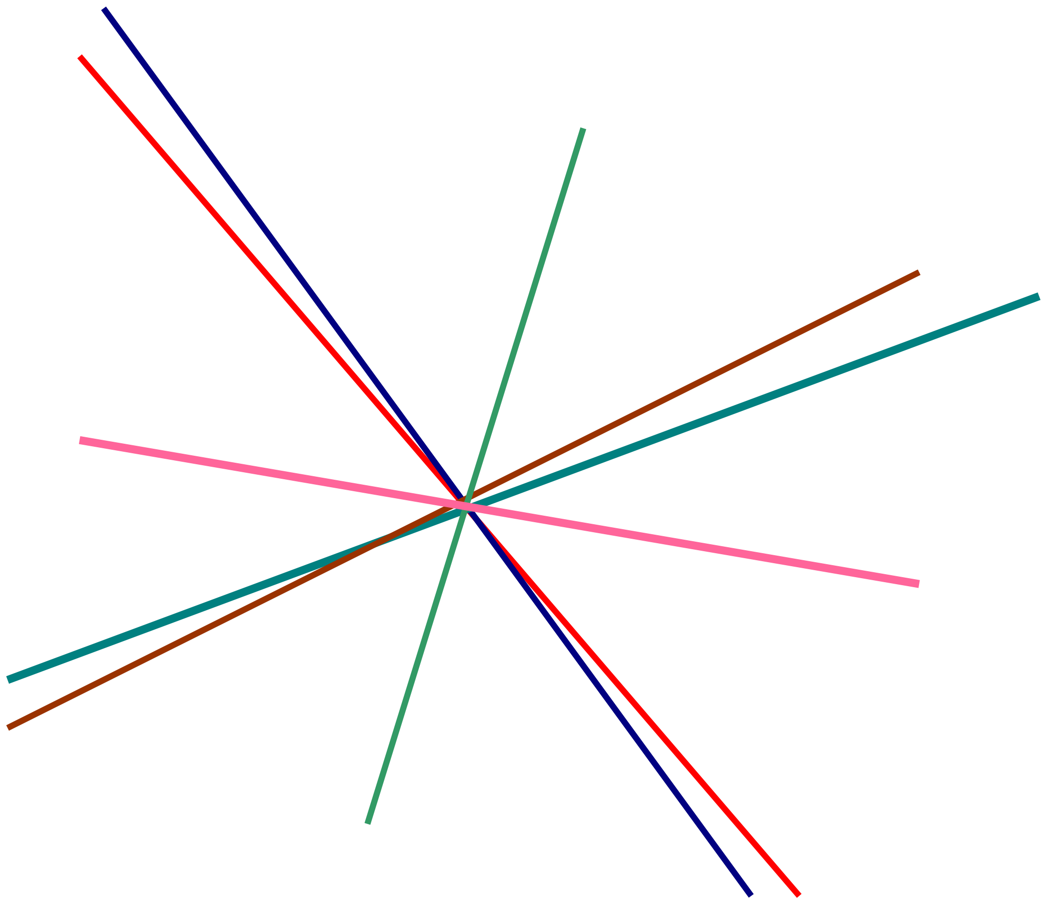
INSURANCE MATTERS

An Emerging Crisis in Child Care



Greater Upstate Law Project, Inc.

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An Emerging Crisis in Child Care

Written by Allison Sesso
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Greater Upstate Law Project, Inc.

The **Greater Upstate Law Project** (GULP) is a non-profit legal resource center providing technical assistance to local legal services programs and other community groups in New York State. GULP engages in policy analysis and legislative and administrative advocacy, and undertakes impact litigation as necessary to protect, defend and enforce the rights of poor and low income New Yorkers.

GULP works on a broad range of legal matters, including civil rights, consumer, disability, domestic violence, housing, health care and public benefits issues, including child care, cash assistance and immigrant access to public benefits.

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This report is dedicated to the memory of

Susan B. Griffin

Former Director of the

Cortland Area Child Care Council

Susan's tireless efforts on behalf of family and group family providers in the area of insurance coverage were the inspiration for this report. The continuing work of the Legislative Committee of the New York State Child Care Coordinating Council is guided by the path Susan established. Susan devoted much of her final year to building a coalition of stakeholders who would continue to advocate for improvements in the availability and affordability of insurance for these small business owners.

About the Author: Allison Sesso undertook the research for and the writing of this report while working at the Greater Upstate Law Project as a Center on Women in Government and Civil Society Graduate Fellow.

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INTRODUCTION

Children are our future. The quality of the care they receive in their early years can dramatically affect who they become. Early experiences affect the development of the brain and lay the foundation for intelligence, emotional health and moral development.[1] Low-income pre-school children enrolled in enriched pre-school programs show higher educational achievement, higher earnings and lower use of cash welfare assistance. [2]

Numerous studies show both the immediate and long term positive effects on children who receive quality child care, which is commonly defined as a safe, healthy and stimulating environment where early childhood education and trusting relationships combine to support each child's physical, emotional, social and intellectual development. [3] Given the importance of early education, it is critical that child care providers be treated as the early education professionals they are, that they be encouraged to remain in the field and that they be afforded opportunities to improve and advance their skills and education. Despite the importance of their jobs, child care providers are among the worst paid professionals. The average starting salary for a child care provider in New York State is $14,530, which is below the poverty level for a family of three.[4] The average annual wage for a child care provider in New York State is $19,610, comparable to waiters or waitresses and roughly half that of the average kindergarten teacher in the state. [5] In addition to inadequate compensation, child care providers report problems accessing health and liability insurance. Not surprisingly, turnover rates can exceed 30%.[6]

Child care is an important small business in New York State, constituting 22,000 licensed and regulated small businesses, including not-for-profit and for-profit centers, Head Start, pre-kindergarten, 11,000 family child care providers and 3,665 group family providers. In all 119,000 workers are employed in the licensed and regulated child care sector in New York State and care for more than 622,000 children.[7] These workers frequently take their concerns to the professional organizations that support them, such as the New York State Child Care Coordinating Council and the Family Child Care Association of New York State. These organizations are hearing increasing concerns about the inability of child care providers to access affordable health and liability insurance. In a survey of its members, the Family Child Care Association of New York State learned that 24% of the 332 family and group family child care providers responding had no health insurance and 38% had no liability insurance.[8]

Additionally, these organizations are hearing increasing concerns from family and group family providers (who operate programs from their home), regarding their inability to find and keep their homeowner's insurance, even when they have a separate liability insurance policy that covers their businesses.[9] In the Family Child Care Association survey mentioned above, 33 providers reported having their homeowner's insurance canceled.[10] Child care centers have also experienced difficulty obtaining liability insurance for their businesses, or finding coverage that is affordable.

The professional child care organizations also received numerous complaints from child care providers about their inability to obtain health insurance. Child Care Resource and Referral (CCR&R) agencies, which are community based organizations located in nearly every county of the state, assist parents with finding quality, affordable child care, and support child care providers in professional development and program operations. These CCR & R's have independently recognized access to health and liability insurance as a major problem among their respective local provider communities, and asked their statewide membership organization, the New York State Child Care Coordinating Council to take this issue on as a legislative priority. CCR & R's report that many centers cannot afford to provide benefits to their employees and many providers that work from home have no way of accessing health benefits.

In an effort to obtain more information on the extent and real dynamics of these issues we surveyed child care centers, regulated family child care providers and group family child care providers in several representative counties of New York State to examine the reported problems regarding their access to health and liability insurance in New York State. Family child care providers are providers who work out of their homes, caring for not more than 6 children, except for certain well defined exceptions. [11] Group family child care providers also work out of their homes, but are permitted to care for up to twelve children, except for certain well-defined exceptions, so long as another adult is present. [12] The survey did not include unregulated home-based, child care providers, who by law, cannot care for more than two children.

A summary of the questions asked in the survey is contained in Appendix A – Methodology, which includes copies of the actual survey instruments.

The survey revealed that child care providers have problems obtaining and retaining both liability and health insurance. Family and group family providers report that they have difficulties getting and keeping homeowner's insurance because they are child care providers. Child care centers and home-based providers also have difficulty finding liability insurance for their child care businesses. Health insurance is also an issue, with few providers appearing to have insurance through their jobs.

With respect to liability insurance, this paper will describe the results of the survey and make recommendations to address the problem. With respect to health insurance, this paper will discuss the options that already exist and suggest ways that these options might be expanded.

Given the reliance of New York's parents on child care and the high turnover rates of child care providers, New York cannot afford to ignore two additional disincentives to become and remain a provider of child care. This report calls on the State of New York to assist the proprietors of these small businesses, by alleviating the crises that they are facing in accessing insurance.

