



NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
Child Care Subsidy in New York State: *Making Every Dollar Count*

New York Welfare Fraud Investigator's Association

June 13 - 15, 2011





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- *If you google “day care fraud”, how many hits do you think you get?
- *If you google “child care fraud”, how many hits do you think you get?
- * If you look further down the hit list, you see media articles on child care fraud or program integrity from ABC, NBC, CBS, CNN, Daily News and AP
 - * One journalist from Wisconsin earned a Pulitzer Prize based on her series on child care fraud.





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Did You Know That:

- * Nationally, the rate of improper** child care subsidy payments is 13.3%
- * That means that approximately \$110 billion of the \$2 trillion paid out by the federal government are improper payments!
- * That \$110 billion would fund the entire US Department of Education and the entire Small Business Administration!
- * The US Department of Health and Human Services has estimated that somewhere between 15% and 20% of payments are either in fraudulent status, lack program integrity or are in error

***Improper is defined as funds going to the wrong recipient, an incorrect amount of funding or a recipient using the funds in an undesirable manner.*





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- * In the past three State Fiscal Years, New York State allocated \$736 M to local social services districts for child care subsidies
- * On average, it costs \$6,200 per year to provide child care to one child across NYS
- * If we take 10% of NYS's allocations - \$73.6 M - and divide it by \$6,200, that's 11,870 additional child care slots that could be available in NYS

CLEARLY, WE NEED TO





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MAKE EVERY DOLLAR COUNT
IN
NEW YORK STATE!!!!





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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.”





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NEW YORK STATE CHILD CARE SYSTEM

- 4,067 child care centers (capacity: 270,428 children)
- 7,269 family child care homes (capacity: 55,285 children)
- 7,340 group family child care homes (capacity: 104,576 children)
- 2,584 school-age *child* care programs (capacity: 238,142 children)
- 51,699 legally-exempt providers (83,415 children)





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SUBSIDIZED CHILD CARE IN NEW YORK STATE

In FFY 2010: over 216,000 received child care subsidies.
Of these:

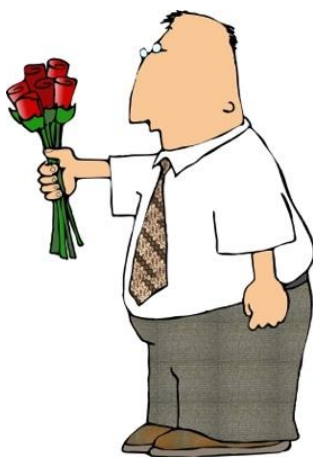
- 33% were cared for in licensed centers
- 25% were cared for in regulated family-based settings
- Remaining 42% were cared for in legally-exempt settings



Can you tell who the fraudulent provider is?



A



B



C



D



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Child Care Subsidy Fraud: A View From the States

- In WI, 1000 out of 9000 regulated providers are currently under investigation for possible subsidy fraud.
- In CT, in 2007, an assessment of 1200 cases resulted in:
 - 141 arrests
 - 50 convictions
 - Recoupment of \$202,000
 - Cost avoidance of \$1.5M





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“Child Care Subsidy in New York State: *Making Every Dollar Count*” *ROUNDTABLE DISCUSSION HELD ON October 27, 2010*

* 100 Participants by invitation only, including social services commissioners, caseworkers, fraud investigators, local county prosecutors, child care advocates, federal Office of Child Care, among others

* All-day working session brainstorming ways to address fraud including listing obstacles and barriers that currently exist to preventing, identifying and prosecuting subsidy fraud
Action Plan (concept paper) and video clips on the OCFS website:

www.ocfs.state.ny.us

SEE DEMO





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Steps NYS Has Taken to Prevent Waste, Fraud, and Abuse

- increased training of state staff to improve oversight and monitoring
- participated in trainings sponsored by the New York Welfare Fraud Investigators Association (NYWFIA) and the Office of the State Comptroller
- established scholarships for local district staff to attend the NYWFIA annual seminar
- drafted new child care subsidy regulations





