

CACFP Administrative Handbook

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20. Claim Processing & Payments

One of the key responsibilities of a sponsor is to process monthly claims and pay reimbursement to providers. This chapter lists the important aspects relating to checking each provider's claim, conducting edit checks, submitting and paying claims.

Monthly Provider Claim Process

Provider meal attendance is maintained by calendar month. Upon receipt of the meal attendance form, the following items on or relating to the monthly claim (meal attendance and menus) must be checked:

- ◆ Menus are submitted for all days and meal types that meals are claimed.
- ◆ Infant menus are submitted for all days that infant meals are claimed.
- ◆ The Infant Offer Form is used to determine claimable infant meals.
- ◆ Menus meet the CACFP meal pattern, including the infant CACFP meal pattern.
- ◆ No more than 2 meals and 1 snack, or 2 snacks and 1 meal are claimed per child per day. A provider cannot claim the same meal for the same child twice in one day.
- ◆ Provider is currently legal with KDHE or federal authority to provide child care.
- ◆ The number of meals is within licensing guidelines. License capacity is determined by the number of infants in care and the number of other children by age group(s).
- ◆ Tier 1 provider's own eligible children are claimed only when a current IEF is on file and outside day care children are eating the same meal service and are within the capacity.
- ◆ Provider claims only the approved meal types.
- ◆ The total of each meal type is compared to the participation for the month and meals exceeding the participation total are disallowed.
- ◆ Each child has a current enrollment form on file.
- ◆ Each day care child is under 13 years old unless otherwise restricted or allowed.
- ◆ Provider tier type is current.
- ◆ Each eligible child with a current and determined Family Income Eligibility Form or current DCF Notification of Eligibility is classified as Tier 1 (reported as Tier 2 High).
- ◆ A Tier 2 Mixed provider receives the higher Tier 1 rate (Tier 2 High) for eligible children and the lower Tier 2 (Tier 2 Low) rate for other day care children.
- ◆ If the provider received a home visit during the claim month, the menu and attendance reported by the provider is compared to the home visit form and discrepancies will be deducted.
- ◆ If the provider received a home visit during the claim month, a 5-day reconciliation must be conducted.
- ◆ If the provider received a parent survey during the claim month, confirmed discrepancies will be deducted.

Original signed forms (faxed and scanned signatures are not original signatures) must be on file before submitting meal counts in the KN-CLAIM system. This includes all forms that contain a signature: Child Enrollment Forms, Infant Offer Forms, electronic agreement, meal attendance forms, cover sheets, etc. Meal attendance is due to the sponsor's office according to the date specified in the approved Management Plan. Late claims may only be accepted and processed as specified in the sponsor's Management Plan.

When a provider submits a claim within the sponsor's due date and has the applicable forms on file, the sponsor must process the claim timely and accurately and include the meal counts with that month's reimbursement claim. All reimbursement that is properly payable must be disbursed to the provider. However, if documentation is missing, the sponsor cannot pay for the undocumented information (if one enrollment form is the only item missing, the sponsor is obligated to reimburse for the remainder of the meals, but cannot claim or pay for the non-enrolled child's meals).

Edit Checks by Sponsors

Approved Meal Types

The CACFP meal types are breakfast, am snack, lunch, pm snack, supper and evening snack. The **approved** meal types are served while child care is being conducted. A provider can be approved for any or all meal types as indicated on the Provider Program Agreement. While processing the monthly claim, staff will verify that each provider has been approved to serve the types of meals that are being claimed. Meals claimed for a type that the provider is not approved to serve must be disallowed.

Meal Attendance and Meal Counts

To reduce errors in totaling, transferring or entering a home provider's monthly claim numbers, the meal attendance and meal count must be compared.

- Step 1:** Count the number of different children eating a meal service during the month.
- Step 2:** Multiply the number of children by the number of claiming days in that month.
- Step 3:** Compare the total number of meals (by type) for that month to the answer for Step 2.

For example, if 9 children eat during the month of October, then 9 children x 21 days = 189. The total for each individual meal type (breakfast, lunch, pm snack, etc.) cannot exceed 189. KN-Claim will not accept a claim that exceeds this edit.

