



*U.S. Department of Health & Human Services*

ADMINISTRATION FOR  
**CHILDREN & FAMILIES**



*Office of Child Care*



# **OCC/NCCCSIA Program Integrity Conference Call Series 2012**

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**New York State Child Care  
Subsidy Making Every Dollar  
Count**

**Wednesday, April 11, 2012**



# INTRODUCTIONS

- **Shannon Rudisill, Director, Office of Child Care**
- **Carol Pearson, NCCCSIA Project Director**

## **New York State Presenters**

- **Janice Molnar, Deputy Commissioner Division of Child Care Services**
- **Renee Rider, Assistant Commissioner Division of Child Care Services,**
- **Jim Hart, Director of Regional Operations Division of Child Care Services,**
- **Rhonda Duffney, Acting Director of the Child Care Subsidy Program**
- **Sean Hicks, Supervising Welfare Fraud Investigator**
- **Albany County DSS**
- **Katherine Waluschka, Associate Commissioner Westchester County DSS**



## AGENDA

- **Overview of New York State Child Care**
  - **Making Every Dollar Count**
- **Child Care Subsidy Regulations**
  - **New York State Projects:**
    - **Albany County**
    - **Westchester County**

# Program Integrity

## CCDF Fraud Prevention, Detection, and Recovery

### April 11, 2012

#### New York State Office of Children and Family Services



Gladys Carrión, Esq.  
*Commissioner*

Andrew M. Cuomo  
*Governor*





## Mission of OCFS

“Promoting the safety, permanency and well being of our children, families, and communities. We will achieve results by setting and enforcing policies, building partnerships, and funding and providing quality services.”



# New York State: An Overview

- NYS is a large state, comprising 62 counties, over 47,000 sq. miles, and almost 19.5 million people
- NYS is a state-supervised, county-administered system
- The counties/local social services districts have significant decision-making authority with respect to their administration of the child care subsidy program



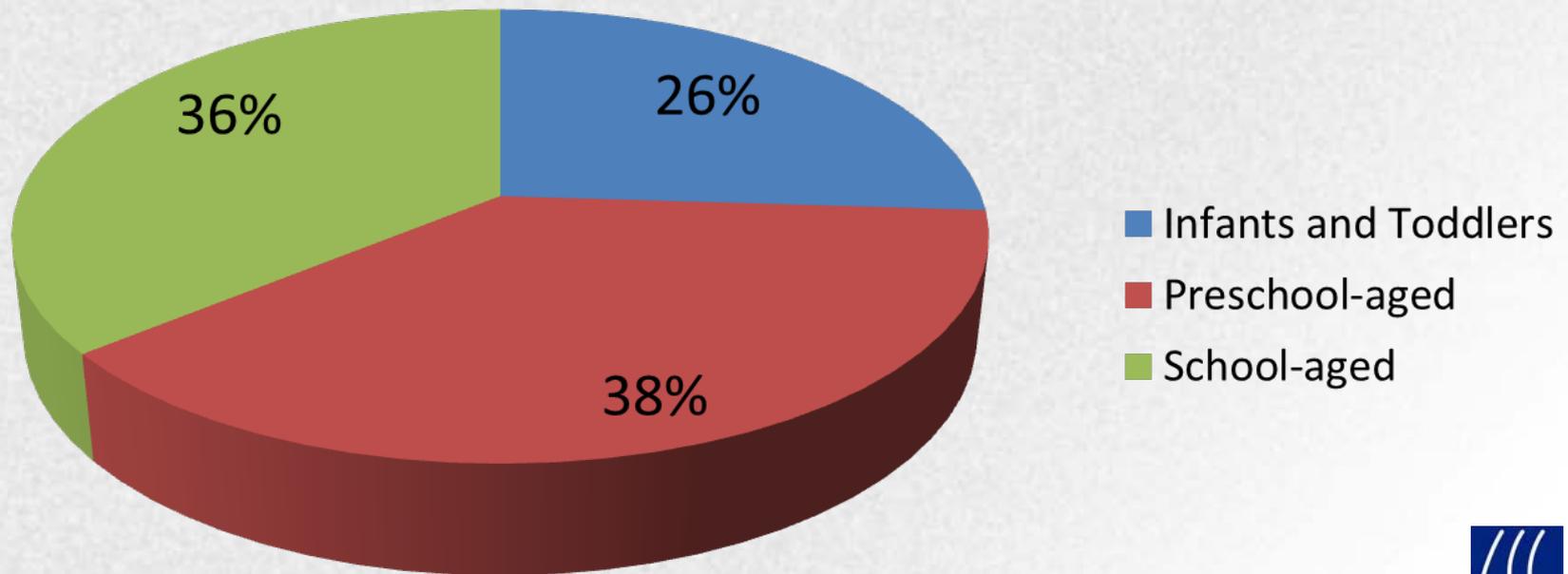
# Regulated Child Care in New York State

