Balancing Access and Quality in Payment Policies

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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???

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