5-Day Reconciliation

For each provider who received a home visit, at least five (5) consecutive claiming days of **meal counts** must be compared to **enrollment forms** and **daily attendance**. After conducting the 5-day reconciliation, the staff member documents the reconciliation in writing. Any discrepancies must be noted identifying meals as reimbursable or disallowed and claims adjusted. The reconciliation may be conducted during the site visit **or** in the office.

The following prototype forms are available in Administrative Handbook, Forms:

- ◆ Form 16-B, 5-Day Reconciliation
- ◆ Form 16-C, Aggregate 5-Day Reconciliation for Homes

To Request to Use Automated System for Five-Day Reconciliation, contact KSDE.

Reimbursement Claims

To receive a CACFP reimbursement payment, a claim for reimbursement is completed and submitted to the Kansas State Department of Education (KSDE). The KSDE processes the claim and issues a reimbursement payment. Monthly reimbursement claims are submitted for payment via the KN-CLAIM.

Claim instructions and due dates are distributed to each sponsor by KSDE. Staff from the sponsor processes each provider's monthly meal attendance records and enters the information in KN-Claim.

Provider's Monthly Claim Information

After processing and totaling each provider's monthly claim, the sponsor double-checks each provider's tier level in the Provider Site Application screen and makes the appropriate change to the tier type when necessary. The sponsor enters the provider's individual claim into the KSDE computer system.

- ◆ Number of Operating Days. The number of days that the home conducted child care during the month.
- ◆ Total Attendance. For each tier type, the number of children in attendance each day of the claim month. To calculate, the sponsor must add each day's attendance for the provider's total attendance, and then add the provider's total attendance for each tier type. The sponsor enters the provider's total for each tier type. Only *Tier 2 Mixed* providers will have multiple tier types during a single claim month.
- ◆ Meal Count Data. The number of meals by meal type: breakfast, am snack, lunch, pm snack, supper and/or evening snack.
 - Tier 1 – Number of meals for a Tier 1 provider.
 - Tier 2 High – Number of meals for a Tier 2 Mixed provider for a child(ren) that is eligible for the higher Tier 1 reimbursement rate (Tier 2 High) or meals for a Tier 2 High provider.
 - Tier 2 Low – Number of meals for Tier 2 Mixed provider for a child(ren) that is not eligible for higher rates (Tier 2 Low) or meals for a Tier 2 Low provider.
 - Total Meals – The total for each meal type.

The information can be entered manually or electronically. To electronically enter the information, the sponsor can upload information from the sponsor's computer system to the KSDE computer system by using the *Claim File Upload* screen. After the upload process, the sponsor can update individual provider claims if an error is detected after the upload process. If a sponsor has not uploaded data and would like to use the upload function, contact KSDE.

Sponsor's Monthly Claim

The sponsor will review the individual provider meal counts and the overall totals that are consolidated on the Sponsor Claim in the KSDE computer system. Any discrepancies will need to be investigated and applicable provider claim(s) adjusted to reflect the correct meal count totals.

- ◆ FDCH Sponsor Monthly Administration Costs. Enter the **exact total amount** (whole number) of expenditures that were paid during the claim month.
- ◆ Sponsor Certification. Click the box to certify the claim and meal counts.

Submitting Claims

The claim must be correctly entered before noon on the date established by KSDE to meet the deadline for that processing period. Example, claim for January 1-31 must be transmitted before noon on the February due date to receive payment within 5 days. These deadlines are set to assure that each home sponsor is paid at the same time each month.

Regulations require that KSDE must receive the original reimbursement claim within 60 **calendar** days following the month to which the claim pertains.

Payments

Reimbursement Payments to Sponsors

The School Finance Team processes home provider reimbursement claims for sponsors once a month. Claims submitted before noon on the date established by KSDE will be processed and payment will be made near the last day of the month. Example, claim period is January 1-31. The claim is submitted on or before noon on February 25 and payment is made around February 28.

