



ADMINISTRATION FOR
CHILDREN & FAMILIES



Error Rate Review Webinar

2015 *Data Collection* *Instructions Renewal*

Wednesday, January 21, 2015
1:00-2:00pm



Data Collection Instructions Renewal

- The first part of this webinar is on the renewal of the Data Collection Instructions.
- The Data Collection Instructions, or the DCI, is the primary document that provides guidance for implementing the CCDF error rate methodology.
- The DCI contains the instructions for each step of the methodology.
- The DCI also includes the forms and templates for the required submissions, including the *Record Review Worksheet* and the *State Improper Payments Report*.

DCI Renewal Process

- Current DCI expires September 30, 2015
- Updated version ready for Federal Register in early February
- 60 day comment period, review, then 30-day comment period
- Approval for DCI Renewal expected by October 1, 2015

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DCI Renewal Process

- The current DCI that States refer to now will expire on September 30 of this year.
- We expect the updated version to be ready for the Federal Register in early February.
- There will be a 60-day comment period after the first Federal Register posting. After the comments are reviewed and changes made, there will be a 30-day comment period.
- The renewal DCI will be approved on or before October 1, 2015, in time for the beginning of next fiscal year.

Key Updates to DCI

- All sections – expanded and updated instructions
- *Record Review Worksheet (ACF-403)*/case record reviews
 - Boilerplate changes
 - Option to customize element 410, column 1
- *State Improper Payments Report (ACF-404)*
 - New item: Improper payment amount for missing and insufficient documentation errors

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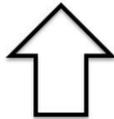


Key Updates to the DCI

- This slide provides an overview of the key updates to the DCI.
- Most of the changes you will see are expansions and updates to the instructions. These address errata and clarify areas that were identified as being potentially confusing.
- The areas in which there are more substantial changes involve the *Record Review Worksheet*, or ACF-403 and the *State Improper Payments Report*, or ACF-404.
- In the *Record Review Worksheet*, there are changes to some of the boilerplates.
 - Some of these are very minor tweaks to wording.
 - But others are larger and reflect new federal requirements under reauthorization.
 - We will go over these boilerplate changes starting in the next slide, which is slide 7.
- In the *Record Review Worksheet*, we are also giving States the option to customize column 1 of element 410.
 - You may recall that before, element 410 was the only element in the *Record Review Worksheet* that was not customized.
 - We are adding this as an option. Unlike the other elements, States do not have to customize 410.
 - However, some States may wish to provide citations to guide reviewers in determining whether a payment was an improper payment, so we are allowing them to do that if they wish.
- For the ACF-404/*State Improper Payments Report*, there is one new item.
 - The item asks States about the amount of improper payments that can be attributed to missing and insufficient documentation errors.
 - We will give more information about this new item and how to compute it in slides 11 and 12.

RRW Boilerplate Updates (page 1 of 4)

Current	Renewal
Element 320 – Parental Work/Training Status	Element 320 – Parental Work/Training Status
To receive services a child’s parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services under the State’s definition.	To receive services a child’s parent or parents must have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State’s definition.



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RRW Boilerplate Changes

- The following four slides show the four *Record Review Worksheet* boilerplates that have the biggest changes or additions.
- In this table, on the left you see the boilerplate that is in the current *Record Review Worksheet*. On the right is the updated boilerplate, with additions bolded.
- This is element 320, Parental Work/Training Status, and we’ve added language about job search activity.
 - Under reauthorization, States are given the option to allow a certain period of job search activity for subsidy recipients.
 - Since this is an option, not a requirement, the boilerplate language says “if applicable.”

RRW Boilerplate Updates (page 2 of 4)

Current	Renewal
Element 350 – Qualifying Care and Provider Agreement	Element 350 – Qualifying Care and Provider Agreement
Determine whether services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all regulatory requirements.	Determine whether services were provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all applicable requirements, including health and safety requirements.

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RRW Boilerplate Changes

- In element 350, Qualifying Care and Provider Agreement, we've added a clause at the end of the boilerplate.
 - Under reauthorization, providers must meet new health and safety requirements.
 - The addition at the end of the boilerplate asks reviewers to ensure that providers have met all applicable health and safety requirements.

