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**State of Wisconsin
Governor Scott Walker**

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

**FROM: Sue Mathison, Section Chief
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Bureau of Child Care Administration
Division of Early Care and Education
Department of Children and Families**

| BEPS/DFES/DECE OPERATIONS MEMO | | | | | |
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| SC | <input type="checkbox"/> | CTS | <input type="checkbox"/> | FSET | <input type="checkbox"/> |
| BC+ Basic | <input type="checkbox"/> | BC+ CORE | <input type="checkbox"/> | | |
| CC | <input checked="" type="checkbox"/> | W-2 | <input type="checkbox"/> | EA | <input type="checkbox"/> |
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| RAP | <input type="checkbox"/> | WIA | <input type="checkbox"/> | Other | <input type="checkbox"/> * |
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SUBJECT: Tiered Reimbursement – Full Implementation

CROSS REFERENCE: Child Care Manual, Chapter 3 Sections 3.4.7, 3.4.8, 3.4.16 and 3.4.17; Ops Memo 13-01

- **Please Note:** Ops Memo 12-30, Introduction to Tiered Reimbursement, is now obsolete with the publishing of this memo.

EFFECTIVE DATE: July 1, 2013

PURPOSE

This memo communicates policy related to tiered reimbursement, the payment structure for the Wisconsin Shares child care subsidy program. Specifically, tiered reimbursement links the Wisconsin Shares subsidy payments to the child care provider’s YoungStar quality rating. Tiered reimbursement applies to most Wisconsin regulated and certified providers.

Starting on July 1, 2012, Wisconsin Shares reimbursement was tied to each provider’s YoungStar quality rating. This Administrator’s Memo 12-30 described tiered reimbursement policies and procedures that applied during the implementation phase of tiered reimbursement.

Starting on July 1, 2013, the implementation phase of YoungStar will be complete and certain changes will be made to reflect ongoing operation of the tiered reimbursement. Specifically, for YoungStar contracts with anniversary dates on or after July 1, 2013, tiered reimbursement

payment adjustments will not be retroactive to the provider's contract anniversary date. Instead, YoungStar payment adjustments will be effective during the week that a new provider is initially rated or a current provider is re-rated under the YoungStar quality and improvement rating system. A letter was issued to all YoungStar providers on March 29, 2013 to notify providers about this change. A copy of that letter is attached for reference.

In addition, a new accreditation source was approved on February 1, 2103, and is available as an alternative pathway for child care programs to achieve a star rating. Through the National Early Childhood Program Accreditation (NECPA), a provider can achieve a 4 or 5 Star rating if the provider's staff also meet prescribed educational requirements. No other substantive changes are being made to the tiered reimbursement policy.

Tiered reimbursement policy does not apply to certain providers including Certified In-Home, Out-of-State, Licensed Day Camps and temporarily unregulated providers. Policy for these providers is described in the Exceptions section of this Operations Memo.

BACKGROUND

The 2009 Wisconsin Act 28 created YoungStar, Wisconsin's Quality Rating and Improvement System Program. The 2011 Wisconsin Act 32 modified YoungStar to include the tiered reimbursement structure which links the provider's 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 establishing a 5 Star quality rating system for all child care providers and by paying Wisconsin Shares quality bonuses to 4 Star and 5 Star child care providers.

YOUNGSTAR PARTICIPATION AND WISCONSIN SHARES

As of July 1, 2012, all Certified Family providers, Licensed Family providers, Licensed Group child care centers, and public school programs that provide care outside the normal school day must participate in YoungStar before they can receive a Wisconsin Shares authorization.

Participating providers must receive a YoungStar quality rating to maintain Wisconsin Shares authorizations. In order to participate, providers must sign the YoungStar Contract located at: (<http://dcf.wisconsin.gov/youngstar/providers.htm>). The YoungStar Contract must be returned to the local YoungStar office located at: (<http://dcf.wisconsin.gov/youngstar/map/default.htm>). The YoungStar Contract is valid for one year.

Once the YoungStar Contract is entered into the YoungStar Case Management system, the Childcare Statewide Administration on the Web (CSAW) system will be automatically updated, allowing for new authorizations to be created at that provider location on or after the date that the YoungStar Contract is received. Authorizations cannot be created without a YoungStar Contract in CSAW.

