



*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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## **Wisconsin 3 Years Later**

**Wednesday, May 9, 2012**



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

ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

Office of Child Care  




# INTRODUCTIONS

- **Andrew Williams, Policy and Planning Division, Office of Child Care**
- **Carol Pearson, NCCCSIA Project Director**

## **Wisconsin Presenter**

- **Jim Bates, Director; Bureau of Child Care  
Department of Children and Family Services**



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# AGENDA

- **Setting the Stage**
  - **Flashpoint**
  - **New Strategies**
- **Results and Outcomes**



**OCC/NCCCSIA  
Program Integrity Conference Call Series 2012-  
Wisconsin**



## Wisconsin Shares – Setting the Stage

### 1996 - Replacing Welfare as we Know it

- Child Care Subsidy as a seamless work support
- Eliminate waiting lists
- Encourage existing child care providers to participate
  - Competitive rates
  - “Enrollment” authorizations
  - Direct centralized reimbursement by State
- Attract new providers
  - Certified Family Care
  - Legitimize and finance as means of employment placement

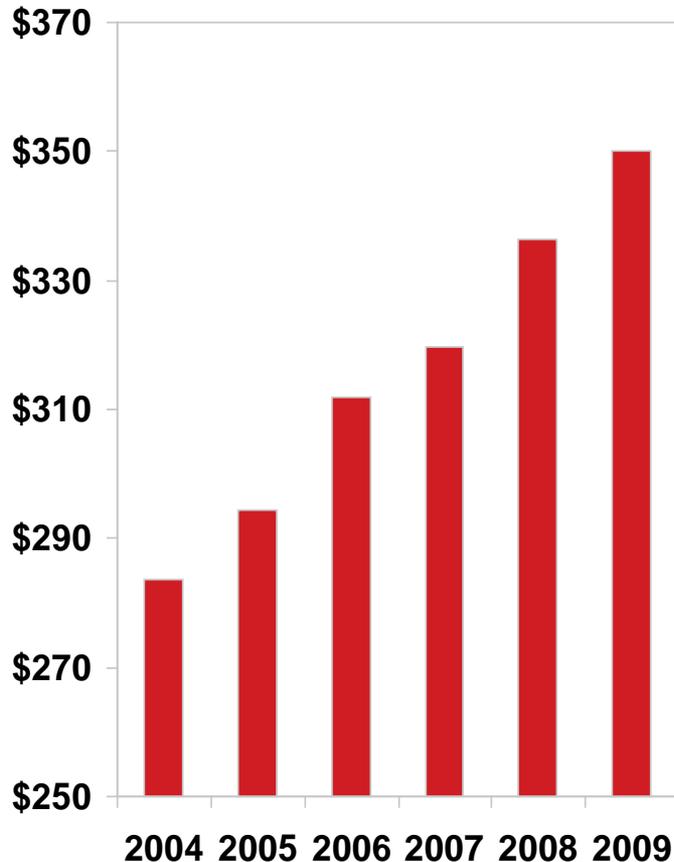
# Setting the Stage

## Structural Issues contributing to fraud and abuse

- No incentives to monitor costs anywhere in the entire system
  - State always picked up bill
  - Counties and W-2 agencies
  - Providers
  - Parents
- Lack of coordination between state agencies responsible for regulating different facets of the same facilities
  - Subsidy Administration
  - Licensing
  - Certification
  - Other Govt Programs

## Setting the Stage

# Unprecedented Growth



- Wisconsin Shares had tripled in size over 10 year period
- Over budget 5 consecutive fiscal years
- 8 state staff overseeing nearly \$400m program
- Two state agencies + 72 Counties + 11 Tribes + W-2 Agencies touching child care facilities

# Flashpoint

Watchdog Reports [Home](#) [Watchdog Update](#) [Watchdog Alerts](#)

