

# Results from States' 2011 CCDF Error-Rate Review

## WHERE ARE WE TO DATE?

All 50 States, the District of Columbia, and Puerto Rico complete the error-rate review once every 3 years on a rotational cycle with 18 States reporting once each year during the 3-year cycle. The 18 Year 1 States completed their second cycle of reviews, and reported in June 2011. The results from the Year 1 States' second-cycle reviews were combined with the Year 2 and Year 3 States' baseline measures to generate the CCDF national error rate for FY 2011.



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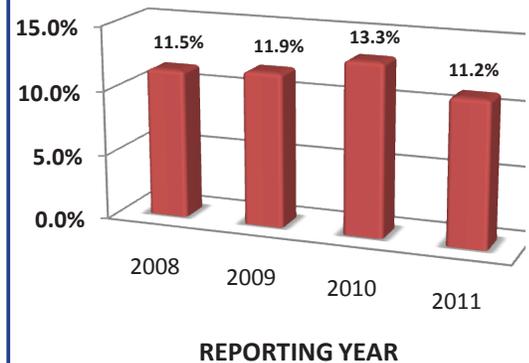
## CCDF ERROR MEASURES

Table 1 shows that the CCDF error rate, or national percentage of improper authorizations for payment<sup>1</sup> (IAP), declined from 13.3 percent in 2010 to 11.2 percent in 2011. More than half of the States (28) have error rates less than 10 percent.

### CAUSES OF IMPROPER PAYMENT ERRORS

Year 1 States found that 16 percent of the 4,968 cases reviewed in the second cycle had an improper payment error. Half of these improper payment errors were due to missing or insufficient documentation (MID).

**TABLE 1. CCDF NATIONAL ERROR RATES FOR YRS 2008-2011**



**TABLE 2. MID ERROR CAUSES**

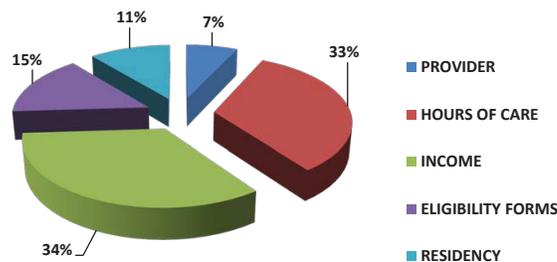
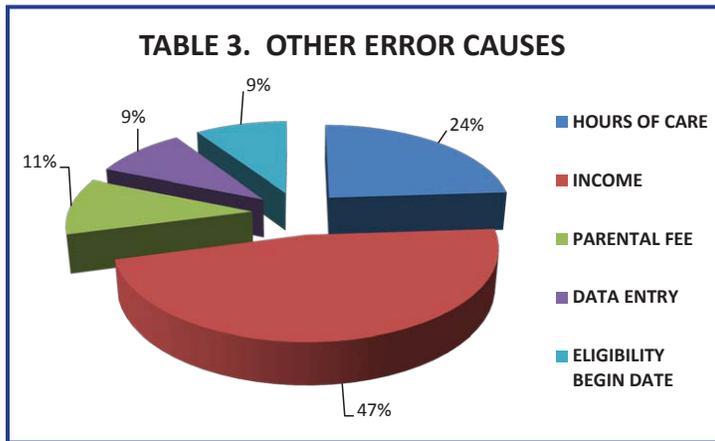


Table 2 displays Year 1 States' most frequent causes of MID errors in the second cycle of reviews including 34 percent due to missing income documentation and 33 percent due to missing documentation of hours of care needed.

Other frequent causes of MID errors were the inability to locate the required eligibility forms (15%), missing proof of residency (11%) and missing provider licensing/certification documentation (7%).

<sup>1</sup>As reported in the 2011 Department of Health and Human Services' (DHHS) Agency Financial Report (AFR), which can be found at <http://www.hhs.gov/afr/2011afr.pdf> (please see Section III, paragraph 11.90 on page III-34, as well as Table 1 Improper Payment Reduction Outlook on page III.12).



In Table 3, the most frequently cited “other” causes of improper payments errors included 47 percent due to income computation errors, 24 percent due to incorrect authorization for hours of care, 11 percent due to errors in the computation of parental fee/co-pay, and 9 percent due both to errors in data entry and eligibility begin dates.

## STATES’ BEST PRACTICE/STRATEGIES TO REDUCE ERRORS

**Y**ear 1 States reported the following examples of targeted corrective action strategies to address the most frequently cited errors:

### INCOME

- Provide staff training on income computation and verification
- Review income and parental fee policies to eliminate confusion and complexity
- Develop or modify statewide automated eligibility systems to include automatic income calculations
- Expand case-review processes to include scrutiny of income documentation and parental fee computations
- Change income policies to match those in other assistance programs, e.g., TANF, SNAP, and Medicaid

### MISSING CASE RECORD MATERIAL

- Develop documentation standards for receipt and timeliness
- Develop or clarify procedures for maintaining files and verification documents
- Implement document scanning systems that allow child care staff to scan and index documents associated with all aspects of case eligibility
- Clarify procedures for archiving closed or retired file materials

### HOURS OF CARE

- Simplify State policies to eliminate confusion and complexity
- Simplify complex and inconsistent hours of care options across local jurisdictions
- Develop system edits that automatically compare the authorizations to the provider’s request for payment in order to track discrepancies
- Capture time and attendance electronically using automated time and attendance systems

### QUALIFYING HEAD OF HOUSEHOLD

- Simplify required forms completed by families, third parties, and staff
- Review household composition policies to eliminate confusion and complexity
- Redesign application/renewal forms to obtain more comprehensive information about the family, household members, relationships, and work/education/training activity
- Modify automated eligibility systems to determine whether family members should be included in, or excluded from, the household

