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BUREAU OF HEALTH AND NUTRITION SERVICES AND
CHILD/FAMILY/SCHOOL PARTNERSHIPS
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TO: Child and Adult Care Food Program (CACFP)
Day Care Home Sponsoring Organizations

FROM: Maureen Staggenborg, Director
Child Nutrition Programs

DATE: August 3, 2005

SUBJECT: Operational Memorandum #18H-05
Documenting Reasons for Block Claims by Day Care Homes

Effective October 1, 2005 CACFP day care home sponsoring organizations must comply with new regulatory requirements pertaining to conducting unannounced monitoring visits of facilities as a result of a “block” claim. A block claim is a claim with no variation in meal counts, for any single meal type or combination of meal types, for any continuous 15 day period within the claim month. The purpose of this memorandum is to provide additional guidance regarding the requirement to conduct unannounced follow up monitoring visits required within 60 days of the submission of a block claim.

Sponsors must conduct an unannounced follow up monitoring visit each time a provider submits a block claim. However, if a sponsor is able to determine and document that there is a valid reason for the block claim, the sponsor is not required to conduct another “block claim related” unannounced follow up monitoring visit of the facility for the remainder of that annual review cycle. The U.S. Department of Agriculture (USDA) has determined that the intent of this requirement can be met, under certain circumstances, 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 monitoring visits conducted on or after August 1, 2005:

- If a sponsor conducting an unannounced monitoring visit observes a block claim in the provider’s meal/menu records; and
- the sponsor is able to determine and document that a valid reason exists for the block claim,
- then the sponsor will be exempt from conducting the follow up monitoring visit, normally required to be conducted within 60 days of detecting the block claim, for the remainder of the current review year.

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 monitoring visit conducted **prior** to the provider's first submission of a block claim during the current review year. If a sponsor receives a meal count/claim from a provider that includes a block claim, the cause of which has not been determined prior to its submission, the sponsor must conduct an unannounced monitoring visit within 60 days of receipt of the provider's 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 monitoring visits through the remainder of the current review year ending on September 30, 2005. In addition, for the review year that runs from October 1, 2005-September 30, 2006, if a provider's block claim is determined to be valid in August or September 2005, the sponsor would be exempt from conducting the required 60 day unannounced monitoring visit of that provider until another block claim is detected on or after October 1, 2006.

USDA has stressed that "valid reasons" for the existence of a block claim that would exempt the sponsor from conducting additional unannounced follow up monitoring visits for the 12-month period are limited to those reasons discussed in the preamble to the interim rule (69FR 53501, September 1, 2004). The reasons for a block claim identified prior to the submission of a block claim must be specific to the facility, and well-documented. Refer to the enclosed *Questions and Answers* for further guidance on block claims.

If there are any questions about this information, contact the Bureau of Health and Nutrition Services and Child/Family/School Partnerships as noted below:
Susan Bohuslaw at (860) 807-2073 or Maureen Staggenborg at (860) 807-2070.

Questions and Answers
Child and Adult Care Food Program

2nd Interim Rule on Management Improvement Block Claims

1. How is “block claim” defined in the 2nd Interim Rule?

The 2nd Interim Rule defines “block claim” as a claim on 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. 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 within the same claiming period. For facilities that serve meals 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 within the same claiming period.

2. What should a sponsoring organization do when it finds a block claim?

The sponsor must conduct an unannounced review within 60 days (or within 90 days if granted an extension by the State agency), to examine the facility’s meal counts and to validate the facility’s claims for reimbursement. As part of this review, the sponsor should examine several months of claims to see if there are any suspicious patterns, prior to conducting the review, and should reconcile enrollment, attendance, and meal counts for five or more days during the review.

3. If the unannounced review or other follow-up activity conducted by the sponsor indicates that the facility’s meal count was not valid, must the facility be declared seriously deficient?

Not necessarily. The sponsor will need to evaluate the severity and frequency of the problem, and attempt to determine why the inaccurate claim was submitted. If the facility is new, or if the sponsor believes that there are other reasons that the facility did not understand how to properly record meal counts, the sponsor may decide that additional training and oversight will correct the problem, without a declaration of serious deficiency.

4. What is acceptable documentation of a legitimate reason for a block claim?

A note placed in the sponsor’s monitoring file should be adequate. The sponsor must put enough information in the review file to explain why a facility might regularly submit block claims for a specific meal service, or why there might be block claims submitted for all of its meal services. Sponsor monitoring forms should be revised to include a question to address block claim reviews and the documentation of legitimate reasons for the submission of a block claim. A sample block claim review form item for this purpose is enclosed.

2nd Interim Rule on Management Improvement Block Claims

5. What are legitimate reasons for block claims?

Statements such as “the facility provides drop-in care so that it is always filled to licensed capacity on each day it is opened” or “it is the provider’s policy to accept children even when they are ill” would reasonably explain the occurrence of a block claim. However, statements such as “children are never sick” or “provider has legitimate reasons” would not provide enough information to justify the occurrence of a block claim.

6. What is the purpose of requiring an unannounced review within 60 days of discovering a block claim (or 90 days if an extension is granted by the State agency)? Wouldn’t the conduct of household contacts be more effective in determining whether a block claim is accurate?

The purpose of this requirement is to ensure that sponsors identify and address potentially serious claiming problems as early as possible, and to speed up the performance of unannounced reviews at those facilities that have submitted block claims. It is intended to provide the sponsor with additional information about the integrity of the facility’s claim, which can supplement other follow-up methods that the State agency requires, including household contacts.

7. Does investigating a block claim mean that the sponsor will have to conduct more than three reviews of the same facility?

No, in most cases, it is expected that the unannounced review resulting from a block claim edit check can be one of the three regular reviews that the sponsor must conduct. The point of the edit check is not to add an additional review burden. Rather, its purpose is to target resources to, and to address and resolve, potential claiming problems sooner, rather than later. However, in order to count one of the three required reviews, the unannounced review triggered by the block claim edit check must be complete. That means it must be comprehensive and cover all of the review elements required at §226.16(d)(4)(i) and (ii).

8. If, during a single review year, the sponsor has examined the reason for a block claim, must the sponsor conduct an additional unannounced review following the detection of yet another block claim?

No, if the documented explanation of the first occurrence of a block claim is sufficient to explain subsequent block claims, an additional unannounced review is not required.

**2nd Interim Rule on Management Improvement
Block Claims**

- 9. Does the block claim edit check have to be conducted by both the State agency and the sponsor?**

No, the edit check has to be implemented by the sponsor. However, its implementation must be reviewed by the State agency, as part of the State agency's normal review of the sponsor's claims process.

- 10. Does the unannounced review have to include observation of the meal service that triggered the block claim edit check?**

USDA recommends that whenever possible, the unannounced review triggered by the block claim include an observation of the meal service that was "block-claimed."

Sample Monitoring Form Question

Block Claim Review

Has the provider submitted a block claim of one or more meal type(s) for 15 or more consecutive days in the current or preceding claiming period? ___ yes ___ no.

If yes, is there a legitimate reason to explain why a provider might regularly submit block claims for a specific meal service or for all of the meal services? ___ yes ___ no.

Describe in detail the circumstances that would justify the occurrence of a block claim: