
INTRODUCTION

Child Development and Care (CDC) payments are made when all of the following are true:

- All eligibility requirements are met.
- A CDC case is open in Bridges.
- An eligible provider is assigned to the child and provides care.
- The provider successfully bills for child care.
- Payment limits have not been reached.

FACTORS THAT IMPACT PROVIDER PAYMENT

Child care providers are paid for costs associated with child care by submitting billing through the internet billing (I-Billing) system. Providers must bill the department every two weeks for allowable child care reimbursement. Each bill covers a two-week pay period.

The amount of payment generated is based on the child, the provider and the provider's billing.

Child factors that impact payment:

- Child's age.
- Child's authorization:
 - Number of approved hours.
 - Family Contribution amount and Family Contribution Limit.

Provider and billing factors that impact payment:

- Child care provider type.
- The provider's Star Rating/Quality Level or Training Level.
- Number of hours billed.
 - Child Care.
 - Allowable Absences.
- Child Care Fees billed.
- Payment Limits/Caps.
- Multiple billing submissions.
- Multiple providers billing.
- Previous billing for the same pay period.

CHILD FACTORS

Child's Age

Most provider service types receive a department hourly payment rate that is differentiated for infants/toddlers (age birth to 2 ½ years), preschool (over 2 ½ to age 5) and school age children (over age 5). For details of how a child's age effects department hourly payment rates by provider type and star rating/quality level or training level; see RFT 270.

Approved Hours

Approved hours (sometimes referred to as authorized hours) are established in the child's eligibility determination, based on the Parent/Substitute Parent's (P/SP) valid need reason. A child may be authorized for any of the following increments:

- 20 hours.
- 40 hours.
- 60 hours.
- 80 hours.
- 90 hours.

Approved hours constitute the hours available for payment that all assigned providers share for the child in a two week pay period.

For more information about how approved hours are determined; see BEM 710.

Family Contribution

The Family Contribution (FC) is based on family income when the child is determined income eligible. A family may have one or more children that are income eligible and one or more children that are income waived on the same case.

The FC amount is subtracted from the provider payment issued by the Department and the family may be responsible to pay this amount to the provider.

FC amounts are per child, per every two-week pay period, not to exceed the Family Contribution Limit per family, per every two-week pay period. For FC amounts and limits based on income

eligibility, review the Family Contribution Based on Income Eligibility chart in RFT 270.

The FC amount is waived for a child in the CDC Protective Services (income waived) eligibility category and for income eligible children assigned to a Child Care Center or a Family Child Care (FCC) (includes Group and Family Homes), that has a star rating/quality level of 3 Star/Enhancing Quality or higher.

An income eligible child who is reassigned from a 3 Star/Enhancing Quality or higher provider to a 2 Star/Reflecting on Quality or lower provider, will no longer have the FC amount waived. This is a negative action that is allowed during the 12-month continuous eligibility period.

For information about star ratings and quality levels see *provider star rating/quality level* in this item.

CHILD CARE PROVIDER FACTORS

Provider Type

Child care provider service types are a determining factor in the department hourly payment rate. Child care provider service types include the following:

- Child Care Center.
 - Licensed.
 - License Exempt-Tribal.
 - License Exempt-Military.
- Family Child Care (FCC).
 - Group Home.
 - Licensed.
 - License Exempt-Tribal.
 - License Exempt-Military.
 - Family Home.
 - Licensed.
 - License Exempt-Tribal.
 - License Exempt-Military.
- License Exempt-Related.
- License Exempt-Unrelated.

For detailed information about the different child care provider service types; see BEM 704.

For department hourly payment rates by provider type; see RFT 270.

Provider Star Rating/Quality Level

A C/FCC provider with a 2 Star/Reflecting on Quality or higher in Great Start to Quality (GSQ) shall receive a department hourly payment rate higher than that of the base rate (Blank/1 Star)/Maintaining Health & Safety.

For department hourly payment rates by provider star rating/quality level; see RFT 270.

