



**CHILDCARE ADMINISTRATOR'S
IMPROPER PAYMENTS INFORMATION TECHNOLOGY
GUIDE**

**PART I: INVENTORY OF STATE CHILDCARE
INFORMATION SYSTEMS**

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EXECUTIVE SUMMARY

This inventory of childcare information systems presents information about the current level of automated technology that States have to support common childcare program and business functions. The report describes the what technology is being used in each State for the following functions: access for the public, clients, and providers; eligibility determination and authorization; case management; provider licensing and management; collection of time and attendance data; payment processing and disbursement; improper payments; and automated interfaces. Highlights of innovative and emerging practices in applying technology to childcare program operations are also presented.

Key Findings

States currently have a varied degree of automated support for their childcare programs. While some States have integrated systems that manage most or all aspects of their childcare programs, many States maintain a combination of systems that they use to support their programs. Often in these States, childcare staff use one system for conducting their day-to-day work, such as eligibility determination, authorization, and case management, and other systems provide reports, offer data-mining capabilities, and manage improper payments and benefit recoupment. In addition, because childcare programs rely on information from other related State assistance programs, some States have developed interfaces with these other State systems to access information they need to effectively manage their childcare services.

Online Access Features for the Public, Childcare Clients, and Childcare Providers

Almost all States (49) have a public childcare website that offers information and services for individuals interested in receiving childcare services or clients already receiving services. Online features include the ability to search for childcare providers, conduct a screening to assess potential eligibility, and complete and submit online applications for services. These functions enhance access to childcare services and also, depending on the extent of the functionality available, can reduce errors on applications, expedite the application process, and reduce the casework demands on childcare staff who review and process applications. Twenty-four State websites also offer the ability to report suspected cases of fraud or abuse, thereby alerting childcare staff to cases that may require investigation and, possibly, recoupment efforts.

Thirty-one States offer some degree of online functionality for current and prospective providers, including the ability for providers to submit applications for licensure, enter attendance information or invoices, or check status of current or prior payments. These online functions for providers enhance their ability to work with the State childcare agency and make it easier for them to participate in the State's subsidized childcare program.

Eligibility and Authorization

Automation of the eligibility and authorization processes is a critical tool for managing childcare services. The importance of automation in these areas is recognized by the large number of States that have implemented information system capability to support eligibility and authorization processes. Forty-three States have automated eligibility determination and 46

States have some level of automated support for the authorization process. These features reduce the likelihood of improper payments by ensuring that both the child and the provider are eligible to participate in the State's subsidized childcare program.

Case Management

Forty-eight States have automated support for their ongoing case management processes. This includes features such as maintaining basic case and client information, tracking case redeterminations, generating alerts to workers when certain case changes occur, and supporting the case assignment and workload management processes. These features help to ensure that childcare staff can make timely decisions regarding ongoing program participation and thereby reduce improper payments that result from inappropriately extending or denying benefits.

Licensing and Provider Management

States have numerous automated features to support provider licensing and management, including support for conducting inspections, alerting workers when childcare providers lose their licenses or become ineligible to participate in the subsidized childcare program, and managing provider rates and contracts. Thirty-seven States have some type of automated support for some or all of these functions, which helps to ensure that only qualified and eligible providers remain active and receive payments from the State.

Collection of Time and Attendance Information

Automating the collection of time and attendance information is a key element in ensuring that childcare payments are issued appropriately. Thirty States have time and attendance systems that are operational in 22 States and currently under development in eight. These systems decrease improper payments by reducing errors that often occur when using manual paper-based attendance reporting. Some types of time and attendance systems also reduce the ability for providers to misreport attendance data and thereby help prevent fraud. In addition, some systems capture the entries to, and exits from, a the childcare facility to the second, thereby increasing payment accuracy.

Payment Processing

Manually calculating provider payments is a labor-intensive process that is prone to error, particularly as childcare staff not only have to calculate a provider's base payment, but also account for any additional monies owed by, or to, the provider. Automating these calculations not only improves payment accuracy and reduces improper payments, it also drastically reduces staff effort. Forty-seven States have information systems that provide automated support to assist with accurately calculating, processing, and disbursing payments to providers.

Improper Payments

Thirty-two States have automated support for managing improper payments. This includes 23 States that can automatically compute the amount of the improper payment and 25 States that have automated systems to manage the recoupment of funds. These functions help States more efficiently collect monies owed to the State and may help increase the overall amount of funds that are repaid. In addition, 44 States have automated reports to help them identify potential

instances of improper payments and fraud, which assists States in targeting the investigations into these matters.

Automated Interfaces

Thirty-eight States maintain automated interfaces between their primary childcare information system and at least some of the automated systems of related programs. The most common interface is with the State's Temporary Assistance for Needy Families (TANF) system (31 States), which often contains timely information for determining the eligibility of families for childcare services. The ability to exchange information between systems can reduce improper payments and fraud, as States enhance their ability to verify information from providers and clients.

Summary

The use of automated technology has provided a number of positive benefits for States, particularly for identifying, managing, and eliminating improper payments and fraud. Automated support for functions such as eligibility determination, copayment calculation, and authorization helps States ensure that State and Federal policies are applied uniformly and that only eligible clients receive benefits. Case management functionality enables workers to manage ongoing caseloads more effectively and ensures that eligible clients remain enrolled and that reported changes are correctly applied to the case. Electronic collection of time and attendance data improves payment accuracy and decreases opportunities for providers to misreport attendance. Automated reporting functions facilitate identifying potential improper payments and fraud and targeting investigations more effectively. In addition, emerging trends such as more sophisticated cross-agency data-mining and reporting techniques further the ability of States to prevent fraud, and to identify and collect improper payments.

There is significant interest among States to further enhance their automated childcare systems. In the last several years, there has been a growing movement to provide additional online functionality and secure Web portals that allow clients and providers access to common functions. Interest in more sophisticated time and attendance systems also is on the rise, with eight States currently developing such systems. In addition, States are increasingly implementing a variety of other system enhancements, such as adding functionality to image documents, enhancing cross-program data reporting and analysis, and using new technologies to verify client data.

I. INTRODUCTION

Since the publication of the *Child Care Administrator's Improper Payments Information Technology Guide* in 2007, a number of States have instituted childcare information technology (IT) development, expansion, and implementation projects. States' childcare IT projects range from expansions of existing systems to provide automated support for eligibility determination, provider licensing, or payment processing to large-scale, integrated childcare case management systems, containing the full scope of childcare-related functions. Automated support for childcare functions helps States to more effectively identify, manage, and recoup improper payments. Automation related to many of the childcare functions also enhances program access for clients, improves program integrity, and increases accountability to stakeholders.

Given the recent advances in State childcare information systems and the emphasis in improving program integrity through the use of technology, the Office of Child Care (OCC) is issuing a revised *Childcare Administrator's Improper Payments Information Technology Guide* (referred to as the *IT Guide* in this document). This *IT Guide* is divided into two parts. *Part I: Inventory of State Childcare Information Systems* is composed of an inventory of the automated systems that support childcare operations, the specific benefits associated with this automation, and the extent to which States have implemented these system features. In addition to the "point in time" snapshot of States' current systems, Part I of the *IT Guide* includes examples of how States are innovatively applying technology to improve childcare access, operations, and management.

Part II of this *IT Guide*, includes a discussion of the various options that States have when they pursue information system replacement or enhancement projects. Part II also provides guidance on the various activities involved in assessing the available IT options and procuring the services and products required to implement them.

II. SCOPE OF THE STATE INVENTORY

The inventory of childcare automated systems presents the current level of automated support for childcare programs in the United States. The inventory documents support for key childcare business functions, not just improper payments, to identify where the major gaps in automation exist and determine the extent of these gaps nationally. In addition, as many States have developed and implemented new childcare systems in the last several years, the inventory also identifies and highlights some of the recent innovative uses of technology implemented across the nation. This information is provided to help States learn from these examples, understand the considerations involved with implementing various types of automation, and gain insight from the lessons learned in other States.

To determine the scope of the functions to be included in the childcare automated systems inventory, Walter R. McDonald & Associates, Inc. (WRMA) reviewed the major childcare business functions that are central to childcare operations at the State level. Using information from this review, WRMA developed a list of the major functions for inclusion in the inventory. The functions included are

- online access for the public and clients;
- online access for providers;
- eligibility and authorization;
- case management;
- provider licensing and management;
- time and attendance reporting;
- payment processing and issuance;
- management and reporting of improper payments; and
- automated interfaces with other State and external systems.

Recognizing that a detailed analysis of each State's system was beyond the scope of this project, the items that were selected for the inventory were those that provide a high-level perspective on overall information system features and could be addressed through research from public information sources, with brief follow-up with State program representatives as necessary. Appendix B contains a more detailed description of the inventory methodology.

The inventory includes 49 States and the District of Columbia. The reader will note that the inventory does not include California and Puerto Rico. While California has significant automated support for its childcare programs, functionality is available through a variety of systems developed and managed by California's county welfare consortia. Since none of these systems is directly managed by the State childcare program, they are not included in the inventory. In addition, while Puerto Rico has some automated support for childcare program operations, it does not have a territorywide childcare information system; therefore it was not included in the inventory.

III. STATE AUTOMATED CHILDCARE SYSTEMS

This section presents the findings from the inventory of State automated childcare systems. For the functions reviewed in this inventory, we include charts summarizing the extent of automated support across the States for these functions. We briefly analyze the various types of automation States currently have in place to support the function, along with a discussion of the benefits that States suggested that result from automating the childcare function. The discussion focuses on benefits related to increasing payment accuracy, providing efficiencies for staff, reducing improper payments and fraud, and enhancing access to services for clients and providers.

The charts in this section show a summary view by automated function, depicting the number of States that have implemented each function. The specific States that have implemented the functions are shown under the chart. For readers who wish to view the data from a different perspective, each chart's data are presented in table format in appendix A. Readers who are interested in examining childcare automation from a State, rather than Federal, perspective, may wish to reference the tables in appendix A.

Online Access for Clients and Providers

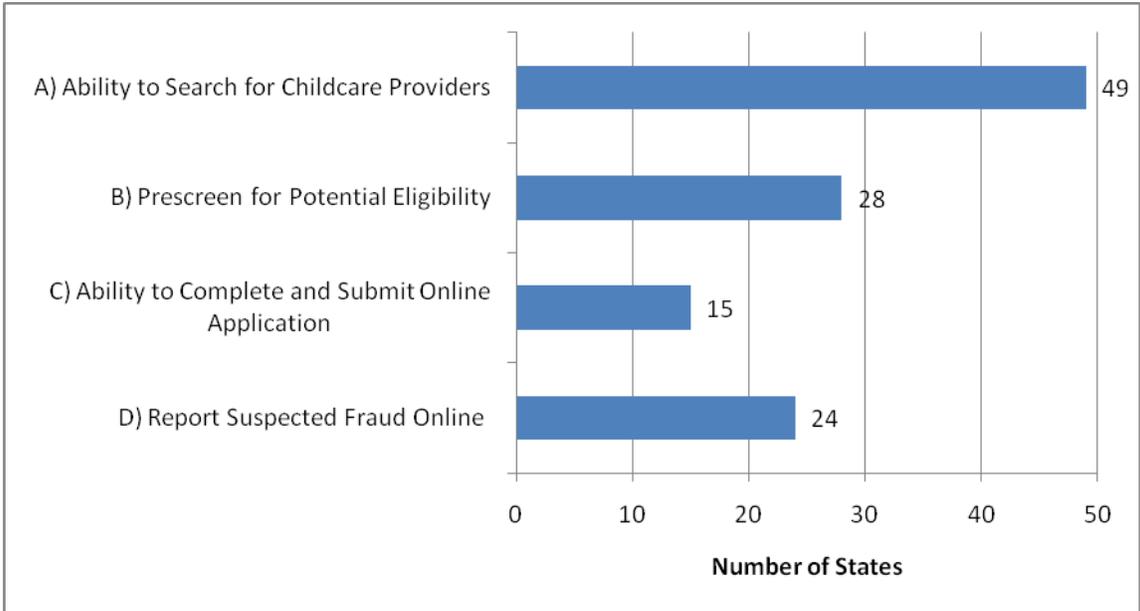
All States maintain a public website with information about their childcare program, such as how a member of the public can apply for services, how a provider can become licensed and authorized to care for children in the State's childcare program, and other general program information. In the last several years, however, many States have developed more robust and interactive features on their public websites that offer enhanced online services for childcare clients and providers. Some of this functionality is available to all interested members of the public. In addition, more advanced functionality is sometimes available through secure Web portals, for which clients and/or providers are issued a user ID and password that grant them access to view information and complete various childcare business activities.

State Online Access for the Public and Clients

Chart 1.1 presents the online functions that States offer for individuals interested in obtaining information about the childcare program and services, as well as for clients participating in the State's subsidized childcare program. (Note: for a State-by-State view of the data in this chart, refer to appendix A, table A.1.) The definitions used in compiling the information for this chart are as follows:

- A. *Ability to Search for Childcare Providers*: shows States where an individual can search for childcare providers through an online, publicly available website using criteria such as name of a provider, provider type, geographic location, and types of care provided.
- B. *Prescreen for Potential Eligibility*: shows States where a an individual can conduct an online prescreening to determine his or her potential eligibility for State-subsidized childcare based on financial and demographic characteristics.
- C. *Ability to Complete and Submit Online Application*: shows States where an individual can submit an application for State-subsidized childcare through an online service.
- D. *Report Suspected Fraud Online*: shows States where any individual can use an online website to report suspected cases of fraud or program abuse. To be included, the State must have this function available on a State childcare website, human services website, or other State government website. States that have this function are listed, whether the site is specific to reporting childcare fraud or accepts more general types of fraud reports, such as "welfare fraud."

Chart 1.1
Client Online Access Functions



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, ¹ NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV, WI, WY
B	AZ, AR, CO, CT, DE, FL, GA, IL, IN, IA, KS, LA, MD, MA, MI, MN, NE, NJ, NM, NY, OK, PA, TX, UT, VT, VA, WA, WI
C	CO, DE, FL, ² GA, IA, KS, LA, MN, ³ NE, ND, PA, UT, ⁴ VT, WA, WI
D	AZ, CO, CT, FL, ID, IL, LA, MD, MI, MO, NV, NC, OH, PA, RI, SC, SD, UT, VT, VA, WA, WV, WI, WY

¹ Family childcare providers are not included in the Statewide search tool.

² This functionality is under development.

³ This function is currently under development and scheduled for summer 2011.

⁴ Applicants can submit required verification documents online. (This functionality will be implemented later in 2011.)

Benefits of Online Access for Clients

Allowing clients and potential clients to access childcare via websites and secure portals offers significant opportunities for improving program access, increasing efficiency, improving accuracy, and identifying fraud. The following describes the types of automation implemented in the States and suggests some of the key benefits these features provide.

- *Provider Search.* Forty-nine States offer the ability for the public to search for childcare providers. Search options vary, but most allow an individual to search for providers based on location, type of provider, and specifics regarding the type of care offered, such as care for children with special needs or care during nontraditional hours. The provider search function typically is available directly on a State website or on the website of a related childcare organization, such as a childcare resource and referral agency. Providing clients with access to basic program information and giving them the ability to search for providers enhances access to childcare services, as it allows clients to learn about the program, review program eligibility criteria, and to locate the most appropriate provider to meet their needs.
- *Eligibility Screening.* Twenty-eight States now offer an online public eligibility screening tool that allows interested individuals to enter basic financial, demographic, and household information. Using the information submitted, the tool performs a screening to determine whether the client may be eligible for assistance. In some States this functionality is specific to childcare, but other States have implemented more comprehensive screening tools that determine potential eligibility for multiple human services programs. In States that offer a prescreening tool online, a consumer can determine whether he or she is eligible for services without ever visiting a childcare office or completing a full application. To the extent that clients can learn that they are not eligible for assistance before submitting a formal application, fewer childcare applications from ineligible consumers will be submitted, thereby reducing the burden on State childcare workers who process these applications. If the screening tool is integrated with the State's childcare case management system, the information entered as part of the screening process can be used to create an online application that can then be processed by the agency.
- *Online Application Submittal.* Fifteen States offer the ability for members of the public to complete and submit an online application for childcare assistance. In some cases, individuals and current clients also can fax verification information (e.g., pay stubs and birth certificates) into a State or local childcare office or may even be able to submit electronic versions of documents, thereby eliminating the need to take paper documents to a local office or submit them through the mail. Being able to complete and submit applications online at an individual's convenience often eliminates the need to visit the local childcare office, which is particularly beneficial for working parents who often lose pay or risk their employment by taking time off from work to apply for services.

In addition, it is typical that the online application functionality is integrated with the State's case management information system. Application information completed by the client is automatically transferred to the State's information system and routed for review to the appropriate worker, thereby decreasing time to manually enter and

validate client information. Online application functions also may have edits and checklists that help the client (sometimes require the client) to complete all required information prior to submitting the application. This helps to reduce the time caseworkers spend collecting information for incomplete applications.

- *Reporting Suspected Fraud.* Twenty-four States provide the ability for a concerned individual or childcare participant to submit reports of suspected provider or client fraud. In many cases, the information can be sent anonymously. There are many variations in how States offer this functionality. Some States have online fraud reporting forms on the State childcare or human services website, whereas others have the forms available on the State inspector general or attorney general website.

Online reporting of suspected fraud is an excellent method of identifying cases of fraud that may otherwise go unreported, especially if reporting can be done anonymously. Anonymous reporting of suspected fraud ameliorates concerns of individuals who are afraid to report suspected fraud for fear of repercussions. However, it also is likely that allowing anonymous reports of suspected fraud can lead to an increase in spurious fraud reports, which may increase the burden on childcare staff responsible for following up on these reports.

Although not presented in this inventory, in the review of State websites it was noted that some have the capability to allow an active childcare client to submit ongoing information to an assigned worker through a secure portal. For example, reporting of income and other eligibility related changes can be done quickly and efficiently through an online reporting function, rather than the traditional method of mailing documentation to caseworkers. This enhances the likelihood that clients will report changes as required and also eliminates the need for States to print and mail forms for reporting changes. Moreover, it reduces the opportunity for items to be lost in transit and for errors to be made during data entry. It also increases the speed with which changes are reported, thereby providing workers with the most up-to-date information for evaluating a client's ongoing eligibility for benefits.

Summary

Almost all States (49) have a public childcare website, but with varying levels of functionality. State childcare websites, and the online functionality they provide for members of the public and current childcare clients, increase access to childcare services and, depending on the features available, can reduce application errors and expedite the application process. Childcare agency staff time can be reduced as consumers take more responsibility for supplying information, locating providers, and communicating with their workers.

Online Access for Providers

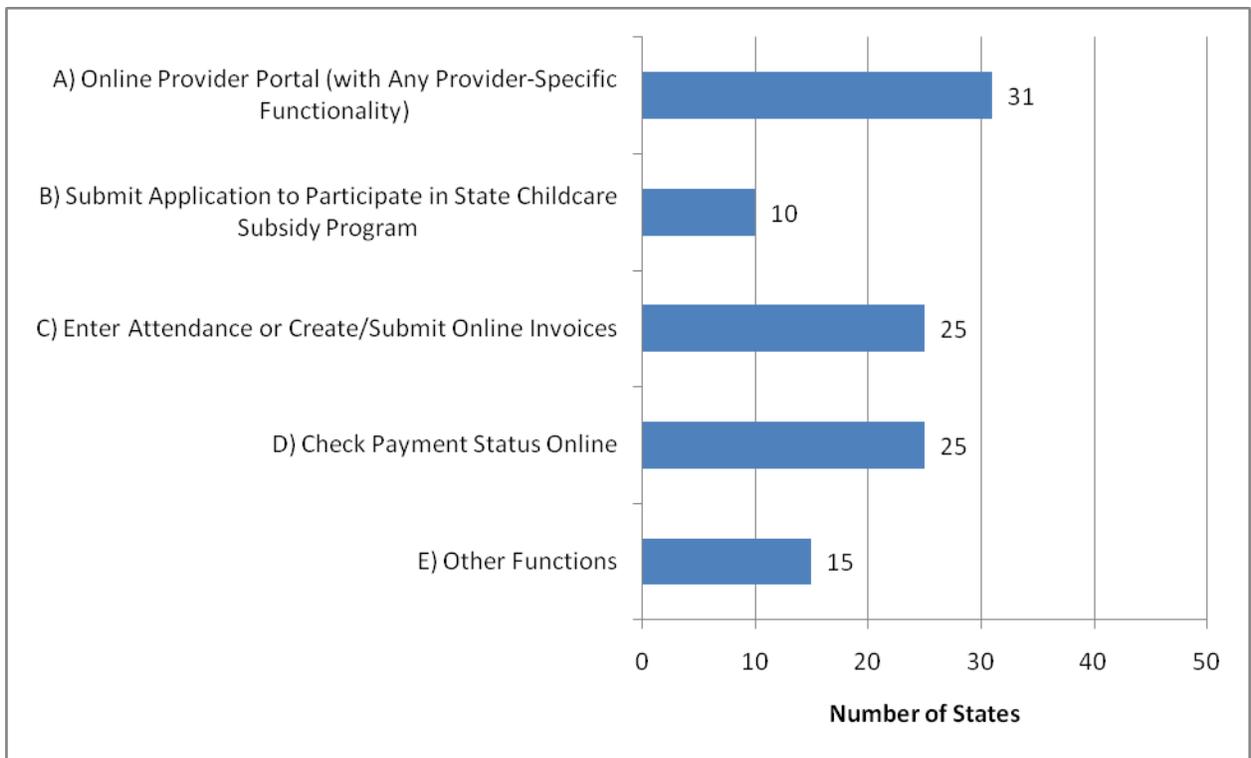
Many States have implemented online functionality that enables childcare providers to complete information for common activities that involve interaction between a provider and the State or local childcare office. Common activities included in the online websites and/or portals include applying to be a provider, engaging in the State's licensing process, and/or managing invoicing and payments.

Current Level of State Support for Online Provider Access

Chart 1.2 presents information about which States provide online access for childcare providers. The chart specifically addresses the functionality available through online Web portals, where providers can use their unique user IDs and passwords to access a secure website to complete routine tasks online. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.2.) Following are the definitions used for each inventory item in the chart:

- A. *Online Provider Portal*: indicates States that have an online portal that allows providers to conduct one or more activities related to the State's subsidized childcare program, including applying to be a provider, engaging in the State's licensing process, and/or managing invoicing and payments.
- B. *Submit Application to Participate in State Childcare Subsidy Program*: indicates States whose Web portal allows providers to submit an online application to participate in the State's childcare subsidy program.
- C. *Enter Attendance or Create/Submit Online Invoice*: indicates States whose online portal allows providers to enter attendance online or to otherwise create and submit an invoice for services provided. In some States, providers only report time and attendance and the State computes the payment, thereby eliminating the need for providers to submit a formal invoice. In other States, providers create their own invoices based on child attendance and then submit the invoices to the State. A State is counted as having the functionality if its portal allows a provider to create and submit an invoice or to report time and attendance online.
- D. *Check Payment Status*: indicates States whose online portal allows providers to check the status of outstanding payments.
- E. *Other Functions*: shows States that have additional provider portal functions not specifically addressed in the inventory.