PART I: LIABILITY INSURANCE

Overview:

Child care providers, like other small businesses are well advised to obtain liability insurance to protect themselves against potential loss. For many child care providers, liability insurance is more than just good business practice – it is essential to them being able to do business. New York State will not license child care centers without liability insurance,[13] and some social services districts require family and group family child care providers to obtain liability insurance as a condition of entering into a contract with the county.[14]

Our survey revealed that family child care providers had particular difficulties accessing affordable liability insurance, and that some faced cancellation of their homeowner's insurance because they had a child care business in their home. Family child care providers, like other small business operators, need to protect themselves from financial loss. However, family child care providers differ from most other small business owners in that they 1) run their businesses out of their homes and 2) face unique risks specific to the care of children. These distinctions often make it difficult for family care providers to get and maintain the insurance coverage they need to protect themselves and their own families from financial risk.

Providers who work out of their homes have a few basic coverage options. They can:

1. **Extend their homeowner's coverage.** Many insurance companies will extend liability coverage by offering an endorsement or rider to a homeowner's policy. The premium for the additional coverage is generally low, but the coverage is limited.

2. **Buy a commercial liability and accident policy.** This is a separate policy that specifically covers risks associated with the business. Premiums are higher, but the coverage is much more extensive.

3. **Self-insure.** Create a savings account intended specifically to cover accident claims. Setting aside a few hundred dollars each year may cover the risk, but will not protect against the injury or death of a child.

4. **Try to substitute waivers signed by parents for liability insurance.** However, it is unlikely such waivers will hold up in court and is therefore, not an adequate substitute for insurance.[15]

Utilizing a rider (option 1) or a separate policy (option 2) is clearly preferable, since the other options leave the child care provider financially vulnerable. While riders tend to be less expensive than separate policies, the liability limits are generally lower. In order to obtain affordable coverage, child care providers often have to go without the amount of coverage that they would prefer, and instead take the coverage they can afford.

A number of family child care providers reported that their homeowner's insurance had been canceled, even when they have separate liability policies for their in-home child care business. Court decisions holding the homeowner's liability insurance company financially responsible for incidents linked to the provision of child care, despite specific child care exclusions, may be partially responsible for this phenomenon.[16] The growing refusal of many insurance companies to provide homeowner's coverage to family child care providers is attracting national attention.[17] One state has enacted legislation which specifically prohibits coverage in homeowner's policies for damages arising out of the operation of a day care center unless such coverage is explicitly covered.[18] The purpose of this statute was to encourage insurance companies to provide homeowner's insurance to child care providers.[19] Since homeowner's insurance is often a condition of obtaining a mortgage, these cancellations put the provider's home at risk and create a major disincentive to remaining in the field.

Finding any homeowner's insurance is becoming increasingly difficult for providers of child care; finding affordable insurance is even harder. With fewer companies in the market, those that do offer insurance are able to charge higher rates.[20] The inability to obtain homeowner's insurance has several negative affects. First, unable to afford the high costs of insurance (given their low incomes) and uncomfortable with the financial risks of not having insurance, some providers leave the field, thereby decreasing the availability of care and adversely affecting the quality of care available. Others will try to hide the fact that they provide child care in their home from the insurance company, leaving them at serious financial risk if an accident does occur.[21]

The latter of these outcomes is particularly troubling. While courts have, in some instances, held homeowner's liability insurance companies financially responsible for child care related accidents, as mentioned above, this is not the norm. Providers who put their coverage at risk could lose everything from the equity on their home to their savings and retirement investments, in a single judgment.[22] Furthermore, the insurance company may consider the homeowner's policy completely invalid if they are not informed about the operation of a business in the home, and refuse to pay any claims, even if they are not related to the provision of child care.[23]

When child care providers lack insurance or companies refuse to pay claims, problems are created for both providers and parents. While some child care providers risk serious financial loss, many have little to lose, which probably contributes to their decision not to have coverage. Parents, on the other hand, whose children are cared for by these "judgment proof" providers, have the potential to lose a great deal. If their child is seriously hurt or injured while in the care of a provider with inadequate insurance, they essentially forfeit any compensation. Ensuring that all providers have adequate coverage should be a concern for both the caregiver and the consumer.

To get a better understanding of how well New York's providers are covered, we asked them a number of specific liability insurance questions; the results of which are summarized below.

Findings

- In the Bronx and Tompkins County most family child care providers lack liability insurance for their child care businesses; significant numbers lack insurance in Nassau and Seneca counties.

- Group family providers, which are allowed to care for more children than family care providers, appear to be more likely than family providers to have some form of liability insurance for their child care businesses.

Chart A shows that group family child care providers are more likely to be insured than family child care providers. Family child care providers in the Bronx and the two rural areas surveyed, Seneca and Thompson, had the lowest percentages of insured providers. For example, in Seneca County, half of the family child care providers that responded did not have liability insurance, while most of the group providers that responded did. The results from Tompkins County showed that the majority of family provider respondents did not have liability coverage. In the Bronx, over 90% of the family child care respondents claimed they did not have liability insurance.

The survey revealed higher percentages of insured providers in Nassau and Erie Counties. In Nassau, for example, 58% of the family providers and 88% of the group family care providers indicated that they were covered. In Erie County, 72% of family providers and all of the group family providers said they had insurance coverage.

Chart A:
Liability Insurance

	Have Insurance		Do Not Have Insurance	
	Family	Group Family	Family	Group Family
Bronx	7% (13)	no data	93% (170)	no data
Erie	72% (31)	100% (4)	28% (12)	
Nassau	58%(15)	88% (14)	42% (11)	12% (2)
Seneca	50% (6)	67% (2)	50% (6)	33% (2)
Tompkins	20% (3)	75% (3)	80% (12)	25% (1)

Many family providers are not even aware that they should have liability insurance.

While the reasons child care providers do not have liability insurance vary, some common themes are evident. Many family providers are not even aware that they should have liability insurance. In the Bronx, for example, over 50% of the respondents said they were either unaware that they needed insurance or that they see no reason or have no interest in having insurance. One respondent "believes that [her] house insurance covers day [care] children." Another 7% of the Bronx respondents said they needed more information on how to go about applying. The Seneca responses demonstrate a similar problem with "never thought about it" being the second most common reason for not having insurance.

Across All Counties Surveyed, The Number One Reason Providers Say They Do Not Have Insurance Relates To Its High Cost.

In Tompkins County, every respondent that did not have insurance indicated that it is "too expensive." In both Erie and Nassau Counties, half of those without insurance attribute their lack of coverage to cost. Likewise in Seneca County and the Bronx, high cost was the number one reason given for not having liability insurance. One uninsured provider said she "supervises the children very closely." Other common reasons for not having coverage include: being dropped by the insurance carrier and difficulties finding an insurance company (particularly one that is affordable). According to one respondent from Nassau County she is, "still in process of trying to find one who will provide coverage - now over 2 years."

Family Child Care Providers Are More Likely To Have Homeowner's Riders; Group Family Child Care Providers Are More Likely To Have Separate Liability Policies.

Chart B illustrates the proportion of insured child care providers who insure their businesses with liability policies and those who have homeowner's riders. In Erie County 71% of the insured family care respondents insure their child care businesses with homeowner's riders as compared to only 25% of group providers. Tompkins County had similar results with more group family providers having separate policies (rather than a rider), than family providers. No one from Seneca County reported having a separate policy. Nassau County, however, was somewhat unique with the majority of both family and group family providers having separate policies (although a higher percentage of group providers report having a separate policy compared to family care providers).

Chart B

Insured Providers: Liability Insurance or Homeowner's Riders?

	Separate Liability Policy		Homeowner's Rider	
	Family	Group Family	Family	Group Family
Bronx	no data	no data	no data	no data
Erie	29% (9)	75% (3)	71% (22)	25% (1)
Nassau	60% (9)	71% (10)	40% (6)	29% (4)
Seneca	0	0	100% (6)	(1) incomplete data
Tompkins	33% (1)	100% (3)	67% (2)	

The tension between price and coverage limits appears to play a significant role in determining a provider's choice in liability coverage. The lower costs associated with riders make them an attractive option. However, the higher liability limits of separate policies increase their appeal. In Erie and Nassau Counties, for example, several respondents indicated they have the most reasonably priced policy they could find. However, concern over financial loss was also a fairly common theme, especially among Nassau providers. Providers who reported having a separate policy seemed particularly concerned about having adequate coverage, which may help explain why separate policies are more common among providers from Nassau. This creates a dilemma for child care providers whose choices are limited because of their very low income.

Providers Have Limited Choices.

Providers often find that their choices are limited. Many of the providers from Nassau said they were unable to get a rider on their homeowner's insurance policy, helping to further explain the high number of providers with separate policies. In addition, many Erie County respondents indicated that their current policy is the only one they could find. Lacking competition, insurance companies are able to charge much higher rates, which may have an adverse effect on the number of providers willing and able to pay for any type of coverage.