Star Rating	Quality Level
Blank Star/1 Star	Maintaining Health & Safety
2 Star	Reflecting on Quality
3 Star	Enhancing Quality
4 Star	Enhancing Quality-Validated
5 Star	Demonstrating Quality

Provider Training Levels

The department shall issue a higher hourly payment rate for a license exempt-related or license exempt-unrelated provider who completes 10 hours of approved training per year beyond the required License Exempt Provider Pre-service Training (LEPPT), achieving a training Level 2. Failure to complete 10 hours each year shall result in a return to Level 1 status and the corresponding department hourly payment rate.

For department hourly payment rates by provider training level; see RFT 270.

BILLING AND PAYMENT

A provider must bill the department every two weeks for allowable child care reimbursement. Each bill covers a two-week pay period.

A provider must bill the department within 90 days after the end of the pay period being billed or 90 days after the authorization was entered by the local office in order to receive payment. If the provider bills and the payment is rejected as a result of late billing, the provider must contact the Child Development and Care (CDC) office at 866-990-3227 to request that the payment be released. For late billing to be approved, providers shall be required to demonstrate good cause for not billing within the 90-day period. The CDC office shall determine if good cause has been demonstrated and if the payment is to be released.

Providers cannot charge the department for care when they have already received or expect to receive reimbursement from another funding source, a non-custodial parent, employer, etc. Examples of other funding sources include, but are not limited to:

- Head Start (HS).
- Early Head Start (EHS).
- Migrant HS/EHS.
- Great Start Readiness Program (GSRP).
- AmeriCorps.
- Department of Education.

Exception: When there is an agreement between the CDC program office and a partner organization that allows for layered funding, or another special funding agreement, multiple funding sources may be utilized.

Child care payments are issued weekly. This accommodates those billings or authorizations that miss the first billing deadline for the pay period but meet the second deadline for the pay period.

Payments may be delayed for many reasons such as:

- Holidays.
- Postal service delays.
- Problems with billing/payment systems.
- The CDC office deems it necessary to delay issuance of a payment.

Payments are issued in the name of the provider and mailed or electronic fund transferred (EFT) to the provider, except payments for license exempt-related and license exempt-unrelated providers, which are issued to the client.

Billing Based on Enrollment

Licensed Providers (C/FCC)

Licensed providers should bill the Department based on a child's enrollment. Enrollment is defined as the days and times a child is expected to be in care based on an agreement between the provider and the child's parent/substitute parent (P/SP).

The following rules apply to Enrollment Billing:

- Beginning 3/1/2024, to bill the CDC subsidy for a child, licensed providers must maintain a CDC Enrollment Agreement form, or their own document that includes the following:
 - Name of child.
 - Effective date of schedule.
 - Total agreed enrollment hours.
 - Child's schedule.
 - Explanation if schedule varies.
 - Signature of P/SP.
- A provider must not have more children enrolled for the same days and times than their maximum child capacity allows.
- If a child is absent up to 10 enrolled days in a row, and the child is expected to return, a provider should bill the enrolled times as regular care hours instead of absence hours.
- If a child is absent **more** than 10 enrolled days in a row, and the child is expected to return, on day 11 the provider must begin to bill absence hours by selecting the absent box in the I-Billing system, until the child returns to care.
- The following is true for absences and Enrollment Billing:
 - Payment for absences is limited to 10 days when no regular care hours are billed.

- Payment for absences is limited to 360 hours annually each fiscal year (10/1-9/30).

Note: If the absence limits cause unusual hardship; see BEM 100 *policy exceptions*.

- Absences may occur when the child care provider is open for business, as well as when the facility is temporarily closed (for example closed due to bad weather or a holiday).
- A provider must not bill for the hours a child is in school or enrolled in another program.
- A provider must not bill before a child's first day in care or after a child's last day in care.
- A provider must not charge a CDC client more than they charge the public for the same care.

Billing Based on Attendance

License Exempt-Related and License Exempt-Unrelated

License exempt-related and unrelated providers should bill the department based on a child's attendance. Attendance is defined as the actual days and times the child was in the provider's care.