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Child Care Subsidy Fraud Regulations *(Proposed)*

Principle: Provide LDSS' more authority to stop child care payments

LDSS may disqualify a provider from receiving payment for child care services if a provider:

- Is found to be criminally convicted of fraud;
 - Is found to be civilly liable for fraud;
- Has voluntarily admitted to filing a false claim;
- Has been disqualified from the NYSDOH CACFP;
- Has a conviction of any activities the past 7 years that indicated a lack of business integrity;
- Has been found to have submitted false claims after an

ADMINISTRATIVE REVIEW ;





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Highlights of Section 415.12

- All providers must comply with all OCFS regulations or face enforcement;
- Must maintain current and accurate enforcement records;
- Must certify that all documents and information provided to districts is accurate and true;
- The submission of any false, inaccurate or fraudulent claims may be the basis for the deferral or disallowance of payment for such claims;





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....More Steps

- secured funding for, and are currently implementing, an automated child care time and attendance system
- established a formal referral process between local social services districts and OCFS regional office regulatory staff to address child care subsidy fraud
- mandated that local districts establish indicators for the referral of child care applications to their investigative units





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LDSS ADMINISTRATIVE REVIEW

Includes the following steps:

- LDSS reviews the proposed false claims and sends a preliminary report to the provider;
- The provider has 20 days to respond in writing or request a formal review;
- If no response from the provider within 20 days, the preliminary report may be finalized and be the basis for the LDSS to terminate a provider from providing subsidized child care;
- If a response is received within 20 days, the LDSS must review and evaluate the response and make any appropriate changes before issuing the final report;





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LDSS ADMINISTRATIVE REVIEW (cont'd.)

- A provider has 10 days to respond to the final report;
- If no response, the report is final and the LDSS may terminate a provider from providing subsidized child care;
- If the provider responds within the timeframe, the LDSS must conduct a review within 30 days;
- The LDSS reviews the evidence and issues a final report which may be the basis for terminating a provider from providing subsidized child care.

If terminated, a provider is ineligible from receiving payments for FIVE years.





...Even More Steps



- analyzed existing databases for the purpose of identifying child care subsidy cases that may warrant further investigation
- developed a “SWAT Team” to investigate and conduct on-site inspections
- coordinated efforts with the NYS CACFP program around data sharing and fraud detection



NYS Identifies Red Flags to Detect Fraud

- The new, automated Child Care Time and Attendance System (CCTA) includes the following Red Flags:
 - Parents/caretakers use a password to check the child in and out of the system automatically.
 - Data in the system are in real time; inspectors check CCTA for attendance prior to an inspection.
 - If a change is made, the data is stored so a history of changes is recorded.
 - The system sends a “red flag” to the district for review when a child has perfect attendance and when a provider checks a child in and out rather than the parent.
 - CCTA interfaces with NY’s regulatory database to confirm that the provider is licensed/registered and is in a payable status both at time of authorization and when making the payment; this interface also detects overcapacity





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Red Flags (cont'd.)

- Beginning in March 2011, data are run quarterly from a “data warehouse” using the following two indicators:
 - Overcapacity: Any group family child care program that pays for 22 or more children in a pay period
 - Highest Revenue Producers in a pay period by modality: list of top 10 providers for 4 modalities (child care centers, family child care, group family child care, and legally exempt) are given to each regional office to review and conduct inspections and/or investigations, where appropriate





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SUMMARY

- Remember – Most Child Care Providers have Integrity and Care!
- We Must Work Together to develop Protocols to
 - 1) Focus on Front-end Prevention;
 - 2) Identify the Few Who Commit Fraud; and
 - 3) Hold Them Accountable, including Prosecution when Appropriate
- Let's Break Down the Silos Between the Subsidy Program and Regulated Care

TOGETHER WE CAN MAKE A DIFFERENCE!!!



A large, yellow, multi-pointed starburst shape with a thick black outline, centered on the page. The text "Questions and Answers" is written in bold black font inside the starburst.

**Questions
and
Answers**



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