CASHING IN ON KIDS | WATCHDOG UPDATE

## Child-care scams rake in thousands



Millions ransacking, fake jobs used to defraud taxpayer-funded system  
By Rachel Mulholland of the Journal Sentinel  
Jan. 25, 2009

[Print this page](#)



Watchdog Reports [Home](#) [Watchdog Update](#) [Watchdog Alerts](#)

## Homicidal crime boss linked to child care

Lock used at least 4 centers for illicit ends  
By Rachel Mulholland of the Journal Sentinel  
Dec. 13, 2009

Watchdog Reports [Home](#) [Watchdog Update](#) [Watchdog Alerts](#)

CASHING IN ON KIDS | WATCHDOG UPDATE

## Millions down the drain

State unable to collect overpayments to providers in child-care subsidy program  
By Rachel Mulholland of the Journal Sentinel  
Feb. 14, 2009



The state has overpaid day care providers at least \$13.7 million in recent years - including millions of dollars spent on bogus child care that was never delivered, according to the state's own records.

When regulators have tried to collect the excess taxpayer-funded money, parents and providers have stiffed the state to the tune of \$6.4 million, the Journal Sentinel has found.

A four-month Journal Sentinel investigation published last month detailed a lack of regulatory oversight within the \$400 million Wisconsin Shares child-care subsidy program - a system prone to abuse and fraud that can go undetected.

# Wisconsin's New Strategies

- The use of Data - Red Flag database
- Creation of Dedicated Unit (FDIU)
- Tearing down silos
  - Subsidy and Regulators partnering
  - Milwaukee County
- New Statutes
  - Reasonable Suspicion
  - Written Attendance Records onsite
- Active Investigations
  - Developing new set of investigation procedures
  - Creation of Fraud Task Force

# Wisconsin Strategies

## Ensuring Family Friendly Policies

- Awareness of children that actually **do** attend the center
- Communicate with parents
- Collaborate with Resource and Referral
- Tracking where the children go
- Monitoring availability of child care options
- PI Savings has allowed WI to avoid the use of waiting list and other cost cutting measures

# Wisconsin Strategies

## Provider Friendly

- **Communication and training with providers**
  - Clear about program requirements
  - Regular communication
    - Newsletter
    - Check Stuffers
    - Professional Conferences
  - Explain and enforce the provider's rights
    - Investigator's must have photo ID
    - Attendance Record Receipt
- **Seek regular feedback**

# Wisconsin's New Strategies

## Data and Red Flags

Microsoft Excel - Red Flag Report 2012 02 (February)

File Edit View Insert Format Tools Data Window Help

Type a question for help

75%

Reply with Changes... End Review...

Arial 10 B I U

O2 =SUM(B2:N2)