The following rules apply to Attendance Billing:

- A provider must not have more than six children in care at one time and care must be provided in the required location; see BEM 704 *license exempt*.
- A provider should bill for the actual days and times the child was in care, as documented on time and attendance records.
- A provider must not bill for the hours a child is in school or enrolled in another program.
- Absence hours may be billed for periods in which the child is not in care when he/she would have normally been in attendance. Normally in care is based on a historical trend or routine of when the child has been in care. Absence hours are billed by selecting the absent box in the I-Billing system.

Note: Payment for absences is limited to 360 hours annually each fiscal year (10/1-9/30) and to 10 days when no care hours have been billed. If the absence limits cause unusual hardship; see BEM 100 *policy exceptions*.

Record-Keeping

All Providers

Providers must maintain time and attendance records for all care provided. Attendance records must document each child's *actual* care begin and end time and be certified daily by the P/SP. Attendance records must be retained by the provider for four years. License exempt-related and license exempt-unrelated providers are required to use the Child Care Time and Attendance Record for their record-keeping. For information about provider record reviews; see BEM 707.

Licensed Providers (C/FCC)

Beginning 3/1/2024, licensed providers must maintain a written enrollment agreement for each child in care; see *billing based on enrollment* in this policy item.

Hourly Payment

Hourly payment is the reimbursement amount for time billed (rounded to the nearest hour) that has been multiplied by the applicable hourly rate, limited to no more than the child's authorized hours. See RFT 270 for hourly rates.

Note: All payments are potentially limited by the child and provider factors listed in this policy item.

Bi-Weekly Block Reimbursement Payment

Block reimbursement rate is the reimbursement amount for child care hours billed that has been rounded up and multiplied by the applicable hourly rate. Block reimbursement allows eligible providers to be paid by the CDC program in a manner more consistent with how the general public pays for child care, by reimbursing for part-time or full-time care, rather than hourly care. See RFT 270 for hourly rates.

Note: All payments are potentially limited by the child and provider factors listed in this policy item.

Child Care Centers, Group and Family Homes (C/FCC)

Beginning October 9, 2022, the following bi-weekly block reimbursement schedule is in effect:

Part-time: Billing 1 to 30 hours, payment is the hourly rate multiplied by 30 hours.

Part-time: Billing 31 to 60 hours, payment is the hourly rate multiplied by 60 hours.

Full-time plus: Billing 61 or more hours, payment is the hourly rate multiplied by 90 hours.

Example: When a child is authorized for **60 hours** per pay period and a C/FCC provider bills 61 hours, payment is limited to 60 hours based on the child's authorization limit.

Provider	Hours Billed	Hours Paid	Reason for Payment Amount	Hours Remaining
Group Home A	61	60	Hours billed (61) are between 61 and 90. Payment is limited by the child's authorization and results in a 60-hour block payment.	No hours remaining.

Example: When a child is authorized for **40 hours** per pay period and a C/FCC provider bills 31 hours, a 60-hour block payment will issue. Nine hours remain available for billing by another provider. If the same C/FCC provider submits billing for any additional hours, no payment will be issued, but the increased hours billed will reduce the remaining available hours by the additional billing amount.

Provider	Hours Billed	Hours Paid	Reason for Payment Amount	Hours Remaining
Family Home B	31	60	Hours billed (31) are between 31 and 60, and result in a 60-hour block payment. Note: A 40-hour authorization will allow a C/FCC provider to be paid up to the 60-hour block payment amount.	$40 - 31 = 9$ hours.

License Exempt-Related and License Exempt-Unrelated

A license exempt-related or unrelated provider is not eligible to receive block payment rates; see *hourly payment* in this policy item.

Billing Submission
by Multiple
Providers

When two providers submit billing for care of the same child, the first provider’s billing will deduct from the total authorized hours for which the child is approved. The second provider’s billing will be limited to the remaining available hours. This allows for block payment under the guidelines described in this policy item.

Example: When a child is authorized for **90 hours** per two-week pay period and a C/FCC provider bills 33 hours, a 60-hour block payment will issue. The remaining hours available for billing are 57.