Local agency workers can view the provider participation status in the YoungStar Details page under the provider's Location Details list within the left hand navigation pane in CSAW. Although the YoungStar quality rating program is available to all providers, participation is optional for providers not caring for children in the Wisconsin Shares program.

For more details on YoungStar participation policy for providers, visit this site: <http://dcf.wisconsin.gov/youngstar/apply.htm>

CONTRACTS FOR NEW PROVIDERS

Since Wisconsin Shares authorizations can only be established *after* the YoungStar Contract has been entered into the YoungStar case management system, all new child care providers must be advised to return their YoungStar Contract to the appropriate local YoungStar office at the same time they turn in their application for licensure or certification. Authorizations may be backdated to the received date of the YoungStar Contract or the Certification or Licensing begin date, whichever is later.

If a tribe or local agency receives a YoungStar Contract in error, the agency should date stamp the YoungStar Contract and forward the Contract to the appropriate local YoungStar office via FAX or email. A list of local YoungStar offices can be found at:

<http://dcf.wisconsin.gov/youngstar/map/default.htm>.

If a provider changes from Certified to Certified In-Home, they must submit a new Wisconsin Shares Contract and return it to DCF. (See the Exceptions section of this Operations Memo.)

YoungStar Contracts are included in Certification and Licensing Initial Application Packets and can also be printed from the link on the bottom of the YoungStar webpage for providers:

<http://dcf.wisconsin.gov/youngstar/providers.htm>.

RATING PROCESS AND CONTRACT RENEWAL

All providers participating in YoungStar are required to complete the YoungStar rating process. Depending on the rating method selected by the provider, the rating process may take up to twenty-four weeks to complete. Providers will be rated on a scale from 5 Stars to 1 Star.

- *5 Star Provider*: Meets highest levels of quality standards.
- *4 Star Provider*: Meets elevated levels of quality standards.
- *3 Star Provider*: Meets proficient levels of quality standards.
- *2 Star Provider*: Meets health and safety standards.
- *1 Star Provider*: These providers' child care licenses or certifications have been revoked, denied or suspended, even if they are in appeal status, or their Wisconsin Shares payments have been suspended due to fraud or suspected fraud.

The YoungStar Case Management system assigns an "anniversary date" to each provider location once the rating is complete. The anniversary date is the date the program was first rated in YoungStar. Providers must annually reapply to YoungStar by submitting a YoungStar Contract Renewal to the local YoungStar office prior to the provider's anniversary date.

Example: If a provider's rating was completed on October 1, 2011, the provider's anniversary date is October 1, 2012, and October 1 of each subsequent year, as long as there are no breaks in the provider's YoungStar contract.

Grace Period for YoungStar Renewals

A grace period of six (6) to twelve (12) days beyond the anniversary date has been programmed into CSAW to allow additional days for processing contract renewals before all of the provider's authorizations end. The grace period was created to maintain continuity of child care for families, and to minimize the workload for local agency workers who must re-enter authorizations that end automatically when a provider fails to submit their YoungStar contract before their anniversary date.

If the YoungStar Contract Renewal is not returned by the end of the anniversary date grace period, all Wisconsin Shares authorizations for that provider will end.

Although CSAW programming will allow local agency workers to authorize beyond the anniversary date, all authorizations will automatically end when the grace period expires if the provider has not submitted their YoungStar Contract Renewal. During the grace period, new authorizations cannot be entered in CSAW. If the YoungStar Contract Renewal is entered by local YoungStar office staff during the grace period, local agency workers will be able to backdate authorizations to the provider's anniversary date.

A provider's YoungStar anniversary date will remain constant over time unless the provider fails to submit a Contract Renewal before the end of the grace period. If the Contract Renewal is not submitted before the grace period ends, the provider must reapply for YoungStar and a new YoungStar anniversary date will be created for the provider. Providers are not eligible for authorization and reimbursement during the period from the end of the grace period until the new YoungStar Contract is received by the local YoungStar office.

Local agency workers may view the provider's participation status and anniversary date in CSAW and CCPI on the YoungStar Details screen.

