

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

P. O. BOX 88

JEFFERSON CITY, MISSOURI

June 27, 2008

What's Inside:
Increase in child
care eligibility
income limits
and new
transitional child
care eligibility
policy

MEMORANDUM

TO: ALL REGIONAL AND COUNTY CD AND FSD STAFF

FROM: PAULA NEESE, DIRECTOR, CHILDREN'S DIVISION
JANEL R. LUCK, DIRECTOR, FAMILY SUPPORT DIVISION

SUBJECT: INCREASE IN CHILD CARE INCOME ELIGIBILITY
GUIDELINES & NEW TRANSITIONAL CHILD CARE
ELIGIBILITY

REFERENCE: CHILDREN'S DIVISION
FAMILY SUPPORT DIVISION

INCREASE IN CHILD CARE INCOME ELIGIBILITY GUIDELINES

Effective July 1, 2008, child care income eligibility guidelines are increased to maintain eligibility at 127% of the Federal Poverty Level (FPL). Form [IM 4 CC](#) has been updated to reflect the new income guidelines. System changes will be completed to reflect the income eligibility guidelines the weekend of June 28, 2008, and will reflect the guidelines in effect on July 1, 2008. Begin using the new income guidelines for any applications taken for July, 2008 services.

Applications taken for June services will have their income evaluated in FAMIS based on the current June, 2008, income guidelines. When an applying household's income exceeds the June, 2008, income limit, but does not exceed the July 2008 income limit, FAMIS will recommend rejecting the application for June 2008 benefits, but approving the application for July, 2008, benefits.

Active cases with pending adverse actions (PAAP/AACL) based on income exceeding the current June, 2008, maximum (reason MAX) with a proposed closing for July, 2008, benefit month or later will be evaluated over the weekend of June 28, 2008. A list of affected cases will be generated and distributed to staff on June 30, 2008, for those households whose net income does not exceed the **new** income maximum for July 2008.

Staff should evaluate each case to determine if the countable income is less than or equal to the new income guidelines effective July 1, 2008, to determine if the family remains eligible for child care benefits. If the family remains eligible, void the pending action to close (PAAP/AACL). Refer to the FAMIS User Guide "Voiding an Adverse Action" for instructions. Once the adverse action is voided, complete a new eligibility determination (EDRES). FAMIS will either recommend a no change (NOCH) action for those cases that were previously eligible with a \$5.00/\$3.25/\$2.25 sliding fee or a benefit reduction (PAAP/AABR) for those cases that were previously eligible with a lower sliding fee.

These cases should be resolved by the date indicated on the report, as this is the date the adverse action status will change from Authorization Pending (AUP) to Authorization Complete (AUC). Once an adverse action status is changed to Authorization Complete (AUC), the case action has been taken, which results in the closing of the Eligibility Unit (EU) and the child's authorization to their child care provider. If it is discovered that the EU was eligible using the July, 2008, income guidelines after the AUC action is completed, staff must cancel close the EU and reauthorize the child(ren) to their provider.

TRANSITIONAL CHILD CARE ELIGIBILITY

Effective July 1, 2008, active child care households with net income between 127% and 139% of the FPL will remain eligible for child care assistance at a 75% benefit reduction. Eligibility for this reduced benefit is referred to as Transitional Child Care (TCC).

Unlike the Transitional Child Care program implemented in the early 1990's, there is no time limit for receipt of this transitional benefit, as long as the household's net income remains at or below 139% of the FPL and the family meets all other eligibility criteria. Household reporting requirements are the same for TCC as for regular child care assistance.

Only active households and those making timely reapplications for child care may qualify for TCC. New applicants and applicants whose child care eligibility lapsed will have eligibility for child care benefits evaluated only at the 127% FPL.

When an active child care household reports a change that results in net income exceeding 127% FPL, FAMIS will evaluate eligibility for TCC using the 139% income guidelines. If the household's income exceeds the 139% guidelines, FAMIS will recommend closing the case due to excess income (action AAAL, reason MAX). If the household's income is between 127% and 139% of poverty, FAMIS will recommend an adverse action period (PAAP), and a benefit reduction (action AABR, reason INC). Because the household will have a reduction of benefits, as a result of their eligibility for TCC, they may appeal the decision through the Administrative Hearing process. After the adverse action period expires, a new action code, TRCC, will display on EULOG indicating the household has been converted to TCC.

When a household makes a timely reapplication, prior to the end of their current eligibility period, FAMIS will first evaluate the income using the 127% standard. If the

household's net income exceeds 127% of poverty, FAMIS will compare the net income to the 139% income guidelines. If the household's income exceeds the 139% income guidelines, FAMIS will recommend rejecting the application due to excess income (action REJC, reason MAX). If the household's income is between the 127% and 139% income guidelines, FAMIS will recommend approving the application (action APPR). These households will not have appeal rights because their re-application for benefits is approved, but at a reduced level of benefit.