Modality	Regulated Providers	Capacity
Child Care Center	4,089	273,289
Family Child Care Home	6,810	51,536
Group Family Child Care Homes	7,789	115,208
School-Age Child Care Program	2,570	239,648
<b>Total:</b>	<b>21,258</b>	<b>679,681</b>

(\*Data as of 1/1/12)

# Subsidized Child Care in New York State

**\*In FFY 2011, over 246,000 children received  
child care subsidies**



# Subsidized Child Care in New York State

- In FFY 2011, the modalities of care for children receiving subsidies:
  - 61% in regulated care (34% in licensed child care centers, 27% in regulated family child care homes, including group family child care)
  - **39%** in legally-exempt care, almost exclusively home-based setting:
    - 51,103** legally-exempt providers served **95,887** subsidized children over the course of the year



# Program Integrity in New York State: Context

2010 was a banner year for NYS -

- Investigation of \$18M fraud ring in New York City announced in August, 2010
- GAO study, in which 5 states – including NYS – were found to be vulnerable to fraud, released in September, 2010

*“What Are We Going to Do About This?”*

- We started with listening and learning



# New York State Takes Action

- October, 2010 roundtable: “*Child Care Subsidy in New York State: Making Every Dollar Count*”
- Focus: Program integrity
- Participants: Local prosecutors, local social services commissioners, caseworkers, fraud investigators, child care advocates, among others
- Goal: to generate recommendations for changes in policy and program supports, and to create an action plan to guide efforts to improve the level of program integrity at all levels of government



# *Child Care Subsidy in New York State: Making Every Dollar Count*

- Peer-learning – keynote speaker: Jim Bates from Wisconsin
- All-day working session
  - Breakout sessions
  - Group report outs
  - Recommendations for changes
- See the OCFS website for more information:  
<http://www.ocfs.state.ny.us/main/childcare/programintegrity/>



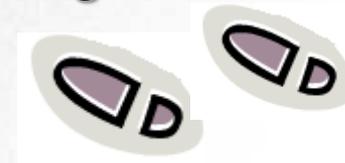
# *Making Every Dollar Count:* **Recommendations for Change**

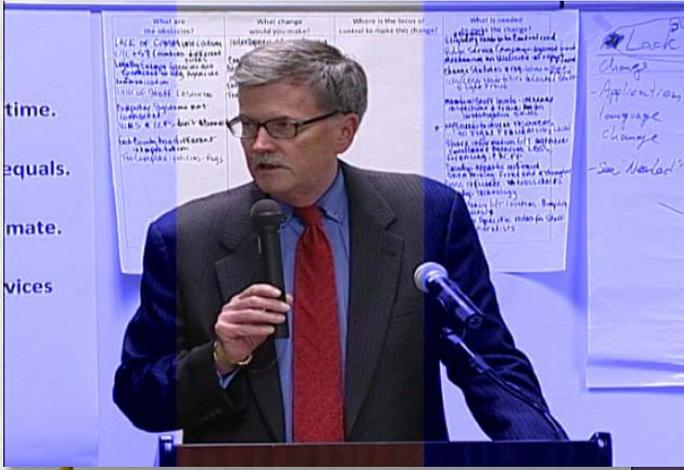
- Focus on front-end detection (FEDS)
- Break down silos
  - Between licensing/regulation and subsidy administration
  - Between OCFS child care staff and local fraud investigators and agencies
- Give counties more authority to take action when fraud is identified
- Create a financial incentive for counties that engage in fraud detection and prevention
- Automate a statewide child care time and attendance system
- Create a data-mining system that helps predict and identify fraud



