

PROGRAM INTEGRITY FACT SHEET

The Office of Child Care (OCC) has implemented a comprehensive approach to strengthen program integrity to ensure that Child Care and Development Fund (CCDF) funds are utilized appropriately and efficiently to best serve low-income eligible families. One important strategy is the Error Rate Review process which assists States in reducing improper payments.

CCDF ERROR RATE REVIEW PROCESS

All 50 States, the District of Columbia, and Puerto Rico complete the error-rate review once every three years on a rotational cycle with one-third of the States reporting once each year during the three-year cycle. The 17 Year-2 States completed their second cycle of reviews and reported in June 2012. The results from the Year-2 States' second-cycle reviews were combined with the results of State submissions in FY 2010 and FY 2011 to generate the CCDF national error rate for FY 2012.

CCDF ERROR MEASURES

As shown in **Figure 1**, the CCDF error rate declined from 11.2 percent in 2011 to 9.4 percent in 2012. More than half of the States (32) have error rates less than 10 percent.

CAUSES OF IMPROPER AUTHORIZATION ERRORS

The 17 Year-2 States found that half of the cases with improper authorization for payment errors were due to missing or insufficient documentation.

Figure 1. CCDF National Error Rates

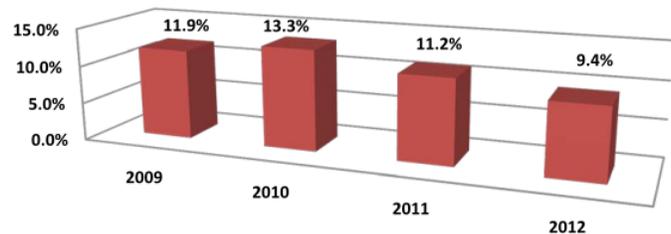
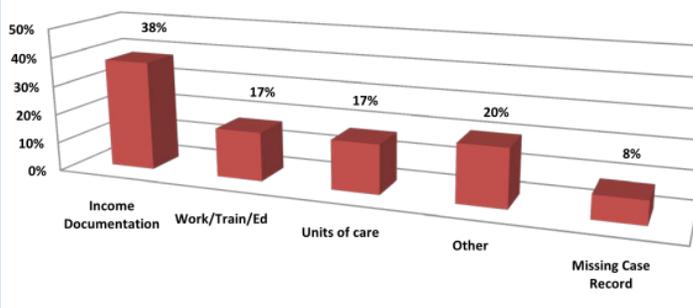


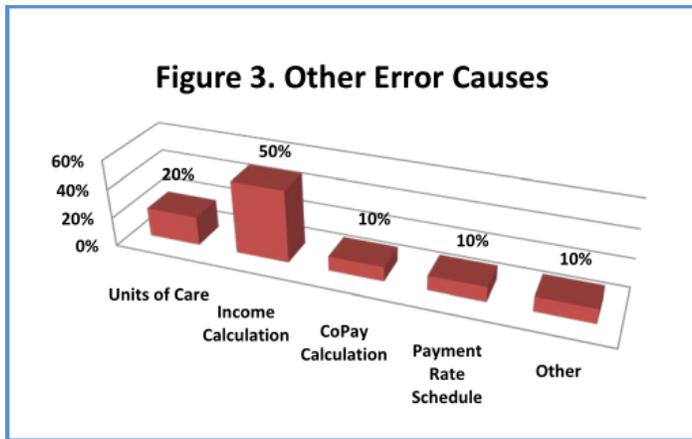
Figure 2. Documentation Error Causes



As shown in **Figure 2**, the 17 Year-2 States' most frequent causes of documentation errors were:

- missing income (38%),
- missing hours/units of care needed (17%), and
- missing work/educational/training activity (17%).

States also cited missing case records, lack of documentation for the child's citizenship status, lack of qualifying provider documentation, payment rate exclusions, and missing documentation of reported changes.



In **Figure 3**, the most frequently cited “other” causes of improper authorizations for payment errors included:

- incorrect income calculation or using the wrong income (50%),
- incorrect authorization for hours of care/units (20%),
- misapplied parental fee/co-pay (10%),
- wrong payment rate schedule (10%), and
- other errors, including data entry or unprocessed changes (10%).

STATES’ STRATEGIES TO REDUCE ERRORS

- Most States conduct **ongoing case-record reviews** and monitoring visits. States vary in their review strategies to target error prone areas and to check for correct implementation of policy changes designed to increase accuracy. States also use checklists for workers to ensure accuracy.
- To address **income** errors, most States have evaluated and revised program policies and procedures, simplified forms, and developed resource materials for workers, such as income calculation worksheets, to allow workers to verify calculations.
- To address **missing case record documentation**, several States have developed checklists or facesheets for workers to verify all documentation is received within required timeframes. Many States have moved to document scanning which eliminates loss of key verification information from case records and eases client burden by eliminating the need to provide duplicate information across programs.
- **Information technology** enhancements to reduce errors include updating system edits to support tracking attendance, implementing automated caseworker alerts for action items, and developing red-flag monitoring reports.
- All States cited the development of **training plans** targeting error prone areas of the eligibility determination process in order to reduce specific errors, such as income calculation, co-payment and fee schedules, etc.
- Significant errors in the **calculation of hours of care needed** have prompted many States to simplify policy to require authorizations based on half-day and full-day rates rather than weekly, daily, or hourly rates. Simplification of the rate structure reduces confusion for workers, providers, and families.