Some progress is being made with respect to the availability of liability insurance. The Family Child Care Association of New York State (FCCANYS) is now able to offer group rates everywhere in the state except for New York City. Until recently they were unable to offer insurance to providers in Westchester, Nassau and Suffolk counties. The rates offered by the FCCANYS range from $282 per year for $100,000 coverage for providers caring for fewer than nine children to $790 per year for $1million to $3 million in coverage for providers caring for 13 – 17 children.[24] Despite these gains, the FCCANYS reports that a disturbing number of family child care providers face cancellation of their homeowner's insurance, even if they have liability insurance. In a survey of 332 family and group family child care providers across the state, the FCCANYS learned that 10% of those responding (33 providers), reported having their homeowner's insurance canceled.[25] These 33 cancellations were made by 18 different insurance companies suggesting that the insurance industry overall is making homeowner's insurance more difficult for family and group family child care providers to obtain.

Many Providers Report Problems Maintaining Liability Insurance.

Overall, seventeen percent of the family care provider respondents from Erie County reported either having their homeowner's insurance canceled or having been denied coverage.

In Nassau County, two child care centers reported having been dropped by their insurance company because the company stopped covering child care.[26] A family care provider who is also located in Nassau County had her child care liability rider canceled, despite the fact that she had never made a claim[27]. Another Nassau County provider said she "could not get a rider on her homeowners because [her] homeowners would not allow this option." Three other Nassau County respondents had their homeowner's insurance canceled altogether because they provide child care and two other providers reported that their applications had been denied. In all, 13% of the group and family care provider respondents from Nassau County reported having had their homeowner's insurance either canceled or denied.

Similar problems were found in Erie County with both family and group providers reporting canceled child care liability insurance policies. Family care providers reported three cancellations and group family providers reported two. One provider said that the "companies did not want the risk" and another was told her company "no longer covers child care providers." Overall, seventeen percent of the family care provider respondents from Erie County reported either having their homeowner's insurance canceled or having been denied coverage. Once a provider is canceled by one carrier, she is likely to experience a dramatic increase in the cost of her homeowner's insurance policy. One group family provider from Nassau said the cost of her homeowner's insurance tripled after one company would not allow her to renew, forcing her to find a new insurer. This increase occurred despite the fact that she had a separate liability insurance policy for her business with a one million dollar limit.

Chart C

Providers That Have Had Insurance Canceled or Applications Denied

Bronx	Of 13 insured FCC providers, none reported denials, cancellations or premium increases.
Erie	Of 31 insured FCC providers, 3 had their liability policies canceled, 5 had their homeowner's insurance canceled and 3 had been denied homeowner's insurance. None of the 4 insured GFCC provider reported denials, cancellations or increases. None of the child care centers responding reported having their liability insurance canceled.
Nassau	Of 15 insured FCC providers, 2 had liability insurance canceled, 1 had homeowner's canceled, 1 had homeowner's denied, and 2 had homeowner's insurance increased. Of 14 insured GFCC providers, 2 had their homeowner's insurance canceled, 1 had homeowner's insurance denied and 1 had homeowner's insurance increased. Of 15 insured day care centers, 2 reported having their liability insurance canceled.
Seneca	Of 6 insured FCC providers, 2 have had their homeowner's insurance canceled and 4 have had their homeowner's insurance premiums increased. Neither of the 2 insured GFCC providers reported cancellations or denials, but 1 reported a premium increase.
Tompkins	Of 3 insured FCC providers and 3 insured GFCC providers, none reported denials, cancellations or premium increases.

Providers often get confusing messages from insurance carriers, indicating that coverage is being canceled based on previous claims, but which also indicate that the presence of the day care business is the real reason. One family care respondent from Seneca County enclosed a copy of her insurance cancellation letter from Nationwide. The letter reads,

> *A recent inspection of your property indicated the following hazards: there is an ineligible business exposure, daycare with more than 6 children, on the premises. This represents a substantial increase in risk. Risk does not meet underwriting guidelines due to the water claims of 3/14/01 and 11/13/00…remove the ineligible business and provide a signed, notarized statement verifying that the business has been removed.*

According to the recipient of this letter, the water damage claims referred to were made by the home's previous owner and were related to a problem that had since been rectified. A letter such as this can discourage a provider from continuing her business, particularly since the insurance policy that would cover her business, and most homeowners need homeowner's insurance as a condition of their mortgage.

One group family provider had her homeowner's insurance cancelled after she filed a claim when a small shed was crushed in an ice storm. She was told by her agent that the company would insure her is she were a family instead of a group family provider.

As Chart D shows, very few respondents have ever made a claim to their insurance company; making the companies' resistance to covering providers of child care somewhat questionable. In Erie County, for example, 6% of the responding centers and only 3% of the responding family and group family providers with insurance, reported making claims. No business related claims were reported by any of the respondents from either Tompkins or Seneca Counties. And although 40% of the responding centers from Nassau County reported making a claim, only 20% of those claims were related to hurt child (the others involved property damage). Furthermore, only 8% of Nassau's family and group family provider respondents reported claims related to their child care business, two of which have not resulted in payment by the insurance company. Overall, the number of claims reported by the survey, particularly those related to the injury of a child, were low.

Chart D
Providers Reporting
That They Have Made Claims Against Their Insurance Companies

	Family	Group Family	Centers
Bronx	no data	no data	no data
Erie	3% (1)	0% (0)	6% (1)
Nassau	13% (3)	20% (3)	40% (6)
Seneca	17% (2)	0% (0)	0% (2)
Tompkins	0% (0)	0% (0)	

Car Insurance Cancellations

A number of respondents reported that obtaining and keeping car insurance is also a problem for some child care providers. The Seneca, Nassau and Erie County surveys all indicated the existence of car insurance problems. In Seneca County one provider said, "I did not inform my insurance carrier that I am a provider. If I had, I'd have had to carry a special policy and my rates would have increased several hundred dollars." Another Seneca child care provider claims to have been dropped by her car insurance company after "they found out I did one field trip per year with my daycare children." And yet another said she "had to sign that [she] would not take day care children in [her] car or would not have insurance." A provider in Nassau reported a similar problem, stating that, "When leasing a vehicle, the company was concerned that I was transporting children on a daily basis and asked me to sign a paper stating it was a personal vehicle (which it was) and made me feel it was because of my occupation. I had to explain my reasons for a car." Finally, a provider from Erie County reported having difficulties obtaining car insurance that were explicitly related to her child care business. According to this provider, "when I called to check into reduced car insurance rates because of the advertisements (Geico and GM) I was denied because I provide child care. I explained that I have a separate policy to cover my business and that I never take the children in the car, but that did not seem to matter." Problems obtaining car insurance create another unexpected disincentive to remain a child care provider.

Conclusion

A key factor in retaining high quality child care providers is the availability of affordable liability insurance. However, many child care providers do not have adequate protection from financial risk. The primary reasons providers do not have insurance seems to be related to 1) a general lack of knowledge about its importance, 2) its high cost and 3) insurance companies' unwillingness to provide coverage to child care providers. To improve this situation, New York should:

- Immediately convene a Commission comprised of child care providers, insurance companies and all other relevant stakeholders to assess the scope of the problem and recommend a solution;
- Create a state level ombudsman's office within the New York State Insurance Department to assist child care providers who face insurance cancellations.
- Assure that child care providers understand the importance of having liability insurance, by incorporating it in state mandated training curriculum.
- Assist child care providers in locating affordable insurance – an initiative in New York City is necessary to address the high rate of uninsured providers there.
- Increase the number of companies willing to provide insurance to the child care industry thereby instilling more competition and helping to make rates more affordable.
- Implement legislative protections that keep child care providers from losing their homeowner's (and perhaps car) insurance policies.

PART II: HEALTH INSURANCE

Overview:

New York State has implemented a number of programs to help low income New Yorkers obtain health insurance. In addition to Medicaid, New York offers

- Family Health Plus, which covers single adults and couples without children if their income is below the poverty level, and parents and guardians living with children if their income is under 150% of poverty,
- Child Health Plus, which provides Medicaid coverage for children under 133% of poverty (infants under age one are eligible up to 200% of poverty) and free or low cost managed care coverage for children up to 250% of poverty,
- Healthy New York, which covers adults under 250%, if certain eligibility conditions are met.

The particular eligibility criteria for each of these programs are listed in Appendix B.

Child care providers, like many other low wage workers, have difficulty accessing health insurance benefits. If their income is over the Family Health Plus level, they may have trouble affording the Healthy New York premium, which although recently lowered, is not low enough for some families. They may also be ineligible for Healthy New York if they fail to meet one of its particular restrictions. For example, if a center offers insurance and pays any part of the premium, the employee is ineligible for Healthy New York coverage.

Many centers do not provide coverage or can only afford a small subsidy toward premiums, making health insurance hard to find. It appears that both center based and family care providers face this access dilemma, leaving many of our children's caregivers without adequate coverage and forcing others to seek health coverage from alternative sources.