Chart 1.2 Provider Online Access Functions



Feature	States
A	AL, ¹ AR, DE, DC, FL, GA, IN, IA, KS, KY, LA, ME, ² MA, MI, MN, MO, NV, NH, NY, ² OH, OK, OR, PA, RI, SC, SD, TX, UT, VT, WV, WI
B	AR, FL, ² IA, KS, ² KY, ² LA, PA, TX, UT, VT
C	AR, DE, ³ DC, FL, GA, IA, KY, LA, ME, ² MA, MI, MN, MO, NV, NH, NY, ² OK, OR, PA, ⁴ SC, SD, TX, UT, VT, WI
D	AL, ¹ AR, FL, GA, IN, IA, KS, KY, LA, ME, ² MD, MA, MI, MN, NH, OH, OK, PA, ⁴ RI, SC, UT, VT, WV, WI, WY
E	AL, ² AR, DE, GA, IA, KS, MA, MI, OH, OK, OR, PA, TX, UT, VT

¹ The functionality is currently under development and will be available Statewide in August 2011.

² This functionality is under development.

³ This function is not available for informal childcare providers.

⁴ Online billing currently does not support all children in subsidized care, as providers are not required to submit billing via the online system.

Benefits of Online Access for Childcare Providers

The primary types of functionality that are currently available, and the benefits that may result from implementing these features, are discussed as follows:

- *Online Provider Licensing and Certification Functions.* Ten States provide the capability for a prospective provider to submit an online application. This functionality enables providers to complete and submit an online application to become a licensed or certified provider. In some instances, providers also may be able to submit supporting documentation (e.g., business licenses and accreditations) online. Providers who are already licensed or certified may be able to view State-conducted inspection reports and information regarding ongoing compliance issues.

Allowing providers to apply online can expand the pool of the childcare providers and expedite the application and licensing processes for new providers. In addition to enhancing access for parties interested in providing childcare services, these functions also offer significant efficiencies for State childcare staff. Similar to online client applications, the online application for a license usually has online edits and checklists which require that a provider complete the application in full prior to submitting it. This reduces the burden on the childcare licensing worker to manually obtain this information. In those cases in which the online provider application information is integrated with the State's licensing system, efficiencies are gained by reducing the burden on childcare staff to manually review and enter data from the application into the system.

- *Online Time and Attendance Entry and Payment Functions.* For providers that receive subsidized childcare payments, 25 States provide the ability for providers to report time and attendance data or to submit an invoice via a secure Web portal. In 25 States, providers can view payment-related details, such as a summary of payments made, information about their next payment, and, in some cases, more detailed information such as the breakdown of reimbursement for each child within a given pay period. Providers that have an outstanding overpayment may have the ability to view the details of the overpayment, track the status of their repayment, and make online payments toward discharging the overpayment.

In States that do not have fully automated time and attendance systems, such as those that collect attendance directly through Point of Service (POS) machines, the ability of providers to submit time and attendance online, or to submit electronic invoices, can provide substantial efficiencies for State and provider staff and significantly reduce the likelihood of payment errors. Online submission of time and attendance data or invoices also expedites the payment process.

- *Ongoing Provider Maintenance Functions.* Providers may have the ability to view and update information about their facilities, staff, and the specifics of the services they offer, such as their hours of operation, types of care they provide, and relevant staff training and professional development activities. Typically, this function is administered through a secure online portal. Providers also may be able to view

information about any complaints submitted and the status of related investigations. In addition, providers sometimes are able to view and sign contracts online and submit information necessary for the contracting process.

Allowing providers to enter information online about their operations is an effective means of keeping provider information up to date. This impacts improper payments because most systems alert a worker whenever a provider makes a change to his or her data. In many cases, these changes can impact a provider's eligibility to participate in the State childcare subsidy program. For example, changes to provider characteristics such as staffing levels, location, or capacity usually require verification by a State childcare licensing worker to ensure that the provider is still eligible to serve subsidized children. By having the most accurate and current information, the State childcare program can validate that providers are authorized to provide care to children in the childcare subsidy program. Equally important, as State licensing workers are notified of changes, they can more effectively determine whether the provider must apply for a new license.

Summary

The online functions that States offer childcare providers enhance the ease with which they apply for a license, participate in the State's subsidized childcare program, and manage the information that the State maintains about their operations. Thirty-one States offer some level of website and/or secure portal access to prospective and current childcare providers. To the extent that a State offers online mechanisms for communicating with, and receiving information from, providers, there is a potential to reduce errors; expedite the application, licensing, and payment processes; and to create efficiencies for childcare staff responsible for overseeing the network of childcare providers.

Eligibility and Authorization

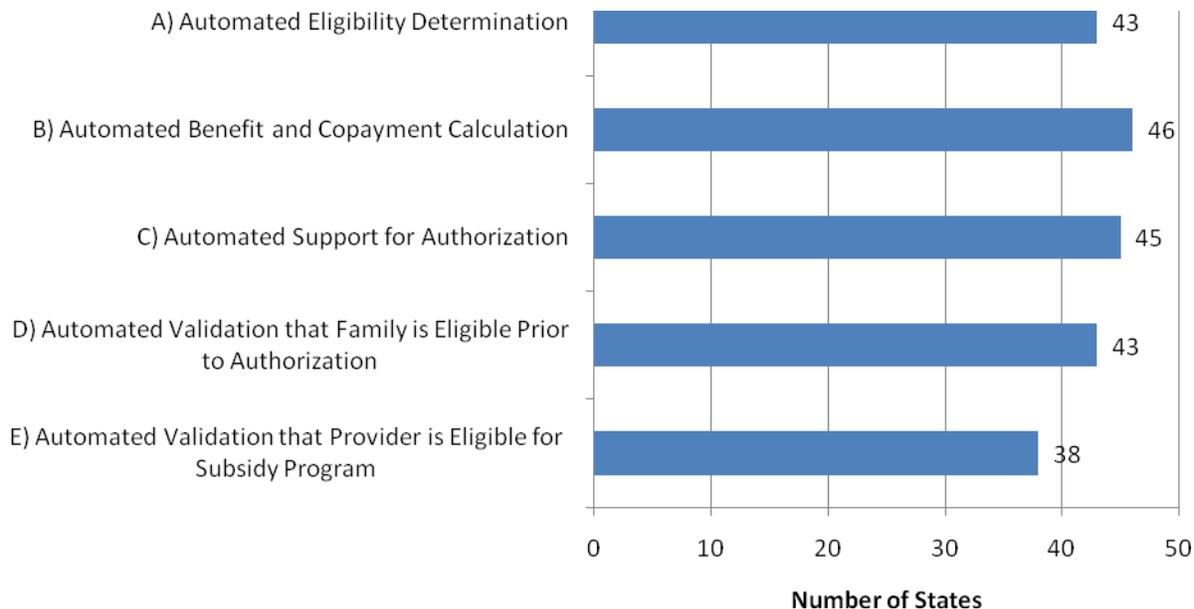
The eligibility functions include the processes involved in verifying that an applicant for the State's subsidized childcare meets the State's criteria for receiving these benefits and maintains this eligibility throughout the time he/she receives childcare benefits. Children are then authorized for specific time periods, hours, and/or services from a specific provider through the authorization function. To ensure that clients are authorized for services only when they are eligible, it is important that the eligibility and authorization functions are well integrated. Authorization functions should also be able to access the data related to provider license status to ensure that only eligible providers are authorized to serve subsidized childcare clients.

Current Level of State Support for Eligibility and Authorization

Chart 1.3 presents information on the automated support that each State's childcare information system(s) has for eligibility determination, benefit calculation, and authorization of childcare for specific time periods and/or for services from a specific provider. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.3.) Following are the definitions used for each inventory item in the chart:

- A. *Automated Eligibility Determination*: shows States that have automated eligibility determination, enabling the eligibility worker to enter relevant client data; the system then returns the eligibility decision.
- B. *Automated Benefit and Copayment Calculation*: indicates States that have automated support for the eligibility and benefit calculation functions.
- C. *Automated Support for Authorization*: indicates States whose automated system supports the process of authorizing children for specific time periods and/or to specific childcare providers.
- D. *Automated Validation that Family is Eligible Prior to Authorization*: shows States that have automated checks to validate family eligibility prior to completing the authorization of services for the child.
- E. *Automated Validation that Provider is Eligible Prior to Authorization*: shows States that have automated checks to validate provider eligibility prior to completing the authorization of services for the child.

Chart 1.3 Automated Support for Eligibility and Authorization



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, FL, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SD, TN, TX, UT, VT, VA, WV, WI, WY
B	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, ID, IL, IN, IA, ¹ KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WV, WI, WY
C	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA, SC, SD, TN, TX, UT, VT, VA, WV, WI, WY
D	AL, AK, AZ, AR, CO, CT, DE, DC, FL, ² HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA, SC, SD, TX, UT, VT, VA, WV, WI, WY
E	AL, AK, AZ, CO, CT, DE, DC, FL, ² GA, HI, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MO, MT, NE, NV, NM, NY, ² OH, OK, OR, PA, SC, SD, UT, VT, VA, WV, WI, WY

¹ The system calculates the copayment but not the benefit amount.

² This functionality is under development.

Benefits of Automated Support for Eligibility and Authorization Functions

- *Automated eligibility determination and automated benefit and copayment calculation functions.* These functions include the activities that a worker performs to review the client's application, to gather and validate the income and other documentation provided by the applicant, and to assess eligibility against defined State criteria. For eligible clients, childcare staff members also compute the maximum amount of assistance allowed for the family, the required family copayment, and the allocation of copayment across children and providers. Copayment allocation is especially important in States with locally administered childcare programs and that have no statewide standard for allocating copayments. Forty-three States have automated support for eligibility determination. Forty-six States have some level of automated support for calculating the amount of copayment to be collected from the family.

States with automated eligibility determination may significantly reduce the potential for errors because of eliminating the need for workers to manually determine eligibility and compute the family's copayment. By eliminating the manual aspects of these functions, there are fewer opportunities for data entry and computation errors. In addition, an automated eligibility function relieves workers from having to manually assess an application against all current eligibility criteria. This not only improves accuracy but also significantly reduces the time needed to process an application, thereby resulting in efficiency gains for the State childcare agency.

Although automated eligibility functions lead to reduced errors and more consistency in applying the State's childcare criteria, some automated systems have an override function that enables either a worker or a supervisor to manually override the system's eligibility decision. This functionality is very valuable in some situations. For instance, if a system has not been updated to reflect a recent change in eligibility policy, the override function may be needed to correct an incorrect eligibility determination rendered by the system. However, overzealous use of overrides can negate the benefits of automated eligibility. To reduce the potential for errors caused by misuse of the override function, many systems automatically route a request for an override through an approval process (or otherwise alert a supervisory or managerial worker that an override has occurred). A second- (sometimes third-) level review of the decision can further reduce the misuse of the override function and can help ensure that eligibility standards are applied fairly for all families across the State.

- *Automated support for authorization, including the validation of client and provider eligibility to participate in the subsidized childcare program.* Once a family is determined eligible for assistance, the eligible children are then given authorization to receive care from the selected providers. Typically, this is done through creating a link in the childcare system that associates the children with the selected provider(s). Forty-five States have automated support for the authorization function. As part of the authorization process, in almost of all of these States (43), the system also validates that the client is eligible for assistance when the authorization is completed. This is especially important in instances where the parent does not select the provider(s) until after eligibility is established and the authorization is completed. Identification of the

specific provider may occur in the days or weeks following the eligibility determination. In 38 States, the system also validates that the provider(s) selected by the family is eligible to serve children receiving State subsidized assistance.

The authorization function also typically includes the specification of the number of hours of care for which a child is eligible. This process varies from State to State. In some States, detailed information about the parent's employment schedule is collected and care is authorized accordingly. For instance, for parents who work 9:00 a.m. to 5:00 p.m. each day, the child is authorized to receive care between these hours only. Other States collect information about the total hours the parent typically works in a week and authorize the child for a lump sum of hours.

Summary

Automation of the eligibility and authorization processes is a critical tool for managing childcare services. The importance of automation in these areas is recognized by the large number of States (46) that have implemented information system capability to support eligibility and authorization processes. The large number of consumers that apply for, and are ultimately granted, childcare benefits in most States, requires sophisticated tools to ensure that decisions are made accurately and in a timely manner. Automated systems can ensure a higher level of consistency and efficiency for these processes than can manual procedures. Effective automated support at the time of authorizing services ensures that both the clients and providers are eligible to participate in the subsidized childcare program before services are rendered. This functionality alone contributes greatly to the reduction of improper payments and reduction in the potential for incidents of fraud.

Case Management

Managing childcare cases over time involves a number of functions related to maintaining and updating information about families, performing the requisite eligibility redeterminations for active cases, as well as managing the overall workload and case assignments within the childcare agency.

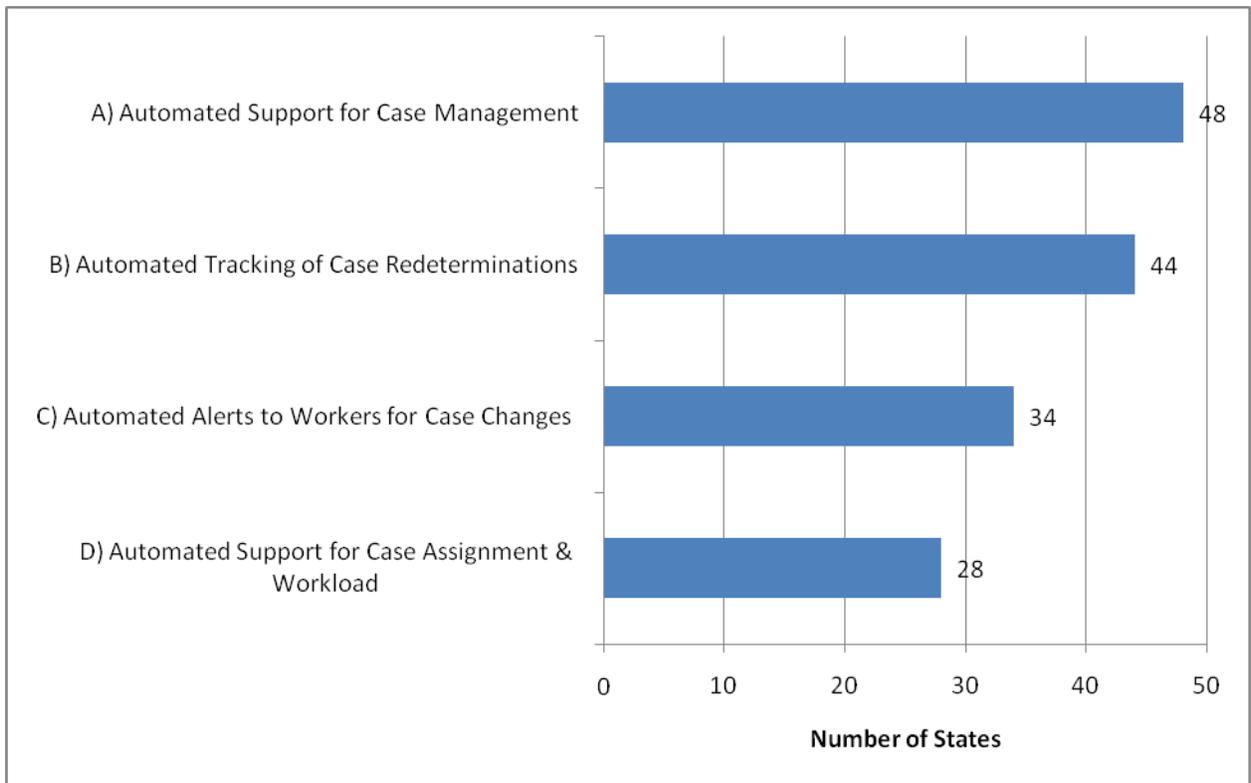
Current Level of State Support for Case Management

Chart 1.4 presents information on the types of automated case management support available in each State's childcare information system. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.4.) The following information is included in the chart:

- A. *Automated Support for Case Management*: shows States that have any automated support for managing childcare cases. This includes managing basic data about the household members of the childcare case and more advanced functions, such as automatically tracking case redetermination dates, alerting workers when case events happen, and offering automatic case assignment and other workload management functions.
- B. *Automated Tracking of Case Redetermination*: shows States that have automatic tracking of case redetermination timeframes.

- C. *Automated Alerts to Workers for Case Changes*: indicates States in which childcare workers receive automated alerts when there are changes to a case, such as alerts indicating updated financial information that affects eligibility status or alerts indicating failure to report required information.
- D. *Automated Support for Case Assignment and Workload Management*: indicates States with automated workload or case assignment functions, such as automatic assignment of new cases to workers based on predefined criteria.

Chart 1.4
Automated Support for Case Management



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ¹ ND, OH, OK, OR, PA, RI, SC, SD, ¹ TX, UT, VT, VA, WV, WI, WY
B	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ID, ² IN, IA, KS, KY, LA, MD, MA, MI, MN, MS, MO, NE, NV, NH, NJ, NM, NY, ND, OH, OK, OR, PA, RI, SC, TX, UT, VT, VA, WV, WI, WY
C	AR, CO, CT, DE, DC, FL, HI, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MO, MT, NE, NV, NH, NM, NY, OH, OK, OR, PA, RI, TX, UT, VA, WV, WI
D	AL, AK, AR, CO, CT, DC, FL, ² GA, IA, KS, KY, LA, ³ ME, MD, MA, MI, MN, MO, MT, NE, NM, OH, RI, TX, UT, VT, VA, WV

¹ The system only maintains basic client data.

² This functionality is under development.

³ This functionality is included in a recent RFP.

Benefits of Automated Support for Case Management Functions

- *Automated support for case management.* Forty-eight States have automated support for some aspects of overall childcare case management. The most basic case management functions are maintaining household, financial, and other demographic information; entering case updates as changes occur; and using new case information to revise the family's eligibility status. Information related to case changes can be received in various ways, depending on a State's systems and practices. Some States enable clients to report changes through a secure Web portal. Some State childcare workers receive updated information on case members from other programs in which the family is participating, such as Temporary Assistance for Needy Families (TANF), Supplementary Nutrition Assistance Program (SNAP), or Medicaid. In other States, case change updates come through automated alerts from an interface with an external computer system, from a manual look-up in another State system, or through a State-defined manual process for obtaining information directly from the client. (Further discussion of childcare system interfaces is presented later in the inventory; see discussion accompanying Chart 1.11 Automated Interfaces.)

Through whatever means, maintaining updated and accurate case information for families receiving childcare benefits is critical to ensuring that benefits are provided only to those who continue to remain eligible for these services. As discussed, there are various ways to acquire this information and, to the extent that information is received directly by the childcare information system, the likelihood that case information is accurate and current is increased.

- *Automated tracking of case redeterminations and automated alerts to workers.* A critical case management function in childcare programs is the performance of periodic eligibility redeterminations. Formal redeterminations of eligibility are conducted on a regular basis, as prescribed in each State's childcare policy. The process of conducting redeterminations varies from State to State but generally includes corresponding with the family to inform them of an upcoming redetermination, obtaining and validating ongoing information from the family (e.g., employment, education, and finances), and rerunning the eligibility determination process to assess current eligibility status.

Forty-four States have automated support to manage the redetermination process, including automatic generation and distribution of notices to clients that are sent prior to the redetermination deadline. Fewer, but still more than one half of the States (34), indicated that their systems have automated alerts, so that caseworkers are notified whenever there is a change in the family's information. It should be noted that several of the States without automated alerts have manual procedures in place, so that when client updates are received by other State programs, they are communicated to the State's childcare staff. In addition, some State representatives mentioned that, although their systems do not generate alerts, they can produce case management reports, so that workers can stay informed of redetermination deadlines and case changes.

Automated support for case management functions helps reduce improper payments related to eligibility redetermination and failure to recheck eligibility when changes in

family circumstances require modification or termination of benefits. Automated tracking and alerts based on changes to family information help ensure that case workers stay informed about each family's circumstances. They also help workers to quickly identify when a review of eligibility is required. Tracking of cases through redetermination cycles is also an important function of automated systems, as it helps to ensure that eligibility is redetermined in a timely fashion and that families do not receive assistance longer than appropriate. Clients benefit from the automated redetermination functions because they typically receive advance notices of required actions and there is less risk that benefit eligibility will be interrupted.

- *Automated support for case assignment and workload management.* Childcare information systems often include functions that support the case assignment process, which can be very complicated, especially in larger agencies. Automation can distribute cases in a manner that maintains reasonable and efficient caseloads for staff. A variety of approaches are used to automatically assign cases, depending on the criteria for case assignment established by the State or local offices. Common examples of case assignment protocols include round robin (next worker receives the case), geographical (each worker is assigned to cases in a specific geographic area), and alphabetical (each worker is responsible for cases in which the client name begins with a certain letter). Twenty-eight States have automated support for case assignment and/or management of staff workloads.

Summary

Automated information systems can provide the tools necessary to manage the ongoing services to childcare service recipients. As noted previously, there are various ways to use automation to maintain accurate and timely information on active childcare cases. Most importantly, these systems can manage the critical deadlines for eligibility redetermination, ensuring that clients do not receive services when they are no longer eligible and that clients who do remain eligible do not experience a disruption of their services. Information systems that also provide case assignment and workload management features provide substantial efficiencies for agencies that seek to maximize the use of available staff and to distribute the work equitably across their workforces.

Provider Licensing and Management

Provider licensing¹ and management functions include those activities that States conduct to approve provider applications as well as regulate and monitor childcare providers. This is done to ensure that all providers meet standards for providing care. Although the licensing and management functions are primarily focused on ensuring that children receive safe and competent childcare services, these functions also are critical to ensuring that providers do not

¹ Terminology for licensing, certifying, and regulating providers varies across States. For ease of reference, the term "licensing" is used for the entire range of these activities.

