

NYS Office of Children and Family Services

COMBATTING CHILD CARE SUBSIDY FRAUD TO MAKE EVERY DOLLAR COUNT

Janice M. Molnar, Deputy Commissioner

Jim Hart, Director of Regional Operations

Rhonda Duffney, Director, Child Care Subsidy Program

**NYWFIA
30th Annual Training Seminar
Tuesday, June 4, 2013**



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.”



Regulated Child Care in NYS

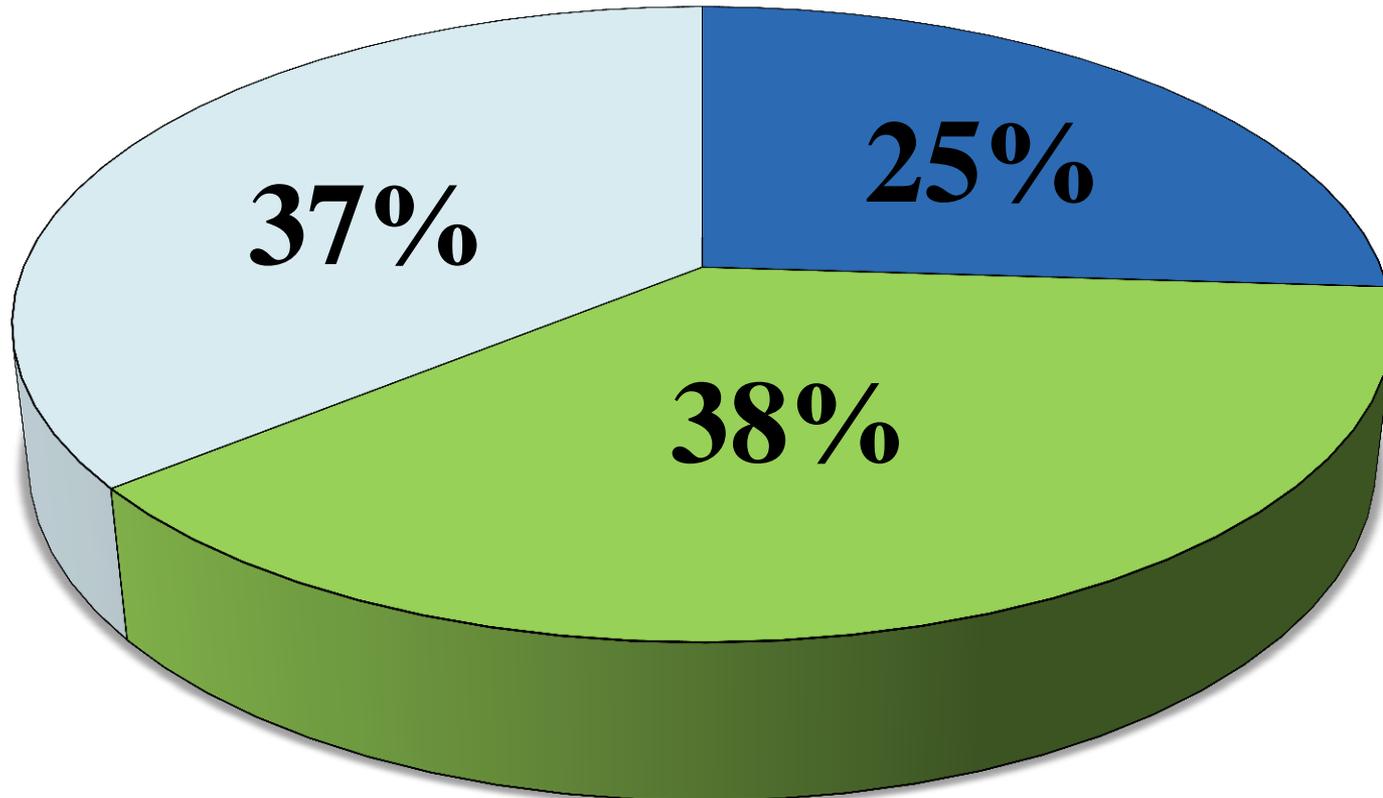
Modality	Regulated Providers	Capacity
Child Care Center	4,178	280,586
Family Child Care Home	6,576	49,877
Group Family Child Care Home	8,150	122,125
School-Age Child Care Program	2,512	238,119
Total:	21,416	690,707

(Data as of 1/4/13)

Subsidized Children in NYS by Age Group

In FFY 2012, over 234,000 children received child care subsidies

■ Infants and Toddlers ■ Preschool-age □ School-age



Subsidized Child Care in NYS

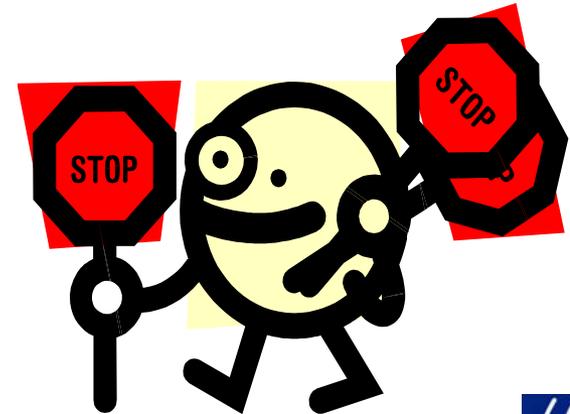
- In FFY 2012, the modalities of care for children receiving subsidies:
 - **63%** in regulated care (34% in licensed child care centers, 29% in regulated family child care homes, including group family child care)
 - **37%** in legally-exempt care, almost exclusively home-based setting
 - **46,965** legally-exempt providers served **86,168** subsidized children over the course of the year



Child Care Subsidy Fraud

WAYS WE CAN PREVENT IT AND STOP IT!