|    | A                | B                  | C                    | D                     | E               | F                    | G                   | H             | I        | J                                  | K                                  | L             | M                           | N   | O     | P       | Q                    | R |
|----|------------------|--------------------|----------------------|-----------------------|-----------------|----------------------|---------------------|---------------|----------|------------------------------------|------------------------------------|---------------|-----------------------------|---|-------|---------|----------------------|---|
| 1  | Provider Loc Num | Reimbursement/Slot | Kids Served per Slot | Previous Overpayments | 100% Attendance | Rapid Revenue Growth | Total Capacity Used | Capped % Used | 40% Rule | Providers Receiving Other Services | Attendance Over Capacity Violation | CBC Violation | More than 75 Hours Attended | School Age Children with High Authorization Hours | Total | Name    | County               | S |
| 2  | 1000567971002    | 1                  | 1                    | 0                     | 0               | 0                    | 0                   | 1             | 0        | 0                                  | 1                                  | 1             | 0                           | 1   | 6     | SWEET   | 40. MILWAUKEE COUNTY | N |
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| 4  | 5000572095001    | 0                  | 1                    | 1                     | 0               | 0                    | 1                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 6     | VERIS J | 40. MILWAUKEE COUNTY | N |
| 5  | 0000571420001    | 1                  | 1                    | 0                     | 1               | 0                    | 0                   | 1             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 5     | LARUE   | 40. MILWAUKEE COUNTY | N |
| 6  | 0000584540002    | 1                  | 1                    | 1                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 5     | JUMP S  | 40. MILWAUKEE COUNTY | N |
| 7  | 1000581411001    | 1                  | 1                    | 1                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 1             | 0                           | 0   | 5     | QUALIT  | 40. MILWAUKEE COUNTY | N |
| 8  | 2000563432003    | 0                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 1                                  | 1             | 0                           | 1   | 5     | ABC DA  | 40. MILWAUKEE COUNTY | N |
| 9  | 2000573662002    | 1                  | 1                    | 1                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 5     | KIDS R  | 40. MILWAUKEE COUNTY | N |
| 10 | 2000584742001    | 0                  | 1                    | 0                     | 1               | 0                    | 0                   | 1             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 5     | TIFFAN  | 40. MILWAUKEE COUNTY | N |
| 11 | 3000568333002    | 1                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 5     |         | 13. DANE COUNTY      | N |
| 12 | 4000571984007    | 1                  | 1                    | 0                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 1             | 0                           | 1   | 5     | GUARD   | 40. MILWAUKEE COUNTY | N |
| 13 | 9000568979001    | 1                  | 1                    | 1                     | 1               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 0   | 4     | BIG BIR | 40. MILWAUKEE COUNTY | N |
| 14 | 0000571380002    | 1                  | 1                    | 0                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | SUPER   | 40. MILWAUKEE COUNTY | N |
| 15 | 0000580400001    | 0                  | 1                    | 1                     | 1               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | BOOKS   | 30. KENOSHA COUNTY   | N |
| 16 | 1000570391001    | 1                  | 1                    | 0                     | 0               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 40. MILWAUKEE COUNTY | N |
| 17 | 1000573201001    | 1                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | TOLIVE  | 40. MILWAUKEE COUNTY | N |
| 18 | 1000575671002    | 0                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 1                                  | 0             | 0                           | 1   | 4     | A MOTH  | 40. MILWAUKEE COUNTY | N |
| 19 | 1000584491001    | 1                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | NEW LE  | 40. MILWAUKEE COUNTY | N |
| 20 | 1000585471001    | 1                  | 1                    | 0                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | OPEN H  | 40. MILWAUKEE COUNTY | N |
| 21 | 1000585481001    | 1                  | 1                    | 0                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | LEARN   | 40. MILWAUKEE COUNTY | N |
| 22 | 2000573042003    | 1                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | JEANET  | 40. MILWAUKEE COUNTY | N |
| 23 | 2000583492001    | 1                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | GINGER  | 40. MILWAUKEE COUNTY | N |
| 24 | 2000583912001    | 1                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | FIRST S | 30. KENOSHA COUNTY   | N |
| 25 | 2000585802001    | 0                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 40. MILWAUKEE COUNTY | N |
| 26 | 3000561363001    | 0                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 1             | 0                           | 1   | 4     | LOV N C | 30. KENOSHA COUNTY   | N |
| 27 | 3000563593001    | 0                  | 1                    | 1                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | CHILDR  | 40. MILWAUKEE COUNTY | N |
| 28 | 3000583033001    | 0                  | 1                    | 0                     | 0               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 40. MILWAUKEE COUNTY | N |
| 29 | 3000584553001    | 0                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 40. MILWAUKEE COUNTY | N |
| 30 | 4000562084007    | 0                  | 1                    | 0                     | 0               | 1                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 0                           | 1   | 4     | CARTEI  | 40. MILWAUKEE COUNTY | N |
| 31 | 4000563274001    | 0                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 40. MILWAUKEE COUNTY | N |
| 32 | 4000573774002    | 0                  | 1                    | 0                     | 1               | 0                    | 0                   | 0             | 0        | 1                                  | 0                                  | 0             | 0                           | 1   | 4     |         | 13. DANE COUNTY      | N |
| 33 | 4000574594002    | 0                  | 1                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 1                                  | 1                                  | 0             | 0                           | 0   | 4     | JACKS   | 40. MILWAUKEE COUNTY | N |
| 34 | 5000559855001    | 0                  | 0                    | 1                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 1                                  | 1             | 0                           | 1   | 4     | PLEAS   | 30. KENOSHA COUNTY   | N |
| 35 | 5000563075003    | 1                  | 1                    | 0                     | 0               | 0                    | 0                   | 0             | 0        | 0                                  | 0                                  | 0             | 1                           | 1   | 4     | GROWIN  | 40. MILWAUKEE COUNTY | N |