If a second C/FCC provider bills 62 hours, based on the 57 remaining available hours, a 60-hour block payment will issue.

Provider	Hours Billed	Hours Paid	Reason for Payment Amount	Hours Remaining
Center A	33	60	Hours billed (33) are between 31 and 60, resulting in a 60-hour block payment.	90 – 33 = 57 hours.
Center B	62	60	Hours billed (62) limited by remaining hours, resulting in a 60-hour block payment.	No hours remaining.

Multiple
Submissions by
One Provider

When a child care provider submits billing for a child and later amends the billing to increase the reported amount of child care that was provided, payment will not issue when the total number of hours billed were previously paid under the block payment guidelines described in this policy item.

Example: When a child is authorized for **80 hours** per two-week pay period, and a C/FCC provider bills 33 hours, a 60-hour block payment will issue. The remaining available hours for billing are 47.

If the C/FCC provider corrects the billing by adding 12 hours, for a billed total of 45, no payment will be issued, because 60 hours were previously paid. The increased hours billed will reduce the remaining available hours to 35.

Provider	Hours Billed	Hours Paid	Reason for Payment Amount	Hours Remaining
Center C	33	60	Hours billed (33) are between 31 and 60 resulting in a 60-hour block payment.	$80 - 33 = 47$ hours.
Center C	12	0	Total hours billed (45) by same provider are less than 60 hours, and the 60-hour block payment has already issued to this provider, so no payment is issued.	$47 - 12 = 35$ hours.

Payment Limits/Caps

The maximum number of hours that can be authorized per child is 90 hours in a two-week pay period.

The total number of hours a provider will be paid in a two-week pay period is limited to:

- License exempt-related or license exempt-unrelated – 2,016 hours.
- Family homes – 2,016 hours.
- Group homes – 4,032 hours.
- Child care centers – No limit.

Child Care Fee Payments

The payment of child care fees (such as registration fees, annual fees or field trip fees) supports parents by paying reasonable and mandatory fees that align with Michigan's market rate.

A payment is issued when all of the following are true:

- The CDC Eligibility Determination Benefit Calculation (EDBC) is approved and certified.
- The child care provider has been assigned to the child in Bridges.
- The child care provider has submitted billing for a child care fee after EDBC approval/certification and provider assignment.
- The annual child care fee limit has not been reached.

The per child, per fiscal year payment issuance limit is based on provider type and can be found in RFT 270.

The fees charged to CDC clients and/or the CDC program must not exceed what is charged to the general public (including a provider's own employees).

Child care fees may **not** be billed to cover late payment fees, bounced check fees, late pick-up fees, or other fees levied due to a family's action.

Note: License exempt-related and license exempt-unrelated providers are not eligible for payment of child care fees.

Internet Billing

Providers must use the internet (I-Billing) to bill for hours of child care, absences or child care fees. I-Billing can be accessed at www.michigan.gov/childcare.

PIN Resets

PINs are mailed to the provider when authorizations are initially certified in Bridges. Providers who have misplaced or forgotten their PIN have three options to request a PIN reset:

- Select the Forgot PIN link on the I-Billing system to reset a PIN, if security questions have previously been completed.
- Call the CDC office at 866-990-3227.
- Fax a request to 517-284-7529. Faxed requests must include the provider's name, address, telephone number, provider ID number, and signature.

Note: The provider's mailing address must be correct prior to requesting a PIN reset.

Correspondence

The DHS-4481, Provider Confirmation, shall be mailed to each provider upon initial approval, which shall include the provider's Bridges ID number.

The DHS-1381, Child Development and Care (CDC) Statement of Payments, shall be mailed to all providers who have billed. This statement shows the amount paid in the previous payroll.

The DHS-198, Child Development and Care (CDC) Provider Notice, shall be mailed upon assignment in Bridges of a child care provider to a child, indicating the ability of the provider to bill for the child. A DHS-198-C, Child Development and Care (CDC) Client Notice, provides this same information to the client.

Every January providers are mailed income information for tax reporting purposes. License exempt-related and license exempt-unrelated providers are mailed an annual statement of payments, and licensed providers are mailed Form 1099-MISC.