# Steps New York State Has Taken to Prevent Waste, Fraud, & Abuse

- Issued new child care subsidy regulations
- Deployed an automated child care time and attendance system in all of the counties outside the City of New York
- Learned from the information technology vendor community about implementing a statewide technical solution that predicts fraudulent activity
- Identified resources for counties to use toward identifying, investigating and prosecuting child care subsidy fraud
- Created an investigative protocol for child care inspectors of regulatory care and county caseworkers to work together to address fraud
- Partnered with the NY Welfare Fraud Investigator's Association





# Front End Detection System (FEDS)

- Purpose of FEDS:
  - Refer, investigate and resolve applications before a case is opened
  - Act as a deterrent
- Applications that meet FEDS indicators are referred to the investigations unit within each local district/county



# Front End Detection System (FEDS)

- FEDS indicators must be approved by OCFS
- FEDS investigations must be conducted in an expeditious manner
- Examples of FEDS indicators:
  - P.O. Box supplied as a mailing address without a reasonable explanation
  - Applicant cannot provide a birth certificate for a child younger than 6 years
  - Applicant is self employed, but cannot provide adequate business records
  - Child care provider lives in same household as the child



# New Child Care Subsidy Fraud Regulations

- OCFS revised the child care subsidy regulations to:
  - Provide local social services districts with more authority to stop child care payments where appropriate
  - Initiate enforcement actions against child care providers when they are found to be engaging in fraudulent activities



# Child Care Subsidy Fraud Regulations

Child care subsidy regulations now allow counties to:

- **Defer** a claim for reimbursement
- **Disallow** payments
- **Disqualify** a provider from receiving payment for services



# Child Care Subsidy Fraud Regulations (cont'd.)

Provider may be disqualified if they have:

- Been convicted of fraud
- Been found civilly liable for fraud
- Voluntarily admitted to fraud
- Voluntarily admitted to filing a false statement



# Child Care Subsidy Fraud Regulations (cont'd.)

Provider may be disqualified if they have:

- Been convicted of activity indicating lack of business integrity
- Been disqualified from the Child and Adult Care Food Program (CACFP)
- Failed to comply with a repayment plan
- Been found to have submitted false claims, after an administrative review was conducted by the county



# Child Care Subsidy Fraud Regulations (cont'd.)

## Disqualification Penalties:

- Provider ineligible to receive child care subsidy payment for 5 years
- Provider must make full restitution
- Failure to make full restitution will result in the provider being ineligible to provide subsidized child care



# Child Care Time & Attendance (CCTA)

## CCTA Design:

- Key parameter: CCTA is *parent*-driven
- CCTA is designed to support:
  - Parent time-in/time-out
  - Provider web submittal
  - Automated pay calculation
  - Export calculations to statewide payment system
- CCTA helps identify *Red Flags*



# Program Integrity-Technical Solution

- Current challenge: various disparate data sources that exist; lack of data integration between systems/data in “silos”
- September 2011- released a Request For Information (RFI)
- Lessons learned: Spectrum of services should include, but are not limited to:
  - Data integration
  - Rules management
  - Anomaly detection
  - Predictive modeling
  - Social networking analysis
  - Forensic review
  - Fraud case management



# Program Integrity-Technical Solution

## Next steps:

- OCFS to release a Request for Proposal (RFP)
- Implement a tool that will analyze and integrate data from the various data systems in NYS
- Run data against various predictors/red flags identified as highly indicative of fraudulent activity
- Focus investigations on cases that have a higher propensity of fraudulent activity



