OECOSL CCDF Rate Setting

Stakeholder Feedback

January 2020

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Agenda for Today

- Review process
- Review potential formula
- Hear your feedback on formula elements

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Process

1. Gathered input on strengths, limitations of current formula
2. Reviewed national best practices and options
3. Engaged with the national TA center
4. Connected formula methodology to objectives
5. **Gather stakeholder input**
6. **Pilot, refine, and finalize new formula**

Current Formula

- The current formula:
  - Has different rates for all 92 counties
  - Factors in quality, age of child, and a child's disability status
  - Is based on a market rate survey

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New Formula Objectives

- The new formula should:
  - Be easy to understand and simplify the number of rates

But also:

  - Recognize differences in rates/cost for different locations, providers, age groups, and full/part time
  - Prioritize quality, serving children with disabilities, and offering non-standard hours care
  - Recognize that market rates and operating costs are not the same

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Draft-new Formula

- The potential new formula:
  1. Uses market rates to group similar-rate counties together
  2. Incorporates differences based on provider type, part time/full time, and age of the child
  3. Adds bonuses for quality, non-standard operating hours, and serving a child with a disability

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Draft-new Formula

- The potential new formula:
  1. Uses market rates to group similar-rate counties

Example set of average rates in
20 counties across all ages & provider types:

$108	$121	$148	$178
$110	$125	$151	$199
$114	$126	$157	$199
$117	$130	$159	$204
$117	$137	$162	$213

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Draft-new Formula

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  1. Uses market rates to group similar-rate counties

Each county has average rates that are statistically similar to the other counties in its group.

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$110	$125	$151	$199
$114	$126	$157	$199
$117	$130	$159	$204
$117	$137	$162	$213

Draft-new Formula

- The potential new formula:
  1. Uses market rates to group similar-rate counties

Rate Group A	Rate Group B	Rate Group C	Rate Group D
$113	$127	$156	$192

**Not real figures; for illustration only*

Draft-new Formula

- The potential new formula:
    1. Uses market rates to group similar-rate counties

Clarifying questions?

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Draft-new Formula

- The potential new formula:
  2. Incorporates differences based on provider type, part time/full time, and age of the child
     - Based on the market rate survey for each rate group
     - Conceptually the same as the current formula

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Draft-new Formula

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Draft-new Formula

- The potential new formula:
  3. Adds bonuses for quality, non-standard operating hours, and serving a child with a disability

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Draft-new Formula

- The potential new formula:
  3. Adds bonuses for **<u>quality</u>**, non-standard operating hours, and serving a child with a disability

  - *Do the current quality bonuses help offset costs?*
  - *Do they affect your decision to add quality components that help you advance PTQ levels?*

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Draft-new Formula

- The potential new formula:
  3. Adds bonuses for quality, **<u>non-standard operating hours</u>**, and serving a child with a disability

  - *How much more does it cost to offer care after 6 P.M., before 6 A.M. and/or on the weekends?*
  - *How much additional reimbursement would make it worth it and/or feasible for you?*

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Draft-new Formula

- The potential new formula:
  3. Adds bonuses for quality, non-standard operating hours, and **serving a child with a disability**

  - *Do the current bonuses sufficiently help offset costs?*

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Draft-new Formula

- The potential new formula:
  3. Adds bonuses for quality, non-standard operating hours, and serving a child with a disability

Clarifying questions?

Next Steps

- Finish stakeholder conversations at this stage
- Pilot formulas: Run scenarios based on a few options for calculating bonuses
- Establish cost analysis methodology
- Recommend the formula that best achieves the objectives
- Finalize and implement