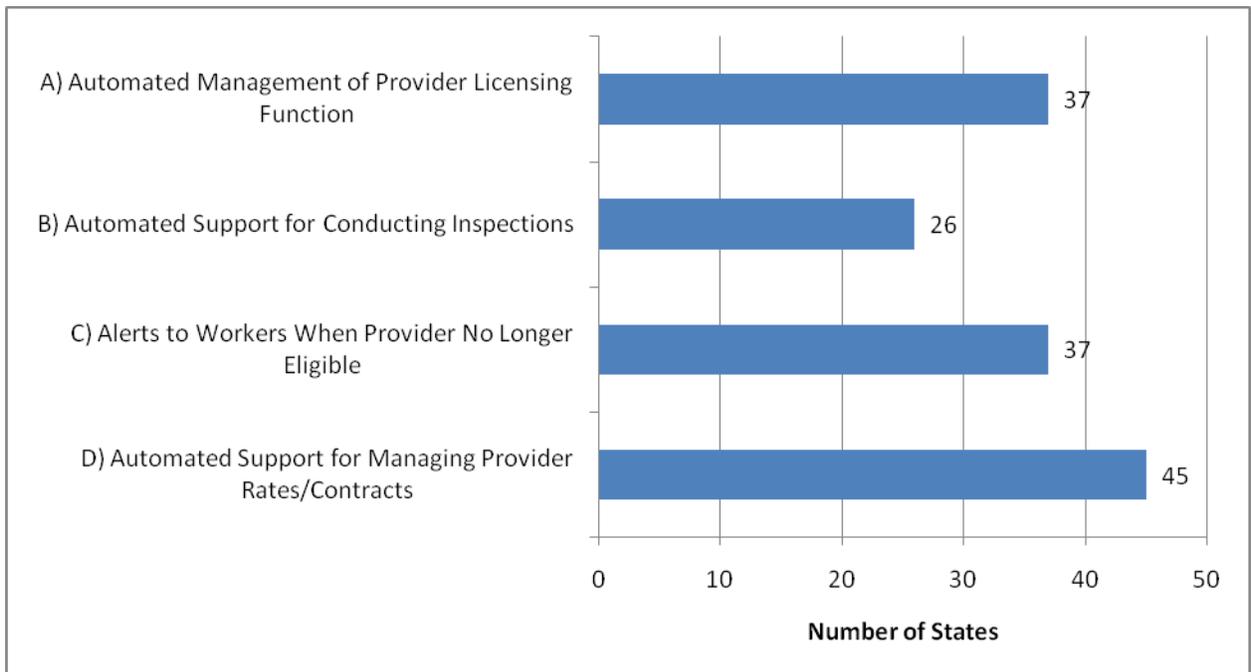
receive subsidized childcare payments unless they continue to meet all State requirements for provider eligibility. Therefore, the means for managing and documenting these processes are critical for reducing improper payments and fraud.

Current Level of State Support for Provider Licensing and Certification

Chart 1.5 presents information on the automated functions that States have to support the provider licensing and management functions. In many cases, these functions are not available in the State's primary childcare case management system, but exist in other systems that are managed by different State agencies (e.g., Departments of Education, Health, or Family Services). If these other systems have an automated interface to the State's childcare system, and the function is directly available online to childcare staff, the function is considered to be present in the State's childcare system. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.5.) Specific information presented in the chart includes:

- A. *Automated Support for Provider Licensing*: indicates States that have automated support for the processes involved with licensing or certifying childcare providers.
- B. *Automated Support for Conducting Inspections*: indicates States that have automated support for conducting inspections of provider facilities. States shown as having this functionality are either (a) those with a remote tool (such as a Tablet PC or mobile device) by which information collected during an inspection is captured on the device and then subsequently uploaded to the State's childcare information system, or (b) States in which inspection information can be entered into, and maintained by, the automated system.
- C. *Alerts to Workers When Provider No Longer Eligible*: indicates the States in which childcare workers receive automated alerts when a provider is no longer eligible to participate in the subsidized childcare program for any reason (e.g., licensing infractions, a change in the provider's circumstances that requires relicensing, or a provider no longer wishes to participate).
- D. *Automated Support for Managing Provider Rates/Contracts*: indicates States that have automated support for managing provider rates or contracts. In some cases, State systems maintain ceiling rates and customary rates.

Chart 1.5 Automated Support for Licensing and Provider Management



Feature	States
A	AL, AK, AZ, AR, CO, DC, GA, HI, IN, IA, KS, KY, LA, MD, MA, MI, MN, MO, MT, NE, NV, NM, NY, NC, ND, OH, OK, OR, PA, SD, TX, UT, VT, VA, WV, WI, WY
B	AL, AR, CO, IN, IA, KS, ¹ KY, ¹ LA, ME, MD, MA, MO, MT, NE, NY, NC, OH, OK, OR, PA, TX, UT, VA, WV, WI, ² WY
C	AL, AK, ³ AZ, AR, ³ CO, DC, GA, HI, ³ ID, ³ IN, IA, KS, KY, ¹ LA, ME, MD, MI, MN, MO, MT, NE, NV, NM, NC, ND, OH, OK, OR, PA, SD, TX, UT, VT, VA, WV, WI, WY
D	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ⁴ ID, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SD, TX, UT, VT, VA, WV, WI, WY

¹ The functionality is currently under development.
² The system is only used for certified providers.
³ The system does not alert workers when the provider is no longer eligible but does stop payments to ineligible providers. In Hawaii, the system alerts workers and stops payments to ineligible providers.
⁴ The system records maximum provider rate only.

Benefits of Automated Support for Provider Licensing and Certification

The processes States undertake to manage the licensing and oversight of providers include a range of activities, including:

- *Managing provider applications and licenses.* These functions include all relevant aspects of reviewing the application, tracking the provider's completion of required activities, documenting qualifications of the staff, and conducting background checks. Thirty-seven States have automation that supports the provider licensing process to some degree. Automated support for these activities can ensure that providers are brought into the program as expeditiously as possible and that providers that are accepted for the program meet all the minimum qualifications. To the extent that automated tools guide and manage the licensing processes, they can support more effective provider management and more efficient use of staff time.
- *Conducting initial and ongoing inspections of provider facilities.* Specific activities related to provider inspections include conducting the inspection, developing corrective action plans for providers, when needed, and tracking provider compliance with the requirements of the corrective action plan. Twenty-six States have automated support for these activities. Ensuring that all providers receive regular facility inspections and that ad hoc inspections are performed and recorded when concerns arise, is essential for the safety and adequate care of children served in the childcare program. Automation provides controls on these critical activities. In addition, maintaining this information in an accessible data repository allows agencies to put in place alerts and procedures that ensure that problems identified for specific providers receive the proper followup by childcare staff.

While automated support for inspections is still somewhat basic in most States, there appears to be a growing interest in using mobile computing tools to conduct inspections. A few States employ tablet-based inspection tools, which allow a childcare inspector to enter inspection-related data into the tablet while conducting the inspection and then upload the information to the State's information system once he or she returns to the office. In cases in which the mobile tool has wireless connectivity, the inspection data can be instantly transmitted to the central system, eliminating the need for the inspector to return to the office to upload data. In cases in which there are infractions so significant as to require immediate action, being able to transmit this information directly to a State system is very beneficial. This allows workers to be alerted and to respond quickly. This is an obvious advantage when circumstances are severe enough to require the relocation of children served by the provider.

- *Alerting workers when provider changes may impact eligibility.* In the case of home-based providers, this includes tracking the required demographic, address, and personal information of other individuals residing in the provider's home. For center-based providers, this often requires complex procedures for ensuring that staff members have the proper credentials. Thirty-seven States have automation that alerts workers when the provider is no longer eligible to participate in the subsidized

childcare program. Automatic notices of these changes, in conjunction with the validations discussed previously regarding service authorization, can avert improper payments from being made to ineligible providers.

- *Managing provider rates and contracts.* Some States include maintaining rates for providers as well as State and local ceiling rates, the lower of which must be used to calculate the provider payment. In many States, however, more robust processes exist for creating and managing comprehensive contracts with childcare providers. Almost all States (45) have some automated support for managing provider rates and/or contracts. Systems that maintain rate and contracting information often incorporate editing mechanisms, based on payment-related information, so that payments to providers without a valid contract, or payments outside the approved rates, cannot be issued. This capability enhances payment accuracy and reduces improper payments. Automation in this area is especially important for programs that have a complex structure of service categories that are used for authorizing various specialized childcare services.

Summary

Efficient and effective management of the providers that serve children through the State's childcare program involves a number of initial and ongoing activities. These activities ensure that all providers are eligible to provide subsidized childcare, that children receive safe and competent childcare services from their providers, and that information is maintained in such a way as to ensure that accurate childcare payments are issued. As seen previously, most States (45) maintain information needed for payment processing (rates and contracts), while 38 States also have automated support for other provider management activities. Twenty-six States have automated support for provider inspections.

Collection of Time and Attendance Information

To calculate payments and process payments to providers, States must collect the time and attendance information for the children in each provider's care. In many States, this is still a manual process, in which providers complete paper attendance sheets and submit them, usually via U.S. mail, to the State childcare agency. State staff members then aggregate the information for each provider and use the results to calculate the provider's payment. This is a labor-intensive process requiring significant time and staff resources. Equally important, this process has significant potential to cause improper payments. Improper payments may result from a variety of errors, such as providers failing to complete the attendance sheets correctly or from simple data entry errors in transferring information from the printed attendance sheets to the State's payment system. The process also offers the opportunity for providers to intentionally misreport data to maximize their payment.

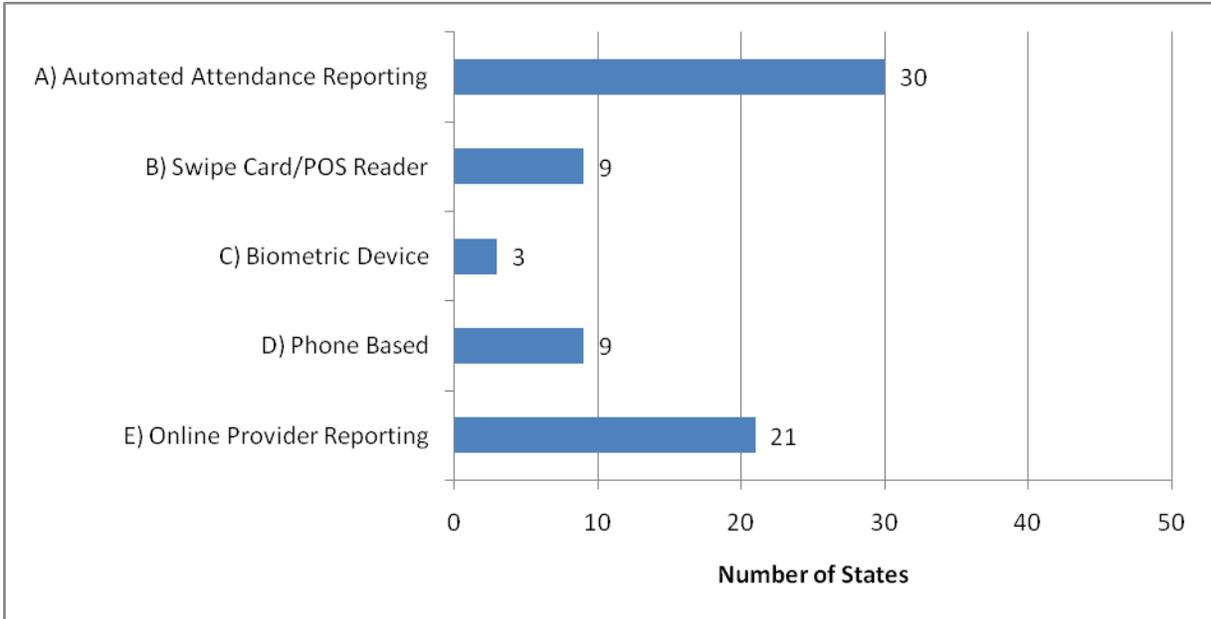
Current Level of State Support for Collection of Time and Attendance

Chart 1.6 presents information about the extent of automated support for collecting time and attendance information. The chart includes common types of automation used to collect time and attendance data. Some States have multiple types of automated time and attendance reporting;

therefore, a State may be counted in more than one category. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.6.) Specific information included in the chart is as follows:

- A. *Automated Attendance Reporting*: indicates which States have any type of automated support for collecting and reporting time and attendance data from providers.
- B. *Swipe Card/Point of Service (POS) Reader*: shows the States that are using POS devices and swipe cards for collecting time and attendance data. Swipe cards are given to parents and other authorized custodians, who then “swipe” the card through a POS reader when children arrive and leave the childcare facility.
- C. *Biometric Devices*: indicates States that have implemented biometric devices for collecting time and attendance information. Biometric devices operate on the same principal as swipe cards and POS readers but, rather than sliding a card through a reader, biometric information (typically finger images) is used to check children into and out of care.
- D. *Phone Based*: shows the States that have implemented an Interactive Voice Response (IVR) system for receiving time and attendance information.
- E. *Online Provider Reporting*: indicates which States allow providers to enter time and attendance information through a secure website.

Chart 1.6 Automated Attendance Reporting



Feature	States
A	AL, ¹ AR, CO, DE, DC, FL, GA, IL, IN, IA, KY, LA, MA, MI, MO, NV, NH, NC, ¹ NY, ¹ OH, ¹ OK, PA, ¹ RI, SC, TX, UT, VT, VA, ¹ WI, ¹ WY ¹
B	AL, ¹ CO, IN, NC, OH, OK, TX, VA, WY ¹
C	LA, TX, ² WI ²
D	AR, IL, LA, ³ MI, OH, TX, UT, VT, WY ¹
E	AR, DE, DC, FL, GA, IA, KY, MA, MI, MO, NV, NH, NY, ¹ OH, ⁴ PA, ¹ RI, SC, TX, VT, VA, WY ¹

¹ The system is currently under development. In New York, the time and attendance system will be available to all local districts other than New York City.

² In Texas, a proof of concept was conducted using biometric devices. Wisconsin is in the process of acquiring a biometric system.

³ The function is only used by in-home providers and school childcare program providers.

⁴ Providers can only report absences online.

Benefits of Automated Support for Collection of Time and Attendance

In recent years, States have begun to implement information systems that automate the collection and aggregation of time and attendance data. There are many ways to automate this function. Currently, the three most common methods for automating the capture of time and attendance information are:

- *POS machines, using either swipe cards or biometric devices.* With this method, parents and other authorized caretakers are issued a card that they swipe through a POS device when their children enter and depart care. The POS device is very similar to a credit/debit card reader used in many stores. When the card is swiped, the POS device captures the actual time the card is swiped and automatically transmits the information to the State's payment system. Nine States currently use, or are implementing, POS devices with swipe cards for the collection of time and attendance data.

Evolving technology has recently enabled the use of child or parent biometric information to replace the swipe card. Biometric devices either have been implemented, or are in the process of implementation, in three States. In the only system currently implemented that uses biometric scanning (Louisiana's Tracking Our Time System [TOTS]), the parent's finger image is recorded when the parent drops off or picks up the child from care. Additional information regarding the LA TOTS system is available in Section IV. Examples of Innovative Use of Technology. Although finger images are the most typical methods of biometric scanning at this time, palm and vein imaging, as well as retinal scanning, may be considered in the future.

- *Phone-Based IVR systems.* IVR systems allow providers to place a phone call into an automated system and use a series of voice prompts to enter child attendance information. These systems usually require a provider to provide authentication by entering a personal identification number (PIN) or supplying other identifying information to the system. Providers must then sequentially enter the time that each authorized child received care. This system is generally used for relative or kinship providers, as the technology requirements for the provider are minimal. Entering attendance via an IVR system can be a time-consuming process if the provider cares for many children, so IVR systems are best suited to relative providers that care for a limited number of children. Only nine States are currently employing IVR systems to collect time and attendance information.
- *Online Provider Reporting.* Systems that support online entry are based on a secure website (portal) where providers enter the daily attendance information for the children in their care. There is significant variation in how these systems work. In some States, providers enter the time the child arrived and departed. Other States require that providers enter the total time the child spent in care on either a daily or weekly basis. One State allows the providers to logon to a site where the approved hours for the children in their care are displayed, and the provider only enters the deviations from the approved time. Online provider reporting of time and attendance information is available, or will be available in the near future, in 21 States.

Thirty States have some form of automated time and attendance reporting. While each of the three types of time and attendance systems is unique, they are not exclusive. States may employ multiple reporting systems, with certain systems targeted toward certain types of providers. For example, some States offer POS devices for childcare centers and IVR systems for relative providers.

Systems that automate the collection of time and attendance data offer many benefits. Each method discussed can completely eliminate the use of paper attendance records that providers complete and then send to the State. As a result, State staff members no longer have to manually enter attendance data for children receiving subsidized childcare services. The potential for simple data entry errors is drastically reduced as a result. However, for both Web entry and IVR systems, there is still the potential for time and attendance reporting errors or misrepresentations by the persons reporting the information.

Systems using POS devices offer added benefits. Because POS systems offer real-time capture of attendance information, they are able to collect the exact time (to the second if desired) that a child enters and departs care. This gives the State the ability to pay providers only for the exact amount of time a child is in care, thereby greatly enhancing payment accuracy. In addition, it relieves providers of the need to report data either via the Web or the phone, thereby further reducing the potential for data errors.

States using POS systems also may be able to further reduce instances of provider fraud. With a POS system, providers do not directly provide attendance information. The information is automatically captured when children enter and depart care, thereby reducing the ability of a provider to misrepresent the hours of care provided. However, strict controls must be enforced to ensure that only parents, and other authorized caretakers, have control of the swipe cards. Some State representatives indicated concerns that parents can leave swipe cards with providers, thereby enabling a provider to swipe the card at will. It was noted that the use of biometric devices—rather than a swipe card—may eventually prove to be more effective for preventing this type of childcare fraud.

When States implement an automated time and attendance system, using any of the methods described above, the childcare information system usually aggregates the total hours of care for each child and determines the appropriate category of service (e.g., part-time and full-time). Compared to States that still manually compute the hours of service based on paper invoices and then determine the category of care based on the attendance information, an automated time and attendance system offers very significant time savings and improvements in payment accuracy. An additional benefit is that, because most of the manual processing is eliminated, payments to providers often occur more rapidly when an automated time and attendance system is implemented.

Summary

The various methods of automated time and attendance reporting are all improvements over the receipt and processing of paper invoices. The fact that 30 States have implemented some form of automation to support time and attendance data collection suggests the importance of these tools. Although all of these methods offer efficiencies in the collection of time and attendance data and

processing the information for payment, not all provide the same level of protection for misreporting of this information. Therefore, to the extent that the time and attendance data, upon which payments are based, are entered or controlled by providers, the potential for misrepresentation and errors remains. Section IV. Examples of Innovative Use of Technology, provides additional information about the implementation of automated time and attendance by States.

Payment Processing

Payment processing includes the activities required to compute and issue payments to providers participating in the State's subsidized childcare program. As is true for many State programs (e.g. TANF, child welfare, and unemployment), childcare payments are usually calculated by the agency's own information system, and once a payment record is created, the payment is issued through the State's general financial system. Therefore, in States with automated childcare payments, calculation of a specific provider payment is usually a function of the childcare information system, with the issuance of payments executed through the State fiscal system.

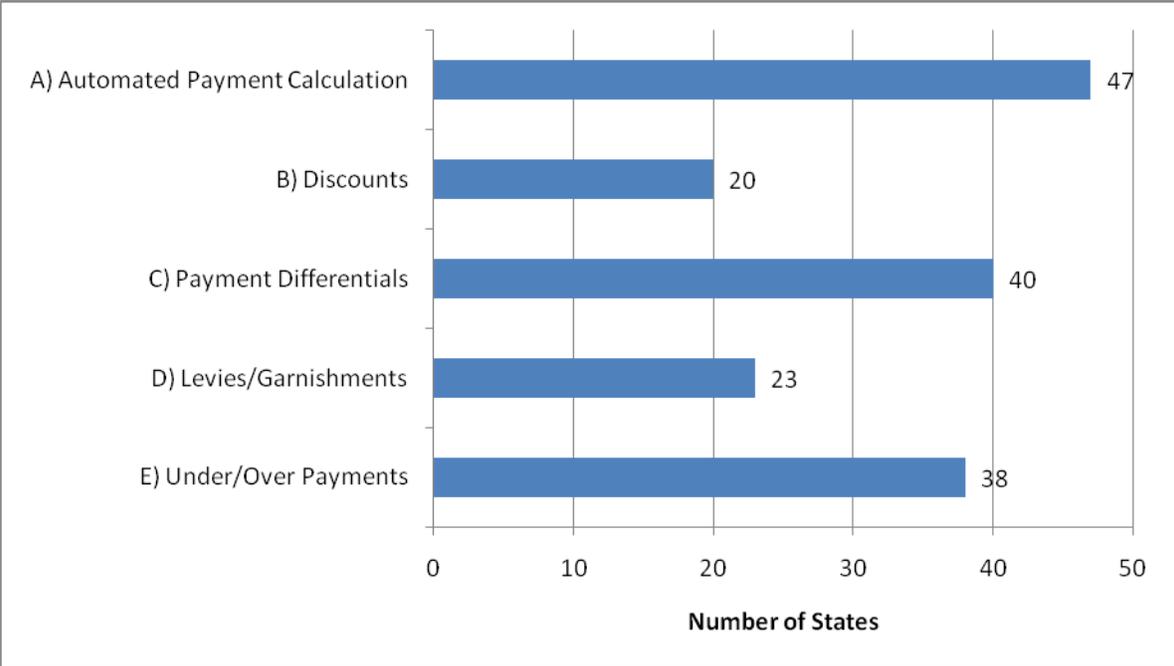
Current Level of State Support for Payment Calculation

Most States have some form of automated payment processing. The differences tend to be in whether or not the payment processing functions accommodate the various adjustments and specialized rate structures that apply to certain payments for childcare services.

Chart 1.7 presents information on the types of automated support that each State has for calculating provider payments. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.7.) Specific information in the chart includes:

- A. *Automated Payment Calculation*: indicates States that have systems that automatically calculate basic provider payments.
- B. *Discounts*: shows the States where the automated payment functions manage provider discounts, such as when a provider offers discounts for families with more than one child in care, families with a parent in military service, or families that prepay for care.
- C. *Payment Differentials*: indicates which States have automated payment support for managing payment differentials for providers, such as quality rating incentives, caring for children with special needs, or providing care during nontraditional hours.
- D. *Levies and Garnishments*: shows the States that have an automated function for calculating payment adjustments related to levies or garnishments. For example, if a provider owes child support or IRS monies, the system withholds some or all of the childcare payment to satisfy these obligations.
- E. *Under/Overpayments*: shows those States with automated functions that can reduce payments by the amounts owed to, or from, providers due to prior underpayments (or overpayments).

