



**North Carolina Department of Health and Human Services
Division of Public Health – Women’s & Children’s Health Section**

1914 Mail Service Center • Raleigh, North Carolina 27699-1914

Tel 919-733-2973 • Fax 919-733-1384

Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

CACFP 04-18

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TO: Institutions Participating in the Child and Adult Care Food Program

FROM: Alice Lenihan, MPH, RD, LDN
Branch Head, Nutrition Services Branch

Arnette Cowan, MS, RD, LDN
Head, Special Nutrition Programs

SUBJECT: Changes in Reporting the Free, Reduced, and Denied Classifications

The purpose of this memo is to notify you of a change in reporting the free, reduced and denied classifications for the Child and Adult Care Food Program. The change will become effective with claim for Federal Fiscal Year 2005. The change will adjust the rate of reimbursement on a monthly basis to reflect actual participants’ income and result in more accurate reimbursements to participating institutions.

For the last several years, North Carolina has used a blended per-meal rate of reimbursement or claiming percentages. Once the rates were established, that rate could be used for the entire fiscal year. Using this method allowed institutions to claim the same rate throughout the year. In some instances, this may have resulted in some institutions being overpaid and others may have been underpaid. Furthermore, allowing institutions to claim the same rate of reimbursement throughout the year was not reflective of the current enrollment.

Our office has reviewed the rate of reimbursement policies of other states in the Southeast Region and the Food and Nutrition Services (FNS) and learned that other states have based reimbursement rates on current enrollment for several years.

Effective October 2004, the NC Child and Adult Care Food Program will require all institutions to report current free, reduce and denied numbers on a monthly basis and based on all participants enrolled during the month. This change will require institutions to take income eligibility applications on all new participants (if the participant is classified as free or reduced); and to report current monthly numbers on the claim for reimbursement. This change will also require centers participating under the auspices of a sponsoring organization to take income eligibility applications on all new participants (if the participant is classified as free or reduced) monthly. If a participant was enrolled during the month, that application will be valid for the entire month and any other month the participant was enrolled.

The sponsoring organization will submit consolidated free, reduced, denied numbers, and will maintain records to pay centers based on current numbers. **Sponsoring organizations and independent centers will not be allowed to use claiming percentages or blended rates for the entire year after September 2004. Sponsoring organizations of unaffiliated centers will need to calculate individual center rates for each center under their sponsorship.**



Beginning with your October 2004 claim for reimbursement, the free, reduced, and denied classifications reported in section (3) of the monthly claim must be determined by the eligibility applications of the **actual enrollment** during **each** claim **month** in accordance with 7 C.F.R. 226.9 (b)(1). If a participant withdrew from CACFP after a break in participation or entered the center anytime during the month, he/she must be included in the classifications because he/she was enrolled at some time **during** the claim month. For example, when completing section (3) on October 2004 claim, the free, reduced, & denied classifications must be determined from the eligibility applications of the enrolled participants listed on the October 2004 attendance records. The number of free, reduced, and denied eligibility applications of the participants on the attendance/roll must be tallied for each classroom and each classification category total must be transferred to section (3) on the claim. If the participant does not have an eligibility application on file, the classification category is “denied”. A claim form is attached.

Reminders:

- Each participant’s eligibility application must be renewed annually; therefore, the parent/guardian is not required to redo the application each month unless the household’s size or income status has changed.
- The participant’s name on the attendance must be the same as on the application.
- If a participant withdraws during the month, **do not** “mark out” the name.
- 7 C.F.R. §226.23 requires Institutions to classify the eligibility applications accurately.
- If a change is made on the income eligibility application, the change must be initialed and dated by the parent.

Additional training on the change in the rate and claim procedures will be reviewed during the FFY 2005 Renewal Training.

If you have any questions, please contact your SNP Regional Consultant.

Attachment

cc: SNP Staff
Auditors