Summary Summary with Data Summary with Scores Reimbursement Per Slot Kids Served Per Slot 100% Attendance Rapid Revenue Growth

Ready NUM

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# Wisconsin's New Strategies Data and Red Flags

- Reimbursement per Slot (Annual)
- Authorized Children per Slot
- 100% Attendance
- Rapid Revenue Growth
- Previous Overpayments
- Total Capacity Used
- Capped Percent Used (Space Time Continuum)
- > 75 Hours Attended (Weekly)
- School Age Children with High Authorization Hours
- Providers Receiving Other Benefits

## Wisconsin's New Strategies Dismantling Silos



- Local Agencies
- Licensing
- SNAP/MA
- USDA Food Program
- Corrections
- Unemployment
- Law Enforcement
- Child Care Provider Community

# Wisconsin's New Strategies

## Dedication of Resources

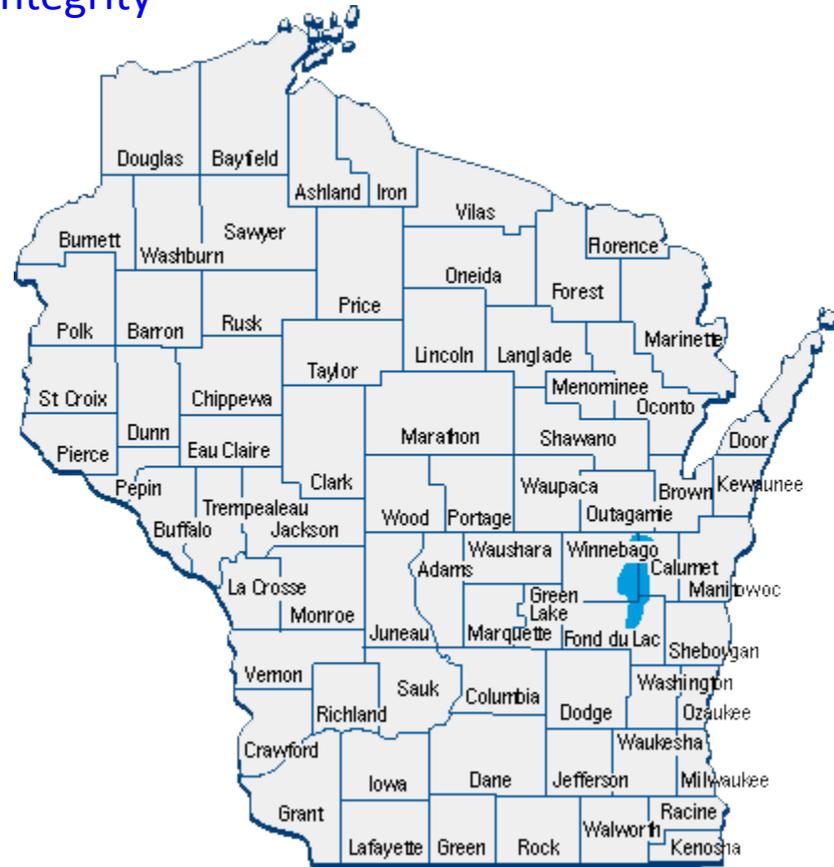
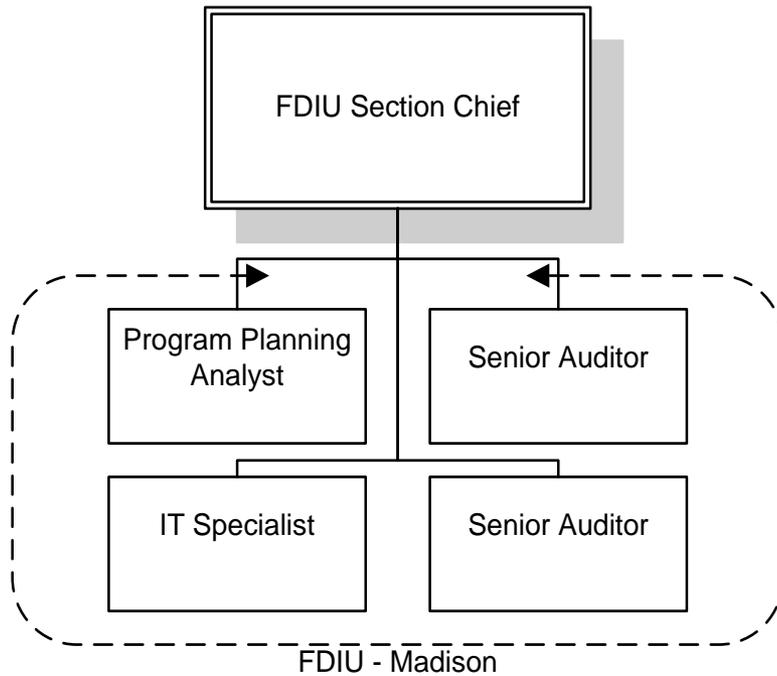
2008 Staffing for Program Integrity