RRW Boilerplate Updates (page 3 of 4)

Current	Renewal
Element 400 – Income/Income Standards/Parental Fee Calculation	Element 400 – Income Requirements
<p>*Describe income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).</p> <p>*Determine whether household income meets State requirements (e.g., family gross income must be within X percent of State’s median income).</p> <p>*Identify the eligibility worker’s subsidy amount for a sample review month.</p> <p>*Determine whether the subsidy amount was based on income and family size, the State’s payment rate schedule, and any sliding fee schedule, if applicable</p>	<p>*Determine income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).</p> <p>*Determine whether household income met State requirements (e.g., family gross income must be within X percent of State’s median income).</p> <p>*Determine compliance with any applicable asset tests.</p> <p>*Identify the eligibility worker’s subsidy amount for the sample review month.</p> <p>*Determine whether the subsidy amount was based on income and family size, the State’s payment rate schedule, and any sliding fee schedule, if applicable.</p>

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RRW Boilerplate Changes

- Element 400 is currently entitled “Income/Income Standards/Parental Fee Calculation,” as you can see on the second row on the left.
 - We are shortening this title to just say “Income Requirements.”
 - The other change is the addition of instructions for reviewers to determine compliance with any applicable asset tests, since with reauthorization, families are not eligible for child care subsidies if they have family assets exceeding \$1,000,000.

RRW Boilerplate Updates (page 4 of 4)

Current	Renewal
Element 410 – Payment/Computations	Element 410 – Payment/Case Summary
<p>Compare the eligibility worker’s subsidy amount with the reviewer’s subsidy amount. If there is a difference, compare the <u>reviewer’s subsidy amount</u> to the <u>sample month payment amount</u>.</p> <p><input type="checkbox"/> If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</p> <p><input type="checkbox"/> If the <u>sample month payment amount</u> is less, the difference is an underpayment.</p>	<p>Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.</p> <p>If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.</p> <p>If the sample month payment was a full payment, and was:</p> <p><input type="checkbox"/> greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).</p> <p><input type="checkbox"/> less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).</p>

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RRW Boilerplate Changes

- The last boilerplate with substantial changes is element 410.
 - As element 410 involves both computation of any improper payments as well as a case summary, we’ve changed the title to be clearer. You can see this in the second row of the table. It is currently “Payment/Computation” and we’ve changed it to “Payment/Case Summary.”
 - We’ve also re-written the instructions for computing improper payments, to provide more step-by-step guidance for determining whether there was an improper payment.
 - For example, as you can see in the bolded text, we’ve added a new sentence.
 - This is not a new requirement. This just makes it clear that, when the reviewer compares their subsidy amount to the eligibility worker’s subsidy amount, if the amounts are the same, there is no improper payment error.
- The other change to element 410, as we mentioned several slides back, is that we are allowing Lead Agencies to customize this element.
 - Again, this is an option; unlike the other elements, Lead Agencies do not have to customize element 410.

New ACF-404 Item (page 1 of 2)

- Currently, States report:
 - Total number of cases with an improper payment due to missing or insufficient documentation (#6)
 - Percentage of cases with an improper payment due to missing or insufficient documentation (#7)
- New item (#7A): Total amount of improper payments due to missing or insufficient documentation

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New ACF-404 Item

- There is one new requirement that will be on the *State Improper Payments Report*, or the ACF-404.
 - Currently, the ACF-404 asks for the number and percentage of cases that have an improper payment due to missing or insufficient documentation, or MID. These are item numbers 6 and 7 on the ACF-404.
 - The new item asks about the dollar amount of improper payments that can be attributed to missing or insufficient documentation.
 - The person who is completing the ACF-404 form would need to sum the improper payment amounts for only those cases with an MID improper payment error.

New ACF-404 Item (page 2 of 2)

- #7A: Total amount of improper payments due to missing or insufficient documentation
- Sum the improper payment amounts recorded in element 410, column 4, #4 of the *Record Review Worksheet* only for those cases with a “Y” in element 410, column 4, #2



RESULTS(4)		
410 RESULTS		
1.	No Error/Error	1
2.	Insufficient/Missing Documentation	Y
3.	Overpayment/Underpayment	O
4.	Total Amount of Improper Payment	\$50
5.	Total Payment Amount for Sample Month	\$250

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New ACF-404 Item

- The table on the right gives an example of a completed element 410, column 4 of the *Record Review Worksheet*.
- Finding the total amount of improper payments due to missing or insufficient documentation is similar to other computations in the ACF-404.
 - Sum all the improper payment amounts, which are entered in #4 of element 410, column 4.
 - Do this for only those cases with a “Y” in #2.
 - The “Y” means the error was caused by missing or insufficient documentation.