- OCFS Child Care Subsidy Program Integrity Initiative
- Local District Innovations



OCFS Child Care Subsidy Program Integrity Initiative

Includes Four Elements

- Child Care Time and Attendance (CCTA)
- Fraud regulations, which became effective October of 2011
- Child Care Subsidy Program Integrity RFP
- Child Care Fraud Prevention and Detection Incentive Program (Mini- Grants to local districts)



Child Care Time and Attendance (CCTA)

CCTA is a web-based application which allows parents to check their child(ren) in and out of care using a password.

Key components of CCTA:

- Tracks attendance
- Bill for services is automatically calculated
- Provider electronically submits the bill to SSD



Child Care Time and Attendance (CCTA) Goals

- Improve the timeliness and accuracy of payments to child care providers
- Decrease the administrative burden on child care providers and local districts
- Increase fiscal accountability, including fraud prevention



What's with CCTA now?

- Biometrics pilot is currently being conducted in Albany and Jefferson Counties
- Release of Updated Enhancements
 - Revised client notices
 - Eligibility Calculator (Scratchpad)
 - Enhanced payment page
 - Shows calculations for split week
 - Total per week
 - Actual hours in care vs. scheduled hours



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 Program Integrity RFP

- Implement a tool that will analyze and integrate data from the various data systems with New York State child care subsidy data
- 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



Child Care Subsidy Program Integrity RFP (cont'd)

OCFS's Vision for the Technical Solution

- Automated technical solution that will provide Social Services District and OCFS staff with a report that identifies potential subsidy fraud cases
- Incorporates a numerical scoring mechanism that generates a risk rating, so that their investigations may be triaged and prioritized
- Includes the ability to drill down into the details behind a case identified as "at-risk"



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)
- 20 winning counties



Child Care Fraud Prevention & Detection Incentive Program (cont'd)

20 WINNING COUNTIES

REGION 1 – Buffalo

Erie	\$94,051
Cattaraugus	\$40,000

REGION 2 – Rochester

Monroe	\$47,433
Steuben	\$40,000
Ontario	\$40,000
Chemung	\$40,000
Jefferson	\$40,000

REGION 3 – Syracuse

Onondaga	\$60,000
Broome	\$58,529
Cayuga	\$40,000
Tompkins	\$40,000

REGION 4 – Albany

Albany	\$60,000
Essex	\$40,000
Franklin	\$40,000
Schenectady	\$60,000

REGION 5 – NYC \$100,000

REGION 6 – Spring Valley

Westchester	\$98,810
Rockland	\$60,000

REGION 7 – Long Island

Nassau	\$100,000
Suffolk	\$100,000



Child Care Fraud Prevention & Detection Incentive Program

Annual Findings

- Number of cases denied due to fraud on the application: **282**
- Number of children in cases denied due to fraud on the application: **450**
- Estimate of the total amount of money the districts will save by denying cases due to fraudulent information on the application: **\$239,250.00**



Child Care Fraud Prevention & Detection Incentive Program Annual Findings (cont'd)

- Number of cases closed due to fraud: **398**
- Number of children in cases closed due to fraud: **639**
- Total amount of money districts have identified for recovery from cases closed due to fraud:
\$1,063,860.20
- Total amount of money districts have recovered to date from cases closed due to fraud: **\$145,367.29**
- Estimate of the total amount of money the districts will save by closing cases due to fraud (cost avoidance): **\$2,477,483.29**



Child Care Fraud Prevention & Detection Incentive Program

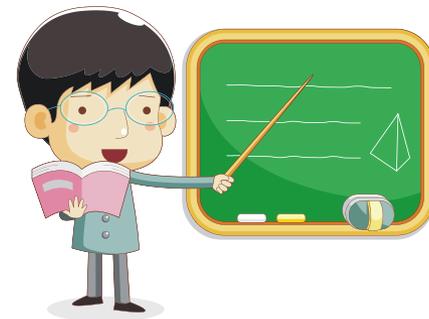
District Strategies and Outcomes to Address Waste, Fraud and Abuse

- Audited high-revenue providers
- Expanded the use of Child Care Subsidy Regulations
- Created a fraud reporting hot-line for suspect cases
- Improved inter-agency communication with child care staff and investigators
- Increased communication with Child Care Resources and Referral (CCR&R) agencies
- Conducted a random sampling of regulated providers for audit and verification of billing
- Maintained an emphasis on FEDS

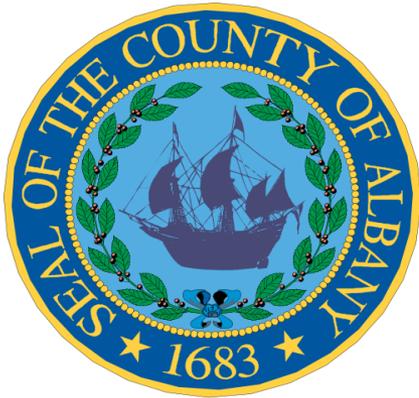


Child Care Fraud Prevention & Detection Incentive Program Lessons Learned

- The importance of collaborating with fraud investigators, child care staff and CCR&Rs.
- Some districts were surprised at the amount of fraud they found.
- Investigative staff need to better understand child care subsidy regulations.