Chart 1.7 Automated Payment Calculation



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ¹ ID, IL, IN, IA, KS, ¹ KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NC, ² ND, NY, ² OH, OK, OR, PA, RI, SC, SD ³ , TX, UT ¹ , VT, VA, WV, WI, WY
B	AL, AZ, CO, CT, DC, FL, GA, ID, IA, LA, MD, MA, NV, NC, ² NY ² , OK, OR, SC, VT, VA
C	AK, AZ, CO, CT, DE, DC, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NV, NJ, NM, NC ² , ND, NY, ² OH, OK, OR, PA, RI, SC, TX, UT, VT, VA, WV
D	AR, ⁴ CO, CT, GA, IN, LA, ME, MA, MI, MN, MT, NV, NM, NC, ² NY, ² OH, OK, OR, PA, SC, VA, WV, WI
E	AL, AZ, CO, CT, DE, DC, FL, GA, IL, IN, IA, KS, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NC, ND, NY, ² OH, OK, OR, PA, SC, UT, ⁵ VT, VA, WV, ⁶ WI, WY

¹ States pay parents directly, not providers. Hawaii—payment can go either to the client (via EBT) or to the provider. Kansas—payment is made to the parent via EBT, and the parent can only transfer the funds to the provider. Utah—system pays parents differently based on select provider characteristics.

² The functionality is under development. In New York, the functionality will be available to all local districts except New York City.

³ The system can place a cap on total payments to providers.

⁴ This function is handled in the State's financial system.

⁵ Under/overpayments are applied only to the parent's benefit.

⁶ The functionality only supports underpayments.

In IL, MI, and OH, union dues are deducted from provider payments.

Benefits of Automated Support for Payment Calculation

The following is a discussion of the functions involved in calculating provider payments and the benefits of automated payment calculation.

- *Payment calculation functions.* The calculation function includes determining the proper amount to pay the provider. This is based on the hours of care provided and the application of the appropriate childcare rate to these hours. The calculation of a provider's payment also includes any differential pay the provider is owed, based on criteria such as care provided during non-traditional hours, care for children with special needs, provider fees, incentives based on the provider's quality rating, or any discounts the provider offers. In addition, as part of calculating the provider's pay, some systems can take into account whether the provider owes monies to the State, such as levies, garnishments, or child support.

Calculating and processing provider payments are time-consuming and resource-intensive processes, if done manually. It requires a staff member to calculate the payment based on the hours of care provided and the provider's contracted rate, which offers substantial opportunity for calculation errors. In addition, a provider's payment is also based on special criteria, such as the provider's quality rating, children receiving care during nontraditional hours, and children with special needs requiring an increased level of care. If done manually, it is necessary for the worker to manually determine every circumstance in which the payment must be increased and use that information in the calculation. This is not only time consuming, but also can lead to errors if all criteria are not checked and then included in the calculation. Finally, manual calculation also requires a State worker to determine whether a provider owes any monies and then account for that in the final payment. This can be a very time-consuming process, as it requires childcare staff to manually look up information in other State systems and then use the information in the payment calculation.

Automated support for payment calculation can include many different functions. At the most basic level, an information system can automate the calculation based on the hours of care provided and the contracted rate. Forty-seven States have this capability in their information systems. More advanced childcare payment processing systems include automated functions for determining whether any special circumstances exist, by child and by provider, and then including that in the computation. Having all of the special payment factors maintained in a system eliminates the need for workers to manually look up the information and greatly reduces the chance of errors. An added benefit is that automated payment processing decreases the time providers must wait to receive payments. The information systems in 20 States can automatically calculate discount adjustments for provider payments; 40 State systems can accommodate

payment differentials; 23 States automatically calculate garnishments and levies to be withheld from payments; and 38 State systems can add or subtract amounts related to overpayments and underpayments.

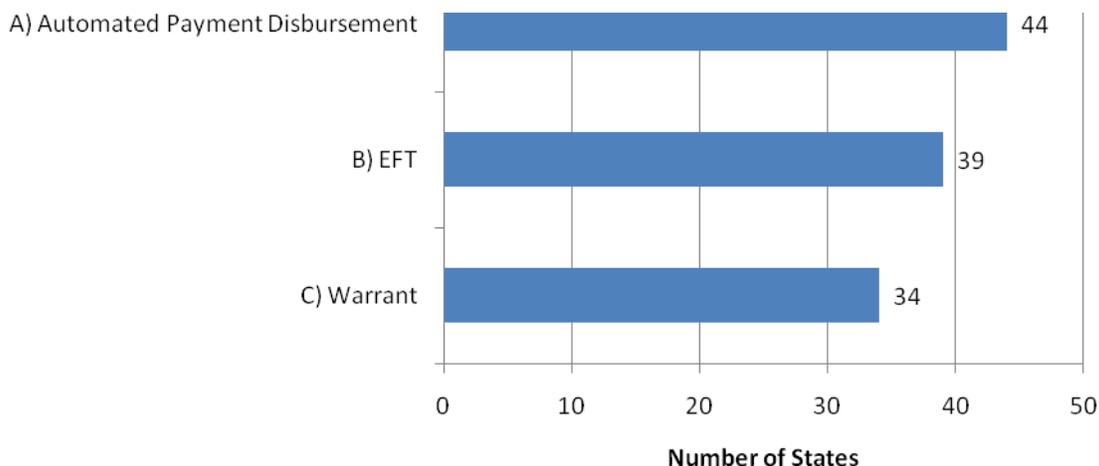
To the extent that the information system manages the calculation of provider payments, errors can be reduced and payments can be made efficiently and with the least amount of delay. If the system handles the various special circumstances that can affect provider payments, accuracy and time efficiency are further enhanced.

Current Level of State Support for Payment Issuance

Chart 1.8 presents information on States with automated payment disbursement to providers. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.8.) Specific information in the chart includes:

- A. *Automated Payment Disbursement*: indicates States with any type of automated payment disbursement.
- B. *Electronic Funds Transfer (EFT)*: indicates States that disburse funds through EFT, typically referred to as “direct deposit.”
- C. *Warrant*: indicates States that automatically issue warrants (checks) without manual intervention.

Chart 1.8 Automated Payment Disbursement



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, DC, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NM, NY, NC, ¹ ND, OH, OK, OR, RI, SC, SD, TX, UT, VT, VA, WV, WI, WY
B	AZ, AR, CO, CT, ¹ DE, DC, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NM, NC, ¹ ND, OH, OK, OR, SC, TX, UT, ² VT, VA, WV, WI, WY
C	AL, AK, AZ, AR, CO, CT, DC, ID, IL, IA, KY, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NM, NY, ND, OR, RI, SC, SD, UT, ² VT, VA, WV, WI, WY

¹ This functionality is under development.

² If a child is enrolled at a licensed provider, the benefit is paid to the parent on the parent's EBT card. If the child is enrolled with a relative caregiver, then a warrant is issued. (UT)

Note: In PA, payments are disbursed at the local level.

Benefits of Automated Support for Payment Issuance

The following discusses the functionality involved in issuing payments and the benefits of automation for this process.

- *Payment disbursement functions.* Once the provider’s payment has been calculated, the State issues the payment to the provider. In recent years, the majority of States have begun issuing payments electronically, through an EFT directly from the State

fiscal system to the provider's bank account. As shown previously, 39 States issue all or some of their childcare payments through EFT. While some States have mandated EFT payments for all childcare providers, 29 States use a combination of EFT transactions and warrants (checks) depending on provider preference. Some States issuing a combination of EFT and check payments have not moved entirely to EFT payments because some providers, usually relative care providers, do not have bank accounts or otherwise have a strong preference for receiving a check. A few States make payments to providers that do not have bank accounts through the use of debit cards.

As mentioned previously, the issuance of provider payments usually occurs through the State's fiscal system, as opposed to directly from the childcare program's information system. Regardless of the system that performs this function, automated payment disbursement expedites the payment process for providers and childcare staff and reduces the possibility of manual errors in preparing the payment. The disbursement system generally would not recognize potential errors in the data that were used to create the payment record; therefore, its impact on reducing improper payments is likely minimal.

Summary

Automation of the payment calculation and issuance functions expedites the receipt of payments to providers and greatly reduces the manual actions required by childcare staff for paying providers. As noted, almost all States (47) have automated the basic provider payment process. For States that must consider payment adjustments that affect the basic payment, which is based on hours and rates, automation of these special calculations can lead to additional time savings and can significantly reduce payment errors. Current State systems vary in the level of sophistication to manage these special payment conditions.

Improper Payment Identification and Management

Improper payments, including both underpayments and overpayments, can occur for a variety of reasons. Some of the more common causes include misapplying eligibility criteria, failing to verify client or provider information, not collecting the required family copayments, incorrectly recording time and attendance information, making payments to a provider that is not eligible to receive subsidized childcare payments, or fraudulent actions by either providers or parents. Once an improper payment is identified, it is the State's responsibility to recoup the funds (for an overpayment) or to make additional payment to rectify an underpayment. In this section, we first examine the automation that exists in the States for managing the instances of identified overpayments and underpayments.

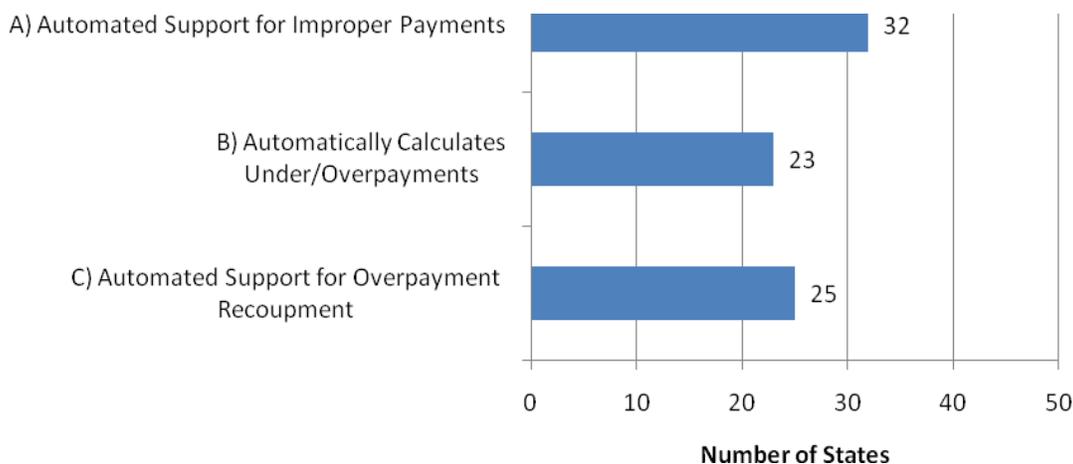
Although States may learn of improper payments on a case-by-case basis, it is also important for States to monitor the program for potential cases of improper payments that are not readily identified at the case level. Later in this section, the inventory examines the States' use of reporting from their information systems to find potential instances of improper payments.

Current Level of State Support for Calculating and Managing Recoupment of Overpayments and Underpayments

Chart 1.9 presents information on each State's level of automated functionality for calculating and managing the recoupment of improper payments, including both underpayments and overpayments. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.9.) Following are explanations of the items included in this chart:

- A. *Automated Support for Improper Payments*: indicates States that have any automated support for managing identified improper payments.
- B. *Automatically Calculates Under/Overpayments*: indicates States that have systems that can automatically calculate an over/underpayment.
- C. *Automated Support for Overpayment Recoupment*: indicates States with systems that manage the ongoing recoupment process.

Chart 1.9 Automated Support for Improper Payments



Feature	States
A	CO, DE, FL, ¹ GA, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NJ, NM, NC, ND, NY, OH, OK, PA, SC, UT, VT, VA, WV, WI
B	CO, DE, GA, IN, KY, LA, ME, MD, MA, MI, MN, MO, MT, NJ, ² NC, ND, OK, PA, SC, UT, VT, VA, WV ³
C	CO, FL, ¹ GA, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NM, OK, PA, SC, UT, VT, VA, WI

¹ The functionality is under development.
² This function exists only for overpayments.
³ This function exists only for underpayments.

Benefits of Automated Support for Improper Payments

The automation that supports State efforts to manage identified improper payments are discussed in this section.

- Managing improper payments.* State childcare programs are responsible for ensuring that subsidized childcare funds are dispersed according to the criteria established by the State and in a manner that is consistent with Federal childcare regulations. Childcare agencies are responsible for ensuring that eligibility criteria are applied, verified, and documented consistently for all clients; adhering to their policies and

regulations related to providers; and issuing payments based on accurate time and attendance reporting. When errors occur, the childcare program must institute processes and procedures for investigating potential overpayments made to providers and clients and for managing the repayment of funds to the State. As part of the investigation, childcare staff members must determine whether the provider, the client, or the State childcare agency was at fault. In some cases, there is joint responsibility, such as when a client and provider have conspired to receive benefits for which either the client or provider is not eligible. In these cases, the childcare agency must determine the amount of overpayment and the portions that must be collected from the provider and the client.

Calculating the amount of the overpayment can be a complex process. To accurately calculate the overpayment, several factors must be identified: when the overpayment began, the cause of the overpayment, and the eligibility criteria and benefit levels in effect during the entire period in which the overpayment occurred. Using these factors, a worker, or the automated system, must compute what the actual payment (or benefit) should have been and then compare this to the actual amount of the payments received during the time the overpayment existed. This is a complex process because it requires retrospective eligibility determination (i.e., *should* the client have been eligible during the time the payments were issued), as well as retrospective benefit calculation (i.e., what was the actual payment that the client or provider *should have received*). Twenty-three States have automated support for this function. In the remaining States this process is done manually (or with the aid of modest support from spreadsheet programs).

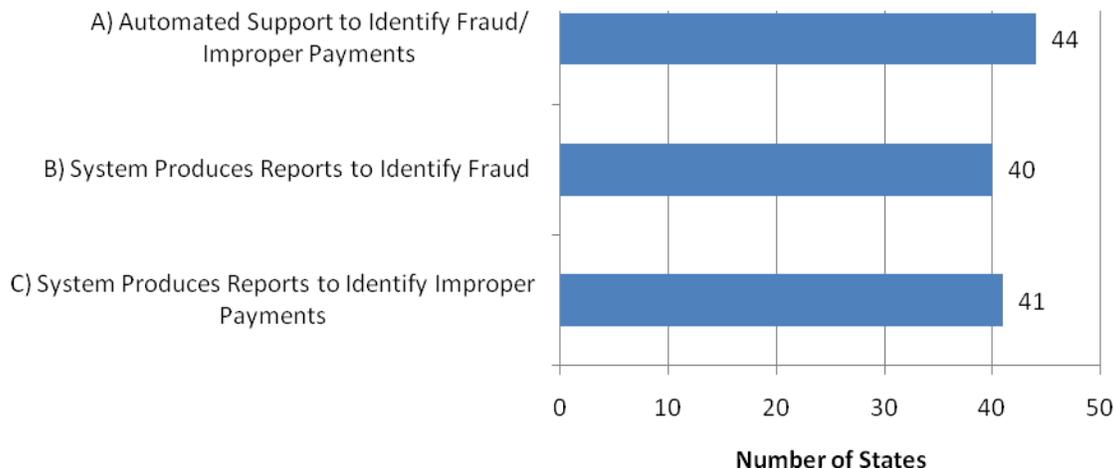
Childcare programs also must ensure that clients or providers who received an overpayment do not continue to receive public benefits or payment for services unless they continue to meet the terms of a repayment agreement, which indicates the terms, amount, and schedule for repayment of the debt. Childcare staff members typically monitor and record the repayment of the monies, generate notices and correspondence, and initiate any enforcement actions when the client or provider fails to comply with the terms of the repayment agreement. Enforcement actions may include eliminating a client's benefits or revoking a provider's license. In some cases, State office staff may also assist a State attorney with any prosecution or enforcement efforts against clients or providers who have committed fraud. In some States, childcare program staff members also are charged with actively identifying improper payments. Twenty-five States have automated support for the activities required to recoup overpayments from providers and clients.

State Reporting to Identify Improper Payments and Fraud

Chart 1.10 presents information on the types of automated reporting States use to identify fraud and/or improper payments. As noted in Chart 1.10, most States are using reporting capabilities to identify potential instances of improper payments and fraud. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.10.) Following are explanations of items in this chart:

- A. *Automated Support to Identify Fraud/Improper Payments*: indicates States that produce reports to identify cases of either potential childcare fraud or improper payments or both.
- B. *System Produces Reports to Identify Fraud*: indicates States that use reports to identify potential fraud.
- C. *System Produces Reports to Identify Improper Payments*: shows States that have automated reporting of improper payments.

Chart 1.10
Automated Reporting for Improper Payments and Fraud



Feature	States
A	AL, AK, AZ, AR, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ¹ NY, ² OH, OK, OR, SC, SD, TX, UT, VT, VA, WA, WV, WI
B	AL, AK, AZ, AR, CO, CT, DE, DC, FL, ² GA, HI, ID, IL, IN, IA, KS, KY, ² LA, ² ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NY, ² OH, OK, OR, SC, SD, TX, VT, VA, WA, WV, WI
C	AL, AZ, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, ² LA, ² ME, MA, MI, MN, MS, MT, NE, NV, NH, NJ, NM, NC, NY, ² OH, OK, OR, SC, SD, TX, UT, VT, VA, WA, WV, WI

¹ Fraud reporting functionality is available once fraud is established but not before.

² This functionality is under development.

Benefits of Automated Reporting for Improper Payments and Fraud

This section presents information about the types of reporting used by States to identify potential cases of fraud or improper payments. The benefits of running such reports on a routine basis are discussed.

- *Reporting to support the identification of improper payments and fraud.* In addition to receiving anonymous reports about suspected fraud and overpayments and monitoring childcare cases to identify eligibility and other errors, most States also take an active role in identifying improper payments through various types of reporting. For example, some States produce reports that sort providers based on the amount of payments received. This permits States to correlate the size of a provider with the amount of their payment and determine whether there are discrepancies that should be investigated. Other examples of the use of exception reporting are State reports that analyze each provider's ratio of authorizations to its approved slots (capacity), to identify providers who claim excessively high attendance for school-age children and providers that receive a monthly payment that exceeds their historical payment average by more than a specified percent.

Forty-four States have some level of reporting to identify potential improper payments and/or fraud. Forty States run reports specifically aimed at detecting potential cases of fraud; 41 States use reporting to identify conditions that suggest the potential for improper payments. Three specific examples of State reporting to identify improper payments and potential fraud are included in Section IV. Examples of Innovative Use of Technology.

Summary

Functionality that supports the identification, management, and recoupment of overpayments is critical to a State's effort to reduce the rate of improper payments and also to recoup erroneously expended funds. Automated support for handling overpayments addresses improper payments after they have occurred. Many of the automated functions examined earlier in this inventory address the prevention of improper payments and fraud. To the extent that automation for eligibility, service authorization, provider management, and payment processing prevent the occurrence of improper payments, a State's overall improper payments should be minimal.

However, assuming that even in the best managed childcare programs improper payments and fraud can occur, it is important that State childcare programs remain vigilant of the potential cases of fraud and improper payment. Even in States that do not have robust information system technology, there may be data sources that can be examined through retrospective reports to identify potential instances of improper payments and fraud. Virtually all States have the ability to develop and run routine exception reports that identify anomalies that may indicate that improper payments have occurred. Such reporting can identify systemic changes that need to be implemented to improve eligibility processing, provider licensing and oversight procedures, and time and attendance, invoicing, and payment processing.

System Interfaces

Many States have developed and maintained interfaces between their childcare information system and other State and, in some cases, Federal systems. These interfaces help State childcare agencies validate and verify information submitted by clients during the application process. In some instances, the interfaces may provide updates to information over the course of the childcare case, helping childcare staff identify changes in the circumstances of families that may relate to continued eligibility for childcare benefits.

Typical data exchanged by these interfaces include client income, changes in household composition, or assistance received from other programs. In such cases, there are predetermined rules in place for comparing data, determining what information is most current, and then updating the information in one of the two systems. When an interface results in an update to a client record, typically the appropriate worker is notified via an email, alert, or report, so that the worker is informed of the change and can take the appropriate action.

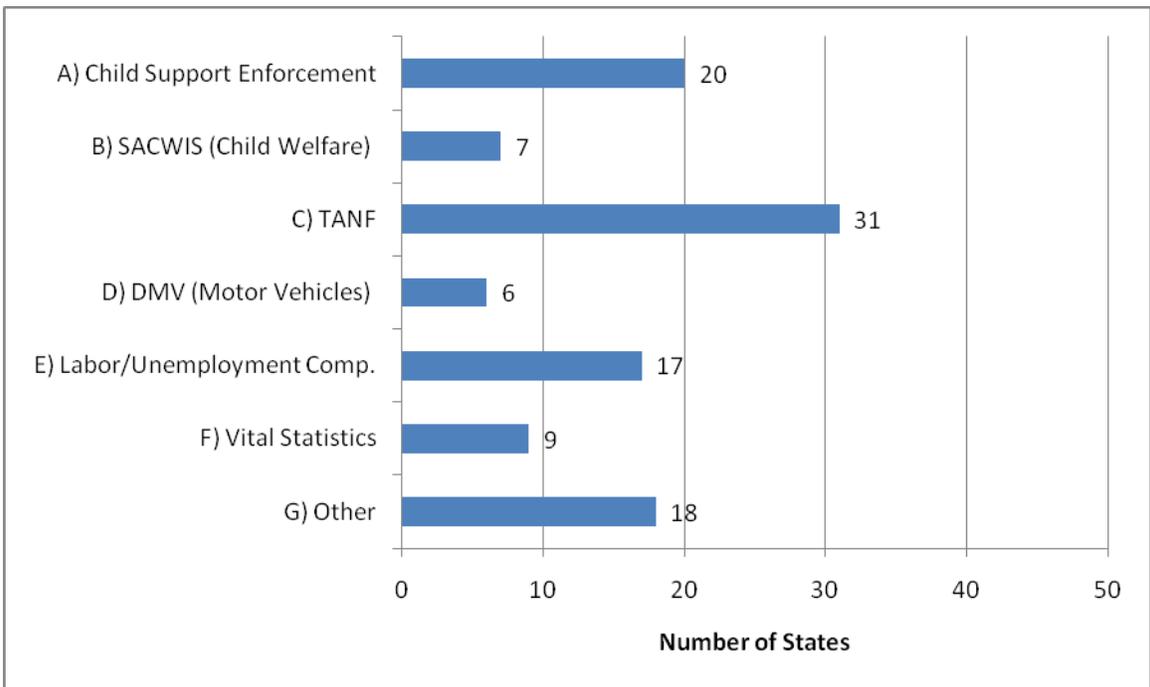
For instance, a State childcare information system may exchange information with the State's unemployment system to verify whether an applicant's claim that he or she is not receiving unemployment compensation is true. If the interface determines that the applicant is, in fact, receiving assistance, this information is transferred from the unemployment system to the childcare system, and the appropriate worker is notified, so that appropriate action can be taken.