# Can you tell who the fraudulent provider is?

**A**



**B**



**C**



**D**



# Child Care Fraud Prevention & Detection Incentive Program

- Competitive grants program for local county social services districts
- 12-month initiative, starting April 1, 2012
- \$1.2M total funding pool
- Flexible funding, tiered according to child population (maximum grants of \$40,000, \$60,000, or \$100,000 for small, medium, and high child population counties, respectively)



# Child Care Fraud Prevention & Detection Incentive Program (con't.d)

- 20 winning counties
- Proposed outcomes considered relative to each applicant's goals – and starting place
- Many promising practices in the winning proposals, for example:
  - Data matching between CCTA and CACFP databases
  - More emphasis on FEDS and referring them for investigation



# Profile on the Counties



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# Albany County, New York Child Care Program

- 304,204 residents in Albany County
- 375 legally-exempt providers in any given month
- 25-30 anticipated newly enrolled providers monthly



# Albany County Child Care Fraud Initiative 2011

- **Full-time investigator out-posted to child care and accounting division**
  - Improved accessibility to investigator
  - Strengthened partnership between child care and investigative staff
- **Accomplishments**
  - \$216,000+ in total fraud detected
  - \$80,000+ in recoveries (cash restitution)
  - \$198,000+ in cost avoidance (disqualifications)



# Investigative Approach: Home Visits

- Unscheduled visits
- Outside traditional hours

## Looking to verify:

- If care is being provided
- Identity of provider
- The actual children in attendance
- Procedure of recording attendance



# Prevention/Education

- Review of county forms
- Proper billing procedures/expectations
- Payment expectations
- Reporting changes
- Definition of fraud and abuse
- Penalties for fraud
- Reporting suspected fraud and abuse
- **For new providers:**
  - Mandatory informational meeting with orientation to above
  - Introduction to **CCTA** and strong encouragement for participation

