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**State of Wisconsin
Governor Scott Walker**

TO: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Job Center Leads and Managers
Training Staff
Child Care Coordinators

FROM: Jim Bates, Director
Bureau of Child Care Administration
Division of Early Care and Education

DECE/ BCCA OPERATIONS MEMO					
No: 12-36					
DATE: 7/6/2012					
FS	<input type="checkbox"/>	MA	<input type="checkbox"/>	BC+	<input type="checkbox"/>
SC	<input type="checkbox"/>	CTS	<input type="checkbox"/>	CC	<input checked="" type="checkbox"/>
W-2	<input type="checkbox"/>	FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>
CF	<input type="checkbox"/>	JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>
RAP	<input type="checkbox"/>	WIA	<input type="checkbox"/>	Other	<input type="checkbox"/> *
				EP	
PRIORITY: HIGH					

SUBJECT: Program Integrity Changes Resulting From YoungStar and Tiered Reimbursement

CROSS REFERENCE: 12-30;
Operations Memo 10-87 is superseded by this Operations Memo

EFFECTIVE DATE: July 1, 2012

PURPOSE

This Operations Memo provides guidance and direction on ending Wisconsin Shares authorizations for 1 Star child care providers as a result of a licensing or certification revocation, denial, or suspension. This memo also provides guidance and direction on retroactive YoungStar rate adjustments and their effects on local agency negative and positive adjustments.

BACKGROUND

2009 Wisconsin Act 28 created YoungStar, Wisconsin's Quality Rating and Improvement System Program. 2011 Wisconsin Act 32 modified YoungStar, including the Tiered Reimbursement structure which links the provider's level of quality of care to the Wisconsin Shares subsidy reimbursement. YoungStar's goal is to improve the quality of child care and reward high-quality providers by (1) establishing a 5 Star quality rating system for all child care providers and (2) paying Wisconsin Shares quality bonuses to 4 Star and 5 Star child care

providers. In addition, YoungStar links Wisconsin Shares payments to each provider's quality, and provides a mechanism to further prevent fraud in the Wisconsin Shares program.

Child care providers are regulated under s. 48.65 or s. 48.651. Providers who are licensed under s. 48.65 may have their license revoked, suspended, or denied for reasons described in Wisconsin Statutes and Administrative Rule (DCF 250, 251, and 252). If the provider appeals the Department's decision to revoke, suspend or deny a license, the provider may be able to continue to operate until a final decision is made on the appeal. Previously, local agencies were advised to continue any active Wisconsin Shares authorizations during the appeals process, but not allow new children to be authorized for that provider.

Administrative Rule DCF 201.04(5)(cr) provides authority for the Department to refuse to issue new child care authorizations, revoke existing child care authorizations, or refuse to issue payments to providers who are in violation of licensing rules.

POLICY FOR ENDING AUTHORIZATIONS

The Department of Children and Families (DCF) believes that is appropriate to stop all authorizations to providers after the provider has been notified of a suspension, revocation or denial of the license or certification when a provider to violates certain licensing or certification rules.

Action to revoke, suspend, or deny a license or certification is only taken after a careful review of the evidence, and a provider either: 1) has a long history of program violations and has not responded to progressive disciplinary actions, or 2) has conditions present in the facility that present a serious risk to the health and/or safety of children.

AUTHORIZATIONS ENDING DUE TO 1 STAR RANKING

With the implementation of YoungStar, child care providers whose license or certification is revoked, denied, or suspended are rated 1 Star. Additionally, any provider that is terminated from Wisconsin Shares due to program violations under s. 49.155(7) or (7m), will also be rated a 1 Star. These providers are not eligible to participate in Wisconsin Shares. With the implementation of Tiered Reimbursement all authorizations for the 1 Star providers will be automatically ended by CSAW.

DCF staff will update the star rating of all providers whose license or certification is revoked or suspended. Every Thursday night, CSAW will identify providers who have a 1 Star rating, and automatically end all authorizations for those providers effective the following Saturday.

