform of work on how states set market rates, assessing markets, and challenges (Weber et al), but much more work needs to be done.

Some questions:

- Assess reliability and validity of methods to collect/analyze market rate data, assess correspondence between CCDF max rate and fees charged private pay families



...Rates

- How to establish rates for complicated segments of provider market, such as:
 - Non-monetized (i.e. family, friend and neighbor)
 - Sub-markets (i.e. majority subsidized, depressed wages, rural areas, areas with few providers)
 - Higher quality care/tiered reimbursement

Assess effects of different approaches above for key goals of choice, quality, supply, etc..



...Rates

- Explore the implications of rate levels in affecting access and choice:
 - Some research suggests that higher rates can affect the quality of the market that subsidized families can access, more exploration needed
 - Are there links between rate levels and provider financial stability
- Examine impact of having rates reflect private pay practices such as covering extra fees for costs incurred by providers (i.e. field trips, diapers)



Other Reimbursement Policies...

Some studies have found policies that can reduce payments below authorized rate/fees charged to private-paying families, such as

- Limiting payment for absent days, holidays, etc..
- Withholding payment due to non-alignment with attendance/
tightly linking payment to attendance hours
- Non-payment of normal fees
- Lost revenue due to not knowing when families authorized/terminated



...Other Reimbursement Policies

A few studies suggest these policies may have implications for providers in key areas, though more work is needed. These areas include:

- Willingness to serve families on subsidies, and how many
- Financial well-being and stability
- Quality of care
- Supply



...Other Reimbursement Policies

Some questions:

- How common are these practices, and what are the implications of these policies on key areas of concern (i.e. willingness, stability, quality, supply)?
- How do policies/practices compare to those required of private-pay parents? What effect would using private pay practices have on providers, on subsidy costs, etc.?
- Do these practices have different effects on different types of providers? Which ones, and why?
- What policies are more effective in supporting providers?



Payment Approaches...

Relatively little work assessing effects of payment approaches (i.e. contracts vs. vouchers) on providers or CCDF goals. One study in the Netherlands suggests change to a demand-driven system (more like vouchers) increased supply in higher demand areas, areas with higher purchasing power. Little work on this issue in the US.



...Payment Approaches

Some questions:

- What do we mean by contracts? CLASP study suggests state approaches vary widely, with some “contracts” operating more like vouchers. What are core components – i.e. guaranteed funding for specific # of slots? Link to quality standards? Must define before examining
- Effects on supply? For whom? Different effects on different providers, communities, etc.?
- Effects on quality?



Costs Incurred by Providers with Subsidies...

Some research suggests that providers can face additional costs in serving families on subsidies:

- Costs of working with subsidy agency (enrollment, attendance tracking/reporting, resolving payment problems, communicating with agency, retrospective payment)
- Costs of working with subsidized families—both in helping navigate the subsidy system, keeping track of authorizations, negotiating with the agency, as well as meeting other needs of families (food, shelter, transportation, etc..)



...Costs Incurred by Providers with Subsidies...

Extent to which is a deterrent depends on what provider is comparing this experience to – what alternatives they have

Some questions:

- How common are these costs?
- What are the implications of these costs for provider financial stability, quality, stress, willingness to serve?



...Costs Incurred by Providers with Subsidies

- How do these costs compare to the experiences of providers serving private pay parents? What would the impact be of making subsidy policies more like private pay policies?
- Are there policies/practices that reduce/minimize costs of serving subsidized families (or increase payments to reflect additional costs), both in terms of simplifying payment process, and supporting family needs? What is their impact?



Other Related Questions to Explore

Other important questions to consider:

- Many of the issues described above need to be assessed for unregulated caregivers as well – different issues
- Assess the impact on providers of other subsidy policies, such as copay collection, lengthening redetermination dates and simplifying rede process, simplification of change reporting, changes in eligibility cutoffs, etc.. Likely to be affected due to supporting continuity of care -- seldom examined(?)