Unfortunately the low salaries of child care providers and high premium payments associated with even the most basic insurance plans, prevent many child care providers from obtaining any level of health insurance coverage. A recent study of the Healthy New York program, which provides lower cost health insurance to families under 250% of poverty, found that the cost to low-income workers was between 8% to 20% of their incomes. The study found that low income workers do not tend to opt into health insurance plans when the premium exceeds 5% of their overall income.[28] This finding helps to explain why Healthy New York has had low take up rates despite its reduced premiums.

Special incentives are available for Family Child Care Providers in the Family Health Plus and Child Health Plus Programs.[29] Instead of itemizing business expenses, providers are allowed to deduct $5 per day per child as a business expense ($25 per week per child). They can take this deduction without receipts or proof of specific expenses. In addition, funds received from the Child and Adult Care Food Program (CACFP) do not count as income.

A handout describing these deductions in more detail is attached as Appendix C.

Healthy New York

The Healthy New York program was designed to help New York's large population of uninsured workers gain access to health insurance by lowering premiums. The first and most important design feature used to lower these rates is known as the stop-loss fund. This fund removes much of the insurance company's financial risk associated with high-cost claims. As originally designed, the fund would pay up to 90% of the insurance company's costs for enrollees with annual claims between $30,000 and $100,000.

The second premium-lowering feature is a reduced package of benefits. Coverage of mental health services and chiropractic care, for example, are not included. Finally, the program keeps premiums low through the inclusion of cost containment measures such as the use of HMO network providers and the imposition of co-payments and deductibles.

Although Healthy New York, as originally designed, did successfully lower insurance premiums by 30% to 50%, rates still exceeded more than 5% of the pre-tax incomes of many eligible families (250% of the poverty level[30]) keeping participation rates fairly low.[31] In an effort to entice more low income workers into enrollment, the State Insurance Department recently implemented changes to Healthy New York to further reduce premiums.[32] For example, lower-cost packages that do not include prescription drug benefits are now offered as an option. More importantly, the stop-loss fund will begin to cover 90% of claims that fall between $5,000 and $75,000, rather than those between $30,000 and $100,000. This change should remove even more financial risk from insurance companies providing this coverage, providing the incentive to lower premiums substantially.[33] These changes have decreased premiums and should provide increased access to Healthy New York. For example, in New York County the previous lowest rate for individuals imposed premiums of 27% of the person's income for an individual at the poverty level and 40% of the income of a husband and wife at the poverty level. The recent changes reduce these rates to 21% for the individual and 31% for a couple. The rates remain above 5% for individuals and couples.

The changes do provide more affordable premiums to those with higher incomes who live in families of 3 or more and who are seeking individual coverage.[34]

Because the premiums are inconsistent by geographic area, some areas of the state, such as Erie County, will find coverage more affordable than in other parts of the state. Despite premium reductions overall, the rates are not be low enough to assure that underpaid child care providers will pay less than 5% of their incomes to obtain insurance under the Healthy New York program. The charts attached as Appendix D and E show the reduced premiums under the revised Healthy New York program for households at varying percentages of poverty. Chart D assumes that the entire family is covered and chart E is for individual coverage only.

Using the lowest priced prescription plan available, a husband and wife with income of 150% of poverty ($18,180) and no children will pay over 14% of their income for health insurance with prescription coverage in Erie County, over 22% of their income in Nassau County, over 21% in the Bronx, over 18% in Seneca County and over 28% in Tompkins County. The 21% figure for the Bronx is especially troubling because the differential between the rates in the plan used in Appendices D and E, which were the lowest cost plans that offered prescription coverage, and the rates of all the other plans in the Bronx is large.[35] For example, the lowest prescription plan for a family in the Bronx is $481.78 per month. The other available plans in the Bronx range from $511.49 to $716.01 per month. In contrast, in Erie County, the premiums among the various plans are within $100 of each other, with the highest cost prescription plan for a family being $431.19, well below the lowest premium offered in the Bronx. It is for this reason that premiums for child care workers should be further subsidized, which will make the compensation more attractive and help to retain workers.

"Our staff is very low paid - for example, our head pre-K teacher has been here 20 years and makes less than $8 per hour. Health insurance, at a reasonable premium, for reasonable coverage, would certainly enable us to attract more quality people and retain them."

Health Insurance and Staff Retention

Initiatives in other states demonstrate that the availability of health benefits can help reduce turnover rates in the child care field. For instance, in 2001-02, over 2,700 child care workers in 285 child care programs received help paying for health insurance through the T.E.A.C.H. Early Childhood Health Insurance Program in North Carolina. A survey of the participating centers in North Carolina reported a significant reduction in staff turnover rates.[36] In 1997 Rhode Island implemented a plan aimed at increasing the accessibility of health insurance to child care providers by expanding eligibility to RIte Care, its publicly funded health insurance program, to licensed child care providers. Previously only families receiving cash assistance, pregnant women and children up to the age of 18 in families earning up to 250% of the poverty line were eligible for coverage under RIte Care. However, recognizing the high turnover rates prevalent in the child care field, and the importance of quality and consistent child care, Rhode Island's state government extended eligibility to child care providers in an effort to make the job more attractive. According to the Rhode Island Department of Human Services, turnover rates in Rhode Island have decreased since the program's implementation.[37]

Ensuring that child care providers have access to health insurance can help retain workers, ultimately improving the quality of child care in New York State. In order to better understand the extent of child care providers' health insurance needs and common sources of coverage, we gathered their responses to a number of survey questions related to health insurance. The results are summarized below.

Survey Findings: Center Based Providers

- **Most Center based providers obtain health insurance from sources other than their employers; although a significant number of centers offer insurance, many make no contribution to the cost.**

Although Chart E illustrates that more than half of the child care centers in Erie and Nassau Counties do offer health insurance plans to their employees, the percentage of centers that do not offer insurance is significant. In Erie County, for example, 33% of the responding centers offer no health benefits to employees. In Nassau County 27% of the responding centers did not offer any insurance. None of the responding Seneca County centers offer insurance and according to the director of one center. "Our staff is very low paid – for example, our head pre-K teacher has been her 20 years and makes less than $8 per hour. Health insurance, at a reasonable premium, for reasonable coverage, would certainly enable us to attract more quality people and retain them."

Chart E
Child Care Centers That Offer Health Insurance

	Offer Health Insurance	Do Not Offer Health Insurance
Bronx	No results	
Erie	67% (12)	33% (6)
Nassau	73% (11)	27% (4)
Seneca	0% (0)	100% (2)
Tompkins	No results	

Of The Centers That Do Offer Health Insurance, Many Make No Significant Contribution To Its Cost

Many of the centers that do offer coverage are unable to make significant premium contributions, resulting in low staff take-up rates. In Erie County, 36% of the responding centers that offer insurance said they make no contribution; 27% pay half of the premium. According to the Nassau County results, most of the centers that offer health benefits pay about half of the costs. However, many also cap their contribution. One center, for instance, offers coverage for family members, but makes the same contribution regardless of whether the employee takes up the family or individual plan. The employee share increases significantly when she adds her family to the plan. Another center's director explains that, "after 2 years each staff member receives $2,400 retirement fund. This money could also be applied toward health insurance. It is left up to the staff." Given its limited resources, this center requires its employees to choose between help with health insurance and a modest retirement contribution.

Very Few Child Care Providers Reported That They Obtained Health Insurance Through Their Job.

As Chart F illustrates, many insured child care providers obtain their insurance from sources other than their employers. In Nassau County 78% of the respondents have insurance coverage, but only 30% of them are covered through their job. Over half of the Nassau County center employee respondents are covered by their spouse's plan with another 8% on their parent's insurance, 3% on Medicaid and 1% on Medicare. In Seneca, most of the center employees that responded (80%) are on Medicaid with another 10% on Family Health Plus.

In Seneca, most of the center employees that responded (80%) are on Medicaid with another 10% on Family Health Plus.

The responses suggest that employees that are able to access health insurance through a spouse or a social services program do so. The results raise the concern that qualified child care providers who may not be able to find affordable insurance through a spouse or other source choose to work elsewhere. The responses from Seneca County which show a high percentage on Medicaid attest to the low wages of child care providers. Since no centers in Seneca County offer insurance, these employees may face a lack of health coverage if their wages go up.