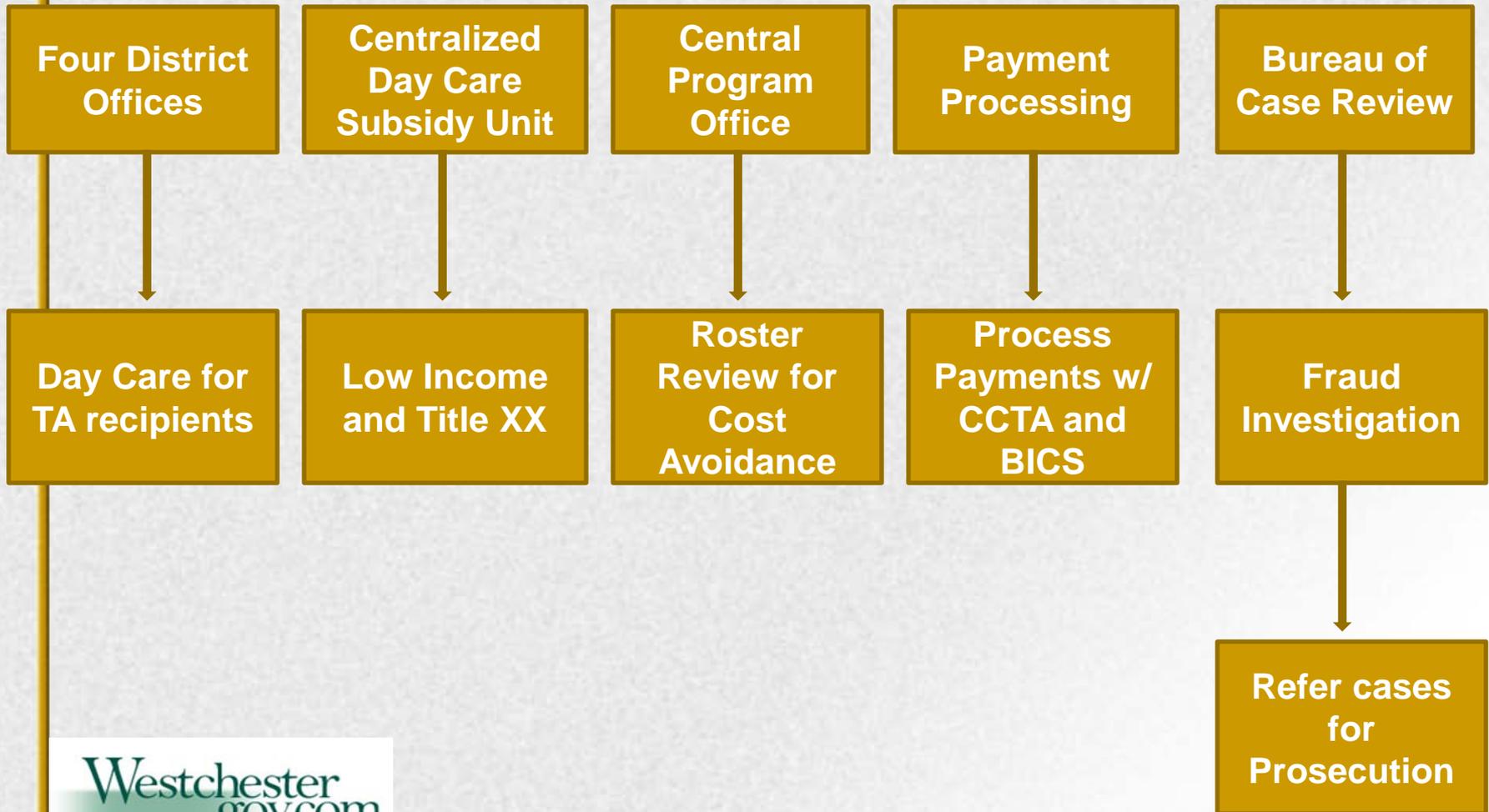


# Westchester County Day Care Subsidy Fraud, Waste and Abuse Prevention Initiatives

The logo for Westchester.gov.com, featuring the word "Westchester" in a large, green, serif font, with "gov.com" in a smaller, green, sans-serif font below it. The text is set against a white background with a green gradient bar behind the words.

Westchester  
gov.com

# WCDSS Organizational Structure & Day Care Subsidies



# Cost Avoidance Resulting from Roster Review

## January 2009 - December 2009

- \$682,895
- Monthly average cost avoidance in 2009 = \$56,908

## January 2010 - December 2010

- \$917,214
- Monthly average cost avoidance in 2010 = \$76,435

## January 2011 - December 2011

- \$788,721
- Monthly average cost avoidance in 2011 = \$65,727

# Current & Past BCR Initiatives

## **FEDS: May - November 2011**

- 235 FEDS cases reviewed
- 112 slots closed
- **Cost avoidance: \$643,554**

## **Audit and Review of ongoing cases: First 11 months of 2011**

- 892 service cases (Low Income and Title XX) reviewed
- 502 temporary assistance related subsidy cases reviewed
- 153 slots discontinued as a result of review
- **Cost avoidance: \$1.19 million to the county**

## **Review of sign-in sheets at centers**

- Reconciliation with claims submitted on rosters
- **Amount of overpayments identified in 2011: \$41,391 (centers)**

# New & Enhanced Initiatives

## Provider Fraud

- Creation of HOT LINE and Public Awareness Campaign
- Training of fiscal staff in forensic auditing
- Increased audits
- Increased investigation
- For additional information contact:  
[kkw6@westchestergov.com](mailto:kkw6@westchestergov.com)

## Customer Fraud

- HOT LINE and Public Awareness Campaign
- Credit Checks
- Lexis Nexis/Accurint
  - Employment History
  - Assets
  - Criminal Records
- Increase staff in BCR
  - Increase percentage of cases reviewed



**Questions  
and  
Answers**

Contact OCFS: 518-474-9454

<http://www.ocfs.state.ny.us/main/childcare>

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