TIERED REIMBURSEMENT

Reimbursement for the attendance week beginning July 1, 2012, was adjusted based on the provider's YoungStar rating as follows:

- *5 Star Provider:* Wisconsin Shares subsidy reimbursement will be increased by 10%.*
- *4 Star Provider:* Wisconsin Shares subsidy reimbursement will be increased by 5%.
- *3 Star Providers:* Wisconsin Shares subsidy reimbursement will remain the same.
- *2 Star Provider:* Wisconsin Shares subsidy reimbursement will be reduced by 5%.
- *1 Star Provider:* Not eligible for Wisconsin Shares subsidy reimbursement.

* Effective January 1, 2013, 5 Star providers' reimbursement rates were increased to up to 25%. All YoungStar payment adjustments are applied *after* the parental copayment is deducted (See Ops Memo 13-01).

New Wisconsin Shares Providers

New child care providers must sign a YoungStar Contract. These providers will be reimbursed at the 2 Star level effective when their program meets all certification or licensing requirements and turns in a YoungStar Contract, until they are rated. If a new provider is subsequently rated at a higher Star level, the provider's payments will be adjusted effective on the Sunday of the week that the new rating is complete.

Renewing Providers

Every year, when a program submits a YoungStar Contract Renewal, the provider chooses one of three rating options: Automated Rating, Technical Rating or Formal Rating

- **Automated Rating:** The program is given a rating of 2, 4 or 5 Stars based upon educational qualifications and accreditation as verified through The Registry and accreditation.
- **Technical Rating:** Program is rated 2 or 3 Stars based upon the points they earn for meeting YoungStar quality indicators as verified through The Registry plus one or more on-site visits by a staff from the local YoungStar office.
- **Formal Rating:** Program is rated 3, 4 or 5 Stars based upon educational qualifications as verified through The Registry, a rating of the program's environment using the Environment Rating Scale, and one or more on-site visits by a staff from the local YoungStar office.

Effective for all providers with anniversary dates falling on or after July 1, 2013, if a provider is re-rated to a higher Star level, the tiered reimbursement adjustment will be applied on the Sunday of the week that the re-rating is completed. If a provider is re-rated to a lower Star level, the tiered reimbursement adjustment will be applied on the following Sunday.

Public School Programs

Programs regulated by a public school board that must participate in YoungStar by returning a YoungStar Contract to their local YoungStar office.

If a public school program is not currently receiving Wisconsin Shares reimbursement, but would like to do so, the program should contact their county agency to establish a Provider Number in CSAW. After the program receives their Provider Number, the school program should submit a YoungStar Contract to their local YoungStar office.

If a public school board subcontracts with another organization (e.g. Boys and Girls Club) to provide before and after school programming, and the program is not currently receiving Wisconsin Shares authorizations but would like to do so, the program should contact DCF at youngstar@wisconsin.gov.

DCF will collect a copy of the school board's contract with the subcontractor, and a W-9 form to establish a Provider number in CSAW for the program. Then, the program will be able to submit a YoungStar Contract to the local YoungStar office and begin receiving Wisconsin Shares authorizations and payments.

Participation in YoungStar is voluntary for public school board programs that are not accepting Wisconsin Shares reimbursement.

Exceptions: Certified In-Home and Out-of-State

Certified In-Home, Out-of-State and temporarily unregulated providers will not be rated and are not eligible to receive YoungStar technical assistance or other provider services. Certified In-Home and Out-of-State providers will continue to receive Wisconsin Shares reimbursement if they sign a contract with the Department of Children and Families.

If a provider changes from Certified to Certified In-Home, they must submit a Wisconsin Shares Participation Contract and return it to DCF.

New Certified In-Home and Out-of-State must sign and return a Wisconsin Shares Participation Contract before being allowed to receive authorizations for Wisconsin Shares funded children.

Wisconsin Shares Participation Contract is available at <http://dcf.wisconsin.gov/forms/pdf/2587.pdf>

Contracts for Certified In-Home and Out-of-State should be returned to DCF/YoungStar, 201 E. Washington Ave, Madison, WI 53708-8916 FAX: 608-267-7252.