EU households, whose eligibility is based on the 139% income guidelines, will have a TCC flag appear on the following screens:

EUSUMM (FM0J);
Action Authorization (FM3H);
CCBUDSUM (FM3T);
CCATTEND (FM5P).

A TCC flag will also appear on the provider's paper invoice and online invoice for each child receiving TCC benefits.

CALCULATING THE 75% BENEFIT:

When a family is eligible for transitional child care they receive 75% of their calculated benefit amount. The calculation is based on the authorized units of care per eligible child and the provider's rate of reimbursement. Because reimbursement rates are based on several factors specific to the provider and child (child's age, time of day care is provided, provider's geographic location, provider's legal status, eligibility for rate enhancements, etc.), notices generated to the family and to the provider will reflect the 75% benefit for each eligible child, as opposed to each child's sliding fee. FAMIS will calculate the 75% benefit when the individual child's authorization is entered. The benefit will take into account the sliding fee of \$5.00/\$3.25/\$2.25 for each eligible child, unless the child is designated as Special Needs. Rates will be calculated as follows:

- FAMIS looks at the provider's base rate for the authorized child.
- FAMIS adds all provider and child specific rate enhancements (Accreditation, Disproportionate Share, Special Needs and Evening/Weekend care).
- FAMIS deducts the sliding fee (for children not designated as Special Needs) and calculates 75% of the benefit. This daily rate is the benefit that displays on both the EU notice and the provider notice.

EXAMPLE: Mary Smith has an active child care case expiring on 07/31/2008. Mary reapplies for child care assistance on 07/28/2008. Mary's income has increased to \$2000.00 per month effective 07/01/2008. Mary pays no medical insurance premium. Mary's EU consists of herself and her two children, John and Jane. Mary's income exceeds the 127% income guidelines for a household of three (\$1885.00). Because Mary's child care case is active, her income is compared to the 139% income guidelines for a household of three (\$2063.00). Because Mary's income is below the 139% income

guidelines for a three person household, she is eligible for Transitional Child Care benefits, as long as all other eligibility criteria are met.

John and Jane Smith are both pre-school age. Mary's work schedule supports her need for 22 full time units of daytime care for each child and neither child is designated as Special Needs. John and Jane attend child care at a licensed and accredited child care center whose daily base rate of reimbursement is \$16.07 per day for each child. Mary's 75% benefit calculation for each child is \$10.71 ($\$16.07 \times 20\% = \$19.28 - \5.00 sliding fee = $\$14.28 \times 75\%$ benefit = \$10.71). Mary's notice will show that she is eligible for Transitional Child Care benefits and the amount of reimbursement her provider will now receive from the state is \$10.71 per day for John and \$10.71 per day for Jane. Mary's provider will also receive notification of the new benefit amount.

The remainder of the cost that Mary's child care provider charges, above the amount of reimbursement made by the state, will be Mary's responsibility.

This benefit calculation procedure applies to transitional child care cases only. Notices sent to all other households whose eligibility is based on the 127% income guidelines will continue to display the sliding fee amount.

Child care providers will receive a notice with their July 2008 invoices explaining the Transitional Child Care benefit and the changes that will occur as a result. A new TCC brochure is also being developed to explain TCC benefits to eligible families.

The following Child Care Manual Sections have been updated to include the Transition Child Care benefit policy and procedures:

[1210.025.00 INCOME ELIGIBILITY GUIDELINES](#)

[1210.025.05 BUDGETING PROCESS](#)

[1230.025.00 CHANGE IN THE SLIDING FEE](#)

[1225.040.00 SLIDING FEE FROM HOUSEHOLDS](#)

NECESSARY ACTION:

1. Review this memorandum with all Children's Division and Family Support Division staff.
2. All questions should be cleared through normal supervisory channels and directed to:

PDS CONTACT: Lora Brown 573-526-9587 Lora.K.Brown@dss.mo.gov	PROGRAM MANAGER: Becky Houf 573-522-1385 Becky.L.Houf@dss.mo.gov
CHILD CARE MANUAL REVISIONS: 1210.025.00 INCOME ELIGIBILITY GUIDELINES 1210.025.05 BUDGETING PROCESS 1230.025.00 CHANGE IN THE SLIDING FEE 1225.040.00 SLIDING FEE FROM HOUSEHOLDS	
FORMS AND INSTRUCTIONS: n/a	
REFERENCE DOCUMENTS and RESOURCES: IM 4-CC	
RELATED STATUTE: N/A	
ADMINISTRATIVE RULE: N/A	
COUNCIL ON ACCREDITATION (COA) STANDARDS: N/A	
PROGRAM IMPROVEMENT PLAN (PIP): N/A	
SACWIS REQUIREMENTS: N/A	