Chart F
Center Employees with Health Insurance

	Total with Insurance	Covered Through Job	Spouse's Plan	Parent's Plan	Medicaid	Family Health Plus	Medicare
Bronx							
Erie	No response						
Nassau	78% (74)	30%(22)	51% (38)	8% (6)	3% (2)		1% (1)
Seneca	91% (20)	0% (0)	5% (1)	5% (1)	80% (16)	10% (2)	
Tompkins	No results						

Survey Findings: Family and Group Family Providers

- **Between 20%-37% of Family Child Care Providers are without Health Insurance**

Chart G shows that although most family child care (FCC) providers have health insurance, significant percentages do not have health insurance. Of those who have insurance, the majority rely on their spouse and many others have Medicaid benefits. In the Bronx 37% of family child care providers do not have health insurance. In Nassau County, 23% of Family Child Care providers are uninsured. Erie had similar numbers; 26% of family care respondents and all group family care respondents are uninsured.

In Tompkins County, 20% of the family child care providers and 25% of the group family child care providers had no health benefits. In Seneca, 33% of the group family providers and 25% of the family care providers that responded were not covered.

These statistics are significantly higher than the overall percentage of uninsured New Yorkers. According to recent census data 15.8% of New Yorkers lack health insurance.[38]

In Nassau, Erie, Tompkins and Seneca Counties most of those who had insurance did not get it from their employer. Between 65% and 75% of the insured family and group family care respondents in these counties have coverage through their spouse. One Nassau provider reported having a night job that provided her with benefits and a few others from Nassau are insured through small business associations.

Chart G
Family & Group Family Child Care Providers with Health Insurance

	Family Child Care				Group Family Child Care		
	Family CC with Insurance	No Insurance	Insured Through Spouse	Medicaid or FHP	Group FCC with Insurance	No Insurance	Insured Through Spouse
Bronx	63% (115/183)	37%	31	37 (MA) + 8 (FHP)	50% (1/2)	50%	
Erie	74% (32/43)	26%	24	1	100% (4/4)		3
Nassau	77% (20/26)	23%	13	2	100% (16/16)		11
Seneca	75% (9/12)	25%	7	2	67% (2/3)	33%	3
Tompkins	80% (12/15)	20%	8	2	75% (3/4)	25%	

About One-Third Of Child Care Providers In the Bronx Do Not Have Health Insurance.

Significant numbers of providers who responded to our survey from the Bronx do not have health insurance. Although 63% of those in the Bronx have coverage, this leaves 37% uninsured.

Respondents from the Bronx were less reliant on spousal plans , with only 27% from the Bronx are covered by their spouse. As mentioned previously, Medicaid also appears to be a common way for providers to access health benefits. In the Bronx, 32% of the family care provider respondents that have health coverage are on Medicaid and several others have Family Health Plus. The survey also revealed Medicare and private plans as other means of coverage.

Many, but not all of the providers that do not have insurance, whether center or home based, say that they would take advantage of an insurance plan if it were offered at a "reasonable" rate, defined as no more than 5% of their income.

As indicated in Chart I, the survey demonstrates that although large numbers of child care providers would pay up to 5% for health insurance, a significant percentage of providers do not feel they can afford health insurance at all.

In the Bronx, 32% of the family care provider respondents that have health coverage are on Medicaid and several others have Family Health Plus.

Chart I

Uninsured Who Would Be Willing To Pay up to 5% of Income for Insurance

	Center		Family		Group Family	
	Would pay up to 5%	Can't afford any contribution	Would pay up to 5%	Can't afford any contribution	Would pay up to 5%	Can't afford any contribution
Bronx			45% (74)	55% (90)	100% (2)	
Erie	No response		67% (12)	22% (4)	0% (0)	
Nassau	50% (32)	25% (16)	48% (11)	4% (1)	45% (5)	9% (1)
Seneca	100% (1)		50% (4)	38% (3)	33% (1)	67% (2)
Tompkins	No results		71% (5)	14% (1)	100% (1)	

For example, 55% of the providers in the Bronx, 22% of the Erie and Nassau County family care respondents and 25% of Nassau County center employee respondents said they would not be able to dedicate any percentage of their income to health insurance. Although it is not clear why such a significant percentage of providers would be unwilling or unable to use some portion of their income to obtain insurance, it may be due, at least in part, to their very low salaries. A provider from New York City said, "I would choose the 0% because my income is less than $20,000 yearly." It is important to note that at this level, her income is only slightly higher than the 2003 federal poverty level for a family of three, which is $15,260. In addition, this provider lives in New York City where the cost of living is significantly higher than the rest of the country. Another provider claimed that, "this child care business is not dependable. Children come and go and my income is unstable." Finally, a Nassau County provider said, “I would be interested in getting insurance because I do not have any and I make very little money.”

Despite their low salaries, most providers appear willing to contribute something to insurance. The difficulty is finding a plan that they can afford. According to one New York City provider, “I am looking for health care, but am unable to get a reasonable price.” A provider from Nassau said, “I would be happy to pay $150 per month or even 10% of my NET income for health insurance. The health insurance is much too high. I pay over $800 every 3 months. Over $3,000 per year!!” Another Nassau County provider said, she pays “close to 15% of gross salary for insurance” which does not include dental expenses.

Another frequent comment demonstrates that providers believe that New York State can and should be doing more to help them obtain health insurance. For example, according to one Nassau County provider, “NY state should be doing more than they are to help providers get insurance.” Another provider from the Bronx said she “believe[s] the agency or state / country should provide insurance for the children and providers should pay a reasonable amount for their own insurance.” Others made simpler statements like, “I hope we get health insurance” or “It would be great if we were offered health insurance.”

Conclusion:

While a sizable proportion of child care providers have some health coverage, a significant proportion still lack health insurance benefits. Those that do have coverage frequently rely on a source that is not associated with their job, with the majority having coverage through their spouse or Medicaid. The survey also clearly demonstrated providers’ strong desire to have access to adequate coverage. Many centers appear to be unable to provide their employees with benefits and many family and group family care providers find health insurance unaffordable.

By making Healthy New York more affordable, more providers will have the ability to access insurance benefits and more centers will be able to offer affordable benefits. Connecting these health insurance benefits to their profession will work to reduce turnover rates in the child care profession, increase worker health, and ultimately help improve the overall quality of care provided.

APPENDIX A: SURVEY METHODOLOGY:

The survey that was the foundation of this report asked questions of child care providers from a small but diverse set of counties, representing urban, rural and suburban areas of the state: Nassau, Tompkins, Erie, Seneca, and the Bronx. The survey was conducted primarily by mail, but some responses were collected by telephone in an effort to increase response rates. Family and group family providers were given a version of the survey that was slightly different from the survey given to child care centers. There were also two distinct parts to the surveys, one covering issues related to health insurance and the other liability insurance. A copy of the survey instrument used is included as part of this appendix.

Chart J
Survey Return Rates

	Surveys Sent	Responses	Percentage
Erie: Centers	174	18	10.34
Erie: Family	494	47	9.51
Tompkins: Centers	13	0	0.00
Tompkins: Family	96	19	19.79
Bronx: Centers		0	
Bronx: Family	1000	183	18.30
Bronx: Group		2	
Nassau: Centers	174	15	8.62
Nassau: Family	269	26	9.67
Nassau: Group	305	15	4.92
Seneca: Centers	3	2	66.67
Seneca: Family	38	11	28.95
Seneca: Group Family	5	3	60.00
Cayuga: Centers	No Return		
Cayuga: Family	95	22	23.16
Cayuga: Group Family	21	5	23.81

As indicated by Chart J, return rates varied among the counties and by provider type. In Seneca, for example, there was a 67% response rate from child care centers; a 29% response rate from family care providers; and a 60% rate from group family care providers. In Erie County the rate of return for both centers and home-based providers as approximately 10%. Tompkins County had a 20% return rate among its family care providers and unfortunately, no center participation. The return rates in Nassau County were significantly lower. In Nassau County, slightly more than 7% of all group and family care providers responded and 9% of centers participated.

SURVEY INSTRUMENT

1. Do you have ANY type of child care liability insurance coverage? Yes____ No_____

   If you answered NO, why don't you have coverage?

   A) Denied coverage: What company/s denied you?
   B) Decided not to have coverage: Please provide a reason
   C) Other: Please explain

2. Have you ever had your child care liability insurance canceled? Yes____ No_____

   If yes, which company/s?

   What reason/s did they give you?

   Please check off ALL that apply to you. Has the fact that you provide child care ever resulted in:

   A) the cancellation of your home owner's insurance Yes____ No_____
   B) the denial of home owner's insurance Yes____ No_____
   C) a dramatic increase in the cost of your home owner's insurance Yes____ No_____

   If you answered YES to any of these questions please provide the name/s of the company/s?

   What reason/s did they give you

3. If you answered YES (you have insurance) to Question 1 please answer ALL of the following questions that apply to you. My child care insurance coverage is:

   A) A "rider" on home owner's policy
      Name of insurance carrier_______________________
      Number of years you have held this type of coverage___________
      Approximate amount of yearly child care portion $____________
      Reason for choosing this form of coverage: ________________________

   B) Separate child liability policy / business policy _____________________
      Name of insurance carrier _____________________________________
      Number of years you have held this type of coverage_______________
      Approximate amount of yearly premium $________________________
      Reason for choosing this form of coverage _______________________

4. Do you know the "limits of liability" associated with your coverage? Yes___ No_____

   What are they?