The Wisconsin Shares Participation Contract is valid for two years. In the future, the system will send a new Wisconsin Shares Participation Contract to Certified In-Home and Out-of-State providers at least 60 days before their contract expires.

For Certified In-Home and Out-of-State providers, Shares Contract information can be viewed on the Shares Contract Screen in CSAW.

Reimbursement for Certified In-Home and Out-of-State

Certified In-Home providers are approved to care for children in the child's home. This care is subject to the limitations in Wisconsin law and current Wisconsin Shares policy. Since Federal

law requires that domestic employees receive minimum wage if they are employed at least fifteen hours per week, Wisconsin Shares policies have required that In-Home child care rates for authorization of at least 15 hours be set at state minimum wage, regardless of the number of children served. Certified In-Home rates ***must always be entered manually by the local worker.***

To accommodate the automatic 5% reduction that was applied to the reimbursement level for these providers, the local worker must manually enter the correct state minimum wage by adding 36 cents to \$7.25, ***or entering \$7.61 per hour*** for all In-Home providers working 15 hours or more per week.

Out-of-State providers will continue to receive Wisconsin Share reimbursement at 100% of the current rate. Out-of-State providers will also continue to receive the current 10% increase for Accreditation accepted by Wisconsin Shares if their private price is at or below the maximum rate plus 10%.

Licensed Day Camps

Licensed Day Camps are not required to sign a contract and are not eligible to participate in YoungStar at this time. They will continue to be eligible to receive Wisconsin Shares reimbursement at 100% of the current rate.

Licensed Day Camp YoungStar policies will be developed during 2013.

AUTHORIZATION RATES AND YOUNGSTAR PAYMENTS

Tiered reimbursement is applied to the provider's weekly issuance calculation as a YoungStar payment adjustment instead of being factored into the authorization rate calculation. The YoungStar payment adjustment is applied to the weekly issuance amount Wisconsin Shares pays on behalf of each child.

Authorization rates and YoungStar payment adjustments will be listed and labeled separately in the system and on Notices. The amount paid to the provider for the child's care as authorized for Wisconsin Shares will be listed as the *gross amount*. The amount adjusted based on the provider's YoungStar rating will be listed as the *YoungStar amount*. A *net* amount will show the weekly amount paid for each child, including the Wisconsin Shares subsidy payment on behalf of the family (*gross amount*) and the adjustment based on the YoungStar rating (*YoungStar amount*).

Accredited Care

The following outlines changes to the Wisconsin Shares accredited care policies under YoungStar tiered reimbursement.

Accreditation is now factored into the YoungStar rating process. Achieving accreditation involves extensive self-study and validation by professionals outside the program to verify that quality standards are met. The following accreditations will be an alternative path to a 5 Star rating for group child care: National Association for the Education of Young Children (NAEYC), National Accreditation Commission (NAC), the National Early Childhood Program Accreditation (NECPA), the City of Madison, and Head Start Performance Standards with no non-compliances or findings. Group centers that pursue accreditation through NECPA must meet staff educational requirements in order to obtain a 4 or 5 Star rating. Group centers that achieve the Council on Accreditation (COA) will be eligible for a 4 Star rating. Staff educational levels may allow the program to receive a 5 Star status. The following accreditations will be an alternative path to 4 Stars for family child care: National Association for Family Child Care

(NAFCC) and City of Madison. Family child care providers with additional educational qualifications may achieve 5 Stars. Providers who previously received accreditation through a Child Development Associate (CDA) are not eligible to receive an automatic 4 Star or 5 Star rating.

Providers should send their accreditation documentation to DCF/YoungStar 201 East Washington, Madison, WI 53708--8916, FAX: 608-267-7252. Accreditations may be emailed to youngstar@wisconsin.gov. If a provider has questions about accreditation, please direct them to youngstar@wisconsin.gov.

For more information regarding the accreditation process and YoungStar, please view the following link:

<http://dcf.wisconsin.gov/youngstar/pdf/fag.pdf>. **Note that the CDA will no longer be accepted as an equivalent to accreditation for Wisconsin providers participating in YoungStar.**

10% Accreditation Adjustment Eliminated

The 10% increase for accreditation that is provided to in-state providers ended on June 30, 2012.