Child Care Fraud Prevention & Detection Incentive Program



**Albany County Department
of Social Services**

NYC Administration for
Children's Services

**NYC Administration for
Children's Services**



ALBANY COUNTY DEPARTMENT OF SOCIAL SERVICES WELFARE FRAUD UNIT

Supervising Investigator

Sean M. Hicks

Investigator

James Fiammetta

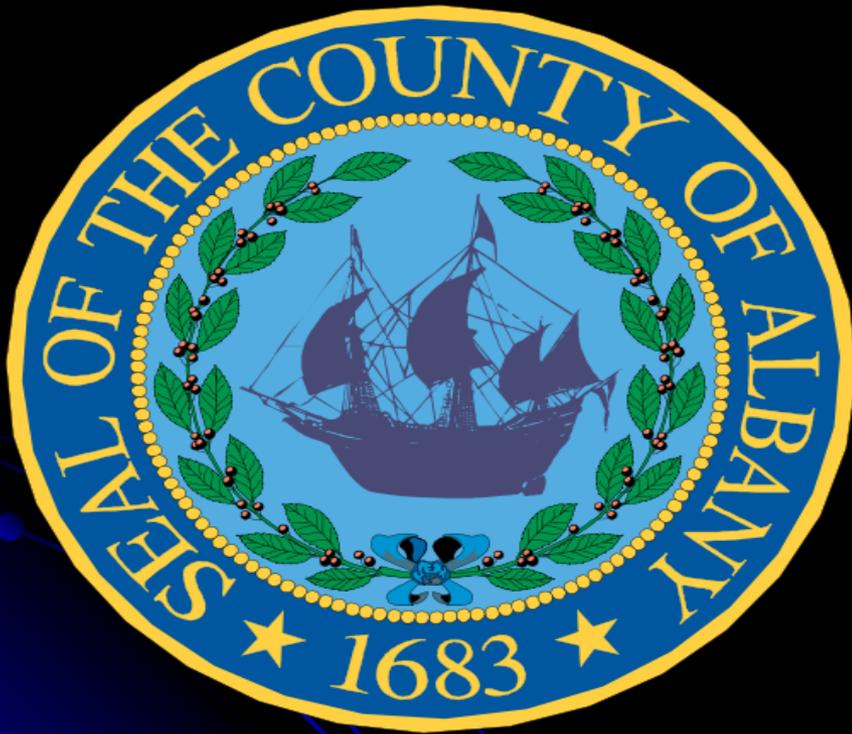


NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES

*Child Care Fraud Prevention and Detection
Incentive Program \$60,000*



ALBANY COUNTY, NY CHILD CARE PROGRAM



- 304,204 RESIDENTS IN ALBANY COUNTY
- 400+ LEGALLY EXEMPT PROVIDERS IN ANY MONTH
- 25-30 ANTICIPATED NEWLY ENROLLED PROVIDERS MONTHLY

TARGET:

Legally Exempt Providers



90% OF CHILD CARE FRAUD DETECTED
IN ALBANY COUNTY IS IN THE
LEGALLY EXEMPT POPULATION

IDENTIFY ALL ACTIVE LEGALLY EXEMPT PROVIDERS RECEIVING ASSISTANCE



- SEARCH BICS (Benefit Issuance and Control System) FOR ACTIVE PAYMENTS
- INSERT ALL PROVIDERS INTO FRAUD TRACKING DATABASE
- CREATE "PROVIDER" CASE RECORD
- Check WMS for current benefits

SEARCH W.M.S. FOR PROVIDERS RECEIVING ASSISTANCE



- Notify workers
- Budget income
- Calculated Overpayments totaled \$103,048.63 (69 Providers)
- Interview Providers
- Set up payment agreements / recoupments

SEND PROVIDER QUESTIONNAIRE



- Are you currently receiving any assistance? If so, what are you receiving?
- Are you currently employed? If so, where and what hours do you work?
- Are you currently in school or training? If so, where and what hours?
- Provider Agreement to release information.

QUESTIONNAIRE RESULTS

- 411 Completed Questionnaire
- 31 Questionnaires were not returned
- 10 providers forfeited checks totaling \$8,448.60

*** ALL PROVIDERS ARE NOW REQUIRED TO SIGN QUESTIONNAIRE**

RANDOM FIELD VISITS

“non-traditional hours”

LATE EVENING

EARLY MORNING

WEEKENDS

PREVENTION / EDUCATION

- Review of county forms
- Proper billing procedures / expectations
- Payment expectations
- Reporting changes
- Definition of fraud and abuse
- Penalties for fraud
- Notify provider of the CCTA system

“UNANNOUNCED” FIELD VISITS ON ACTIVE CASES

- Verify if care is being provided...
- Verify who is providing the care...
- Ask for ID !!
- If care is not being provided...why not?
- If care is being provided by someone other than the enrolled provider.....Who? Why?