4. Have you ever made a claim to your insurance carrier? (PLEASE answer this question even if your coverage has been canceled) Yes____ No_____

   If YES, what was the claim/s:

5. Have you ever had a problem keeping or getting car insurance because you are a child care provider? Yes____ No_____

   If YES, please explain

Health Insurance:

6. Do you currently have health insurance? Yes____ No_____

   If YES, how do you obtain coverage? Through:

   A) Spouse
   B) other, please explain

7. If you answered NO to number 8, would you take advantage of health insurance if it were provided to you at a reasonable cost (no more than 5% of your income)? Yes____ No_____

   If NO, please explain why you would not?

8. What is the highest monthly premium payment you would pay to have health insurance?
   $__________________________

   Please provide any additional comments or concerns you have regarding any of the above topics or other insurance concerns not covered by this survey:

9. Do you have ANY type of child care liability insurance coverage? Yes____ No_____
   If you answered NO, why don't you have coverage?

   A) Denied coverage: What company/s denied you?
   B) Decided not to have coverage: Please provide a reason
   C) Other: Please explain

11. Have you ever had your child care liability insurance canceled? Yes____ No_____
    If yes, which company/s?

    What reason/s did they give you

12. Please check off ALL that apply to you. Has the fact that you provide child care ever resulted in:

    A) the cancellation of your home owner's insurance Yes____ No_____
    B) the denial of home owner's insurance Yes____ No_____
    C) a dramatic increase in the cost of your home owner's insurance Yes____ No_____

    If you answered YES to any of these questions please provide the name/s of the company/s?

    What reason/s did they give you

13. If you answered YES (you have insurance) to Question 1 please answer ALL of the following questions that apply to you. My child care insurance coverage is:

    A) A "rider" on home owner's policy
    Name of insurance carrier______________________
    Number of years you have held this type of coverage___________
    Approximate amount of yearly child care portion $____________
    Reason for choosing this form of coverage: ______________________

    B) Separate child liability policy / business policy ____________________
    Name of insurance carrier ____________________________________
    Number of years you have held this type of coverage_______________
    Approximate amount of yearly premium $_______________________
    Reason for choosing this form of coverage ______________________

14. Do you know the "limits of liability" associated with your coverage? Yes____ No_____

    What are they?

15. Have you ever made a claim to your insurance carrier? (PLEASE answer this question even if your coverage has been canceled) Yes____ No_____

    If YES, what was the claim/s:

16. Have you ever had a problem keeping or getting car insurance because you are a child care provider? Yes____ No_____

    If YES, please explain:

APPENDIX B – OVERVIEW OF HEALTH CARE PROGRAMS SUBSIDIZED BY NEW YORK STATE AND FEDERAL DOLLARS

Family Health Plus:

Family Health Plus is a Medicaid program for low-income uninsured adults between ages of 19 and 64. Parents or guardians caring for children under 21, and 19-20 year olds living with their parents are covered up to 150% of the poverty level. Single and childless couples, and 19-20 year olds who do not live with their parents are covered up to 100% of the poverty level.

There are no co-payments or deductibles in Family Health Plus. All applicants must enroll in a managed care plan, which will provide primary, preventive, specialty and inpatient care. Some, but not all managed care plans available through Family Health Plus provide dental coverage. Family Health Plus will not pay for long-term care services or non-emergency transportation or medical supplies. Applicants with pre-existing conditions can still get coverage.

Eligibility levels for Family Health Plus are:

Maximum Gross Annual Income Guide Effective January 1, 2003 (rev. 3/2003)			
Family Size	**Yearly Income**	**Monthly Income**	**Weekly Income**
Single Adult	$ 8,980	$ 749	$173
Couples with No Children	$12,120	$ 1,010	$233
Family Size 2	$18,180	$1,515	$350
Family Size 3	$22,890	$1,908	$440
Family Size 4	$27,600	$2,300	$531
Family Size 5	$32,310	$2,693	$622
Family Size 6	$37,020	$3,085	$712
Family Size 7	$41,730	$3,478	$803
For each additional person add:	$ 4,710	$ 393	$ 90

Child Health Plus:

Child Health Plus is a health care program for uninsured children under the age of 19. It is broken into two parts, A and B. Child Health Plus A is a Medicaid program that covers children between the ages of one and 18 up to 133% of the poverty level, and infants under the age of one up to 200% of the poverty level.

There are no co-payments, deductibles or premium payments in Child Health Plus A. The program provides comprehensive service coverage. Children enrolling in Child Health Plus A receive benefits through a Medicaid managed care plan unless they are exempt or excluded.

Eligibility levels for Child Health Plus A are:

2003 Income Eligibility Levels for Child Health Plus A (Final)									
Age Categories for Children	Monthly Income for Family Size*								Each Additional Person, Add:
	1	2	3	4	5	6	7	8	
Children Under 1 Year; Pregnant Women*	1497	2020	2544	3067	3590	4114	4637	5160	524
Children 1 - 18 Years	996	1344	1692	2040	2388	2736	3084	3432	349
* Pregnant women count as two when determining family size									

Child Health Plus B provides free or low cost managed care coverage for children under 19 on a sliding scale fee basis. All applicants must enroll in a managed care plan, which will provide primary, preventive, specialty and inpatient care. Child Health Plus B will not pay for long-term care services or non-emergency transportation or medical supplies. Although there are no co-payments or deductibles in Child Health Plus B, enrollees may have to pay a monthly premium depending on their income level. Families with incomes over 250% of the poverty level are required to cover the cost of the coverage (approximately $110/mo/child).

Eligibility levels and premium categories for Child Health Plus B are:

2003 Income Eligibility Levels for Child Health Plus B (Final)									
Premium Categories	Monthly Income for Family Size*								Each Additional Person, Add:
	1	2	3	4	5	6	7	8	
Free Insurance	1197	1615	2034	2453	2871	3290	3709	4127	419
$9 Per Child Per Month (Maximum of $27 per family)	1662	2243	2824	3404	3985	4566	5147	5728	581
$15 Per Child Per Month (Maximum of $45 per family)	1871	2525	3180	3834	4488	5142	5796	6450	655
Full Premium Per Child Per Month	Over $1,871	Over $2,525	Over $3,180	Over $3,834	Over $4,488	Over $5,143	Over $5,796	Over $6,450	
* Pregnant women count as two when determining family size									

Healthy New York (1-866-432-5849; www.HealthyNY.com)

This health insurance program is offered by Health Maintenance Organizations for businesses, individuals and sole proprietors. Its benefits includes deductibles and co-payments as set forth in the chart below.

Covered Services	Applicable Co-payment
Inpatient hospital services	$500
Surgical services	Lesser of 20% or $200
Outpatient surgical facility	$75
Emergency services	$50 co-pay, waived if admitted to the hospital
Prescription drugs	Maximum benefit of $3,000 per individual per year; $100 deductible per calendar year; generic drugs have a $10 co-pay; brand name drugs have a $20 co-pay plus the difference in cost between the brand name drug and generic equivalent
Prenatal services	$10
All other services	$20; no co-payment for well child visits or immunizations

Premium Rates vary by region, and are discussed on page 12 of the report. Healthy New York is available to small businesses, individuals, and sole proprietors.

1. **Small Business Insurance**: Child Care centers may be able to utilize this insurance, unless they have "provided insurance" in the last 12 months. An employer is considered to have "provided insurance" if it has "contributed" to premiums in an amount more than $50 per month per employee, but is not considered to have "provided" insurance if it has not contributed to premiums. If the insurance only provided limited benefits (such as hospital insurance) the child care center may be eligible to participate. In addition:

   - The business must have 50 or fewer employees;
   - 1/3 of the employers must earn $30,000 or less (this number is adjusted annually) (but all employees are eligible); and
   - Employer must pay at least 50% of the premium for full time (but not part time) employees.

2. **Working Individuals and Sole Proprietors:** Total gross income (excluding child support collected) may not exceed 250% of poverty.

Family Size	Annual Household Income Limits
1	Up to $22,450
2	Up to $30,300
3	Up to $38,150
4	Up to $46,000
5	Up to $53,850
Each extra person	Add $7,850

In addition, to be eligible, applicants must be:

- Uninsured for the last 12 months, unless insurance provided limited benefits
- Employer must not currently “provide” insurance (same definition as for small business, above)

Child Care Providers and Family and Child Health Plus

Many family day care providers who qualify for free or low cost health insurance from New York State are found ineligible because they do not know that they are eligible for special income deductions. Because they are operating a small business, Family Child Care providers **may subtract their business expenses from their income** to determine their eligibility for Family or Child Health Plus.

