



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
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Table with header 'DIVISION OF FAMILY DEVELOPMENT' and 'PROGRAM INSTRUCTION'. Rows include: SUBJECT: COVID-19 Family Differential Payments; ISSUE DATE: August 17, 2021; DFID No.: 21-08-01; IMPACTED PROGRAMS: Child Care Program; HISTORY:

I. PURPOSE

The purpose of this Instruction is to inform and provide guidance to the Child Care Resource & Referral Agencies (CCR&Rs) on the new COVID-19 Family Differential Payments (Differential Payments) for child care providers participating in the Child Care Subsidy Program (Subsidy Program).

II. AUTHORITY

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (Public Law 116-260); 42 U.S.C. §§ 9857 et seq.; 42 U.S.C. §§ 618 et seq.; 45 C.F.R. Part 98.

III. OVERVIEW

To support the sustainability of child care providers through the COVID-19 health emergency, the Department of Human Services, Division of Family Development (DFD) will temporarily provide Differential Payments to providers on behalf of families participating in the Subsidy Program. The Differential Payments will provide up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rate from September 1, 2021 through December 31, 2021.

In contrast to the existing supplemental payments, the Differential Payments are designed to help pay the tuition difference and reduce any other costs or fees paid by families, e.g. co-payments, which are not covered by reimbursement payments. This means that if a provider's rate is greater than the reimbursement rate, the provider must reduce the family's cost of care, any difference owed, or credit issued (if monies are owed), by the additional amount received through the Differential Payment.

Families will only pay the tuition difference, and any co-payment, if the total subsidy payment (reimbursement rate plus Differential Payment) **does not** cover the provider rate.

IV. POLICY

- A.** Effective September 2021, DFD shall provide Differential Payments on behalf of eligible families participating in the Subsidy Program to reduce or eliminate expenses in excess of the reimbursement rate.
- B.** Differential Payments shall be up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rates from September 2021 through December 2021.
- C.** Differential Payments are processed as regular payments and prorated based on the number of authorized care days.
- D.** Differential Payments shall be systematically included in the reimbursement rate, creating one combined subsidy payment. This combined subsidy payment shall be calculated at the daily reimbursement rate through EPPIC from September 2021 through December 2021.
- E.** CCR&Rs shall authorize combined subsidy payments for providers that have active service agreements during each month the Differential Payment covers (September 2021 through December 2021).
- F.** CCR&Rs shall ensure that staff are aware of the policies and procedures within this policy and shall periodically conduct quality assurance reviews to verify staff are correctly authorizing care.
- G.** CCR&Rs shall review the provider rates and ensure they are accurately reflected in CARES. CCR&Rs shall update CARES with the current rates as needed.
- H.** CCR&Rs shall send the attached “2021 COVID-19 Family Differential Payment Notice” for providers, along with the attached “2021 COVID-19 Family Differential Payment Acknowledgement Form,” to all impacted providers. CCR&Rs also shall send the attached “2021 COVID-19 Family Differential Payment Notice” for parents to all parents participating in the Subsidy Program.
- I.** CCR&Rs shall provide consumer education about the policy, and engage in ongoing communication and collaboration with families, providers, and communities to ensure that they are informed of this policy.

V. PROCEDURES

A. Authorization of Agreements

CCR&Rs provide Differential Payments to eligible providers participating in the Subsidy Program for all eligible and enrolled children from September 1, 2021

through December 31, 2021. CCR&Rs ensure staff are authorizing agreements in accordance with this policy. The existing payment system is used to provide the Differential Payments to eligible providers.

CCR&Rs print revised agreements reflecting the new Differential Payment for parents and providers that do not have an agreement showing the higher subsidy rate.

B. Anomalies

CCR&RS have some flexibility to deal with common anomalies with the priority service group and provider changes, which require manually processing adjustment payments for authorized dates that are not automatically processed through EPPIC.

C. Family Differential Payment Acknowledgment Forms

CCR&Rs will immediately send out the provider version of the “2021 COVID-19 Family Differential Payment Notice,” along with the “2021 COVID-19 Family Differential Payment Acknowledgement Form,” to providers. CCR&Rs also will immediately send the parent version of the “2021 COVID-19 Family Differential Payment Notice” to parents. If needed, CCR&Rs are to allow providers additional time beyond August 31, 2021 to return the form.

CCR&Rs conduct ongoing outreach to ensure providers return the “2021 COVID-19 Family Differential Payment Acknowledgement Form.”

VI. SYSTEMS

Reimbursement rates will be systematically updated in CARES, and payment will be calculated at the daily reimbursement rate through EPPIC to reflect the new increased rates from September 2021 through December 2021.

VII. FORMS AND ATTACHMENTS

- 2021 COVID-19 Family Differential Payment Notice (for parents)
- 2021 COVID-19 Family Differential Payment Notice (for providers)
- 2021 COVID-19 Family Differential Payment Acknowledgment Form

If you need additional guidance, please contact your Child Care Supervisor assigned to your county.

Sincerely,

Natasha Johnson

Natasha Johnson
Assistant Commissioner