FEDS PUSH 2012

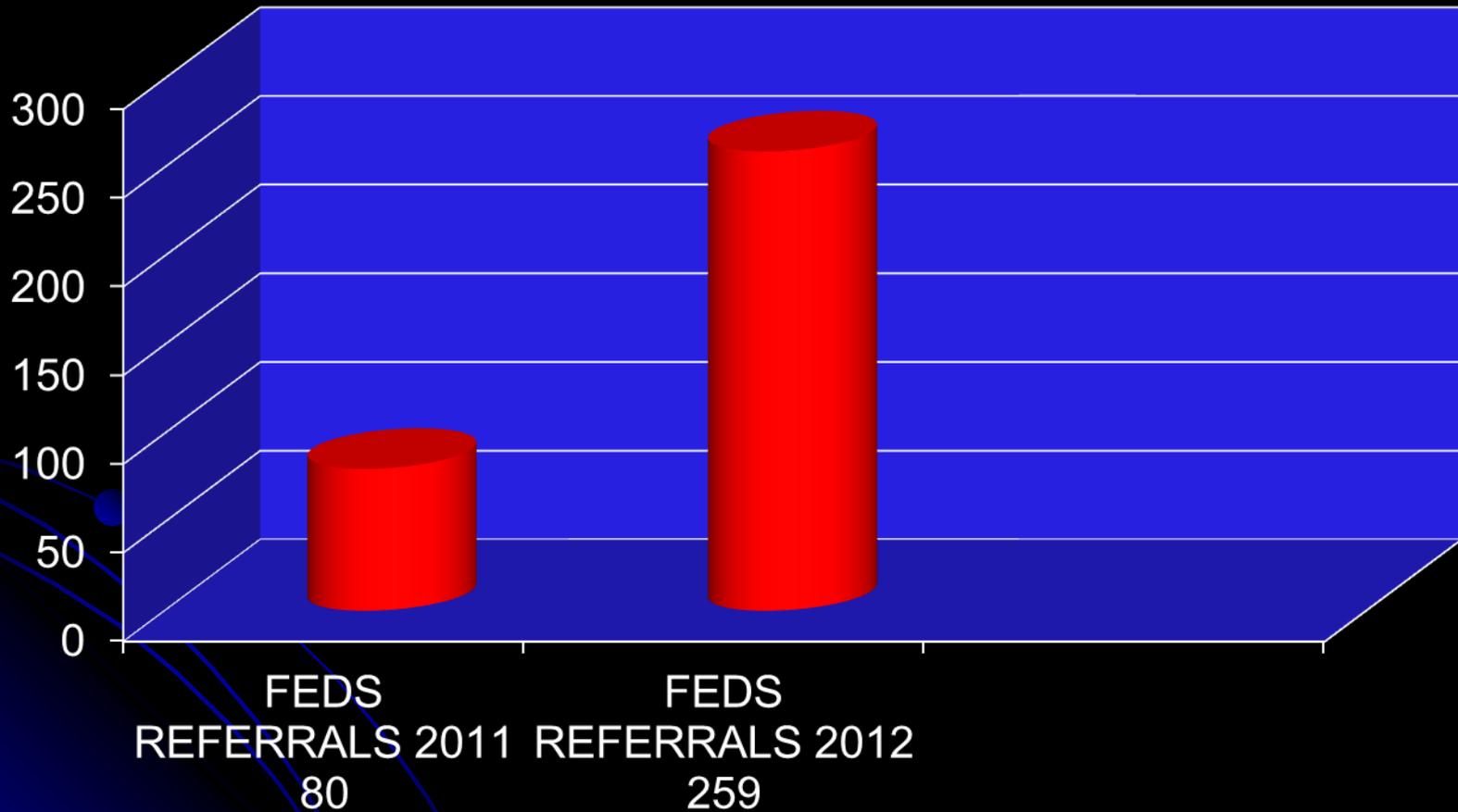
“Prevention!!”