Reimbursement payments to sponsors are made by direct deposit. In situations where the sponsor or its parent organization is receiving payments from the State of Kansas system (example, DCF or Community College), the reimbursement payment will be directly deposited into the account already established.

If moneys are owed to the State of Kansas, the state payment center will delay the reimbursement to the sponsor and possibly recover the outstanding debt. KSDE is not notified in advance of the action.

Payments to Providers

The sponsor is required to distribute reimbursement payment to each provider within 5 business days after the sponsor has received payment from the KSDE. The **full amount** of reimbursement must be disbursed to each provider based on the number of meals, by type, served to children. Sponsors are **prohibited** from withholding the provider's reimbursement check. All reimbursement that is properly payable must be disbursed to the provider within regulatory time frames.

Each sponsor will mail, release checks or direct deposit to all providers on the same day of the 5-day disbursement period. An exception to the policy occurs when a sponsor has reason to suspect provider fraud. The sponsor must contact Child Nutrition & Wellness for approval.

Deductions to provider reimbursement payments are allowable in either of the following situations:

- ◆ Group food buying program. The provider purchases food from the sponsor through a group food buying program and authorizes deduction for the food from the reimbursement payment.
- ◆ Non-compliance of Program regulations. Meals may be deducted from a provider's reimbursement payment when the meals claimed were not in compliance with program regulations. Sponsor must notify the provider in writing about the deduction. Examples of non-compliance include: (a) the provider claimed over license capacity or (b) a parent verifies, in writing, that his/her child stopped attending on the 6th of the month but the provider claimed and was reimbursed for meals for the entire month. These meals are not in compliance and the provider owes the CACFP money for the non-compliant meals. For repayment, the sponsor can deduct the meals from the provider's reimbursement payment (or demand full payment). When possible and practical, it is recommended that the sponsor obtain written permission from the provider regarding the deduction.

Money Due to KSDE

If any moneys are due from the sponsor to the KSDE as a result of an overpayment, the amount due will be withheld from the next payment. If the full amount cannot be paid in one payment, contact KSDE to arrange a repayment schedule. All amounts due to KSDE as the result of an audit or program review must be paid to KSDE regardless of whether they are in the current or a closed program year.

Amounts not paid within 25 days will accrue interest at the current U.S. Treasury rate.

Reimbursement Rates

USDA sets reimbursement rates annually and the rates are effective on July 1. Reimbursement rates are set by (1) the meal type and (2) the tier category. The meal types are breakfast, lunch and supper, and snack and tier categories are Tier 1 and Tier 2. Reimbursement rates are higher for Tier 1.

Tier 1 or Tier 2 Reimbursement

All meals served in Tier 1 homes or Tier 2 High homes will be reimbursed at the higher rate. All meals served in Tier 2 Low homes will be reimbursed at the lower rate. Providers will be reimbursed based on the number of meals served to enrolled children multiplied by the appropriate rate for each breakfast, lunch or supper, and/or snack they are approved to serve at Tier 1 or Tier 2 rates as appropriate.

Tier 2 Mixed Reimbursement

There are several methods for computing reimbursement for Tier 2 Mixed homes. The sponsor has the option to choose which of the methods they will use for all their homes. Each sponsor must use only one method and may only change the method annually. The five methods for computing reimbursement are:

- ◆ Actual Meal Count Method
- ◆ Percentage Method/Enrollment*
- ◆ Blended Method/Enrollment*
- ◆ Attendance Percentage Method*
- ◆ Attendance Blended Method*

**Only the Actual Meal Count Method is described in this section. For further information, contact KSDE.*

The Percentage and Blended Methods/Enrollment are intended to simplify the task of developing and preparing the monthly reimbursement claim. By using either of these methods, it is only necessary to keep count of total meals served by meal type (breakfast, lunch, supper or snack). Either of these methods must be adjusted at least semiannually to allow for changes in enrollment in each home.

Actual Meal Count Method

Using the information collected and maintained by the sponsor on the status of each enrolled child, the sponsor identifies and totals the number of meals served which are eligible for the higher Tier 1 reimbursement rate (reported as Tier 2 High on KSDE computer system) and the total number of meals served which are eligible for the lower Tier 2 reimbursement rate (reported as Tier 2 Low). These totals are reported on the monthly reimbursement claim.