Attendance-Based Adjustment Continues

Licensed providers will continue to receive a 10% increase for attendance-based authorizations if the increased rate is at or lower than the provider's private price.

AUTHORIZATION PROCESS

The overall authorization process in CSAW remains the same except for the following changes:

Authorization and the Grace Period

Authorizations may not be created for providers who are in their six (6) to twelve (12) day grace period for not returning their YoungStar Contract by their Anniversary Date.

If a provider returns the YoungStar Contract during their grace period, the worker must retroactively authorize during the grace period if the parent was eligible for Wisconsin Shares and in an approved activity.

If a provider returns the YoungStar Contract after the grace period, authorizations will be allowed starting the Sunday of the week during which the contract was received.

PROVIDER REGULATION DETAILS

Provider Regulation – Category Changes – New Certified Providers

When a program moves or the ownership changes, there may be ramifications related to YoungStar that could result in the provider needing to submit a new YoungStar Contract, which would affect the ability to create authorizations. The Department of Children and Families has created a matrix document that outlines each possible scenario and necessary steps for changes related to a provider, location or facility number change. A link to the matrix will be included in a subsequent Technical Assistance Memo from DCF.

YoungStar Contracts and instructions regarding their submission to the local YoungStar office will be included in all certification and licensing packets. It is the provider's responsibility to contact the local YoungStar office when the provider receives their provider, location and/or facility numbers. Once this information is received, YoungStar staff will enter the information into the YoungStar Case Management System, which will in turn allow for the creation of authorizations.

CHANGED PROCEDURES FOR CERTIFYING AGENCIES

Effective July 1, 2012, certifying agencies must include the following YoungStar forms in the **Initial** application packets:

1. Provisional and regular family certification (care provided in the provider's home):
YoungStar Contract – Family Provider: <http://dcf.wisconsin.gov/forms/pdf/2590.pdf>.
2. Certified In-Home provisional and regular (care provided in the child's home):
Wisconsin Shares Participation Contract: <http://dcf.wisconsin.gov/forms/pdf/2587.pdf>.
3. Certified School Age-Program: YoungStar Contract —School-Age Programs:
<http://dcf.wisconsin.gov/forms/pdf/2752.pdf> .

The provider must submit the YoungStar Contract to the local YoungStar office. A list of these offices can be found at: <http://dcf.wisconsin.gov/youngstar/map/default.htm>. If the YoungStar form is not submitted, Wisconsin Shares authorizations and payments cannot be back dated to the date of application. Authorizations can only go as far back as the contract begin date or the provider regulation date, whichever is later.

The Certified In-Home provider must submit the Wisconsin Shares Participation Contract to DCF. If the Wisconsin Shares Participation Contract is not submitted, Wisconsin Shares authorizations and payments cannot be back dated to the date of application. Authorizations can only go as far back as the contract begin date or the provider regulation date, whichever is later.

NOTE: If a provider changes from provisional/regular to Certified In-Home provisional/regular, the provider must submit Wisconsin Shares Participation Contract (<http://dcf.wisconsin.gov/forms/pdf/2587.pdf>) to DCF/YoungStar, 201 E. Washington Ave, Madison, WI 53708-8916

NOTICES

All new notices will populate in CARES Worker Web (CWW). Additionally, a new page in Child Care Provider Information (CCPI) system called Correspondence within the Provider Location Details page will allow workers and providers access to all notices sent to their location.

Detailed information and samples of all notices will be published separately in a subsequent DECE-BCCA Technical Assistance Memo.

RESOURCE LINKS

1. YoungStar 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 YoungStar, please contact your local YoungStar office:
<http://dcf.wisconsin.gov/youngstar/map/default.htm>

For Child Care policy questions outside of Milwaukee County: Bureau of Regional Operations (BRO), Child Care Coordinators at

http://dcf.wisconsin.gov/regional_operations/pdf/contact_list.pdf

For Child Care CARES/CWW, CSAW and CCPI IT systems processing questions statewide and policy questions in Milwaukee County: Child Care Help Desk at childcare@wisconsin.gov or (608) 264-1657.

*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.

DCF/DECE/BCCA/SP