Some State representatives indicated during discussion that even when direct automated interfaces between systems do not exist, childcare workers may be granted manual "lookup" privileges to other systems. Using an authorized user ID and password, a worker can manually access the other program's system to verify information provided by an applicant or client. While a manual lookup into another system can provide useful information for processing a case, it does not offer the same level of control provided by an automated interface. Manual access to data in external systems requires that workers determine when information needs to be verified. Workers must then perform an adequate search to be certain the correct information is located and acted upon.

Current Automated System Interfaces Across States

Chart 1.11 presents the automated interfaces that each State has between its childcare information system and other State and Federal systems. Although a number of States allow childcare workers to access other State systems manually, the table only captures information on States that have automated interfaces with the systems described in the chart. It should be noted that each of the interfaces in rows A through F in chart 1.11 was specifically addressed in the inventory. Information in row G is based on information provided by some States that indicated they have interfaces in addition to those specifically named in the inventory. It is certainly possible that some other States have additional interfaces, other than those addressed in the inventory. In fact, it is recognized that States that do automated payment issuance usually have an interface with their State fiscal system, as this is typically required for the issuance of payments. Interfaces to State financial systems were not captured as part of the inventory. (Note: for a State-by-State view of the data presented in this chart, refer to appendix A, table A.11.)

Chart 1.11
Automated Interfaces



Feature	States
A	AZ, AR, CO, KS, LA, ME, MI, MN, MO, NE, NV, NJ, ¹ OK, RI, TX, UT, VT, VA, WI, WY
B	CO, FL, MO, NE, OK, VT, WV ²
C	AK, AZ, AR, CO, DE, DC, FL, HI, ³ IL, IN, KS, LA, MA, ⁴ MI, MN, MO, MT, NE, NV, NH, NY, OK, PA, RI, SD, UT, VT, VA, WV, WI, WY
D	AK, DE, MA, ⁴ RI, UT, VA
E	AK, AZ, DE, FL, LA, ME, MI, MO, NE, NH, NJ, OK, RI, TX, UT, VA, WI
F	DE, FL, KY, MI, MO, NE, OK, UT, VA
G	AK, CO, DE, FL, IA, KY, ME, MI, MN, NE, OH, OK, PA, RI, VT, VA, WV, WI

¹ Only families receiving TANF are included in the Child Support Enforcement interface.

² Childcare and SACWIS programs are supported by the same information system.

³ Access to the TANF system enables access to information on other programs, including Child Support Enforcement.

⁴ This interface is under development.

Benefits of Automated Interfaces

One cause of errors in eligibility determination and redetermination is the failure to adequately verify the information provided by the client. Failure to do so also provides an opening to clients and, in some instances, to providers, to obtain subsidized childcare benefits or payments fraudulently. Many childcare clients receive benefits from other State systems and are required to routinely report information to their caseworkers for these programs. Having automated interfaces between key State systems provides a routine and ongoing exchange of information that prevents childcare agencies from continuing to provide benefits when families are no longer eligible. Such interfaces prevent errors in initial eligibility and authorization over the course of the childcare case. Similarly, many States verify information such as social security numbers and benefits from Federally managed programs (e.g., SSI and Social Security) through interfaces with Federal systems. The inclusion of Federal system interfaces further reduces the likelihood of improper payments and instances of intentional fraud.

The most common childcare system interfaces are with TANF (31 States), child-support (20 States), and labor/unemployment compensation (17 States) systems. Less common are interfaces with motor vehicle registration (six States), child welfare (seven States), and vital statistics (nine States). It may be that TANF, child support, and labor/unemployment compensation systems are the systems that contain the most relevant information for childcare eligibility. It also may be true that motor vehicle registration, child welfare, and vital statistics systems have more technical or legal restrictions, preventing the development of interfaces with the childcare system.

Summary

The examination of existing interfaces between childcare information systems and the systems of related programs is the last area of automation captured by the inventory of State childcare information systems. Automated interfaces are an important tool for verifying the information provided by childcare applicants. Because the data exchanges are automatic, they often perform a check of the client-supplied information that workers could forget to do when the information must be obtained manually. Depending on the design of specific interfaces, they also may be an important source of updates related to case changes that may affect the eligibility of active childcare clients. Interfaces to information systems of key State (and Federal) programs that maintain verified income, citizenship, and other data directly related to eligibility criteria can directly prevent fraudulent attempts to access childcare services.

IV. EXAMPLES OF INNOVATIVE USE OF TECHNOLOGY

The inventory of State-automated support for childcare operations captures a wide variety of information about how States use technology to manage and administer their childcare programs. During the course of completing the inventory, information was obtained about specific innovative and emerging technology practices implemented in several States. Many of these innovations have significantly helped to reduce improper payments and identify and investigate instances of suspected fraudulent activity. Others have enhanced client or provider access to programs, increased productivity or accountability, and/or produced cost savings.

This section highlights some of the innovative technology projects that States have undertaken in recent years and is not meant to be an exhaustive study of childcare system innovations across the country. **It also is not intended to be an endorsement of any particular technology.** There are certainly many other examples of innovative use of technology in other States. However, the examples presented are some that address specific areas of interest to childcare programs, especially those that are considering major system replacements or upgrades.

The areas in which State examples are highlighted include the following:

- Time and attendance tracking systems
- Reporting and data mining
- Online portals
- Imaging systems
- Front-end eligibility tools

Information about efforts in various States was taken both from published information and, in some cases, discussions with State childcare program representatives.

Time and Attendance Tracking Systems

As previously discussed in the State inventory, many States have begun implementing electronic time and attendance systems. In addition, conversations with State childcare staff indicate that many other States are interested in learning more about these systems, particularly because of their ability to increase payment accuracy and reduce fraud.

Chart 1.6 Automated Support for Attendance Reporting in this inventory discusses the types of time and attendance systems in use across the nation. Types of systems include POS devices used with swipe cards, biometric readers, online attendance entry by providers, and IVR systems that allow providers to report attendance using their telephones. The extent to which States have either implemented, or are currently developing, these systems is summarized in table 1.1.

Table 1.1. State Time and Attendance Systems

Type of System	# Implemented or Planned	Currently Implemented	Planned and Under Development
POS and Swipe Card	9	<ul style="list-style-type: none"> • Colorado • Indiana • Oklahoma • Texas 	<ul style="list-style-type: none"> • Alabama • North Carolina • Ohio • Virginia • Wyoming
Biometric Device	3	<ul style="list-style-type: none"> • Louisiana 	<ul style="list-style-type: none"> • Wisconsin • Texas
IVR	9	<ul style="list-style-type: none"> • Arkansas • Illinois • Louisiana • Michigan • Texas • Utah • Vermont 	<ul style="list-style-type: none"> • Ohio • Wyoming
Online Provider Entry	21	<ul style="list-style-type: none"> • Arkansas • Delaware • District of Columbia • Florida • Georgia • Iowa • Kentucky • Massachusetts • Michigan • Missouri • Nevada • New Hampshire • Rhode Island • South Carolina • Texas • Vermont 	<ul style="list-style-type: none"> • Alabama • New York • Pennsylvania • Virginia • Wyoming

Thirty States have implemented at least one form of an electronic time and attendance system. The most common system is online attendance reporting by providers (21 States). In many ways, this system is the least complex to implement, as it does not require special hardware (e.g., POS devices, biometric scanners, and swipe cards); therefore, it places less technology burden on all parties. Such systems also can be developed and implemented with little, if any, support from vendors. IVR systems also are possible and, while they require telephone equipment, many States already have this equipment and use it to help automate their statewide help desks. Nine States use IVR systems to collect time and attendance information.

While online attendance and IVR reporting are the most common systems in place, they do not offer the same level of protection against fraud and improper payments as other solutions, such as POS devices and biometric readers. The POS and biometric systems offer more protection, as they provide a greater degree of assurance and remove the ability for providers to inaccurately report attendance. This drastically increases the likelihood that a child is actually in care during the time reported through the POS device. In addition, because POS devices capture the attendance to the minute (and to the second in some States), there are greater cost reductions to be achieved through increased payment accuracy. Twelve States use either POS devices and swipe cards or biometric devices.

Benefits of Electronic Time and Attendance Systems

The inventory discussed many of the benefits associated with electronic time and attendance systems. These included efficiency gains from eliminating paper-based attendance reporting, increased payment accuracy resulting from real-time capture and reporting of attendance, and reduced fraud. This is particularly true for systems that use a POS device, as this eliminates direct provider reporting and reduces the ability for providers to misrepresent attendance data.

State Examples

The following section highlights three examples of State electronic time and attendance systems.

Louisiana Biometric Time and Attendance System

In 2010, Louisiana implemented an online time and attendance system that features biometric scanners and POS devices. The system, known as TOTS, works by capturing a finger image of the parent (or other authorized caretaker) when the child enters or departs care. When arriving at the provider facility, the parent places his or her finger on a biometric reader, the finger image is verified, and the date and time of the child's entry to, or exit from, care are recorded. The attendance records are automatically transmitted to the State, which uses the information to calculate provider payments.

Louisiana's primary objectives for implementing TOTS were to increase payment accuracy and reduce the potential for fraudulent attendance reporting. Because payment accuracy and fraud reduction were important objectives, Louisiana selected the biometric readers over more traditional swipe cards. The State believed that while swipe cards were very useful for increasing payment accuracy, they still offered opportunities for fraud, as providers could keep a swipe card and use it even when a child was not in care. Using biometric data to verify attendance reduces this possibility.

The finger image takes data points from the individual's finger and converts it into an algorithm that is stored. The accuracy is the same as using the actual fingerprint, but by using an image there is no actual fingerprint stored by the State. Louisiana chose to use the biometric information of the parent (and other authorized caregivers) rather than the child, because their research found that biometric data for children under 6 years of age can often be unreliable, as their finger images are still changing during their early years. State staff also stressed that their system uses a finger image, rather than a fingerprint, both for security and confidentiality reasons, and also because they believed that parents may react negatively to having their fingerprints on file with the State. In addition, Louisiana's research, and conversations with industry experts, confirmed that using finger images offers the same degree of certainty as using fingerprints.

Louisiana also implemented a phone-based billing system that is used primarily by family-based providers. The State felt that this was an appropriate reporting system for these providers, given the smaller numbers of children in their care. Although biometric devices are used for only facility-based childcare providers, the majority of time and attendance is captured through the biometric devices, as the majority of children receiving subsidized care are placed in childcare centers using these scanners.

Louisiana's Results

The TOTS has been in operation for less than a year, but it has allowed the State to have a very accurate method for collecting actual attendance when compared with the prior method in which providers submitted paper-based attendance forms for reimbursement. This has enabled the State to more accurately calculate payment. Collecting attendance information in real-time, to the minute of care provided, also produced savings by allowing the State to change its rounding policy used for capturing the time of service.² With the new system, policy was changed from paying for care based on half-hour increments to paying for services using 6-minute increments, thereby enhancing cost savings.

Reactions from parents and providers have been mostly positive, although some concerns have been reported. As noted previously, parents were concerned about providing finger images as there was some belief that they would be provided to other State agencies and/or used in law enforcement efforts. Additionally, some providers reported difficulties in learning how to use the system. It also was indicated that some providers decided to discontinue their participation in the State's subsidized childcare program when the time and attendance system went into use. It is not clear whether this was the result of natural attrition or because some providers were concerned that reimbursements would decrease as a result of the increased payment accuracy and enhanced fraud identification.

Louisiana has an audit scheduled for the near future that will provide them with more detailed information about the magnitude of the cost savings, as well as the impact on clients and providers, from the new time and attendance system.

Michigan Online Time and Attendance Reporting

Michigan has implemented a time and attendance system that enables both parents and providers to report attendance. The State uses a combination of web- and phone-based reporting for providers and a phone-based system for parents. Both of the systems operate similar to web-based and phone-based attendance reporting used in other States. Michigan representatives stated that some of the key objectives for this system were to enhance monitoring of payments to ensure they were appropriate and accurate. The key feature is that each child's attendance is reported by both the provider and the parent, which provides data that can be verified across both parties.

A unique aspect to Michigan's system is that the State conducts a biweekly reconciliation process for a sample of cases. The objective of the reconciliation is to determine whether both parents and providers reported the same attendance data. The State reports that this has been a very effective tool for identifying potential cases of fraud. In FY2010, 3,449 billings were reviewed and, of this sample, the State made 61 referrals to its fraud investigation unit and subsequently terminated approximately 300 children who were not eligible to receive subsidized

² Many States with manual attendance reporting have providers round attendance to nearest half hour to make calculations easier for everyone.

childcare services. In addition, repayment agreements were established for all cases where there was not an intentional program violation and more than \$200,000 was recouped through these efforts. Michigan also noted that, because of this system, they have more contact with providers than in the past, and the State believes that this also reduces the likelihood that providers will misreport attendance data.

Michigan noted that not all parents report attendance data, even though there is a requirement for them to do so. As a result, the automated reconciliation process is not as effective as it could be if all parents reported. The State indicated that they are increasing efforts to enforce the requirement that parents report, which should increase the benefits associated with the reconciliation of parent and provider attendance data. The State also noted that, while the current system is very effective, they feel they are at the boundaries of the implemented technology and, as such, they are actively researching other forms of attendance reporting systems.

Oklahoma POS Time and Attendance Reporting System

Oklahoma was the first State to implement an electronic time and attendance system. The State's system uses an electronic card that parents (or other authorized caregivers) swipe through the POS device when their children enter or exit care. In the years since the State implemented the system, there have been significant benefits. Payment accuracy has significantly improved and overall benefit costs have decreased as a result. Reductions in fraud and improper payments, as well as substantial increases in efficiency, also have been noted.

One of the interesting ways in which Oklahoma uses its time and attendance to identify potential fraud is through the integrating of the system's online reporting functionality with aspects of its case management activities. Because the system tracks the exact time that children are in care, the State can print numerous reports that help identify fraud. These reports are then used by staff as they conduct their routine casework activities. For example, when a licensing staff member conducts an inspection at the provider's facility, they can use the POS device to print a report listing all children currently checked into care. The inspector can then verify that all children checked into the facility are actually in attendance.

Lessons Learned from Time and Attendance System Projects

One of the most important lessons learned from States that have implemented time and attendance reporting systems is the need to adequately prepare both providers and parents for the transition to the new time and attendance reporting system. For example, Louisiana conducted a 1-month pilot of their system but also had a multimonth planning and preparation period prior to initiating it. Some of the key suggestions for States considering this type of project include:

- Plan significant time for system analysis, design, and development. While the time and attendance services are provided by a vendor, and in many cases employ a Commercial Off-The-Shelf (COTS) product, there will most likely be significant changes to the State legacy systems to interface with the new time and attendance system. To the extent that the new time and attendance system creates policy or process changes, corresponding changes to the State legacy system also will be needed.

- For projects involving biometric devices, it is important to schedule sufficient time to collect the finger images from parents and other authorized caregivers. In Louisiana, local offices were kept open during the evenings and on some weekends to support the collection effort.
- Plan for significant communication with providers and parents to ensure that they are aware of the new project, the timeline, and the new set of responsibilities. Louisiana sent at least 4 letters to parents over a 6-month period. Ohio is another State that is currently implementing a POS and swipe card system and has implemented a comprehensive marketing, communication, and training campaign with clients, providers, and provider associations to ensure that all stakeholders are informed of, and prepared to implement, the new system.
- Louisiana noted that it is important that the time between training and implementation be as short as possible, so that knowledge of the new system is as fresh as possible when the implementation begins.
- It is important to prepare providers to operate more like a small business. Oklahoma noted that when they implemented their time and attendance system, some providers were reluctant to participate. Some cited concerns about having to maintain a relationship with the vendor managing the POS devices, while others did not want to be responsible for POS-related supplies (e.g., paper). Additionally, some providers felt that the new system would bring a greater degree of scrutiny to the attendance reporting and billing processes and were not comfortable with this. The State stressed that, because providers were receiving reimbursement from the State, they should take full responsibility for their business operations and act accordingly.
- Some States expressed concerns about implementing the new technology and the extent to which providers—particularly home-based providers—would be capable enough to operate and maintain the POS devices. In addition, depending on the technology, broadband access may be necessary and some providers may need to establish Internet service in their homes.
- States also cautioned that costs above and beyond the vendor’s contract must be considered. For example, Louisiana noted costs of opening offices in the evenings and on weekends to collect finger images, and also stated that there was a need for enhanced security during these times. Changes to legacy systems, noted previously, also are necessary, and States implementing time and attendance systems need to plan for resources to design, develop, and implement these changes.
- Policy, organizational, and business workflow changes also were noted by several States. Because time and attendance systems can more precisely collect information, there may be a need to modify State policy accordingly. For example, State policy may authorize a full-hour reimbursement for providers when a child is in care for any part of the hour. With a real-time capture of attendance data, policy can be changed, so that providers are reimbursed only for the actual time children spend in care. Business-related changes, such as how attendance information is received, how it is used to calculate overall rates, and how payments are issued, also may be needed.

Reporting and Data Mining

As noted in the State inventory, most States have some level of reporting available to identify potential improper payments. Many States also produce regular reports that provide information to help identify fraud. States identified numerous situations in which improper payments or fraud may occur and for which reporting and data-mining efforts offer a substantial ability to identify them. Some of the common examples include

- providers reporting attendance for children in excess of their approved capacity;
- excessive reporting of absent days to maximize a provider's reimbursement;
- parents underreporting income to maximize their benefit;
- providers claiming attendance during times, or for services, for which they are not authorized;
- lack of timely application processing that delays benefits to eligible clients, thereby resulting in an underpayment; and
- lack of data sharing and coordination between government agencies, which results in childcare staff not having access to information that would lead to changes in benefit levels. For example, in States where provider licensing is managed by another department, a provider's license may be revoked, but the information is not communicated to the childcare staff, thereby allowing a provider to continue to receive subsidized childcare payments, even though they are no longer eligible.

A key factor in developing enhanced reporting and data-mining strategies is recognizing the need for, and benefits of, a comprehensive, data-driven approach to identifying instances of fraud and improper payments. Some States examine individual provider and client information on a case-by-case basis, but this does not always provide a comprehensive approach to identifying potential fraud and improper payments. Not only is this a time-consuming process, it also is a "hit or miss" strategy in that the process is typically driven either by a consumer tip (usually to the State's fraud hotline) or by a caseworker's suspicion about a particular provider or client. Given this, many States develop a more systematic approach to identifying cases of improper payments and fraud.

Some States also recognize that their improper payment and fraud-reporting capabilities must include external systems because data exist within multiple stove-piped legacy systems. The resulting lack of integration across programs can contribute to fraud, so States may integrate reporting and data-mining efforts across key systems, such as the systems maintained by State health and human services programs and the State's fiscal services.

Benefits of Reporting and Data Mining

States report numerous benefits from enhancing State childcare reporting and data-mining efforts. A primary benefit is the use of structured reporting, not only to identify potential cases of fraud, but also to prioritize staff efforts to investigate and, where appropriate, to recoup monies. Some States generate reports that identify the most significant instances of improper payments and fraud that can be targeted for investigation. For example, one State produces a report that shows the instances in which providers report and bill for attendance that exceeds their licensed

capacity. This enables the State staff to target those providers with the most egregious overbilling first. Targeted reporting provides a significant benefit for childcare staff, as there are limited resources to investigate and collect overpayments; therefore, prioritization of these efforts is necessary.

Some States also use enterprise data warehouses that maintain information from not only the childcare program, but also from other State agencies providing related services. As noted previously, in some States, childcare providers are licensed by a different State agency. In these States, improper payments may result when information on provider events that affect payment (e.g., licensing infractions) are not communicated to the childcare staff. Having reports that routinely align provider licensing events with childcare data helps to identify when overpayments may occur. Other common examples of cross-agency and cross-program reports included those that examined whether authorized providers are receiving benefits in other human services programs and whether providers may be submitting duplicate billing for attendance from multiple programs (e.g., childcare and education programs).

Wisconsin Red-Flag Reports

Wisconsin is an example of a State that has significantly improved its ability to detect fraud as the result of an enhanced data-mining and reporting effort. In an effort to improve monitoring and ensure program integrity, Wisconsin regularly produces a red-flag report that analyzes various characteristics of provider participation and billing. The red-flag report is a key tool used to identify and investigate suspected fraud. Currently the State assesses all regulated childcare providers on a monthly basis, using the 10 items included in the report.

Wisconsin's red-flag report consists of 10 items, each of which has an established threshold over which a provider may be identified for further investigation. In addition to looking at the individual criterion on the report, the State also computes a total "monthly red-flag score" that examines the provider's performance against the indicators in total. If the total points score for any provider exceeds an established threshold, then the State's program integrity staff prioritizes that provider for subsequent investigation.

The 10 red flags on Wisconsin's regular report include:

1. *Reimbursement per Slot*—identifies providers whose average annual issuance per childcare slot exceeds a predetermined threshold.
2. *Subsidized Children per Slot*—computes the ratio of total children served relative to the provider's approved license capacity. Providers exceeding a certain threshold are flagged for potential review.
3. *100 Percent Attendance (Perfect Attendance Utilization Rate)*—compares the actual hours of reported attendance for children in the provider's care relative to the total approved hours for those children. Providers are flagged for potential investigation when they have a predetermined percentage of children (75%) who are reported with 100 percent attendance.

4. *Rapid Revenue Growth*—compares the provider’s revenue for the first month of reported attendance to the most current month of reported attendance and flags providers whose revenue exceeds a certain threshold (40%).
5. *Previous Overpayments*—identifies providers whose total historical overpayments exceed a predetermined amount.
6. *Total Capacity Used (Actual Attendance vs. Capacity)*—computes the actual reported attendance relative to the total attendance capacity for the provider. Providers exceeding a certain level (90%) of capacity are identified for potential review.
7. *Space Time Continuum: Paid Attendance vs. Capacity (Capped Percent Used)*—computes the actual paid attendance relative to the total attendance capacity for the provider. Providers that exceed a certain capacity threshold (75%) of paid attendance are identified for potential review.
8. *More than 75 Hours Attended*—identifies providers who have any subsidized children whose reported attendance exceeds 75 hours per month.
9. *School-Age Children with High Authorization Hours*—identifies providers serving subsidized children older than 6 years of age who have more than 35 weekly hours of care authorized.
10. *Providers Receiving Other Services*—identifies providers receiving more than a specific amount per month in subsidized childcare payments and who are also receiving services from other programs, such as SNAP, childcare, or TANF.

Each of Wisconsin’s 10 red-flag indicators includes an order of magnitude. For example, when reviewing the red flag for providers with rapid revenue growth (red flag #4), the State sets a threshold of 40 percent growth in a 12-month period. This means that only those providers with revenue growth that exceeds 40 percent for a 1-year period are targeted for further review. The State suggested that using thresholds is a useful way to help establish priorities for circumstances that require further review.