State Error Rate Reporting (page 1 of 3)

- Year 2 States (June 2015):
 - Report new ACF-404 item (amount of IP due to MID errors) **to the extent possible**

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State Error Rate Reporting with Renewal DCI

- States might be wondering how DCI updates will affect their error rate reporting.
- Year 2 cohort states are reporting this coming June. As such, they will be submitting their ACF-404s before the current Data Collection Instructions expire.
 - The review period for year 2 states – the period from which cases are selected – is from October 2013 through September 2014. This of course is before the states were subject to the federal requirements related to reauthorization.
 - We will Therefore, Year 2 states will not be implementing the new DCI for this review cycle, **with one exception.**
 - be asking Year 2 States to report, **to the extent possible**, the new ACF-404 data requirement. This is what we spoke about in the previous two slides, 12 and 13.
 - We will be offering Year 2 States further TA in this area in their next cohort call.

State Error Rate Reporting (page 2 of 3)

- Year 3 States (June 2016):
 - If State policy changes during review period:
 - Update customized RRWs
 - Update error definitions
 - Update RRWs with new boilerplate language, if applicable
 - Report new ACF-404 item

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State Error Rate Reporting with Renewal DCI

- Year 3 States will be reporting next year, in June 2016.
 - We are currently in the review period for Year 3 States. It runs from October 2014-September 2015.
 - State staff will need to be aware of any policy changes that may take place during this review period.
 - Year 3 States that have already submitted customized RRWs may need to make adjustments if eligibility policy changes go into effect between now and September 2015.
 - This may involve having different customizations for different worksheets, depending on the sample month. This is because the case record reviews are based on the policies in place during the sample month.
 - This may also mean changes to some of the error definitions. Some things that may not have been an error under old policies may change and be considered an error.
 - Year 3 States that have already submitted *Record Review Worksheets* will also need to update the boilerplate language of the RRWs. The new boilerplates will be included in the new instructions.
 - Finally, Year 3 States will report the new ACF-404 data requirement.

State Error Rate Reporting (page 3 of 3)

- Year 1 States (June 2017):
 - If State policy changes during review period:
 - Update customized RRWs
 - Update error definitions
 - RRWs will have new boilerplate language
 - Report new ACF-404 item
- All States
 - **Remember – all reviews are based on policies in place during the sample month!**

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State Error Rate Reporting with Renewal DCI

- Year 1 States will be next reporting in June 2017.
 - The next review period for Year 1 States starts in October 2015 and runs through September 2016.
 - Similar to what we said on the last slide for Year 3 States, the Year 1 cohort will need to be aware of any policy changes their States are implementing during that period, and customize RRWs and error definitions accordingly.
 - Year 1 States will use the RRWs with the new boilerplates.
 - And will report the new ACF-404 data.
- We want to reiterate and emphasize the point in bold, which is that all reviews are based on the policies in place during the sample month.
 - This goes for all states, no matter the cohort or reporting year.
 - If you are reviewing cases from six months ago, reviewers must review the cases based on the policies that were in effect six months ago, not at the time of the review.



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Audit of State CCDF Error Rate Review Processes



OIG Error Rate Audits

- The next part of this webinar is to share information with the States about the OIG Audit of Error Rate Processes and Calculations.

Error Rate Review Audit (page 1 of 2)

- Background: IPERA requires OIG to review all improper payment reports and processes
- Since 2012 – OIG has audited the OCC error rate calculation process, including:
 - Calculation formulas
 - Original report data
 - Overview of methodology
- OIG Audit extended in 2013 to include:
 - Regional Office and Central Office documentation regarding review and approval processes

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OIG Error Rate Audits

- There are three laws that govern the implementation of the improper payments reporting.
- In 2010, the Improper Payments Elimination and Recovery Act required a review of all agency improper payments by the agency OIG office.
- OMB issued further guidance in 2011 and the OIG audits began in 2012 after the publication of the HHS Agency Financial Report which includes all the improper payment reporting for the entire Department of Health and Human Services. The initial review included an assessment of the calculations and original report data, that is:
 - calculation formulas
 - original data from OLDC reports
 - an overview of the methodology used for the reviews and the calculations
- In 2013, the OIG reviews expanded to include additional items, including documentation from the Regional Office and Central Office on all aspects of the reviews – including a review of email communication for questions and answers and document approvals.