PAYMENT ISSUANCE REQUIREMENTS

Licensed C/FCC

Providers must be registered in the State of Michigan's SIGMA Vendor Self Service (VSS) system in order to receive CDC payments.

License Exempt-Tribal and Military

Providers must be registered in the SIGMA VSS system in order to receive CDC payments. Providers must be enrolled by the CDC office.

License Exempt-Related and License Exempt-Unrelated

License exempt-related and license exempt-unrelated providers are **not** required to register in the SIGMA VSS system.

Providers must be enrolled by the CDC office and complete the License Exempt Provider Pre-service Training (LEPPT) training (Level 1) prior to being able to bill for care provided. There is a \$10 fee for this one-time LEPPT training.

Note: LEPPT was formerly called Great Start to Orientation (GSQO).

Providers are eligible to receive department payment when all of the following are true:

- The enrollment and training process is complete.
- The provider has billed for care that was provided both:
 - After enrollment.
 - Up to 30 calendar days prior to training completion.

Providers may still be assigned to a CDC case without the LEPPT being completed. Once the training is completed, if appropriate, the provider shall receive a DHS-198, Child Development and Care (CDC) Provider Notice, indicating his/her ability to bill.

All Providers

Providers have an ongoing health and safety training requirement. Failure to comply with this requirement may result in the provider

being ineligible to receive CDC payments. For information about ongoing training requirements by provider type, see BEM 704.

Closure for Inactivity

License Exempt-Related and License Exempt-Unrelated

A provider who has not submitted billing in the past 5 months may be closed for inactivity. To begin caring for children after this closure, the provider must submit a new provider application to the CDC office.

Health and Safety Coaching Visits

License Exempt-Unrelated

A license exempt-unrelated provider must provide care where the child(ren) lives. An annual health and safety coaching visit at this location is required. Additional visits may be required for corrective actions plans or other concerns arising out of an annual visit. The provider assignment to the child(ren) shall end if the annual visit is not completed. See BEM 704 for details.

INDIVIDUALS NOT PERMITTED TO RECEIVE PAYMENT

The following persons are not permitted to be assigned to or paid for the care of a CDC eligible child:

- A member of the CDC program group.
- The applicant/client.
- The applicant/client's spouse who lives in the home.
- The parent of the children in care or a legal guardian who is not a member of the CDC program group.
- A sibling of the child(ren) in care who lives at the same residence as the child(ren).
- A home help provider who is also providing adult home help at the same time as child care is being provided.

- A CDC program group member, applicant or applicant's spouse who owns in whole or part the child care center, group or family home where the child care is provided.

Note: If a parent/substitute parent (P/SP) is employed at the licensed child care facility that the child attends there must be documentation that the child is not in care of the P/SP while the P/SP is working. Confirm this information with the owner or director of the child care. If confirmed verbally, document the conversation on the case record. If confirmation is obtained via written verification, upload the document to the client's electronic case file (ECF).

Additionally, an individual may not be eligible to receive CDC subsidy payment as a child care provider if one of the following actions has been taken against a license or registration by the Michigan Department of Lifelong Education, Advancement and Potential (MiLEAP) Child Care Licensing Bureau (CCLB) or the Michigan Department of Health and Human Services (MDHHS), and the license or registration has not been restored.

- Revoked.
- Suspended.
- Renewal refused.
- Denied issuance.
- Closed under disciplinary action.

Note: A provisional license does not constitute disciplinary action for these purposes.

PROVIDER RESOURCES

Various resources for providers are available in the Providers section at www.michigan.gov/childcare, including:

- Child Development and Care Handbook.
- Provider Instructional Videos.
- Child Care Time and Attendance Record.
- CDC Payment Schedule.

PROVIDER/PARENT QUESTIONS

Providers or parents with questions regarding CDC billing or payments should be directed to call the CDC office at 866-990-3227.

LEGAL BASE**CDC**

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).
45 CFR Parts 98 and 99.
Social Security Act, as amended 2016.