- Step 1:** Identify the participating children as Tier 1 rate or Tier 2 rate.
- Step 2:** Use the monthly total for each meal type (breakfast, lunch, snack, etc.).
- Step 3:** Multiply total meal count of each meal type by appropriate reimbursement rate.
- Step 4:** Add results from each meal type to determine the total reimbursement paid to the provider.

Example of Actual Meal Count Method

A provider served 200 lunches during the month. Of these, 55 lunches were to 3 children eligible for the higher Tier 1 reimbursement rate (Tier 2 High) and 145 lunches were to 8 children eligible for the lower Tier 2 reimbursement rate (Tier 2 Low).

- Step 1:** Identify children
 - 3 participating children in Tier 1
 - 8 participating children in Tier 2
- Step 2:** Monthly meal count
 - 55 Tier 1 lunches (reported as Tier 2 High)
 - 145 Tier 2 lunches (reported as Tier 2 Low)
- Step 3:** Multiply lunch meal count by appropriate reimbursement rate.
 - 55 lunches x Tier 1 reimbursement rate
 - + 145 lunches x Tier 2 reimbursement rate
- Step 4:** Total reimbursement for lunches for this provider

(For the total reimbursement for this provider, repeat steps for each meal type. Add figures together.)

Claim Revisions

After a claim has been paid, a sponsor may discover an error. Errors can occur in any of the areas of the claim form and must be corrected immediately. To make a revision to the claim, enter the correct information into KN-Claim. **Retain documentation of** the change(s), list reason(s) for the revision(s), and the date the revision was entered into the KSDE computer system. Refer to the Claim Justification Form 20-A. The form must be maintained on file with the month to which the claim adjustment pertains.

Provider claims need to be processed and reported in the KSDE computer system properly. Ongoing claim revisions, due to failure to initially process provider claims accurately, do not demonstrate the sponsor's administrative capability required by CACFP regulations (7 CFR 226.6(b)(2)(vii)(B)).

For detailed information: Guidance for Local and State Agencies on 60-Day Claim Submission and 90-Day Reporting Requirement for Child Nutrition Programs, USDA FNS, August 2018.

Under Claim

If an error causes the sponsoring agency to under claim reimbursement, the **revised claim for additional reimbursement must be submitted within 60 calendar days after the end of the month to which the claim pertains**. No claims will be accepted for processing after this deadline. Example, the meal attendance for two providers was inadvertently omitted for March and therefore was not included on the claim. The claim period ends on March 31. The 60-day period begins on April 1. The sponsor must submit the revised KSDE claim before **May 31** to receive additional reimbursement. Likewise, if a sponsor omits an administrative expenditure on the original March claim, the revised administrative amount must be submitted before **May 31**. If the revision is not submitted timely to KSDE, non-CACFP funds must be used to reimburse the provider for claim if it is properly payable **or request for a 36-month exception can be requested by completing Form 12-A and sending to the Director of Child Nutrition & Wellness**. Likewise, non-CACFP funds must be used to pay for the administrative expenditure not included on the claim timely.

The provider must submit the claim to the sponsor according to the sponsor's Management Plan and in advance of the **60**-day deadline.

Over Claim

If an error causes the sponsor to over claim reimbursement (example, received too much reimbursement to match meal attendance or incorrect administrative cost amount), the revised claim must be submitted as soon as the problem is discovered. There are no deadlines for over claim revisions.

In the case where a sponsor has a debt from a provider, a claim revision should not be submitted until the provider returns the funds to the sponsor. Additional information regarding collecting provider debt is located in *Chapter 8, Monitoring Responsibilities of Sponsors*.

Program Reviews or Audit Findings

Reimbursement may be adjusted as a result of program review or audit findings. If revisions are necessary as a result of a program review, the sponsor will be instructed as to who is responsible for revising the claim(s). Some revisions may be submitted by the sponsor for the applicable months. Other revisions will be completed as a part of the review or audit findings by KSDE staff.