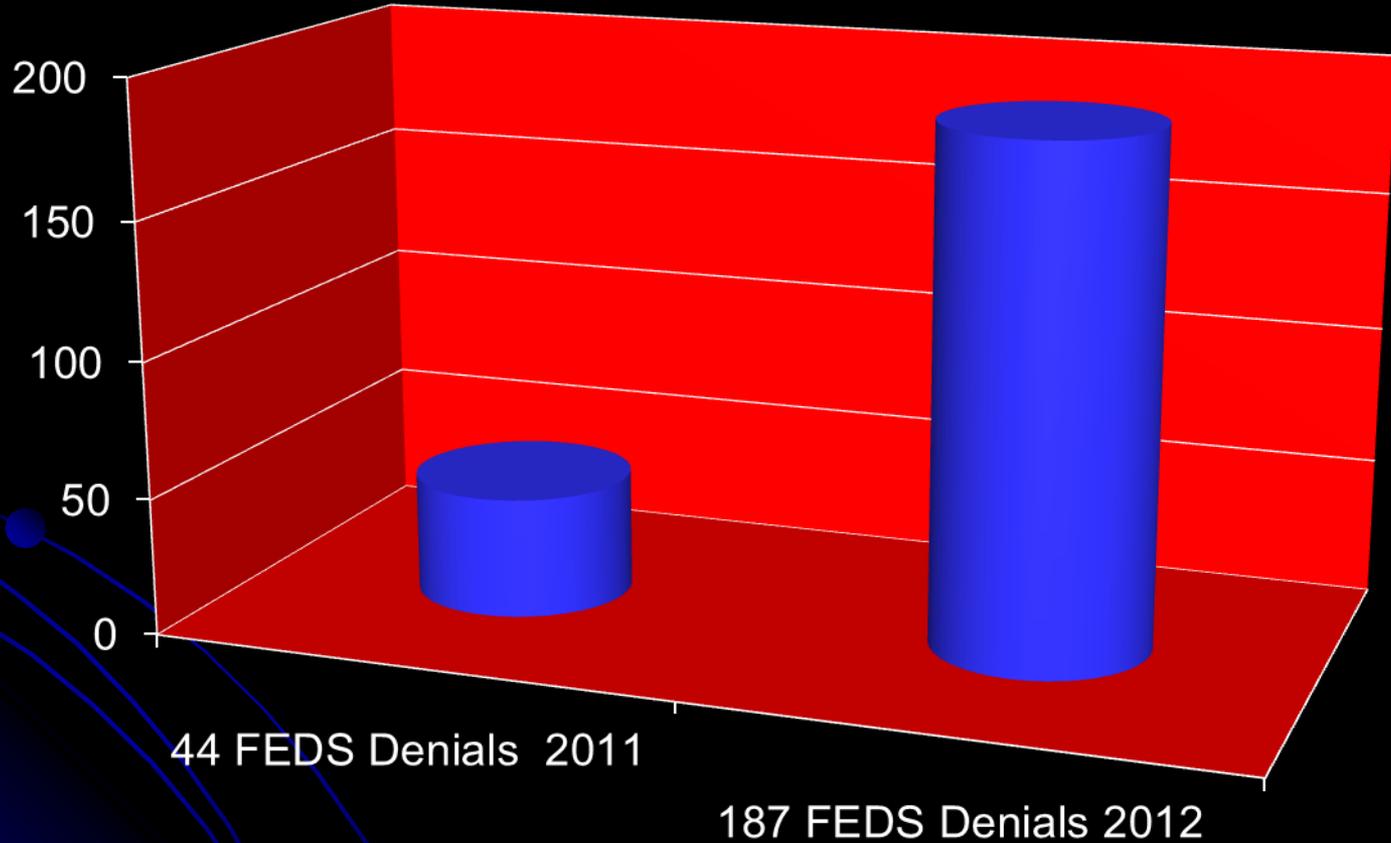
**PREVENTION
IS THE BEST
TREATMENT**

- Work close with Child Care Staff.
- Build confidence in the FEDS process.
- Quick turn around results.....
- MORE FEDS!

FEDS REFERRAL CLIMB STATE FISCAL YEAR 2011 & 2012



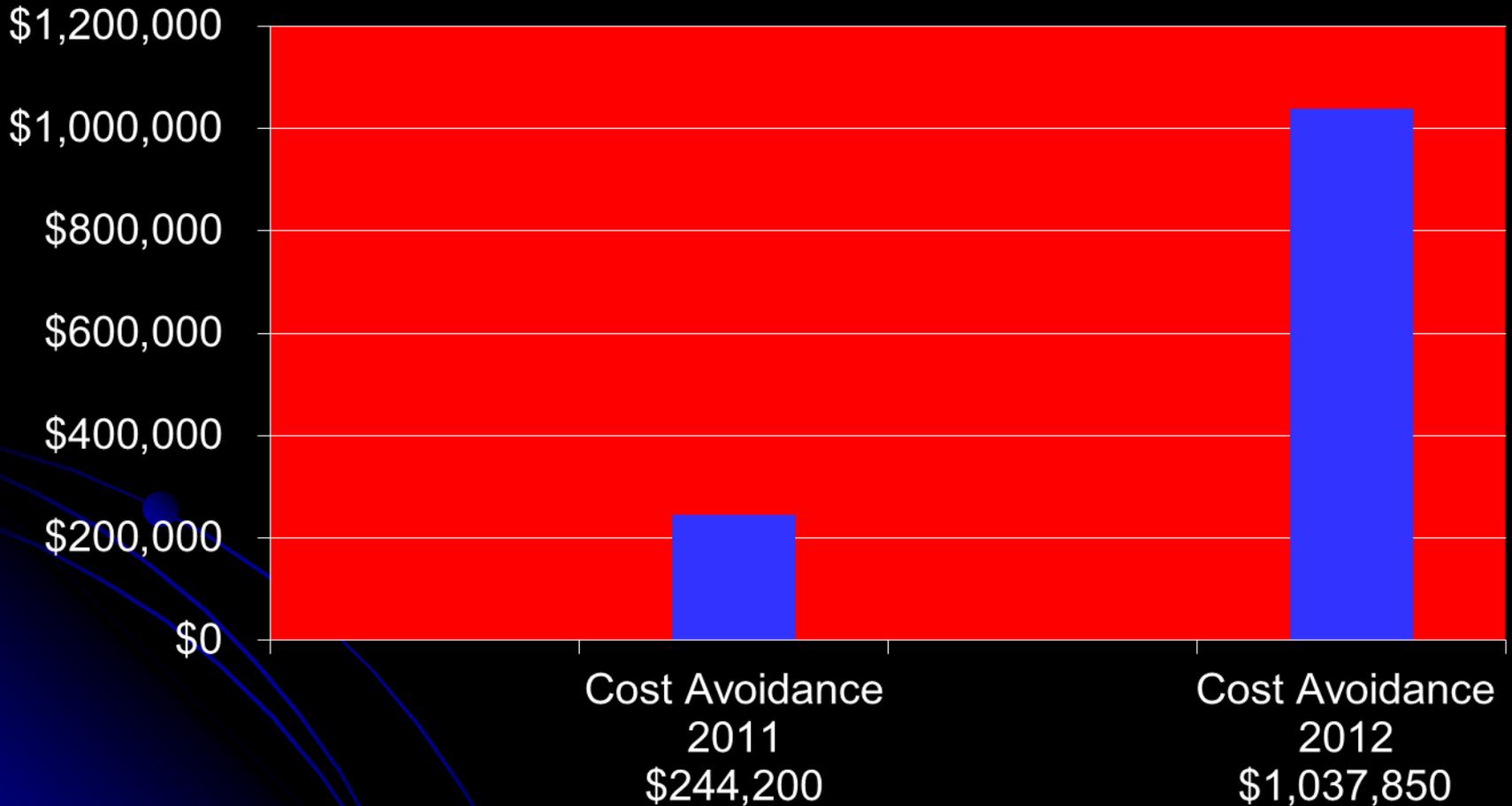
FEDS DENIAL CLIMB STATE FISCAL YEAR 2011-2012



