

Office of Safety, Health & Nutrition Jennifer Miller Director Superintendent of Public Instruction

CHILD AND ADULT CARE FOOD PROGRAM FISCAL YEAR 2005 POLICY MEMORANDUM

TO: Sponsoring Organizations: Child Care, Adult Day Care & Family Child Care

FROM: Sheri Roe, CACFP Interim Assistant Director

DATE: August 1, 2005

SUBJECT: Edit Check for Block Claims

The second interim rule entitled, "Child and Adult Care Food Program: Improving Management and Program Integrity" requires changes that impact your sponsoring organization's responsibilities regarding oversight of the Child and Adult Care Food Program (CACFP). This memorandum discusses the requirements for conducting and documenting edit checks of block claims. Please note that the word "facility" in this memo is interchangeable with the terms of "center/site of a multi-site sponsor" or "family child care home" and the term "sponsoring organization" is interchangeable with "sponsor".

Effective October 1, 2005, sponsoring organizations must have a monthly edit check (manual or automated system) in place to detect "block claim" of sponsored facilities. A "block claim" is defined as a claim in which the number of meals claimed by a facility for one or more meal types is identical for 15 consecutive days within a claiming period.

- Thus, for facilities that serve meals on weekdays only, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for three consecutive weeks (equals 15 days) within a claim month.
- For facilities that serve on weekdays and weekends, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for just over two weeks (equals 15 days) within the same claim month.

The second interim rule does not attach a penalty to the submission of a block claim. Rather, the term "block claim" describes a pattern of claiming that constitutes a "red flag" and triggers a required follow-up action by the sponsoring organization. As a step to investigate if the claim may be false, the sponsoring organization must conduct an unannounced review of the facility submitting the block claim with 60 days of receiving the claim.

The state agency, on a case by case basis, may grant a sponsoring organization up to 30 additional days to conduct all of the required unannounced reviews if circumstances make it very difficult if not impossible to conduct all required unannounced reviews within the required 60 day period. Sponsors must submit written requests for additional time to complete unannounced reviews to the state agency as soon as the need is identified. Requests must detail the reasons/circumstances that make it impossible to meet the regulatory timeframe.



Prior to conducting the unannounced review, the sponsor should examine several months of claims that are on file to see if there are any suspicious patterns. Whenever possible, the unannounced review should include an observation of the meal service that was block claimed. As part of the on-site review, the sponsor should check to see if meal counts are accurate and up to date (or at point of service). In addition, the meal counts, enrollment and attendance should be reconciled at least for the last five or more days prior to the unannounced review date. If it is determined that meals were claimed for children not in attendance or not enrolled, those meals may not be included in the claim. If the claim has already been submitted for that facility, the sponsor must submit a revised claim that excludes the unsubstantiated meals.

When meal counts are found to not be valid, the sponsor will need to evaluate the severity and frequency of the problem, and attempt to determine why an inaccurate claim was submitted. The sponsor will have to decide if additional training and oversight will correct the problem or, in the case of a family child care home, declare the provider serious deficient.

Sponsors must conduct an unannounced follow-up review each time a facility submits a block claim. However, if a sponsor is able to determine and document that there is a valid reason for the block claim and that block claims may be submitted on a regular basis, the sponsor is not required to conduct another "block claim related" unannounced follow-up review of the facility for the remainder of that fiscal year. Sponsors must adequately document a valid block claim by keeping on file the date of the unannounced follow-up review, who conducted the review and an explanation of the legitimate reason that would justify why the facility submitted or may submit block claims. The sponsor can develop their own form or use the current monitor's visit form to document a valid block claim.

If a <u>sponsoring organization of child care or adult day care centers</u> (not family child care homes) is preparing claims for each of it's centers (i.e., the center submits data to the sponsor, and the sponsor then calculates the claim for each center and submits it on CRRS), the sponsor needs to have an edit check system for determining whether the center's aggregate meal counts does or does not fit the "block claim" pattern.

For CACFP management evaluations/reviews conducted after October 1, 2005, the state agency will evaluate if the edit check systems that sponsoring organizations have in place are working to detect block claims.

ADDITIONAL USDA GUIDANCE PROVIDED ON JULY 1, 2005.

From the feedback received at the national interim rule trainings, the USDA determined that the intent of this requirement can be met, <u>under certain circumstances</u>, by permitting sponsors to evaluate and document the reason for a block claim **prior** to its submission. This will enable sponsoring organizations to provide effective oversight of program integrity, while also promoting efficient use of sponsor resources.

Therefore, beginning with reviews conducted on or after August 1, 2005, the sponsor will be exempt for the remainder of the current review year from conducting the follow up review (normally required to be conducted within 60 days of detecting the block claim) on the following conditions:

- a sponsor conducting an unannounced review of a facility observes a block claim in the facility's meal/menu records, AND
- the sponsor is able to determine and document that a valid reason exists for the block claim.

It is important to note that this guidance applies only to situations where the sponsoring organization determines the cause of a block claim during an unannounced review conducted **prior** to the facility's first submission of a block claim during the current review year. If a sponsor receives a meal count/claim from a facility that includes a block claim, the cause of which has <u>not</u> been determined prior to its submission, the sponsor must conduct an unannounced review of the facility within 60 days of receipt of its meal count/claim.

It is also important to clarify the meaning of "the remainder of the current review year." To provide some relief to sponsors in the initial stages of implementation, if a block claim is determined to be valid during August or September of 2005, the sponsor is exempt from conducting "block claim related" unannounced reviews through the remainder of the current review year, or for the remainder of a review year ending on September 30, 2006. Thus, as the review year runs from October 1, 2005 thru September 30, 2006, and a facility's block claim is determined to be valid in August or September of 2005, the sponsor is exempt from conducting a block claim related unannounced review of that facility until another block claim is detected on or after October 1, 2006.

We would like to stress that <u>"valid reasons"</u> for the existence of a block claim that would exempt the sponsor from conducting additional unannounced follow up reviews for the 12-month period are limited to those reasons discussed in the preamble to the interim rule (69 FR 53501, September 1, 2004); in the questions and answers on that rule issued on September 1, 2004, and December 23, 2004; and in the training materials on the second interim rule that are being forwarded to State agencies in the near future.

- Facility provides drop-in care and always fill to capacity on each day that it is open
- It is the facilities policy to accept children even when they are ill
- Facility serves very few children or only children from one or two families

As is the case when sponsor monitors document a legitimate reason for submission of a block claim identified by an edit check, the reasons for a block claim identified prior to the submission of a block claim must also be specific to the facility, and must be well-documented.

Source:

- a) MWRO CACFP Policy Memorandum #05-01, Implementation of Provisions in CACFP Interim Rule entitled, "Child and Adult Care Food Program: Improving Management and Program Integrity" (2nd Interim Rule).
- b) USDA CACFP Policy #03-05: Documenting Reasons for Block Claims by Child Care Centers and Day Care Homes