What are Family and Child Health Plus?

- **Family Health Plus** provides free health insurance for families
- **Child Health Plus** provides free or low cost health insurance for children under age 19. Adults are not covered under Child Health Plus.

How Much Can I Earn and Still Be Eligible?

- To qualify for Family or Child Health Plus, household income must be below certain limits depending on family size. See the chart on the next page. **Remember that it is income after business deductions that determines eligibility.**

How Can I figure Out What My Income is After Business Expenses?

1) First, determine your earnings for the last four weeks.
2) **Do Not** count payments you get from the Child and Adult Care Food Program.
3) You can then deduct **five dollars per child per day** ($25 per week per child) as a business expense. You are entitled to this deduction without receipts or any proof of specific expenses. [If your expenses are higher than $5 per child per day you can deduct more. To claim more you will have to show your tax return from last year.}

Why is $5 per day so important?

For many providers the $5 per child per day deduction will make the difference between qualifying for Family or Child Health Plus and not. A provider who cares for 4 children can claim $20 per day of business expenses without proof (4 children x $5 per day). This means that if she cares for the children five days per week she can claim $100 of expenses every week ($20 per day x 5 days). If she cares for the children for 50 weeks a year she can claim $5,000 of business expenses. In addition she would not report the money she received from the Child and Adult Care Food Program (CACFP). In all she may get to deduct nearly $10,000 for her income every year.

What should I do if I'm not allowed to claim these deductions when I apply?

Even though you are allowed to deduct business expenses every "enrollment facilitator" (the person who helps you fill out the paperwork) may not know about these rules. If they don't know about this deduction tell them it is explained on page 10 of **"01 OMM/ADM-6"** from November 2, 2001 and page 151 of the **Medicaid Reference Guide (MRG).** You should bring this fact sheet with you so you can show them where to look.

What if they still won't let me claim my business expenses?

If your enrollment facilitator still won't let you claim your business expenses you can call the following persons for help: In New York City call Sara Dranoff (718) 237-5568; Outside of New York City call Susan Antos (800) 635-0355 or Trilby de Jung (800) 724-0409 at the Greater Upstate Law Project, Inc. (GULP). If they refuse, call we may be able to represent you or help you find representation.

Remember to ignore the CACFP and subtract $5 per day per child from your income before you check if you are eligible.

FAMILY HEALTH PLUS

Maximum Yearly Income After Expenses and Before Taxes (Effective January 1, 2003, rev. 3/2003). For each additional person after 6, add $4,710 for Yearly, $393 for Monthly, and $90 for Weekly

Family Size:	Single Adult	Couples with No Children	Family Size 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6
Yearly Income:	$8,980	$12,120	$18,180	$22,890	$27,600	$32,310	$37,020
Monthly Income:	$749	$1,010	$1,515	$1,908	$2,300	$2,693	$3,085
Weekly Income	$173	$233	$350	$440	$531	$622	$712

CHILD HEALTH PLUS

Maximum Yearly Income After Expenses and Before Taxes (2003). For each additional person after 6, add $7,860 for Yearly, and $655 for Monthly.

Family Size:	Child Only Families*	Family Size 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6
Yearly Income:	$22,452	$30,300	$38,160	$46,008	$53,856	$61,716
Monthly Income	$1,871	$2,525	$3,180	$3,834	$4,488	$5,143

**Child only families are those where the care giver is not financially responsible for the child, such as if a child lives with a grandparent who has custody or guardianship but has not adopted the child.*

Many thanks to David Ehrenberg, South Brooklyn Legal Services for creating this handout. Updated by the Greater Upstate Law Project, Inc.

Appendix D

Healthy New York Premium Costs as a Percent of Income, Using Lowest Premiums for Plan with Prescription Coverage in Each County, by Surveyed Counties and Assuming Entire Family is Covered

Family Income	Plan Type & Family Size			
	Single-1	H/W Couple-2	Adult and Children-3	Family-4
Erie County				
Poverty	14.30%	21.71%	16.83%	22.01%
125%	11.44%	17.37%	13.46%	17.60%
150%	9.53%	14.48%	11.22%	14.67%
175%	8.17%	12.41%	9.61%	12.57%
200%	7.15%	10.86%	8.41%	11.00%
250%	5.72%	8.69%	6.73%	8.80%
Nassau				
Poverty	21.94%	33.68%	23.61%	31.62%
125%	17.55%	26.95%	18.89%	25.29%
150%	14.63%	22.46%	15.74%	21.08%
175%	12.54%	19.25%	13.49%	18.07%
200%	10.97%	16.84%	11.85%	15.81%
250%	8.78%	13.47%	9.44%	12.65%
The Bronx				
Poverty	21.46%	31.80%	24.75%	31.42%
125%	17.17%	25.44%	19.80%	25.14%
150%	14.31%	21.20%	16.50%	20.95%
175%	12.26%	18.17%	14.14%	17.95%
200%	10.73%	15.90%	12.38%	15.71%
250%	8.58%	12.72%	9.90%	12.57%
Seneca County				
Poverty	18.02%	27.91%	20.34%	23.34%
125%	14.42%	22.32%	16.27%	18.67%
150%	12.01%	18.60%	13.56%	15.56%
175%	10.30%	15.95%	11.62%	13.32%
200%	9.01%	13.95%	10.17%	11.67%
250%	7.21%	11.16%	8.14%	9.34%
Tompkins County				
Poverty	24.96%	41.80%	22.33%	32.65%
125%	19.97%	33.44%	17.86%	26.12%
150%	16.64%	27.86%	14.88%	21.77%
175%	14.26%	23.88%	12.76%	18.66%
200%	12.48%	20.90%	11.16%	16.32%
250%	9.98%	16.72%	8.93%	13.06%

Appendix E

Healthy New York Premium Costs as a Percent of Income, Using Lowest Premiums for Plan with prescription Coverage in Each County, by Surveyed Counties and Assuming Individual is Covered

	Plan Type & Family Size			
Family Income	**Single - 1**	**H/W Couple - 2**	**Adult & Children – 3**	**Family - 4**
Erie County				
Poverty	14.30%	10.59%	8.41%	6.98%
125%	11.44%	8.47%	6.73%	5.58%
150%	9.53%	7.06%	5.61%	4.65%
175%	8.17%	6.05%	4.81%	3.99%
200%	7.15%	5.30%	4.21%	3.49%
250%	5.72%	4.24%	3.37%	2.79%
Nassau				
Poverty	21.94%	16.26%	12.91%	10.71%
125%	17.55%	13.01%	10.33%	8.57%
150%	14.63%	10.84%	8.61%	7.14%
175%	12.54%	9.29%	7.38%	6.12%
200%	10.97%	8.13%	6.48%	5.35%
250%	8.78%	6.50%	5.16%	4.28%
The Bronx				
Poverty	21.46%	15.90%	12.63%	10.47%
125%	17.17%	12.72%	10.10%	8.38%
150%	14.31%	10.60%	8.42%	6.98%
175%	12.26%	9.09%	7.22%	5.98%
200%	10.73%	7.95%	6.31%	5.24%
250%	8.58%	6.36%	5.05%	4.19%
Seneca County				
Poverty	18.02%	13.35%	10.60%	8.80%
125%	14.42%	10.68%	8.48%	7.04%
150%	12.01%	8.90%	7.07%	5.86%
175%	10.30%	7.63%	6.06%	5.03%
200%	9.01%	6.68%	5.30%	4.40%
250%	7.21%	5.34%	4.24%	3.52%
Tompkins County				
Poverty	24.96%	18.49%	14.69%	12.18%
125%	19.97%	14.80%	11.75%	9.75%
150%	16.64%	12.33%	9.79%	8.12%
175%	14.26%	10.57%	8.39%	6.96%
200%	12.48%	9.25%	7.34%	6.09%
250%	9.98%	7.40%	5.88%	4.87%

[1] Jack P. Shonkoff, Dean, Florence Heller Graduate School, Brandeis University, Waltham, Mass., and Chair, Committee on Integrating the Science of Wearly Childhood Development, Public Briefing on From Neurons to Neighborhoods: The Science of Early Childhood Development, October 3, 2000. Complete texts of the briefing and the report are available at the website of the National Research Council and the Institute of Medicine of the National Academies at www.nap.edu/books/0309069882/html/

[2] C.T. Ramey, F.A. Campbell, and C. Blair, "Enhancing the Life-Course for High-risk Children: Results form the Abecedarian Project," in J. Crane(Ed.), *Social Programs that Really Work*, pp. 163-183, NY, Sage Publishing, 1998; L.J. Schweinhart, H.V. Barnes, D.P. Weikart, et. al. *Significant Benefits: The High/Scope Perry Preschool Study through age 27*, Ypsilanti, MI: High Scope Press. 1993.