Louisiana Exception Reporting Using the Time and Attendance System

In addition to enhancing the accuracy of reported time and attendance data, as discussed earlier in this section, Louisiana plans to use TOTS to produce exception reports that help to identify potential fraud. Some of the reports that identify suspected cases of fraud that the State plans to produce include:

- *Care Provided Outside of Hours of Operations*—captures check-ins and check-outs that occur outside the provider’s authorized hours of operations.
- *Time and Attendance Data Exceeds License Capacity*—captures instances when providers have more children in care than permitted by their license.

- *Previous Check-In/Out Tracking*³—captures previous check-ins and previous check-outs for 4 or more consecutive days or 10 or more previous check-ins or check-outs for the month. It also will include previous check-ins and check-outs that are just more than 4 hours of care.
- *Household Designee in Multiple Cases*—identifies a client (i.e., authorized caregiver permitted to drop off or pick up the child from care) who is involved in three or more cases. The State indicated that this could suggest that an employee of a childcare facility is checking children in and out of the childcare facility, which is a violation of program rules.
- *Class U Provider for Multiple Cases*—captures a listing of Class U providers (i.e., providers who care for children in the child’s home) who are caring for children in more than one household.

The State expects that these reports will be a very useful way to automatically identify situations where providers are acting in a manner that is inconsistent with program and policy guidelines and may suggest fraudulent activities. The State will use the information gained from these reports to target investigations.

Lesson Learned from State Reporting and Data-Mining Projects

One of the key lessons from States with extensive reporting and data-mining strategies was that the first step is to understand that the effort is largely about using data that are already available. For many States, much of the data that can be used to enhance improper payment and fraud reporting is already available in the childcare information systems. However, reporting strategies are needed to mine and organize the information more effectively. To the extent that other State agencies possess the required information, efforts will be needed to include the parties involved in the management of these external systems.

States also identified a need to run reports regularly, but not so often that the reports become difficult to manage. Given the large amounts of available data—particularly when data are integrated across agencies—there is a potential to produce so many reports that they are difficult to review and manage. States need a framework for managing data that is responsive to available staff resources. Involving policy and program experts in the specification and review of reports is critical, as their expertise will aid in developing useful reports and effectively using the findings.

It also was noted that reports should be structured to identify the most serious cases of potential improper payments and fraud, so that program integrity staff can prioritize their investigation and recoupment efforts. States cautioned that the information used to develop reports is usually not

³ In some cases, a parent may not remember to use the biometric scanner and POS device to check the child out of care. When the parent next returns to the provider to drop off the child, some systems will not allow a check-in, because there was no check out recorded for the last time the child was in care. In these instances, the parent needs to perform a “previous checkout” where they manually enter the date and time the child was last checked out from care. Only after the previous check-out is completed will the system allow the parent to perform the check-in for the next day.

sufficient for investigations or prosecution efforts. Involving program integrity and legal staff in the definition of reports will help to create properly targeted reports and will better ensure that follow-up actions will take place based on the findings of these reports.

While developing a comprehensive reporting strategy has challenges, many States believe that the results are worth the investment. Many individuals indicated that using data reports to prevent or identify fraud early is far more effective than waiting until an investigation is triggered by a call to the State fraud hotline. Early identification through reporting will uncover more potential cases of fraud and will limit overall exposure. Effective use of reporting can substantially augment the State's other fraud and improper payment prevention efforts.

Online Portals

Chart 1.2 Provider Online Access Functions in the State Inventory, presents the extent to which States have implemented online portals that enhance access for clients and providers. Portal access allows clients and providers to supply information in a timely manner and to complete routine tasks over the Web. Portals also help States reduce the improper payments, as they provide an electronic record of information provided on applications and case change reporting forms. Errors resulting from manually entering client or provider information can be reduced in those States where the online application and change reporting functions are automatically uploaded from the portal to the State's childcare information system.

Utah Online Client Portal and MyCase System

Utah's client portal is an innovative example of how States have begun expanding the use of portals. Utah's childcare program is State managed and uses a centralized case-management system. Clients are not assigned to particular workers; their applications, supporting materials, and other case materials can be accessed and worked on by any staff member authorized to work on childcare cases. Most workers are located in a single facility and not in local offices throughout the State.

To support their case management method, Utah has implemented a variety of technology aids. In addition to a case management system that supports multiple human-services programs (known as eREP), the State also maintains a toll-free information line that clients can use to speak with a case worker in a central call center facility to request information on their case, discuss an application or redetermination, or report changes. An imaging system with an integrated content manager also is used to scan client documentation and create an electronic case folder, accessible to any authorized staff member.

Utah indicated that, when the move to centralized case management was made, some clients were concerned that they would no longer have a single point of contact through their case worker. In addition, when the call center was implemented, some clients were unhappy with what they felt were excessively long hold times before they were connected with a worker. In response to this, Utah has implemented a variety of online self-service features, such as a search for childcare providers, an eligibility prescreening tool, and an online application. Recently, the State also implemented an online chat function, so that clients can "chat" with case workers over the Internet, without having to call through the phone system. Utah indicated that there are

currently more than 1,000 chats recorded every day. Clients also can view benefit information, review case summaries, access and print forms, and make payments on the portal. Additional planned enhancements to the State's secure online client portal include

- a “MyCase” function that provides the ability to view copies of all documents submitted online, including the scanned images of the supporting verification documents processed by the State's imaging center. In addition to viewing the documents, clients will be able to see information such as the date the documents were submitted;
- the ability to view, print, and submit a review (redetermination) form online;
- enhanced application processing, including the ability to view a checklist of application requirements and download all relevant forms; and
- the ability to submit directly, via the portal, electronic copies of verification documents to the State's imaging center.

Utah also indicated that they have requested a Federal waiver, so that clients can request that all notifications happen via email, thereby eliminating paper correspondence. This should reduce processing times, reduce costs related to printing and mailing, and help provide parents with the most up-to-date information needed to maintain their benefits. The effort to enable clients to manage their ongoing program participation is in line with the State's belief that clients should assume greater responsibility for their benefits.

Lesson Learned from Online Portal Projects

Creating client and provider portals is a useful mechanism for enhancing access to services as well as for reducing required staff time. However, these benefits are only realized when clients and providers use the portals to complete required tasks. It is important to understand the level of technological knowledge of a State's childcare client and provider populations and to accurately gauge the extent to which a portal will be used. While the level of technological competence among clients may be higher than many believe, issues such as Internet connectivity and ease of use are factors that States should consider when implementing their portals. Adequate publicity and marketing efforts for new and enhanced portals are also important. These efforts should be targeted at clients and providers, as well as the partners they work with, such as nonprofit agencies, schools, provider associations, and childcare resource and referral agencies.

Imaging Systems

Several States have implemented imaging systems in their childcare programs. Other States expressed interest in learning more about how imaging systems are used, how information is maintained and shared with other programs, and the effectiveness of imaging systems to reduce improper payments, increase staff productivity, and reduce the burden on clients.

For many States, the implementation of document scanning systems arose out of a need to improve the organization of their paperwork. Several of the States profiled for this section indicated that, prior to implementing their scanning systems, they were overwhelmed with receiving, organizing, and maintaining paper documents. Documents such as client applications, verification documents, and correspondence were maintained in paper files, and workers were

responsible for physically searching through materials to locate documentation to perform their day-to-day work.

There are numerous drawbacks to manually organizing the paperwork associated with childcare program operations, such as the need to manually enter information from paper forms into the case management system, the inability to locate misfiled information, and the need to request the same verification materials from clients multiple times. Due to the volume of information received, manual processing is inefficient, demands significant caseworker time and effort, and sometimes results in workers being unable to complete their work in a timely fashion. For example, the inability to locate client-provided documentation could result in delays in processing an application, sometimes failing to meet deadlines established in the State's own policy for issuing childcare benefits.

Benefits of Imaging Systems

States with imaging systems indicated that the most significant benefit has been an increase in efficiency and productivity. The implementation of imaging systems has helped States eliminate manual processing and create a paperless office where documentation is received, scanned, connected with a case file, and then immediately made available to a caseworker. One State indicated that, as a result of the efficiency gains from the imaging system, they have been able to increase caseload sizes without increasing the overall burden on the case management staff.

There are many positive benefits of imaging systems for clients. Because all documentation is scanned, clients only need to provide "static" documentation (e.g., birth certificates and drivers' licenses) one time. Electronic images are rarely lost and clients no longer need to resubmit identical verification information due to the original documents being misplaced. States with integrated imaging systems serving multiple human services programs also share documentation more efficiently, thereby reducing the need for clients to submit the same documents to workers in different State programs.

Imaging systems help to reduce improper payments. One State noted that their imaging systems allow program integrity staff to receive and review documents concerning ongoing eligibility more rapidly and to take remedial actions more quickly. For example, an investigator can obtain a document the same day it is scanned, review it, and work with the case manager to modify benefits accordingly. In cases in which eligibility has not been determined, potential errors are corrected prior to issuing benefits. For cases in which benefits have already been granted, potential errors leading to improper payments can be quickly corrected and the State's exposure limited.

In addition to reducing improper payments, imaging systems can improve the efficiency of conducting improper payment reviews. An imaging system allows State investigators to access all necessary case documentation quickly and eliminates the need to access paper documentation from physical case files.

State Examples

The following sections present three examples of State imaging systems.

Connecticut

In 2001, Connecticut implemented a central imaging system in which clients mail or fax documentation to a central office. Documentation is received, sorted, and scanned into the imaging system in the central facility and then attached to the appropriate case. Once the documents are scanned into the imaging system, they are available to all authorized workers.

Prior to implementing its imaging system, Connecticut's childcare program was administered in regional offices with case workers assigned to specific cases. During the next few years, the childcare program expanded rapidly and the amount of paper documents handled by regional office staff became increasingly difficult to manage. The State indicated that the volume of paperwork impacted casework, as workers would spend significant time searching for paper documentation, sending requests to other departments for verification information, and physically moving files when cases were transferred.

In 2001, the State began efforts to implement an imaging system as part of a larger childcare information system procurement.⁴ At the same time, the State reorganized program administration so that caseworkers were primarily located at a central State facility. To streamline operations, the State implemented a centralized imaging facility at the central office site. Because the system is centralized, the State only had to implement four scanning stations to handle the required access. This has substantially reduced overall operation costs related to imaging, and also enabled the State to implement the system in only 9 months.

Imaging activities now are performed in the mailroom. This reduces the likelihood that documents are misplaced or lost. Most of the documents are received via U.S. mail or fax, although clients can drop off documents at any of the 13 Department of Social Services (DSS) offices across the State. Once received, most documents are scanned, indexed, and assigned to cases without ever leaving the mailroom. The State uses the FileNet document management product for managing the scanned images. Authorized staff have access to view and make notes on scanned images. FileNet also is integrated directly into the Child Care Management Information System (CCMIS) so that documents are associated with the appropriate cases through FileNet. In addition to maintaining images of incoming families and 23,000 children receiving benefits through the State's childcare program, the State also has an outgoing document process, whereby documents that are sent to clients are scanned and available for viewing by authorized workers.

In Connecticut, the imaging system currently supports approximately 13,000 families and 23,000 children receiving benefits through the State's childcare program. The system handles approximately 3,000 applications per month (10 pages each) and the related verification

⁴ The State's Child Care Management Information System (CCMIS) is the primary information system for managing the State's childcare program.

information. The system also images documentation from more than 10,000 childcare providers involved in the program. Imaging handles provider documents including billing forms, W-9s, and criminal background checks.

Connecticut's Results

Connecticut has experienced numerous benefits since implementing their imaging system. A primary benefit is more efficient program administration. The State indicated that the childcare offices are virtually paperless. Not only does this enhance efficiency for individual workers, it also has allowed the State to centralize the program's administration in a central State location—something that would not have been possible otherwise.

Connecticut continues to evaluate potential enhancements to the imaging system. Some notable desired enhancements are integration between the fax server and the scanning system, so that faxed documents can be immediately loaded into the system, and building an interface with the Department of Health, so that provider licensing documentation can be accessed through FileNet by both programs.

Connecticut indicated that the imaging system has helped to significantly reduce improper payments. They have minimal errors related to inadequate case documentation, as all documents are now centrally maintained in the imaging system. The State also suggested that it needs less time to complete improper payment reviews, as all case documentation is available on a central server and reviewers do not need to travel to regional offices to review physical case files.

The State also stated that there is significantly improved customer service. Prior to using the imaging systems, it was not uncommon for workers to misplace documentation, resulting in increased processing times and delays in approving applications. In addition, parents were often asked to send in documentation multiple times. All of these issues have been substantially resolved.

Utah's Imaging System

Utah began implementing an imaging system in 2001 and completed the statewide rollout of the system in 2002. Utah's key objectives were to realize efficiencies and cost savings, improve customer service, and provide technology support for centralizing human services program operations in a single statewide location. Utah's imaging system is an enterprise effort within the Department of Workforce Services (DWS), which is the State agency with purview over most human services programs. Document imaging is a standard process for all DWS programs and authorized workers in any of the related programs can see the relevant case information and documentation that has been scanned and loaded into the system.

Similar to Connecticut, Utah maintains a central facility where all documents are received, sorted, scanned, and associated with the correct childcare case. The State indicated that the use of a central facility is extremely efficient and that they typically image all documents within 24 hours of receipt. They also noted that the central facility ensures standardization in the imaging process.

In addition to the central imaging facility, clients can submit information at any of the State's local employment offices, through U.S. mail or by fax. While most documents are forwarded to the central imaging center, each local office has a scanning machine to ensure that time-sensitive documents can be scanned and loaded quickly.

In instances where customers send emails to their case workers, the emails are forwarded to the imaging center where they are printed and scanned into the system. To ensure that emails are routed correctly, the State maintains a single email address for the scanning facility. The State also noted that they plan to enhance the imaging system so that emails can be imported directly into the imaging system.

Utah's Results

Utah's imaging system has helped to decrease improper payments and fraud. By scanning the customer's information and attaching it to the case, the information is readily available to any assigned eligibility worker. Given that Utah has a 24-hour standard for scanning documents, the system also assures workers that they have the most up-to-date information possible.

Utah also noted that their imaging system ensures that all case documentation is centrally located on the State's servers, thereby ensuring that any worker can access the case, regardless of where the worker or the customer is located. This has significantly reduced the time necessary to process applications and redeterminations.

Wisconsin's Electronic Case File

Wisconsin maintains an imaging system known as the Electronic Case File (ECF). The system is a multiagency effort led by the Wisconsin Department of Health (DHS) to create electronic case files based on scanned images of all casework documentation. Documentation includes applications, verification documents, redeterminations, and ongoing correspondence. While DHS is the lead agency, the ECF is also used by the Department of Children and Families (DCF) in support of its benefits programs, which include childcare, SNAP, Medicaid, and Wisconsin Works (TANF).

ECF has a structured process for scanning documents so that documentation for each case is entered in a consistent fashion and made available to authorized workers. Security for the system is tightly maintained, so that workers cannot access any confidential information for which they are not authorized (e.g., health information that is unavailable because of HIPAA restrictions). Because Wisconsin provides services through local offices, scanning equipment is available at each local office. Local offices are responsible for scanning documents into the ECF.

ECF uses a series of automated alerts so that, as documentation is received into one program, workers in other programs receive alerts that there is new case-related information. For example, if a client provides information for a Wisconsin Works redetermination, workers on related cases (e.g., childcare and Medicaid) will receive a notification that there is new information. This allows all workers to remain as current as possible on case changes and to take action as needed.

Wisconsin's Results

As with other States, Wisconsin indicated that ECF has improved efficiency, reduced the amount of lost documentation, and generally enabled a transition to a paperless office. Customer reaction has been largely positive, particularly because clients are rarely, if ever, asked to submit the same documentation multiple times. The State also suggested that the system has enabled them to conduct their childcare improper payment reviews from a central location using entirely electronic documentation.

Lessons Learned from State Imaging Systems Projects

States offered a number of lessons learned with regard to implementing and operating scanning systems. All States noted the importance of spending the time necessary to carefully design and validate the business processes for scanning documents and attaching them to case files. While imaging systems offer increased efficiency, reduced errors, and decreased burden on clients, these benefits are most effectively realized when the scanning processes are as streamlined as possible. In particular, a sound process for attaching the scanned documents to the appropriate case file was emphasized, as this helps to ensure that the documents are available to the correct workers.

States also noted that the business processes for using the imaging system should align with the State's case management processes. For example, in both Connecticut and Utah, case management staff are centrally located and case management staff are not assigned to specific cases. Rather, case managers can access and work on any cases across the State. In these States, documents are routed to a central location where they are imaged, attached to cases, and then available through the Statewide imaging system. These States indicated that this has increased overall operational efficiency and also provided a consistent process for handling and imaging documents. In contrast, Wisconsin's childcare program has individually assigned case managers in local offices and these staff are responsible for scanning documentation received for their cases.

Some States mentioned the importance of redesigning paperwork prior to implementing an imaging system to ensure it can be processed correctly. Some specific suggestions were to be aware of whether certain colored paper can be adequately reproduced through a scanner, to request that clients remove all staples from their documents before sending them in, and to avoid folded paper whenever possible. It also was mentioned that there needs to be a process to reproduce and enhance some documents on a photocopier before scanning, to ensure that the image will be picked up correctly by the scanner. One State also indicated the need for a process to handle unstructured documents, such as check stubs, bank statements, and any correspondence from third parties (e.g., physicians). Finally, most States with imaging systems do not return submitted documentation to the client and it was noted that clients should be informed of this. States also noted that the imaging system should be designed with a user interface that is intuitive and easy to navigate. It was stressed that caseworkers use the imaging system constantly to view information, so there should be an easy document retrieval process. Because most childcare cases have a significant amount of associated documentation, it is necessary to keep all of the supporting documents together in an electronic case folder, so that workers can view all documentation in one location.

One State stressed the need to adequately estimate the volume of documentation that would be received and scanned. Without the sufficient scanning equipment and staff resources, there is the potential for a backlog to accumulate. This may inhibit staff's ability to complete application processing and redeterminations within required timeframes. This was suggested as a consideration in both urban and rural offices. In the larger urban offices, staff can sometimes be overwhelmed by the sheer volume of information received, particularly during times when applications increase, such as summer months when parents are applying for care for their school-age children. It also was noted that rural offices sometimes have lags in their scanning times, as the smaller number of staff—who in many cases have multiple responsibilities—are not able to complete scanning activities within the required timeframes. Moreover, when new documentation requirements are implemented, the impact on the volume of documentation to be scanned must be considered.

A final lesson learned was that States considering imaging systems should take the opportunity to evaluate their reporting requirements for clients to determine whether required documentation can be reduced. Not only does this reduce the reporting burden on clients, it also reduces the amount of documentation that must be imaged and processed. This will help increase overall efficiency and also allow workers to spend less time processing documentation. This is particularly true for States where local workers will scan documents, rather than using a central scanning unit. Because local staff are not dedicated to scanning documentation, any reductions in the amount of time they spend imaging documents can be put toward other case-related activities.

Verification of Eligibility Documentation

A number of States have implemented enhanced automated tools to support validation of client and provider information during the application process in order to identify and take action on potential abusers of the childcare program. The benefit of enhancing such detection tools during the initial stages of the case is that it enables States to identify suspicious activities that may signal a potential case of fraud and to take action on it before an improper payment occurs.

The need for front-end detection tools was highlighted by a recent General Accounting Office (GAO) report that tested fraud prevention controls in five States.⁵ For the study, GAO investigators posed as fictitious parents or relative childcare providers. In the study, the GAO investigators were able to successfully elicit \$11,702 in erroneous childcare payments in four of the five States tested. While this study tested controls in only five States, it underscored the need for States to improve their ability to detect potential cases of fraud and abuse at various points in the process, including at the initial eligibility determination.

⁵ U.S. Government Accountability Office, *CHILD CARE DEVELOPMENT FUND, Undercover Tests Show Five States Programs Are Vulnerable to Fraud and Abuse*, GAO-10-1062. Washington, DC: General Accounting Office, September, 2010.

State Example

The following section presents an example of one State that has implemented automated support to assist in the review of eligibility related documentation submitted by persons seeking childcare benefits.

Illinois' Public Aid Communication System (IPACS)⁶

The Illinois Department of Public Aid has developed a cross-program information system, accessible by various human services agencies, for accessing information that has been supplied to various State programs by residents of the State. The system is called the Illinois Public Aid Communication System (IPACS). The system provides authorized staff with an integrated set of databases that contain information on public assistance clients as well as public information about residents of Illinois. Staff can then use IPACS to clarify the information provided by childcare clients during their initial application process and when ongoing eligibility redeterminations are performed.

Data available in IPACS includes

- information on clients participating in the State's health and human services programs (i.e., TANF, SNAP, and Medicaid);
- information on receipt of SSA and SSI benefits;
- access to the Automated Wage Verification System;
- information on clients receiving services through the State's Child Support Enforcement Program;
- birth records that are available from the Illinois Department of Public Health; and
- information from the Chicago Public Schools.

Staff members use these data sources to clarify the information provided by clients during their initial application, redeterminations, and as part of the ongoing change reporting process. In addition to these tools, staff members also routinely use Google Maps to validate that addresses provided by clients actually exist. In addition, satellite images available via Google can help staff to validate that provider facilities actually are existing buildings.

Illinois' effort is aimed at preventing improper payments before they occur. The ability to review information on work status, income, child support, and other key factors during the eligibility determination process provides an important means for identifying information that may have been misrepresented in the application. Illinois noted that it was one of the States in the above-referenced GAO report and was the only State that prevented investigators from improperly accessing childcare benefits.

⁶ Information was provided to the Office of Child Care during a recent Program Integrity Conference Call.

APPENDIX A.

The Inventory of State Childcare Information Systems presented information in chart format to provide a national perspective on the automation implemented across the country by State childcare agencies. This appendix provides an alternative view of the same data depicted in the charts. Readers who wish to view the current functionality in a specific State's childcare information system may find it useful to reference the tables provided in this appendix. Each chart in the inventory is represented in tabular format in this appendix.

Current Level of State Support for Online Public and Client Access

Table A.1 provides an overview of the online functionality that each State offers to individuals interested in childcare services. Features include the ability to search for providers, perform a prescreening for eligibility for the State's subsidized childcare program(s), complete and submit an online application, and report cases of suspected childcare fraud or abuse. Following are the definitions used for each inventory item in the table:

- *Column A:* indicates whether an individual can search for childcare providers through an online, publicly available website using criteria such as name of a provider, provider type, geographic location, and types of care provided.
- *Column B:* indicates whether an individual can conduct an online prescreening to determine his or her potential eligibility for State-subsidized childcare based on financial and demographic characteristics.
- *Column C:* indicates whether an individual can submit an application for State-subsidized childcare through an online service. States that also allow clients to submit verification documents through an online tool are listed in the footnotes to the table.
- *Column D:* indicates whether any individual can use an online website to report suspected cases of fraud or program abuse. To be included, the State must have functionality available on a State childcare website, human services website, or other State government website. States are shown as having this functionality, whether the site is specific to reporting childcare fraud or accepts more general types of fraud reports, such as "welfare fraud."