# Wisconsin's New Strategies

## Dedication of Resources

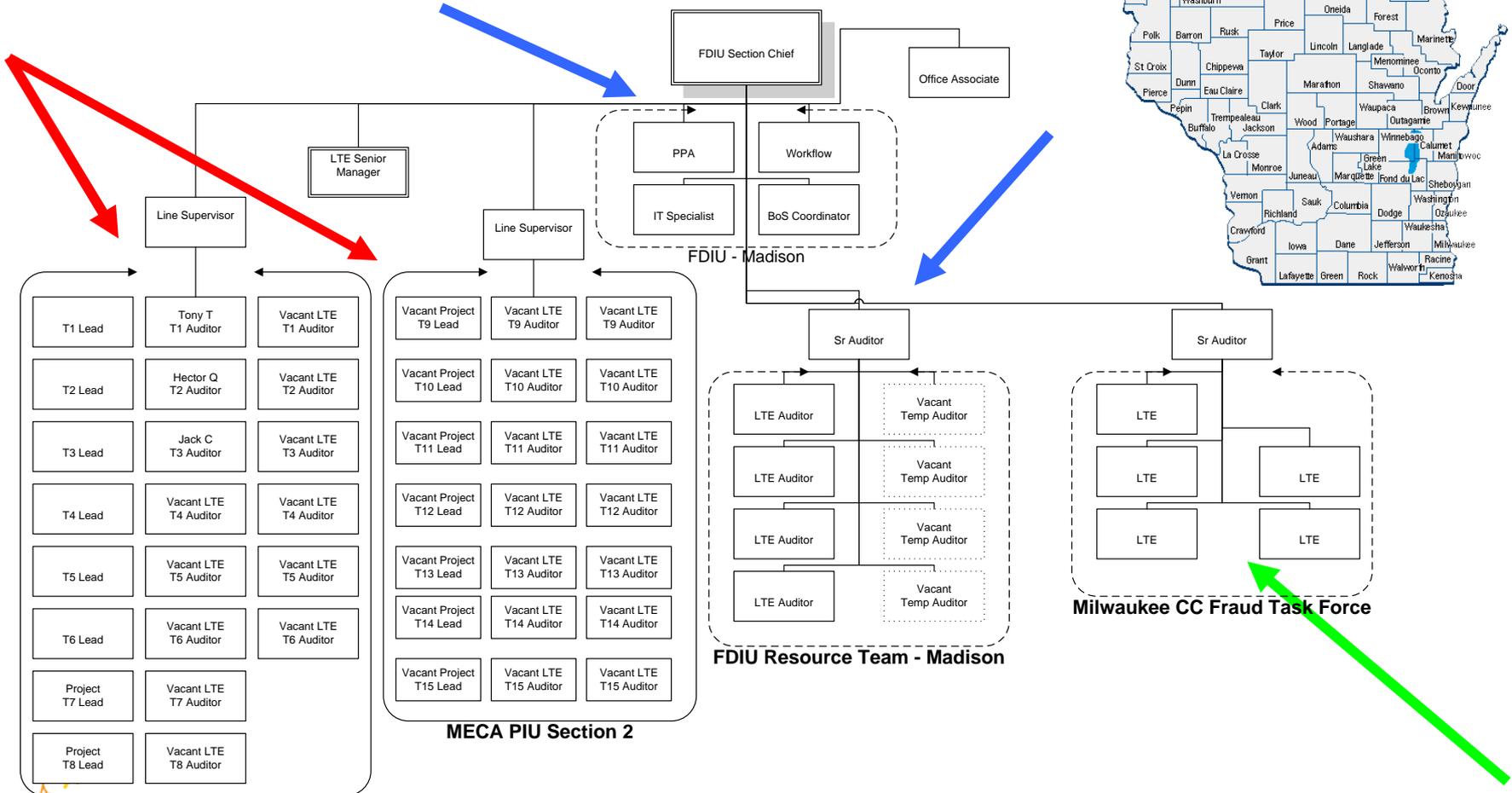
Summer/Fall 2009 Staffing for Program Integrity



