

the varying hours care is needed. This is documented on the Child Care Voucher (DCD-0446) and in the case narrative.

## VI. ADJUSTMENTS IN PARENTAL FEES

Parental fees for child care are based on the family's ability to pay and are not intended to discourage parents from using needed services.

To assist families having difficulty paying parental fees, adjustments can be made for special circumstances as listed below. Adjustments in parental fees are always effective at the beginning of a month.

**NOTE:** Parental fees cannot be waived by the LPA for any reason and can only be adjusted for reasons listed below or as listed in [Section V. E., 2., a.](#) above.

### A. Parental Fee Adjustments for High Medical Expenses

Families with large medical expenses may find the payment of a parental fee more of a hardship than other families of similar size and income. To help in this situation, the family [gross income](#) upon which the parental fee is assessed will be reduced by subtracting the amount of documented medical expenses in excess of 10% of that gross income.

**Medical expenses are considered only in relation to the payment of parental fees, not in determining basic income eligibility.**

The parent's statement concerning medical expenses shall be accepted; however, the child care worker may need to assist the parent in identifying and computing medical expenses to make the most accurate statement possible. Information provided by the parent about the family's medical expenses must be documented in the child's record.

**EXAMPLE 1, A One-Time Medical Adjustment:** A parent receives child care for her youngest child, Betsy, in a child care center while she works. Recently her oldest child was hospitalized, incurring medical expenses for the family. Her health insurance has a \$300 deductible that she must pay. Her gross monthly income is \$970, the family size is four (4) and her parental fee is \$87.

10% of \$970 (gross monthly income) = \$97

\$97 deducted from \$300 medical expenses = \$203 (excess medical expense)

\$203 deducted from \$970 (gross monthly income) = \$767

The parental fee is assessed at the \$767 level. Calculate the parental fee by multiplying \$767 by 9% ( $767 \times .09 = 69.03$ ) and rounding to the nearest dollar

(\$69). The parental fee for the upcoming month only is reduced to \$69. Thereafter, the parental fee is \$87 per month.

**EXAMPLE 2, A Medical Expense Spread Over Several Months:** A parent receives child care for her child, Sylvia, in a child care center. Her medical bills equal \$1,200. She has arranged to pay \$100 per month on these bills. Her gross monthly income is \$715 and her parental fee is \$64. The family size is five (5).

10% of \$715 (gross monthly income) = \$71.50

\$71.50 deducted from \$100 medical expenses = \$28.50 (excess medical expenses)

\$28.50 deducted from \$715 (gross monthly income) = \$686.50, which is rounded to \$687.00.

The parental fee is assessed at the \$687.00 level. Calculate the parental fee by multiplying \$687 by 9% ( $687 \times .09 = 61.83$ ) and round to the nearest dollar (\$62). The parental fee is reduced from \$64 to \$62 per month for the time medical payments occur.

#### **B. Parental Fee Adjustments When the Plan of Care or Eligibility Changes, Including Redetermination**

The parental fee is reassessed when the child care plan substantially changes, and/or when the family income or family size changes. Refer to [Chapter 11: Responding to Eligibility Changes and Redetermination](#) for more information.

**Whenever the family's countable monthly income increases or decreases by \$100 or more during the current eligibility period**, the LPA must recalculate the parental fee. If the monthly income decreases by less than \$100, an adjustment of the parental fee is not required; however, the LPA may choose to reduce the parental fee to help the parent. The parental fee change and the date the change is effective must be documented on the Child Care Action Notice ([DCD-0450](#)), and sent to both the parent and provider.

**NOTE:** All changes in countable income, regardless of the amount, must be counted at redetermination of eligibility.

##### 1. Reduction in Parental Fees

In most cases, a decrease in the parental fee is made effective the first day of the next month. If making a decreased parental fee effective the first day of the next month creates a hardship for the family (such as situations involving greatly reduced or complete loss of income), the

effective date may be the first day of the month in which the change is reported. The Child Care Action Notice ([DCD-0450](#)) is sent according to the above instructions and does not require a ten (10) workday notice.

The LPA staff enters the new parental fee into the Subsidized Child Care Reimbursement System to be effective at the beginning of either the current or following month.

## 2. Increase in Parental Fees

Increased parental fees are effective the first day of the month. When the parental fee is to be increased, the effective date of the change may be no earlier than ten (10) working days after the date the Child Care Action Notice is given to the family notifying them of the parental fee increase. If the first day of the next month does not allow enough time for a ten (10) day notification of the parental fee increase, then the effective date is the first day of the second month after the parental fee change is determined.

The LPA staff enters the new parental fee into the Subsidized Child Care Reimbursement System to be effective at the beginning of either the first or second month after the parental fee change is determined.

## C. Parental Fee Adjustments for Child Care Benefits

Money from a child care benefit is counted as part of the allowable cost of care. Money from the benefit is first applied to the parental fee; any remaining amount is subtracted from the amount the LPA pays to the child care provider. The child care worker must communicate this information to the Subsidized Child Care (SCC) reimbursement worker by an explanation in the comments section of the voucher or action notice. **If the parent is employed by a child care facility who offers an employee discount, the discount is not considered when determining parental fees and payments.**

For additional information, refer to [Chapter 20: Payment Policies](#).

**EXAMPLE 1, When an Employer Benefit is Less than the Parental Fee:** KJB Manufacturing gives Ms. Womble \$50.00 per month as a child care benefit. Based on her income, Ms. Womble's parental fee has been assessed at \$75.00 per month. In this situation Ms. Womble would use her \$50.00 benefit to help pay her \$75.00 parental fee. The voucher/action notice would still show a \$75.00 parental fee, which would be entered in the SCC reimbursement system.

**EXAMPLE 2, An Employer Benefit that is More than the Parental Fee:** General Company gives Ms. Johnson \$200 per month as a child care benefit. Based on her income Ms. Johnson's parental fee has been assessed at \$135. After she pays her parental fee using her benefit, there is \$65 in leftover benefit money, which is subtracted from the allowable cost of care in the SCC reimbursement system. The voucher/action notice and SCC reimbursement system would still show a monthly parental fee of \$135.00, which would be entered in the reimbursement system. Ms. Johnson would pay the entire \$200 benefit directly to her provider. The child care worker must communicate this information to the reimbursement worker by an explanation in the comments section of the voucher or action notice.