44 FEDS Denials 2011

187 FEDS Denials 2012

FEDS COST AVOIDANCE STATE FISCAL YEAR 2011 & 2012



COLLECTION LETTERS

“TAX SEASON”



- Delinquent payment agreements on past Fraud Cases.
- “Final Notice” letters sent to all clients in April 2013
- Collected \$7,000+ to date.

OCFS ANNUAL GRANT REPORT

<u>CASES CLOSED</u>	<u>DISTRICT RESPONSE</u>
A. Number of cases closed due to fraud.	47
A. Number of children in cases closed due to fraud.	81
A. Amount of money the district has identified for recovery from cases closed due to fraud.	\$236,213
A. Amount of money the district has recovered to date from cases closed due to fraud.	\$73,240.79
A. Estimate of the amount of money the district will save by closing cases due to fraud (cost avoidance).	427,350.00

<u>CASES DENIED</u>	<u>DISTRICT RESPONSE</u>
A. Number of cases denied due to fraud on the application.	187
A. Number of children in cases denied due to fraud on the application.	259
A. Estimate of the amount of money the district will save by denying cases due to fraudulent information on the application.	\$1,037,850

Child Care Fraud Prevention
and Detection Grant
June 2013

**The New York City
Administration for Children's Services**



Child Care Subsidy Case

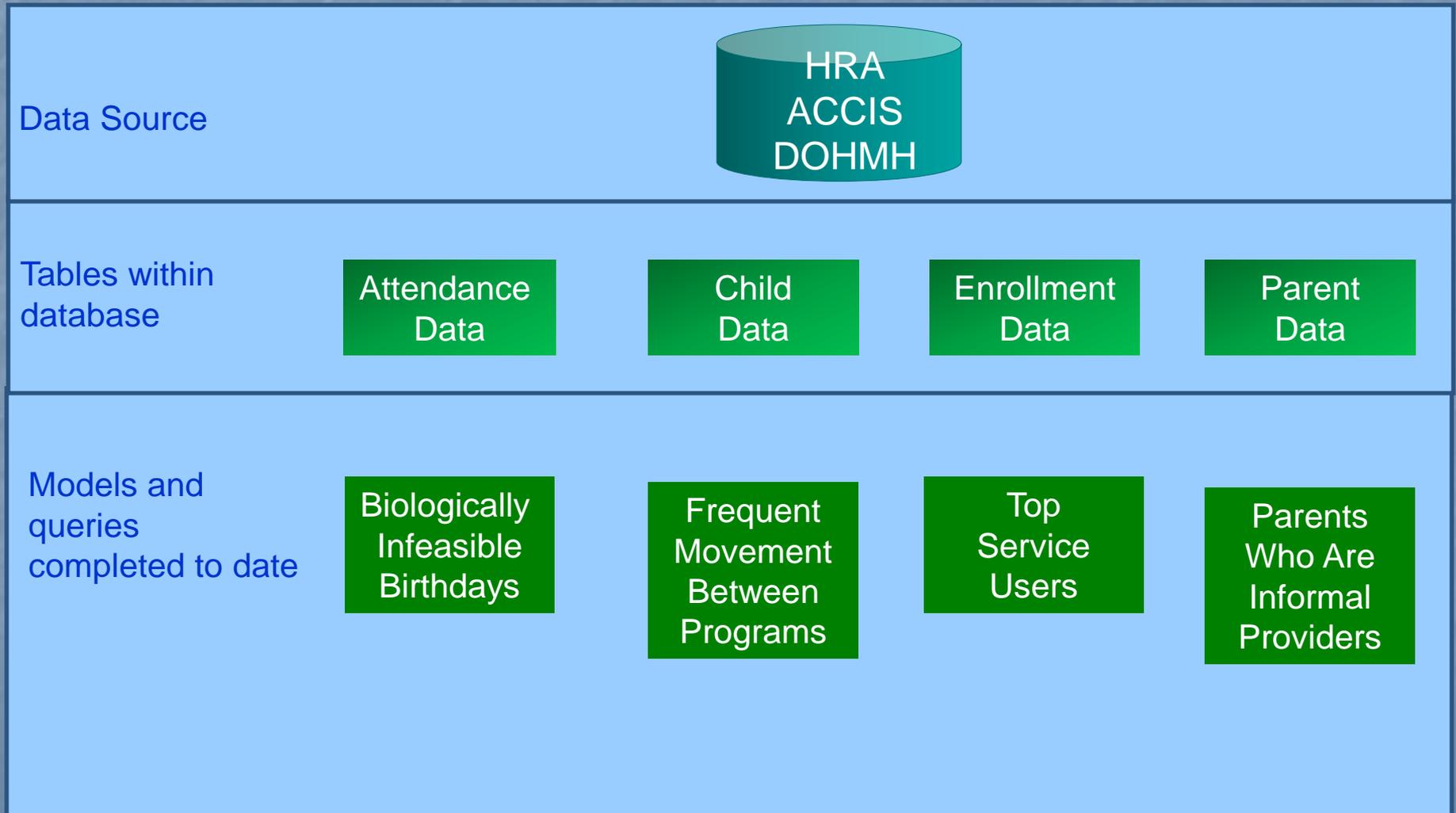
- Oversight of Child Care Subsidy
 - Administration for Children's Services (ACS)
- Enrollment
 - ACS
 - Cash Assistance Population: Human Resource Administration (HRA)
 - Bureau of Eligibility Verification (BEV)
- Licensing and Provider Monitoring
 - Department of Health and Mental Hygiene (DoHMH)
 - The Women's Housing and Economic Development Corporation (WHEDCo) - Legally Exempt Enrollment Agency for NYC