# Wisconsin's New Strategies

## Dedication of Resources

### Winter 2010/2011 Staffing for Program Integrity



# Questions?



# Wisconsin's New Strategies Statutory and Rule Changes



## Summer 2009

- Require Providers to maintain attendance records on site for 3 years
- Prohibit more than 40% of subsidized children from being children of employees of provider
- Withhold payment for Reasonable Suspicion of program violations
- Ability to impose fines and forfeitures against providers

## Summer 2011

- Restrict providers from receiving subsidy payments for own children
- Local Agency Incentive for fraud detection

# Wisconsin Strategies

## Milwaukee Child Care Anti-Fraud Task Force



### Interagency Partnership

- Department of Children and Families
- WI Department of Justice
- WI Department of Revenue
- Milwaukee District Attorney's Office
- Milwaukee County Sheriff
- Milwaukee Police Department
- US Dept of Justice – FBI
- US Treasury – IRS
- US Attorney General's Office

# Wisconsin Strategies

## Local Agency Role

### Before

- Agencies contracted to monitor and enforce program integrity
- Very minimal funding and guidance from State
- Focus on client overpayments and fraud
- No incentive for uncovering and pursuing fraud
- Reliance on “traditional” program integrity strategies

### After

- State has taken lead role in provider investigations
- Local agency, depending on resources and ability, can refer case to state or seek TA
- Increased guidance and policy
- Regular meetings and trainings
- Collaboration with program integrity professionals group (WAPAF)
- Local Agency Incentive Funding
- Increased oversight from state:
  - FIP Reviews
  - Quality Assurance reviews