[3] Deborah :Lowe Vandell and Barbara Wolfe, Child Care Quality: Does it Matter and Does it Need to be Improved? U.S. Department of Health and Human Services, Washington, D.C., May 2000.

[4] New York State Department of Labor, Occupational Employment Statistics. Wage data are from the 1999 and 2000 OES survey, and have been adjusted to first quarter 2002 levels using the Employment Cost Index.

[5] Economic Analysis of the Early Care and Education Sector in New York State, Cornell University Technical Report, (Draft - July 24, 2003), p. 4.

[6] Senator Clinton's Analysis of Bush Budget and Its Impact on New York (February 3, 2003). Available On-line: http://clinton.senate.gov/news/2003/02/2003203B53.html M. Whitbeck, L. Sokai, E. Gerber and C. Howes, *Highlights Then and Now, Changes in Child Care Staffing, 1994-2000*, Center for the Child Care Workforce, p2., available at www.ccw.org reports a 30% turnover rate over two years and a 76% turnover rate after 4 years. A 1998 Illinois study showed turnover rates of 31% , noted that that number was consistent with the National Child Care Survey, done in 1997 and contrasted that number with the 6.6% turnover rate for kindergarten teachers.

[7] Economic Analysis of the Early Care and Education Sector in New York State, Cornell University Technical Report, (Draft-July 24, 2003), pp. 5, 8.

[8] Survey results tabulated by Lynda Weismantel of the Family Child Care Association of New York State. Results are on file with the Greater Upstate Law Project, Inc.

[9] The editor of this report, Susan C. Antos, is on the Board of the New York State Child Care Coordinating Council (NYSCCCC) and chairs its Legislative Committee. Members of the NYSCCCC requested the Legislative Committee to address health and liability insurance as the primary focus of its 2003 work.

[10] *Supra*, note 8.

[11] 18 NYCRR 413.2(i). An additional two school aged children may be cared for by family child care providers so long as OCFS determines that the provider can adequately provide care for 7-8 children.

[12] 18 NYCRR 413.2(j). An additional two school aged children may be cared for by group family child care providers so long as they are cared for when school is not in session.

[13] 18 NYCRR 418-1.2 (a)(25).

[14] According to the Child Care Resource and Referral agencies that serve these counties, Erie County and Wyoming County require contracted providers to have liability insurance. Colleen Glavin, (GULP) telephone conversation with Val Cooley, Child Care Coalition of the Niagara Frontier, 10/15/03. Wyoming County requires providers to carry a $300,000 liability policy. Email from Brenda Norton (Accord Corporation) to Susan Antos, 10/16/03. Suffolk County provides contracted family child care providers with coverage for $1 million per occurence/$3 million aggregate. Suffolk requires contracted group family child care providers and school age child care providers to obtain insurance on their own. Group family providers are required to obtain insurance with coverage for $1 million per occurrence and $3 million aggregate. School age providers and contracted centers are required to obtain coverage that provides $2 million per occurrence. Telephone conversation with Christine Erwin, Suffolk County Department of Social Services, 10/17/03. Westchester County requires group family child care providers to have liability insurance with an A rated company if they are to contract with the County for child care paid with Title XX funds. Email to Susan C. Antos from Kathy McBride, Child Care Council of Westchester (10/15/03). Albany county requires contracted providers to obtain insurance as a condition of their title XX contracts. Email to Susan C. Antos from Lynda Weismantel, Family Child Care Association of New York State, 10/15/03; Susan C. Antos, (GULP) telephone conversation with Linda Doyle, Albany County Department of Social Services, 10/17/03.

[15] Cude, Brenda & Volker, Carol. "Liability Insurance and the Family Child Care Provider" National Network for Child Care. Available On-line: http://www.nncc.org/Business/liabil.ins.fcc.html

[16] Tenkate v. Moore, 274 A.D. 2d 934 (Third Dep't 2000); Lamb v. Security Mutual, 278 A.D. 2d 855 (Fourth Dep't 2000)].

[17] Copeland, Tom. "Homeowner's Insurance Crisis" RedLeaf Institute. Available On-line: http://www.redleafinstitute.org/Index.cfm?Section=ART&Page=ART69

[18] Mn. Stat. Ann. Insurance 65A.30 (2003).

[19] Copeland, Tom, "Homeowner's Insurance Crisis," *supra* note 17.

[20] Wyatt, Jeff. "Homeowner's Insurance Cancelled" RedLeaf Institute. Available On-line: http://www.redleafinstitute.org/Index.cfm?Section=ART&Page=ART78

[21] Copeland, Tom. "Homeowner's Insurance Crisis" RedLeaf Institute. Available On-line: http://www.redleafinstitute.org/Index.cfm?Section=ART&Page=ART69

[22] Wyatt, Jeff. "Why Insure?" RedLeaf Institute. Available On-line: http://www.redleafinstitute.org/Index.cfm?Section=ART&Page=ART26

[23] Wilson, Elaine. "Child Care Home: Liability Insurance" National Network for Child Care. Available On-line: http://www.nncc.org/Business/cch.liability.html

[24] For more information on this coverage contact 518-943-3900. According to Linda Weismantel of the New York State Family Child Care Association, these rates are expected to increase by 11% as of November 1, 2003.

[25] The following is a list of companies that were reported to The Family Child Care Association of New York State as having canceled a provider's policy, along with the county in which the cancellation occurred.

A-1 Insurance - Westchester
Allstate - Tioga
Broome Cty. Coop -Broome
Dryden Mutual - St. Lawrence, Essex
Forman & Moore - Dutchess
Hanover -Monroe
Katz & Untervener - Dutchess
Mass Mutual - Schenectady
Nationwide - Schenectady, Saratoga, Onondaga
National Grange Mutual - Chenango
New York Central Mutual - Onondaga, Otsego, St. Lawrence, Schoharie
North County Insurance - Essex
One Beacon - Chenango
Prudential - St. Lawrence
State Farm - Dutchess, Albany
Security Mutual - Fulton
Travelers - Dutchess
Utica Mutual – Albany

[26] In both instances the reported company was Markel, Inc.

[27] In this instance the insurance provider was State Farm.

[28] Swartz, K. (November 2001) Harvard School of Public Health. *Healthy New York: Making Insurance More Affordable for Low-Income Workers*, page 13-14.

[29] See Appendix C on pages 26 and 27. For family and group family and group family child care providers it is income after business deductions that determines eligibility for Family Health Plus and Child Health Plus.

[30] This is the eligibility level for individuals who seek to buy health insurance through Healthy New York. Small businesses may participate if 30% of the employees earn $32,000 or less and they have 50 or fewer employees. 11 N.Y.C.R.R. 362-3.2.

[31] Swartz, K. (November 2001) Harvard School of Public Health. *Healthy New York: Making Insurance More Affordable for Low-Income Workesr, p. 13.*

[32] 11 N.Y.C.R.R. 362-2.7, 362-3.2, 362-4.1, 362-4.2, 362-4.3, 362-5.1, 362-5.2,362-5.3.

[33] HealthyNY.com (2003). New York State Insurance Department. Available On-line: http://www.healthyny.com

[34] Healthy New York rates are now at or below 5% for individual coverage of persons who live with families in the following locations:

County	Family Size	Income
Erie	3	175% or more
Erie	4	150% or more
Nassau	4	250% or more
Bronx	4	250% or more
Seneca	3	250% or more
Seneca	4	175% or more
Tompkins	4	250% or more

[35] The lowest premium for coverage with prescription benefits for an individual in New York County in $160.59, and $164.19 in Nassau County, which for a person at the poverty level is 21% of their income. However, the majority of plans in both New York and Nassau County are significantly more than the lowest premium with almost half the plans offered above $200.00, with percentages of income for those at the poverty level reaching and exceeding 30% of income. Premiums for family coverage are similarly unbalanced as the lowest rate in Nassau County is $484.79, which reflects 31% of a person earning at the poverty level's income while the highest premium offered is $716.01, which reflects 47% of income for those earning the poverty level. The majority of rates in Nassau County for a family are over $550.00. Erie County and Seneca County offer three plans and two plans, respectively, with premium rates with approximately the same range. Tompkins County only offers one plan.

[36] Child Care Services Association. (2002), NC. Available On-line: http://www.childcareservices.org/More%20about%20CCSA/FactSheet.html

[37] Rhode Island Department of Human Services. (1999) Notice of Adoption of Rules, Regulations, Policies, Procedures and other materials relating to the administration of the following program: Health Insurance for Child Care Providers in Rhode Island.

[38] US Census Bureau, Current Population Survey, 2001, 2002 and 2003 Annual Social and Economic Supplements, Table 4, "Percent of People without Health Insurance Coverage for the Entire Year by State(3 year average): 2000 – 2002." *See also* A. Erickson "Number of Uninsured on the Rise'" Legal Services Journal, October 2003, p. 7 available at www.gulpny.org