Life Cycle of a Child Care Case

- Fraud Detection
 - ACS Internal Reporting Protocols
 - Staff Training; Investigative Case Tracking Analysis
 - Center for Innovation through Data Intelligence (CIDI) – Data Queries Based Upon Case Analysis
 - HRA's Investigation, Revenue, and Enforcement Administration (IREA)
 - Bureau of Fraud Investigation (BFI)
 - Pilot Re-Examination into 1,000 Cases
 - Department Of Investigation
 - District Attorney's Offices
 - Pilot Program to Investigate and Prosecute Cases of Fraud

ACS Childcare Fraud Detection: Progress to date

Development of models and queries that flag unusual activity in support of fraud investigation of both service users and care providers.



ACS Childcare Fraud Detection: Preliminary Analysis

Biologically Infeasible Birthdays

- Identify cases where the cumulative gestation time is less than 7 months, excluding twins and foster children
- Example: A family with three children needs to have a minimum of 1.4 years between the 1st and 3rd child.

Acceptable Timeline



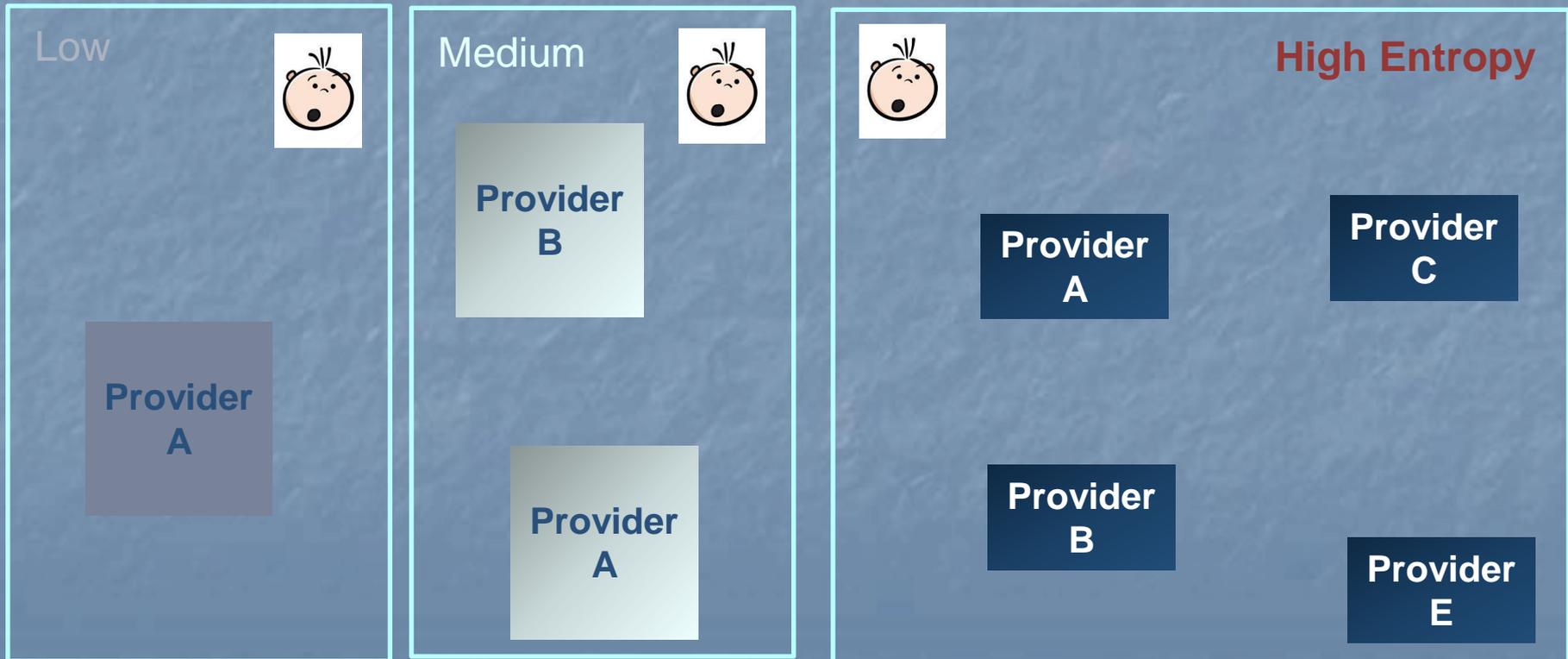
Unacceptable Timeline

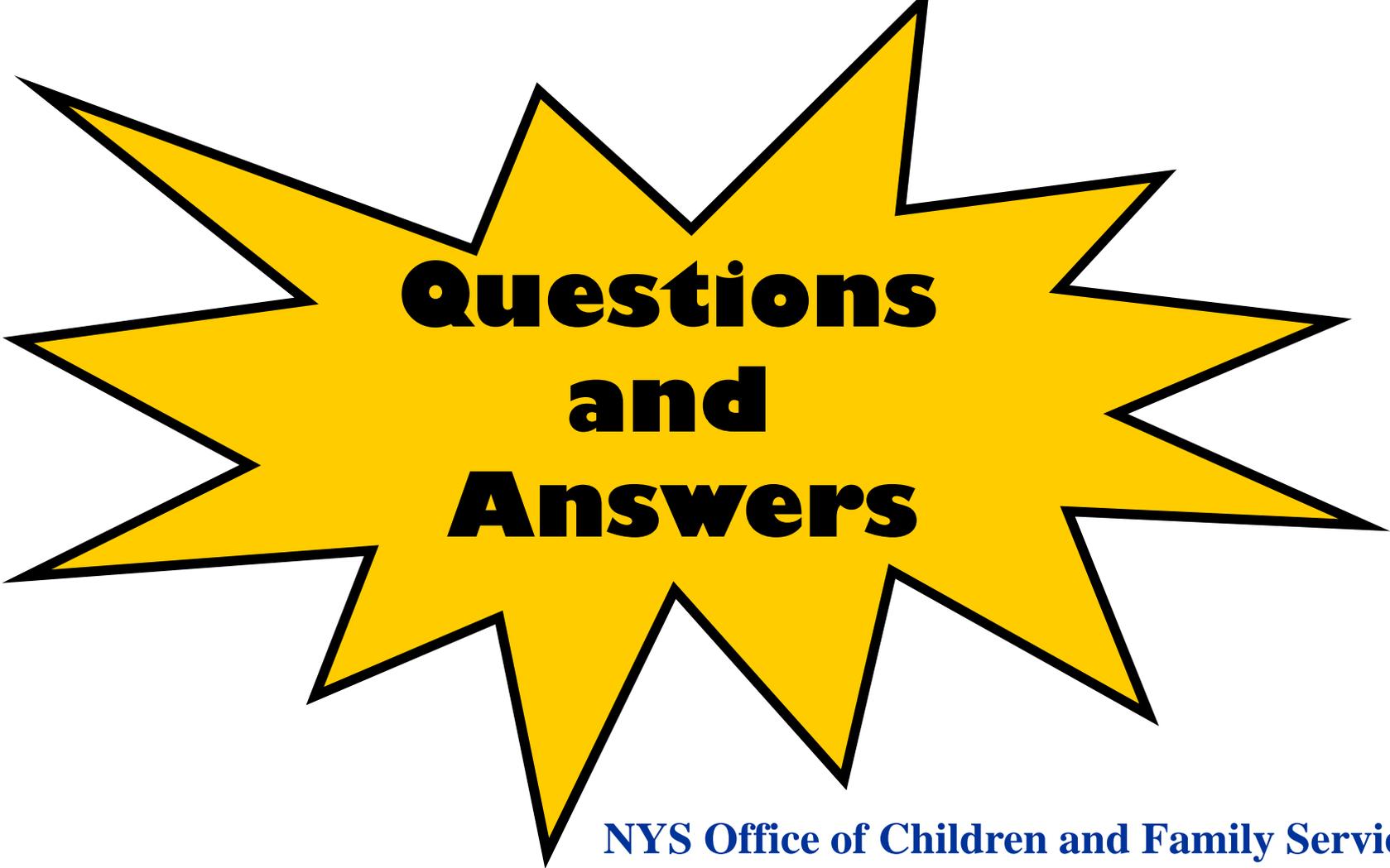


ACS Childcare Fraud Detection: Preliminary Analysis

Frequent Movement Between Programs

- *Identify children with unusually high movement between programs*
- *A total of **1,015 children across 878 families** had entropy scores above the 99th percentile*





**Questions
and
Answers**

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