Error Rate Review Audit (page 2 of 2)

- OIG 2014 audit further expanded to include:
 - Calculation formulas, original report data, methodology updates, RO and CO documentation
 - State specific information
 - Complete sampling frames and random number generator to ensure proper procedures were followed
 - All case results with associated dollars for each case and the improper payments identified
 - Calculations the State completed to determine the amount and percentage of improper payments (specific formulas)
- All States may be subject to an OIG review at some point. States should ensure:
 - Someone is available to explain the review process
 - All documentation is available upon request

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OIG Error Rate Audits

- Additional questions came up in the 2014 OIG review.
- In addition to the review of the national measures calculations, they looked deeper at State specific information:
 - sampling frames – documentation of the state’s sampling process, as well as looking at a copy of the actual sampling frames and random number generator to ensure that they were implemented correctly.
 - the file with all case results, associated dollars for each case, and the improper payment amounts for each case.
 - documentation of the calculations that a state used to determine their error rate data, including the specific formulas.
- We wanted to talk with you briefly about this today so that you are aware of the scrutiny the improper payments process is going through. As you can see, additional measures have been reviewed each year. We want to encourage everyone to keep track of all your communication, all your documentation of your processes, and understand the what, why, and how of your reviews. Let your Regional Manager know if you have any questions and we can help you with anything that arises.



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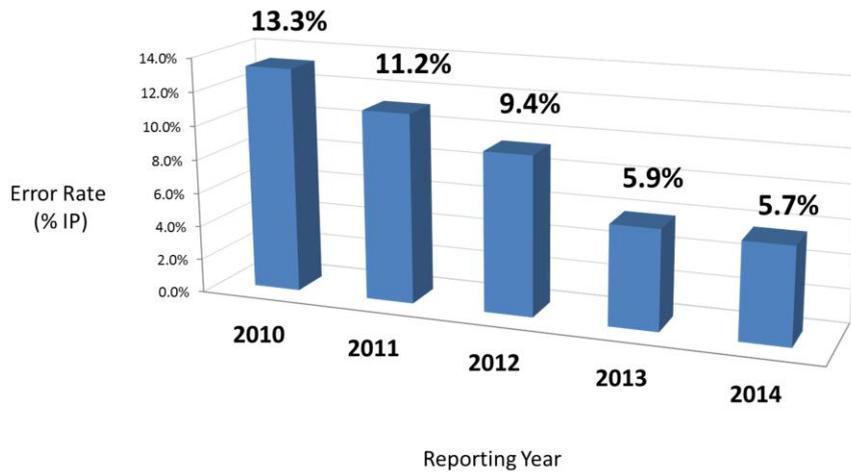
Error Rate Data



Error Rate Data

- For the last part of the webinar, we will present the latest data on the national error rates.

CCDF National Error Rates for 2010-2014



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Error Rate Data

- In this figure, you can see how the error rate has declined over the past five years.
- The error rate declined from 5.9 percent in 2013 to 5.7 percent in 2014.
- More than three quarters of states currently have error rates under ten percent.

Error Causes (Year 1 States)

- Missing or insufficient documentation (MID) errors
 - 30%
 - Most frequent MID error causes:
 - Income verifications
 - Need for/amount of care
 - Application or redetermination forms
- “Other” (non-MID) errors
 - 70%
 - Most frequent non-MID error causes:
 - Income calculations
 - Incorrect hours/units of care
 - Incorrect provider rates

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Year 1 State Results

- The last reporting cohort, from 2014, was the Year 1 State cohort.
- This slide presents the most common causes of errors in Year 1 States.
 - 30% of errors were due to missing or insufficient documentation. The most frequent causes of error due to missing or insufficient documentation are listed here and include:
 - Income verifications
 - Need for or amount of care
 - Application or redetermination forms
 - Other missing or insufficient documentation reported included provider licensing information, special needs verifications, and self-employment verifications
 - 70% of errors in Year 1 States were due to other causes, not involving missing or insufficient documentation. The most frequent causes of these errors include:
 - Errors in income calculations
 - Incorrect authorization for hours of care or units of care
 - Incorrect provider payment rate or reimbursement rate applied
 - And other causes. States also cited errors in relation to parent fee amount, client activity requirements, change reporting, and data entry.



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Next Steps



Next Steps

- Following are next steps regarding the renewal of the DCI.

Next Steps (page 1 of 1)

- Federal Register posting – early February, 2015
- Year 2 States cohort call – March, 2015
- Year 3 States cohort call – April, 2015
- Year 1 States cohort call – August, 2015

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Next Steps

- As was stated at the beginning of the webinar, the federal register posting for the renewal DCI is expected in early February of 2015, and it will be available for review and commenting at this time.
- We expect the next Year 2 State cohort call to take place around March of 2015, possibly February. We will send out an invite as soon as we have settled on a date.
- The next Year 3 State cohort call will likely occur in April 2015.
- Finally, we anticipate there being a Year 1 State call in August of this year, just before the review period for Year 1 States begins in October.

Contact

National Center on Child Care Subsidy Innovation and Accountability

–NCCCSIA@wrma.com

–301-881-2590 x273

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Contact

- For additional information please contact the Subsidy Innovation and Accountability Center by email or phone.
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