Table A.1. Online Access to Childcare Services for the Public

State	<u>A</u> Ability to Search for Childcare Providers	<u>B</u> Prescreen for Potential Eligibility	<u>C</u> Ability to Complete and Submit Online Application	<u>D</u> Report Suspected Fraud Online
Alabama	✓			
Alaska	✓			
Arizona	✓	✓		✓
Arkansas	✓	✓		
Colorado	✓	✓	✓	✓

State	A Ability to Search for Childcare Providers	B Prescreen for Potential Eligibility	C Ability to Complete and Submit Online Application	D Report Suspected Fraud Online
Connecticut ¹	✓	✓		✓
Delaware	✓	✓	✓	
Dist of Columbia	✓			
Florida	✓	✓	✓ ²	✓
Georgia	✓	✓	✓	
Hawaii	✓			
Idaho	✓			✓
Illinois	✓	✓		✓
Indiana	✓	✓		
Iowa	✓	✓	✓	
Kansas	✓	✓	✓	
Kentucky	✓			
Louisiana	✓	✓	✓	✓
Maine	✓			
Maryland	✓	✓		✓
Massachusetts	✓	✓		
Michigan	✓	✓		✓
Minnesota	✓	✓	✓ ³	
Mississippi	✓			
Missouri	✓			✓
Montana	✓			
Nebraska	✓	✓	✓	
Nevada	✓			✓
New Hampshire	✓			
New Jersey ⁴	✓	✓		
New Mexico	✓	✓		
New York	✓	✓		
North Carolina	✓			✓
North Dakota	✓		✓	
Ohio	✓			✓
Oklahoma	✓	✓		
Oregon	✓			

State	A Ability to Search for Childcare Providers	B Prescreen for Potential Eligibility	C Ability to Complete and Submit Online Application	D Report Suspected Fraud Online
Pennsylvania	✓	✓	✓	✓
Rhode Island	✓			✓
South Carolina	✓			✓
South Dakota				✓
Tennessee	✓			
Texas	✓	✓		
Utah	✓	✓ ⁵	✓	✓
Vermont	✓	✓	✓	✓
Virginia	✓	✓		✓
Washington	✓	✓	✓	✓
West Virginia	✓			✓
Wisconsin	✓	✓	✓	✓
Wyoming	✓			✓
Totals	49	28	15	24

¹ CT does not have an online application but does allow clients to fax a verification document to a State office fax server, where it is printed and rescanned into the eligibility system.

² This functionality is under development.

³ This function is currently under development and is scheduled for completion in summer 2011.

⁴ Family childcare providers are not included in the statewide search tool.

⁵ Applicants can submit required verification documents online. (This functionality will be implemented in late 2011.)

Current Level of State Support for Online Provider Access

Table A.2 presents information about which States maintain online access for childcare providers. The table specifically addresses the functionality available through online Web portals, where providers can use their unique user ID and password to access a secure website to complete routine tasks online. Following are the definitions used for each inventory item in the table:

- *Column A:* indicates whether the State has an online provider portal that allows providers to conduct one or more activities related to the State's subsidized childcare program, including applying to be a provider, engaging in the State's licensing process, and/or managing invoicing and payments.
- *Column B:* indicates whether the State's online provider portal allows providers to submit an online application to participate in the State's childcare subsidy program.
- *Column C:* indicates whether the State's online provider portal allows providers to enter attendance online or to otherwise create and submit an invoice for services provided. In some States, providers only report time and attendance, and the State

computes the payment, thereby eliminating the need for providers to submit a formal invoice. In other States, providers create their own invoices based on child attendance and then submit the invoice to the State. In this column, a State is counted as having the functionality if its portal allows a provider to create and submit an online invoice or to report time and attendance.

- *Column D:* indicates whether the State's online provider portal allows providers to check the status of outstanding payments.
- *Column E:* shows any additional provider portal functions implemented by States. Where the nature of the additional functions is known, they are listed. If a State has other provider portal functions but the functions are not known, then a checkmark appears.

Table A.2. Online Access to Childcare Services for Childcare Providers

State	<u>A</u> Online Provider Portal (with Any Provider- Specific Functionality)	Type of Functionality Available to Childcare Providers			
		<u>B</u> Submit Application to Participate in State Childcare Subsidy Program	<u>C</u> Enter Attendance or Create/ Submit Online Invoices	<u>D</u> Check Payment Status Online	<u>E</u> Other Functions
Alabama	✓ ¹			✓ ¹	✓ ²
Alaska					
Arizona					
Arkansas	✓	✓	✓	✓	✓
Colorado					
Connecticut					
Delaware	✓		✓ ³		✓
District of Col.	✓		✓		
Florida	✓	✓ ⁴	✓	✓	
Georgia	✓		✓	✓	✓
Hawaii					
Idaho					
Illinois					
Indiana	✓			✓	
Iowa	✓	✓	✓	✓	Reporting
Kansas	✓	✓ ⁴		✓	Update Provider Information View Provider Agreements

State	<u>A</u> Online Provider Portal (with Any Provider- Specific Functionality)	Type of Functionality Available to Childcare Providers				<u>E</u> Other Functions
		<u>B</u> Submit Application to Participate in State Childcare Subsidy Program	<u>C</u> Enter Attendance or Create/ Submit Online Invoices	<u>D</u> Check Payment Status Online		
Kentucky	✓	✓ ⁴	✓	✓		
Louisiana ⁵	✓	✓	✓	✓		
Maine ⁴	✓		✓	✓		
Maryland				✓		
Massachusetts	✓		✓	✓	Determine Child Eligibility Enroll Children	
Michigan	✓		✓	✓	Check Historical Payments	
Minnesota	✓		✓	✓		
Mississippi						
Missouri	✓		✓			
Montana						
Nebraska						
Nevada	✓		✓			
New Hampshire	✓		✓	✓		
New Jersey						
New Mexico						
New York	✓ ⁴		✓ ⁴			
North Carolina						
North Dakota						
Ohio	✓			✓	Submit Provider Agreements	
Oklahoma	✓		✓	✓	Reporting	
Oregon ⁶	✓		✓		✓	
Pennsylvania	✓	✓	✓ ⁷	✓ ⁷	Update Provider Information	
Rhode Island	✓			✓		
South Carolina	✓		✓	✓		
South Dakota	✓		✓			
Tennessee ⁸						
Texas	✓	✓	✓		✓	

State	A Online Provider Portal (with Any Provider- Specific Functionality)	Type of Functionality Available to Childcare Providers				E Other Functions
		B Submit Application to Participate in State Childcare Subsidy Program	C Enter Attendance or Create/ Submit Online Invoices	D Check Payment Status Online		
Utah	✓	✓	✓	✓	Access Case Information	
Vermont	✓	✓	✓	✓	Professional Development Activities	
Virginia						
Washington ⁸						
West Virginia	✓			✓		
Wisconsin	✓		✓	✓		
Wyoming				✓		
Totals	31	10	25	25	15	

¹ The functionality is currently under development and will be available statewide in August 2011.

² Functionality is under development that will allow providers to view copayments, authorized hours of attendance, and the authorization period for children enrolled at the facility. These features will be available statewide in August 2011.

³ This function is not available for informal childcare providers.

⁴ This functionality is under development.

⁵ All functionality is included in a recent RFP for Louisiana's CAFÉ system.

⁶ This function will be available in a new system scheduled for implementation in late 2011.

⁷ Online billing currently does not support all children in subsidized care, as providers are not required to submit billing via the online system.

⁸ Information is not available.

Current Level of State Support for Eligibility and Authorization

Table A.3 presents information on the automated support that each State's childcare information system(s) has for eligibility determination, benefit calculation, and authorization of childcare for specific time periods and/or for services from a specific provider. Following are the definitions used for each inventory item in the table:

- *Columns A and B:* indicate whether the State has automated support for the eligibility and benefit calculation functions. Column A shows which States have automated eligibility determination, where the eligibility worker inputs relevant client data and the system returns the eligibility decision. Column B shows which States have automated support for calculating both the maximum State benefit and the applicable client copayment.
- *Columns C, D, and E:* indicate the extent to which the State's childcare automated system(s) supports the process of authorizing children for specific time periods and/or to specific childcare providers. Column C indicates whether a State has automated

support for creating an authorization. These functions include the ability for a childcare worker to link the child to a specific provider and indicate the hours the child is authorized to be in the care of that provider. Columns D and E show whether the State has automated checks to validate family and provider eligibility prior to completing the authorization of services for the child.

Table A.3. Automated Support for Eligibility and Authorization Functions

State	Eligibility and Benefit Functions		Authorization Functions		
	<u>A</u> Automated Eligibility Determination	<u>B</u> Automated Benefit and Copayment Calculation	<u>C</u> Automated Support for Authorization	<u>D</u> Automated Validation that Family is Eligible Prior to Authorization	<u>E</u> Automatic Validation that Provider is Eligible to Participate in Subsidy Program
Alabama	✓	✓	✓	✓	✓
Alaska	✓	✓	✓	✓	✓
Arizona	✓	✓	✓	✓	✓
Arkansas	✓	✓	✓	✓	
Colorado	✓	✓	✓	✓	✓
Connecticut	✓	✓	✓	✓	✓
Delaware	✓	✓	✓	✓	✓
District of Col.		✓	✓	✓	✓
Florida	✓	✓	✓	✓ ¹	✓ ¹
Georgia		✓	✓		✓
Hawaii	✓		✓	✓	✓
Idaho	✓	✓	✓	✓	
Illinois	✓	✓	✓	✓	✓
Indiana	✓	✓	✓	✓	✓
Iowa		✓ ²	✓	✓	✓
Kansas	✓	✓	✓	✓	✓
Kentucky	✓	✓	✓	✓	✓
Louisiana	✓	✓	✓	✓	✓
Maine	✓	✓	✓	✓	
Maryland	✓	✓	✓	✓	✓
Massachusetts	✓	✓	✓	✓	✓
Michigan	✓	✓	✓	✓	✓
Minnesota	✓	✓	✓	✓	✓
Mississippi	✓	✓			

State	Eligibility and Benefit Functions		Authorization Functions		
	<u>A</u> Automated Eligibility Determination	<u>B</u> Automated Benefit and Copayment Calculation	<u>C</u> Automated Support for Authorization	<u>D</u> Automated Validation that Family is Eligible Prior to Authorization	<u>E</u> Automatic Validation that Provider is Eligible to Participate in Subsidy Program
Missouri	✓	✓	✓	✓	✓
Montana	✓	✓	✓	✓	✓
Nebraska	✓	✓	✓	✓	✓
Nevada	✓	✓	✓	✓	✓
New Hampshire	✓	✓	✓	✓	
New Jersey	✓	✓	✓	✓	
New Mexico	✓	✓	✓	✓	✓
New York	✓	✓	✓	✓	✓ ¹
North Carolina					
North Dakota					
Ohio	✓	✓	✓	✓	✓
Oklahoma	✓	✓	✓	✓	✓
Oregon	✓	✓	✓	✓	✓
Pennsylvania	✓	✓	✓	✓	✓
Rhode Island	✓	✓			
South Carolina		✓	✓	✓	✓
South Dakota	✓	✓	✓	✓	✓
Tennessee	✓	✓	✓		
Texas	✓	✓	✓	✓	
Utah	✓	✓	✓	✓	✓
Vermont	✓	✓	✓	✓	✓
Virginia	✓	✓	✓	✓	✓
Washington ³					
West Virginia	✓	✓	✓	✓	✓
Wisconsin	✓	✓	✓	✓	✓
Wyoming	✓	✓	✓	✓	✓
Totals	43	46	45	43	38

¹ This functionality is under development.

² The system calculates the copayment but not the benefit amount.

³ Information is not available.

Current Level of State Support for Case Management

Table A.4 presents information on the types of automated case management support available in each State's childcare information system(s). The following information is included in the table:

- *Column A:* indicates whether States have any automated support for managing childcare cases. This includes managing basic data about the household members of the childcare case and more advanced functions, such as automatically tracking case redetermination dates, alerting workers when case events happen, and offering automatic case assignment and other workload management functions.
- *Columns B, C, and D:* indicate specific types of automated case management functions available in State systems. Column C shows which States have automatic tracking of case redetermination timeframes. Column D indicates States in which childcare workers receive automated alerts when there are changes to a case, such as alerts indicating updated financial information that affects eligibility status or alerts indicating failure to report required information. Column E indicates States with automated workload or case assignment functions, such as automatic assignment of new cases to workers based on predefined criteria.

Table A.4. Automated Support for Case Management

State	A Automated Support for Case Management	Case Management Functions		
		B Automated Tracking of Case Redeterminations	C Automated Alerts to Workers for Case Changes	D Automated Support for Case Assignment/Workload Management
Alabama ¹	✓	✓		✓
Alaska	✓	✓		✓
Arizona	✓	✓		
Arkansas	✓	✓	✓	✓
Colorado	✓	✓	✓	✓
Connecticut	✓	✓	✓	✓
Delaware	✓	✓	✓	
District of Col.	✓	✓	✓	✓
Florida	✓	✓	✓	✓ ²
Georgia	✓	✓		✓
Hawaii	✓	✓	✓	
Idaho	✓	✓		
Illinois	✓	✓ ²	✓	
Indiana	✓	✓	✓	
Iowa	✓	✓	✓	✓
Kansas	✓	✓	✓	✓

State	A Automated Support for Case Management	Case Management Functions		
		B Automated Tracking of Case Redeterminations	C Automated Alerts to Workers for Case Changes	D Automated Support for Case Assignment/Workload Management
Kentucky	✓	✓	✓	✓
Louisiana	✓	✓	✓	✓ ³
Maine	✓			✓
Maryland	✓	✓	✓	✓
Massachusetts	✓	✓	✓	✓
Michigan	✓	✓	✓	✓
Minnesota	✓	✓	✓	✓
Mississippi	✓	✓		
Missouri	✓	✓	✓	✓
Montana	✓		✓	✓
Nebraska	✓	✓	✓	✓
Nevada	✓	✓	✓	
New Hampshire	✓	✓	✓	
New Jersey	✓	✓		
New Mexico	✓	✓	✓	✓
New York	✓	✓	✓	
North Carolina	✓ ⁴			
North Dakota	✓	✓		
Ohio	✓	✓	✓	✓
Oklahoma	✓	✓	✓	
Oregon	✓	✓	✓	
Pennsylvania	✓	✓	✓	
Rhode Island	✓	✓	✓	✓
South Carolina	✓	✓		
South Dakota	✓ ⁴			
Tennessee ⁵				
Texas	✓	✓	✓	✓
Utah	✓	✓	✓	✓
Vermont	✓	✓		✓
Virginia	✓	✓	✓	✓
Washington ⁵				

State	A Automated Support for Case Management	Case Management Functions		
		B Automated Tracking of Case Redeterminations	C Automated Alerts to Workers for Case Changes	D Automated Support for Case Assignment/Workload Management
West Virginia	✓	✓	✓	✓
Wisconsin	✓	✓	✓	
Wyoming	✓	✓		
Totals	48	44	34	28

¹ The system does not generate automated alerts to workers based on case changes but does allow workers to run reports showing redetermination timeframes.

² This functionality is under development.

³ This functionality is included in a recent RFP for Louisiana CAFÉ system.

⁴ The system only maintains basic client data.

⁵ Information is not available.

Current Level of State Support for Provider Licensing and Certification

Table A.5 presents information on the automated functions that States have to support the provider licensing and management functions. In many cases, these functions are not available in the State's primary childcare case management system but exist in other systems that are managed by different State agencies (e.g., Departments of Education, Health, or Family Services). If these other systems have an automated interface to the State's childcare system, and thus the function is directly available online to childcare staff, the function is considered to be present in the State's childcare system. Specific information presented in the table includes:

- *Column A*: indicates which States have automated support for the processes involved with licensing or certifying childcare providers.
- *Columns B, C, and D*: present the types of automated support for provider licensing that are available in each State:
 - *Column B*: indicates which States have automated support for conducting inspections of provider facilities. States with a check in this column are either (a) those with a remote tool (such as a Tablet PC or mobile device), where information collected during an inspection is captured on the device and then subsequently uploaded to the State's childcare information system; or (b) States in which inspection information can be entered into and maintained by the automated system.
 - *Column C*: indicates the States in which childcare workers receive automated alerts when a provider is no longer eligible to participate in the subsidized childcare program for any reason (e.g., licensing infractions, a change in the provider's circumstances that requires relicensing, or a provider no longer wishing to participate).
 - *Column D*: indicates which States have automated support for managing provider rates or contracts. In some cases, State systems maintain ceiling rates and customary rates and use them to calculate provider payment. Other States have

automated support for managing all aspects of the provider contracting process. A State has a checkmark in this column if its childcare system supports total contract management, provider rates management, or both.

Table A.5. Automated Support for Licensing and Provider Management

State	<u>A</u> Automated Management of Provider Licensing Function	<u>B</u> Automated Support for Conducting Inspections	<u>C</u> Alerts to Workers When Provider No Longer Eligible	<u>D</u> Automated Support for Managing Provider Rates/Contracts
Alabama	✓	✓	✓	✓
Alaska	✓		✓ ¹	✓
Arizona	✓		✓	✓
Arkansas	✓	✓	✓ ¹	✓
Colorado	✓	✓	✓	✓
Connecticut				✓
Delaware				✓
District of Col.	✓		✓	✓
Florida				✓
Georgia	✓		✓	✓
Hawaii	✓		✓ ¹	✓ ²
Idaho			✓ ¹	✓
Illinois				✓
Indiana	✓	✓	✓	✓
Iowa	✓	✓	✓	✓
Kansas	✓	✓ ³	✓	✓
Kentucky	✓	✓ ³	✓ ³	✓
Louisiana	✓	✓	✓	✓
Maine		✓	✓	
Maryland	✓	✓	✓	✓
Massachusetts	✓	✓		✓
Michigan	✓		✓	✓
Minnesota	✓		✓	✓
Mississippi				✓
Missouri	✓	✓	✓	✓
Montana	✓	✓	✓	✓
Nebraska	✓	✓	✓	✓

State	A Automated Management of Provider Licensing Function	B Automated Support for Conducting Inspections	C Alerts to Workers When Provider No Longer Eligible	D Automated Support for Managing Provider Rates/Contracts
Nevada	✓		✓	✓
New Hampshire				✓
New Jersey				✓
New Mexico	✓		✓	✓
New York	✓	✓		
North Carolina	✓	✓	✓	✓
North Dakota	✓		✓	✓
Ohio	✓	✓	✓	✓
Oklahoma	✓	✓	✓	✓
Oregon	✓	✓	✓	✓
Pennsylvania	✓	✓	✓	✓
Rhode Island				✓
South Carolina				
South Dakota	✓		✓	✓
Tennessee ⁴				
Texas	✓	✓	✓	✓
Utah	✓	✓	✓	✓
Vermont	✓		✓ ¹	✓
Virginia	✓	✓	✓	✓
Washington ⁴				
West Virginia	✓	✓	✓	✓
Wisconsin	✓	✓ ⁵	✓	✓
Wyoming	✓	✓	✓	✓
Totals	37	26	37	45

¹ The system does not alert workers when the provider is no longer eligible but does stop payments to ineligible providers. In Hawaii, the system alerts workers and stops payments to ineligible providers.

² The system records the maximum provider rate only.

³ The functionality is currently under development.

⁴ Information is not available.

⁵ The system is only used for certified providers.

Current Level of State Support for Collection of Time and Attendance

Table A.6 presents information about the extent of automated support for collecting time and attendance information. The table includes all common types of automation used to collect time and attendance data, including swipe cards and Point of Service (POS) devices, biometric devices, automated phone systems, and online systems where providers enter time and attendance. As noted previously, some States have multiple types of automated time and attendance reporting. Specific information included in the table is as follows:

- *Column A*: indicates which States have any type of automated support for collecting and reporting time and attendance data from providers.
- *Columns B through E*: present the types of automated attendance reporting systems implemented in the States with automated reporting:
 - *Column B*: Swipe cards and POS readers. Swipe cards, used in many States, are given to parents and other authorized custodians, who then “swipe” the card through a POS reader when children arrive and leave the childcare facility. This information is then automatically transferred to the State’s childcare information system and used to calculate the provider’s regular payment.
 - *Column C*: Biometric devices operate on the same principal as swipe cards and POS readers but, rather than sliding a card through a reader, biometric information (typically finger images) is used to check children into and out of care. At the same time, the system verifies that the child (or parent) is authorized to receive care from that provider.
 - *Column D*: Some State systems allow providers to report attendance via the telephone. Often referred to as Interactive Voice Response (IVR) units, providers typically call the IVR and then either speak or key in identifying information for the provider and each child, followed by the times that care was provided for each child.
 - *Column E*: Numerous States have created online systems where providers logon to a secure website to report child time and attendance. This information is then verified against information in the State’s childcare system and used to calculate the provider’s payment for the period.

Table A.6. Automated Support for Attendance Reporting

State	<u>A</u> Automated Attendance Reporting	Type of Attendance Reporting			
		<u>B</u> Swipe Card/POS Reader	<u>C</u> Biometric Device	<u>D</u> Phone Based	<u>E</u> Online Provider Reporting
Alabama	✓ ¹	✓ ¹			
Alaska					
Arizona					
Arkansas	✓			✓	✓
Colorado	✓	✓			

State	<u>A</u> Automated Attendance Reporting	Type of Attendance Reporting			
		<u>B</u> Swipe Card/POS Reader	<u>C</u> Biometric Device	<u>D</u> Phone Based	<u>E</u> Online Provider Reporting
Connecticut					
Delaware	✓				✓
District of Col.	✓				✓
Florida	✓				✓
Georgia	✓				✓
Hawaii					
Idaho					
Illinois	✓			✓	
Indiana	✓	✓			
Iowa	✓				✓
Kansas					
Kentucky	✓				✓
Louisiana	✓		✓	✓ ²	
Maine					
Maryland					
Massachusetts	✓				✓
Michigan	✓			✓	✓
Minnesota					
Mississippi					
Missouri	✓				✓
Montana					
Nebraska					
Nevada	✓				✓
New Hampshire	✓				✓
New Jersey					
New Mexico					
New York	✓ ¹				✓ ¹
North Carolina	✓ ¹	✓			
North Dakota					
Ohio	✓ ¹	✓		✓	✓ ³
Oklahoma	✓	✓			
Oregon					

State	<u>A</u> Automated Attendance Reporting	Type of Attendance Reporting			
		<u>B</u> Swipe Card/POS Reader	<u>C</u> Biometric Device	<u>D</u> Phone Based	<u>E</u> Online Provider Reporting
Pennsylvania	✓ ¹				✓ ¹
Rhode Island	✓				✓
South Carolina	✓				✓
South Dakota					
Tennessee ⁴					
Texas	✓	✓	✓ ⁵	✓	✓
Utah	✓			✓	
Vermont	✓			✓	✓
Virginia	✓ ¹	✓			✓
Washington ⁴					
West Virginia					
Wisconsin	✓ ¹		✓ ⁵		
Wyoming	✓ ¹	✓ ¹		✓ ¹	✓ ¹
Totals	30	9	3	9	21

¹ The system is currently under development. In NY, all local districts except New York City will use the time and attendance system once implemented.