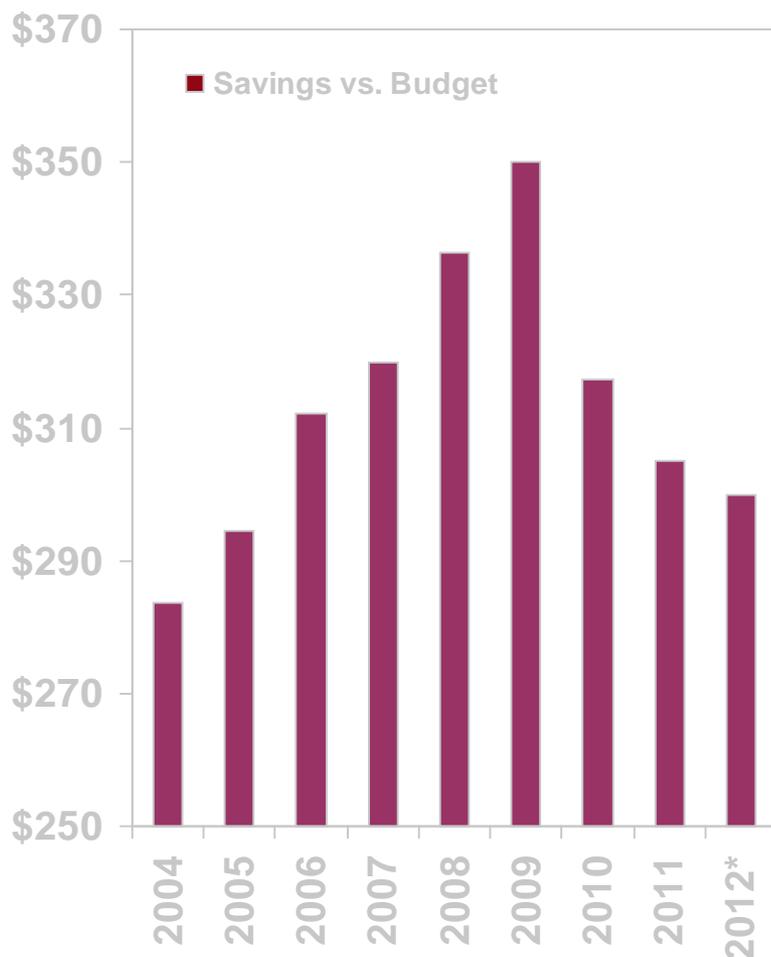
## **Results and Outcomes Provider Investigations**

- Over 1,500 Providers referred for investigation
- 1,068 Investigations completed since 2009
- Nearly 300 providers suspended
- Nearly 200 referred to Task Force for possible criminal investigation
- 435 Appeals

## Results and Outcomes Task Force

- 29 Individuals Criminally Charged
  - 12 Guilty Pleas
  - 8 Guilty Verdicts
  - 4 Pending Trial
  - 5 Federal Cases
- \$1,727,886 in ordered Restitution

## Results and Outcomes Estimated Savings



- Over \$100 million in savings since 2009
- Savings must be used for CCDF/TANF program
- Allowed funding to be available for QRS (YoungStar)



## Lessons and Strategies

- Recognize and use data
- Identify and dismantle “silo” situations
- Review existing policies for potential abuse
  - Ease of obtaining funds
  - Opportunities for collusion
- Examine ability to enforce rules
- Role of providers
  - Use of contracts with providers
  - Inclusion of Provider Community



## Lessons and Strategies

- Parental Responsibility
  - Is the subsidy “invisible” to parents?
- Commitment of Resources to Program Integrity
  - Cost/Benefit
- Continuous Self-Assessment
  - FIP Reviews
  - Quality Assurance
  - Training Needs and Strategy
  - OCC Program Instruction (PI-2010-06)
  - Improper Payments Information Technology Guide

# Questions?

**Child Care Subsidy Manual, Chapter 2-A (Client Program Integrity):**

<http://dcf.wisconsin.gov/childcare/wishares/pdf/chapter2client.pdf>

**Child Care Subsidy Manual, Chapter 2-B (Provider Program Integrity):**

<http://dcf.wisconsin.gov/childcare/wishares/pdf/chapter2provider.pdf>

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