CSAW automatically generates a notice to the provider listing the children whose authorizations were ended. However, the CSAW notice does not provide a detailed explanation as to *why* the authorizations were ended. This may be confusing to both the provider and parent, as there are many reasons why authorizations might end.

Therefore, when authorizations are ended for 1 Star providers, the DCF staff will also issue a separate notice to notify the provider that their authorizations are ending due to their 1 Star status. The notice will also explain the possible reasons for becoming a 1 Star provider and include instructions on how to appeal the ending of their authorization. The notice will be mailed on the Friday prior to the ending of the authorization so that both the CSAW notice and the Department's notice start the clock for the time allowed for the provider to appeal.

TIERED REIMBURSEMENT AND ISSUANCE ADJUSTMENTS

During the implementation phase of YoungStar, a provider will be paid at the 2 Star level until the rating is complete. Because YoungStar ratings are retroactive to the provider's application date, local agencies must consider the possible impact on negative and positive adjustments that cover the period while the provider's rating is pending.

Issuance Adjustment Procedures

The local agency must process the adjustment, as usual, in accordance with Chapter 2. To ensure the proper issuance amount is being captured for the calculation, the worker must also ensure that a YoungStar retroactive rating has not occurred that would change the calculation of the adjustment.

Effective July 1, 2012, multiple issuance amounts will be displayed in CSAW, CCPI, PIES, and WEBI.

- Gross amount: reflects the Shares issuance before any adjustments have been made.
- YoungStar amount: reflects the adjustments that result from a change in the provider's YoungStar rating that was retroactively applied.
- Net amount: reflects the final issuance amount after all adjustments were applied to the gross amount.

The net amount must be used to calculate adjustments as this is the amount that was paid to the child care provider. Before a the worker enters a provider adjustment into CSAW, or before a client adjustment is entered into BV, the worker must review the *YoungStar Details* page in CSAW to confirm that the YoungStar rating for this child care provider has not changed since the issuance amounts were obtained. If the rating has changed, the local agency will need to recalculate the adjustment using the new net amounts that reflect the YoungStar retroactive adjustments.

Example: The worker is calculating adjustments for a 2 Star provider for the month of September 2012. The worker obtains the net issuance amounts on October 15, 2012 and completes the calculations of the provider adjustment on November 15, 2012.

The worker checks the *YoungStar Details* page in CSAW on November 15, 2012 and sees that the YoungStar rating for this provider has changed from 2 Star to 4 Star effective November 1, 2012.

The worker will need to review the net issuance amounts to find out if the September 2012 amounts have changed. If the net issuance amounts have changed due to the higher rating, then the worker must recalculate the adjustments to reflect the correct provider issuance for the month of September 2012.

All negative adjustments must be recovered regardless of whether it is a client error, agency error, or provider error. Negative adjustments for YS Tiered Reimbursement are coded YS in CSAW and will be recovered from the provider's future payments at a 25% rate. The DCF – FDIU will monitor and calculate any additional adjustments after the YoungStar retroactive adjustment has been applied.

RESOURCE LINKS

1. YS Contract: <http://dcf.wisconsin.gov/youngstar/providers.htm>
2. YoungStar Policy Guide: http://dcf.wisconsin.gov/youngstar/pdf/policy_guide.pdf
3. Reading the Stars:
http://dcf.wisconsin.gov/youngstar/pdf/reading_the_stars_electronic.pdf
4. Child Care Manuals: <http://dcf.wisconsin.gov/childcare/wishares/manual.htm>

CONTACT INFORMATION

For questions about Wisconsin Shares policy and reimbursement, please contact your Regional Child Care Coordinator.

For questions about YoungStar, please contact your Local YoungStar Office:
<http://dcf.wisconsin.gov/youngstar/map/default.htm>.

*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – FoodShare Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, *Other EP – Other Employment Programs.