² The function is only used by In-home providers and School Childcare Program providers.

³ Providers can only report absences online.

⁴ Information is not available.

⁵ In Texas, a proof of concept was conducted using biometric devices. Wisconsin is in the process of acquiring a biometric system.

Current Level of State Support for Payment Calculation

Most States have some form of automated payment processing. The differences tend to be in whether or not the payment processing functions accommodate the various adjustments and specialized rate structures that apply to certain payments for childcare services.

Table A.7 presents information on the types of automated support that each State has for calculating provider payments. Specific information in the table includes:

- *Column A*: indicates States that have systems that calculate provider payments.
- *Columns B through E*: indicate the types of special calculation functions that are available:
 - *Column B* shows the States where the automated payment functions manage provider discounts, such as when a provider offers discounts for families with more than one child in care, families with a parent in military service, or families that prepay for care.

- *Column C* indicates which States have automated payment support for managing payment differentials for providers, such as quality rating incentives, caring for children with special needs, or providing care during nontraditional hours.
- *Column D* shows the States that have automated processing for calculating payment adjustments related to levies or garnishments. For example, if a provider owes child support or IRS monies, many States withhold some or all of the childcare payment to satisfy these obligations.
- *Column E* shows those States with automated functions that can reduce payments by the amounts owed to, or from, providers due to prior overpayments (or underpayments).

Table A.7. Automated Support for Payment Calculation

State	A Automated Payment Calculation	Special Payment Calculation Functions			
		B Discounts	C Payment Differentials	D Levies/ Garnishments	E Under/Over Payments
Alabama	✓	✓			✓
Alaska	✓		✓		
Arizona	✓	✓	✓		✓
Arkansas	✓			✓ ¹	
Colorado	✓	✓	✓	✓	✓
Connecticut	✓	✓	✓	✓	✓
Delaware	✓		✓		✓
District of Col.	✓	✓	✓		✓
Florida	✓	✓	✓		✓
Georgia	✓	✓	✓	✓	✓
Hawaii	✓ ²				
Idaho	✓	✓	✓		
Illinois ³	✓		✓		✓
Indiana	✓		✓	✓	✓
Iowa	✓	✓	✓		✓
Kansas	✓ ²		✓		✓
Kentucky	✓		✓		
Louisiana	✓	✓	✓	✓	✓
Maine	✓		✓	✓	✓
Maryland	✓	✓	✓		✓
Massachusetts	✓	✓	✓	✓	✓
Michigan ³	✓		✓	✓	✓

State	A Automated Payment Calculation	Special Payment Calculation Functions			
		B Discounts	C Payment Differentials	D Levies/ Garnishments	E Under/Over Payments
Minnesota	✓		✓	✓	✓
Mississippi	✓		✓		✓
Missouri	✓		✓		✓
Montana	✓		✓	✓	✓
Nebraska	✓				✓
Nevada	✓	✓	✓	✓	✓
New Hampshire					
New Jersey	✓		✓		✓
New Mexico	✓		✓	✓	
New York ⁴	✓	✓	✓	✓	✓
North Carolina	✓ ⁵	✓ ⁵	✓ ⁵	✓ ⁵	✓
North Dakota	✓		✓		✓
Ohio ³	✓		✓	✓	✓
Oklahoma	✓	✓	✓	✓	✓
Oregon	✓	✓	✓	✓	✓
Pennsylvania	✓		✓	✓	✓
Rhode Island	✓		✓		
South Carolina	✓	✓	✓	✓	✓
South Dakota	✓ ⁶				
Tennessee ⁷					
Texas	✓		✓		
Utah	✓ ²		✓		✓ ⁸
Vermont	✓	✓	✓		✓
Virginia	✓	✓	✓	✓	✓
Washington ⁷					
West Virginia	✓		✓	✓	✓ ⁹
Wisconsin	✓			✓	✓
Wyoming	✓				✓
Totals	47	20	40	23	38

¹ This function is handled in the State's financial system.

² States pay parents directly, not providers. Hawaii—payment can go to either the client (via EBT) or to the provider. Kansas—payment is made to parent, but via EBT, and the parent can only transfer the funds to the provider. Utah—system pays parents differently based on select provider characteristics.

³ Union dues also are deducted from provider payments.

⁴ This functionality is under development and will be implemented in all local districts except New York City.

⁵ The functionality is under development.

⁶ The system can place a cap on total payments to providers.

⁷ Information is not available.

⁸ Under/Overpayments are applied only to the parent's benefit.

⁹ The functionality only supports underpayments.

Current Level of State Support for Payment Issuance

Table A.8 presents information on States with automated payment disbursement to providers. Specific information in the table includes:

- *Column A:* indicates States with any type of automated payment disbursement.
- *Columns B and C:* indicate the types of automated disbursement that are available. Column B indicates whether States can disburse funds through electronic funds transfer (EFT), referred to as “direct deposit.” Column C indicates whether States can automatically issue warrants (checks) without manual intervention.

Table A.8. Automated Payment Disbursement

State	A Automated Payment Disbursement	Type	
		B EFT	C Warrant
Alabama	✓		✓
Alaska	✓		✓
Arizona	✓	✓	✓
Arkansas	✓	✓	✓
Colorado	✓	✓	✓
Connecticut	✓	✓ ¹	✓
Delaware	✓	✓	
District of Col.	✓	✓	✓
Florida			
Georgia	✓	✓	
Hawaii	✓	✓	
Idaho	✓	✓	✓
Illinois	✓	✓	✓
Indiana	✓	✓	
Iowa	✓	✓	✓
Kansas	✓	✓	
Kentucky	✓	✓	✓
Louisiana	✓	✓	
Maine	✓	✓	✓

State	A Automated Payment Disbursement	Type	
		B EFT	C Warrant
Maryland	✓	✓	✓
Massachusetts	✓	✓	✓
Michigan	✓	✓	✓
Minnesota	✓	✓	✓
Mississippi			
Missouri	✓	✓	✓
Montana	✓	✓	✓
Nebraska	✓	✓	✓
Nevada	✓	✓	✓
New Hampshire	✓	✓	✓
New Jersey			
New Mexico	✓	✓	✓
New York	✓		✓
North Carolina	✓ ¹	✓ ¹	
North Dakota	✓	✓	✓
Ohio	✓	✓	
Oklahoma	✓	✓	
Oregon	✓	✓	✓
Pennsylvania ²			
Rhode Island	✓		✓
South Carolina	✓	✓	✓
South Dakota	✓		✓
Tennessee ³			
Texas	✓	✓	
Utah ⁴	✓	✓	✓
Vermont	✓	✓	✓
Virginia	✓	✓	✓
Washington ³			
West Virginia	✓	✓	✓
Wisconsin	✓	✓	✓
Wyoming	✓	✓	✓
Totals	44	39	34

¹ This functionality is under development.

² Payments are disbursed at the local level.

³ Information is not available.

⁴ If a client's child is enrolled at a licensed provider, the benefit is paid to the parent on the parent's EBT card. If child is enrolled with a relative caregiver, a warrant is issued.

Current Level of State Support for Calculating and Managing Recoupment of Overpayments and Underpayments

Table A.9 presents information on each State's level of automated functionality for calculating and managing the recoupment of improper payments, including both underpayments and overpayments. Following are explanations of the columns:

- *Column A:* indicates whether a State has any functionality to support managing improper payments.
- *Columns B and C:* present, respectively, States that have systems that can automatically calculate an over/underpayment and States with systems that manage the ongoing recoupment process.

Table A.9. Automated Support for Calculating and Managing Recoupment of Overpayments and Underpayments

State	A Automated Support for Improper Payments	Special Functions	
		B Automatically Calculates Under/Overpayments	C Automated Support for Overpayment Recoupment
Alabama			
Alaska			
Arizona			
Arkansas			
Colorado	✓	✓	✓
Connecticut			
Delaware	✓	✓	
District of Col.			
Florida	✓ ¹		✓ ¹
Georgia	✓	✓	✓
Hawaii			
Idaho			
Illinois			
Indiana	✓	✓	✓
Iowa	✓		✓
Kansas	✓		✓
Kentucky	✓	✓	✓

State	A Automated Support for Improper Payments	Special Functions	
		B Automatically Calculates Under/Overpayments	C Automated Support for Overpayment Recoupment
Louisiana	✓	✓	✓
Maine	✓	✓	✓
Maryland	✓	✓	✓
Massachusetts	✓	✓	✓
Michigan	✓	✓	✓
Minnesota	✓	✓	✓
Mississippi			
Missouri	✓	✓	✓
Montana	✓	✓	✓
Nebraska	✓		✓
Nevada	✓		✓
New Hampshire			
New Jersey	✓	✓ ²	
New Mexico	✓		✓
New York	✓		
North Carolina	✓	✓	
North Dakota	✓	✓	
Ohio	✓		
Oklahoma	✓	✓	✓
Oregon			
Pennsylvania	✓	✓	✓
Rhode Island			
South Carolina	✓	✓	✓
South Dakota			
Tennessee ³			
Texas			
Utah	✓	✓	✓
Vermont	✓	✓	✓
Virginia	✓	✓	✓
Washington ³			
West Virginia	✓	✓ ⁴	
Wisconsin	✓		✓

State	A Automated Support for Improper Payments	Special Functions	
		B Automatically Calculates Under/Overpayments	C Automated Support for Overpayment Recoupment
Wyoming			
Totals	32	23	25

¹ The functionality is under development.

² This function exists only for overpayments.

³ Information is not available.

⁴ This function exists only for underpayments.

State Reporting to Identify Improper Payments and Fraud

Table A.10 presents information on the types of automated reporting States use to identify fraud and/or improper payments. As noted, most States are using report capabilities to identify potential instances of improper payments and fraud. Following are explanations of columns in this table:

- *Column A:* indicates which States produce reports that enable them to more effectively identify and investigate cases of potential childcare fraud, improper payments, or both.
- *Columns B and C:* show, respectively, whether States have automated reporting to identify fraud and improper payments.

Table A.10. Automated Reporting to Identify Improper Payments and Fraud

State	A Automated Support to Identify Fraud/Improper Payments	Type of Reports	
		B System Produces Reports to Identify Fraud	C System Produces Reports to Identify Improper Payments
Alabama	✓	✓	✓
Alaska	✓	✓	
Arizona	✓	✓	✓
Arkansas	✓	✓	
Colorado	✓	✓	✓
Connecticut	✓	✓	✓
Delaware	✓	✓	✓
District of Col.	✓	✓	✓
Florida	✓	✓ ¹	✓
Georgia	✓	✓	✓
Hawaii	✓	✓	✓

State	A Automated Support to Identify Fraud/Improper Payments	Type of Reports	
		B System Produces Reports to Identify Fraud	C System Produces Reports to Identify Improper Payments
Idaho	✓	✓	✓
Illinois	✓	✓	✓
Indiana	✓	✓	✓
Iowa	✓	✓	✓
Kansas	✓	✓	✓
Kentucky	✓	✓ ¹	✓ ¹
Louisiana	✓	✓ ¹	✓ ¹
Maine	✓	✓	✓
Maryland			
Massachusetts	✓	✓	✓
Michigan	✓	✓	✓
Minnesota	✓	✓	✓
Mississippi	✓	✓	✓
Missouri	✓	✓	
Montana	✓	✓	✓
Nebraska	✓	✓	✓
Nevada	✓	✓	✓
New Hampshire	✓	✓	✓
New Jersey	✓		✓
New Mexico	✓		✓
New York	✓ ²	✓ ²	✓ ²
North Carolina	✓ ³		✓
North Dakota			
Ohio	✓	✓	✓
Oklahoma	✓	✓	✓
Oregon	✓	✓	✓
Pennsylvania			
Rhode Island			
South Carolina	✓	✓	✓
South Dakota	✓	✓	✓
Tennessee ⁴			
Texas	✓	✓	✓

State	A Automated Support to Identify Fraud/Improper Payments	Type of Reports	
		B System Produces Reports to Identify Fraud	C System Produces Reports to Identify Improper Payments
Utah	✓		✓
Vermont	✓	✓	✓
Virginia	✓	✓	✓
Washington	✓	✓	✓
West Virginia	✓	✓	✓
Wisconsin	✓	✓	✓
Wyoming			
Totals	44	40	41

¹ This functionality is under development.

² Fraud identification and processing are managed at the local level; some local agencies have systems to support fraud identification. Additional reporting for fraud and improper payments is under development as part of NY's time and attendance system, which will be available to all local districts except New York City.

³ Fraud reporting functionality is available once fraud is established but not before.

⁴ Information is not available.

Current Automated System Interfaces Across States

Table A.11 presents the automated interfaces that each State has between its childcare information system and other State and Federal systems. Although a number of States allow childcare workers to access other State systems manually, the table only captures information on States that have automated interfaces with the systems described in the table. It should be noted that each of the interfaces in Columns A through F was specifically addressed in the inventory. However, interfaces that are shown in Column G are based on information offered by States about other interfaces they may have. It is certainly possible that some States have additional interfaces, other than those presented in Columns A through F, but that these interfaces were not captured by the inventory. In fact, most States do have interfaces between their childcare information systems and the States' financial systems, as this is typically required for the issuance of payments.

The most common childcare system interfaces addressed in the inventory are interfaces to the State's TANF, child support, and labor/unemployment/compensation systems. Interfaces to the State systems for motor vehicle registration, child welfare, and vital statistics are available in the fewest States. It may be that TANF, child support, and labor/unemployment/compensation systems are the systems that contain the most relevant information for the childcare program. It may also be true that motor vehicle registration, child welfare, and vital statistics systems have more technical or legal restrictions preventing the development of interfaces with the childcare system.

Table A.11. Automated Interfaces

State	<u>A</u> Child Support Enforce- ment	<u>B</u> SACWIS (Child Welfare)	<u>C</u> TANF	<u>D</u> DMV (Motor Vehicles)	<u>E</u> Labor/ Unemploy- ment Comp.	<u>F</u> Vital Statistics	<u>G</u> Other
Alabama							
Alaska			✓	✓	✓		Postal Service
Arizona	✓		✓		✓		
Arkansas	✓		✓				
Colorado	✓	✓	✓				State Payment System, Master Client Index, Criminal Background Check
Connecticut							
Delaware			✓	✓	✓	✓	Wire Third-Party Query
District of Col.			✓				
Florida		✓	✓		✓	✓	Provider Licensing Instructor Registry
Georgia ¹							
Hawaii			✓ ²				
Idaho							
Illinois			✓				
Indiana			✓				
Iowa							State Accounting System
Kansas	✓		✓				
Kentucky						✓	The Work Number ³
Louisiana	✓		✓		✓		
Maine	✓				✓		Social Security Maine Revenue Internal Revenue Service
Maryland							
Massachusetts			✓ ⁴	✓ ⁴			
Michigan	✓		✓		✓	✓	Social Security
Minnesota	✓		✓				State Licensing System
Mississippi							

State	A Child Support Enforce- ment	B SACWIS (Child Welfare)	C TANF	D DMV (Motor Vehicles)	E Labor/ Unemploy- ment Comp.	F Vital Statistics	G Other
Missouri	✓	✓	✓		✓	✓	
Montana			✓				
Nebraska	✓	✓	✓		✓	✓	Social Security, Supplemental Security Income
Nevada	✓		✓				
New Hampshire			✓		✓		
New Jersey	✓ ⁵				✓		
New Mexico							
New York			✓				
North Carolina							
North Dakota							
Ohio							Social Security, State Licensing System, State Certification System
Oklahoma	✓	✓	✓		✓	✓	Social Security, State Supplemental Payments
Oregon							
Pennsylvania			✓				Master Client Index, COMPASS (State Online Portal for Benefits Application)
Rhode Island	✓		✓	✓	✓		Social Security, Immigration and Naturalization Service, Public Assistance Reporting Information System (PARIS)
South Carolina							
South Dakota			✓				
Tennessee ⁶							
Texas	✓				✓		
Utah	✓		✓	✓	✓	✓	

State	<u>A</u> Child Support Enforcement	<u>B</u> SACWIS (Child Welfare)	<u>C</u> TANF	<u>D</u> DMV (Motor Vehicles)	<u>E</u> Labor/Unemployment Comp.	<u>F</u> Vital Statistics	<u>G</u> Other
Vermont	✓	✓	✓				Integrated Clinical and Fiscal Management System
Virginia	✓		✓	✓	✓	✓	Integrated Appeals Tracking System
Washington ⁶							
West Virginia		✓ ⁷	✓				Medicaid
Wisconsin	✓		✓		✓		Social Security
Wyoming	✓		✓				
Totals	20	7	31	6	17	9	18

¹ System is managed by a private contractor who is not allowed to access other databases.

² Access to TANF system enables access to information on other programs, including Child Support Enforcement.

³ The Work Number is a third-party employment verification system to which many major employers report.

⁴ This interface is under development.

⁵ Only families receiving TANF are included in the Child Support Enforcement interface.

⁶ Information is not available.

⁷ Childcare and SACWIS programs are supported by the same information system.

APPENDIX B. Methodology for the Inventory of State Childcare Information

Scope of the Inventory

The inventory of childcare automated systems gauges the current level of automated support for childcare programs in the United States. The inventory assesses support for key childcare business functions, not just improper payments, to identify where the major gaps in automation exist and determine the extent of these gaps nationally. In addition, as many States have developed and implemented new childcare systems in the last several years, the inventory also identifies and highlights some of the recent innovative uses of technology implemented across the nation. This information is provided to help States learn from these examples, understand the considerations involved with implementing various types of automation, and gain insight from the lessons learned in other States.

To determine the scope of the functions to be included in the childcare automated systems inventory, Walter R. McDonald & Associates, Inc. (WRMA) reviewed the major childcare business functions that are central to childcare operations at the State level. Using information from this review, WRMA developed a list of the major functions for inclusion in the inventory. The functions included are

- online access for the public and childcare clients;
- online access for providers;
- eligibility and authorization;
- case management;
- provider licensing and management;
- time and attendance reporting;
- payment processing and issuance;
- management and reporting of improper payments; and
- automated interfaces with other State and external systems.

Recognizing that a detailed analysis of each State's system was beyond the scope of this project, items were selected for the inventory that provide a high-level perspective on overall information system features and could be addressed through research from public information sources, with brief follow-up with State program representatives as necessary.

The inventory includes 49 States and the District of Columbia. The reader will note that the inventory does not include California and Puerto Rico. While California has significant automated support for its childcare programs, functionality is available through a variety of systems developed and managed by California's county welfare consortia. Since none of these systems is directly managed by the State childcare program, they are not included in the inventory. In addition, while Puerto Rico has some automated support for childcare program operations, it does not have a territorywide childcare information system; therefore it was not included in the inventory.

Data Collection and Analysis

Each function was further reviewed to identify specific automated functionality that exists in State childcare systems and that helps to support the operation of that function. Questions regarding these automated functions were then documented in a data collection “inventory” spreadsheet and used as State systems were reviewed. A separate inventory sheet was maintained for each State.

To complete the automated systems inventory for each State, WRMA first completed an extensive review of publically available information to identify the childcare systems that each State currently maintains and the functionality included in each system. Information was gathered from a variety of secondary sources, including:

- Prior reports from the Childcare Improper Payment Projects, including the National Error Measures and Analysis of States’ ACF 402 Reports. While these reports focused primarily on improper payment rates, some limited information about State systems was included in the responses for some States.
- Child Care and Development Fund (CCDF) Plans for each State.
- Resources from the National Child Care Information Center (NCCIC), notably compilation reports that aggregate State responses to CCDF questions regarding improper payments and State information systems.
- State childcare websites and program information. All States currently publish a great deal of information about their childcare programs on public-facing websites. Where available, policies and procedures in each State were reviewed to identify which functions were supported by their information systems.
- State childcare system information. Some State websites also maintain information on their automated systems, such as summaries of system support, computer manuals, and user guides. Where available, these were reviewed.
- Recent State procurements of childcare automated systems. In the last several years, a number of States have developed and implemented new childcare information systems to support their operations. In those States with recent or current procurement activity, requests for proposals (RFPs), requests for demonstrations, and any other system-related information available as part of the procurement was reviewed.⁷ This was a robust source of data, as most RFPs contain detailed requirements for system operations.

Data collection efforts using these sources provided a varied level of information on the automated systems in each State. To augment the information collected from the review of secondary sources, if needed, WRMA staff contacted representatives from State childcare

⁷ These States included Alabama, Colorado, Florida, Louisiana, Maine, Michigan, North Carolina, Ohio, Pennsylvania, Texas, and Virginia. In some States, the reviewed RFPs were not specifically for childcare systems but for integrated human services systems that contained background information about the State’s existing childcare program and/or system.

agencies. A brief phone discussion with a State representative clarified any missing or questionable information. The phone discussions were completely voluntary, and States were not required to participate.

Once the data collection was complete, WRMA staff analyzed and tabulated the raw data to create a series of tables that present the level of automated support for State childcare programs. Tables were organized by childcare business functions, so that functionality supporting these functions can be viewed for each State. While the tables present the current state of childcare automation, they also include information about system features that are currently under development in some States. In these cases, table footnotes indicate that these features are “under development.”

Comparing information across States is reasonable for most information included in the tables. However, some States provided supplemental information during follow-up conversations. In most cases, this additional information is presented as footnotes to the tables. Because not all States provided this additional information, conclusions regarding the national prevalence of these features are not possible.

In some instances, States have automated support for certain childcare functions, but the functions reside in the information system of another State program. For example, most States have automated systems to manage provider licensing, but in some States, the provider licensing is managed by another State agency (e.g., Health or Education), and the information is maintained in that agency’s information system. In some States, the data and functions are available to the childcare system through an automated interface, or childcare staff can manually access the functions in the other State agency’s system. The purpose of the inventory is to illustrate the extent of automated support available to the childcare program and its staff. Therefore, if functionality is available in another State agency’s information system, but is available to the childcare system through an interface or through direct access by childcare staff, a State is categorized as having the function.

State Review of Collected Information

Because the information in the inventory was collected from publically available sources and from the brief telephone follow-up, States were given a 3-week time period to review and validate the information about their information systems and to request any changes. Each State was sent only the tabulated data for their State. While review of the tabulated information was completely voluntary, 35 States reviewed their data and provided WRMA with comments and corrections as necessary.