



U.S. Department of Health & Human Services

ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Child Care




OCC/NCCCSIA Program Integrity Conference Call Series 2012

Wisconsin 3 Years Later

Wednesday, May 9, 2012



U.S. Department of Health & Human Services

ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Child Care




INTRODUCTIONS

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

Wisconsin Presenter

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



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AGENDA

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



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



Wisconsin Shares – Setting the Stage

1996 - Replacing Welfare as we Know it

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

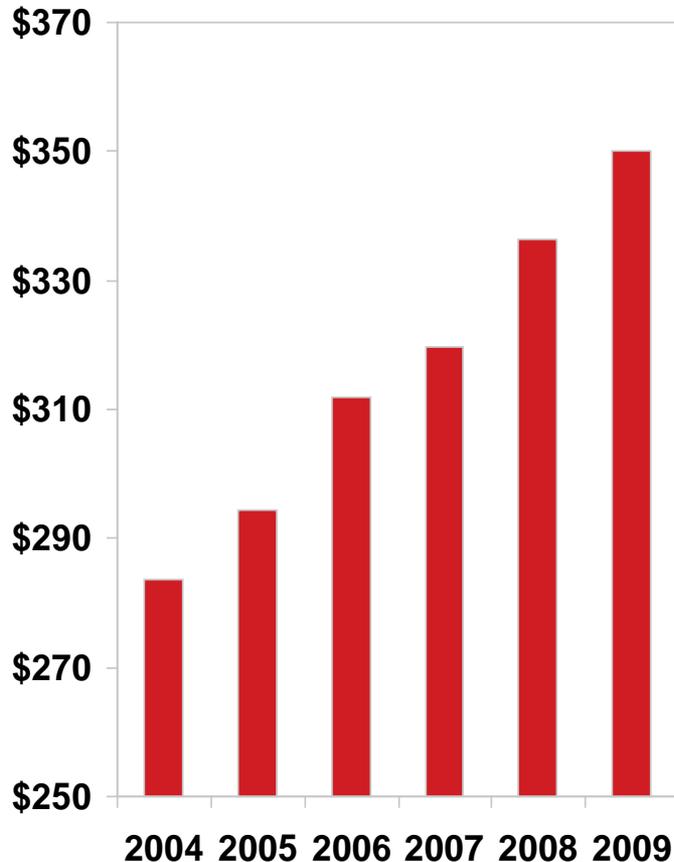
Setting the Stage

Structural Issues contributing to fraud and abuse

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

Setting the Stage

Unprecedented Growth



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

Flashpoint

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

CASHING IN ON KIDS | WATCHDOG UPDATE

Child-care scams rake in thousands



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



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

Homicidal crime boss linked to child care

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

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

CASHING IN ON KIDS | WATCHDOG UPDATE

Millions down the drain

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



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

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

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

Wisconsin's New Strategies

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

Wisconsin Strategies

Ensuring Family Friendly Policies

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

Wisconsin Strategies

Provider Friendly

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

Wisconsin's New Strategies

Data and Red Flags

Microsoft Excel - Red Flag Report 2012 02 (February)

File Edit View Insert Format Tools Data Window Help

Type a question for help

75%

Reply with Changes... End Review...

Arial 10 B I U

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1	Provider Loc Num	Reimbursement/Slot	Kids Served per Slot	Previous Overpayments	100% Attendance	Rapid Revenue Growth	Total Capacity Used	Capped % Used	40% Rule	Providers Receiving Other Services	Attendance Over Capacity Violation	CBC Violation	More than 75 Hours Attended	School Age Children with High Authorization Hours	Total	Name	County	S
2	1000567971002	1	1	0	0	0	0	1	0	0	1	1	0	1	6	SWEET	40. MILWAUKEE COUNTY	N
3	1000575671003	1	1	1	0	1	0	0	0	0	1	0	0	1	6	A MOTH	40. MILWAUKEE COUNTY	N
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5	0000571420001	1	1	0	1	0	0	1	0	0	0	0	0	1	5	LARUE	40. MILWAUKEE COUNTY	N
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8	2000563432003	0	1	1	0	0	0	0	0	0	1	1	0	1	5	ABC DA	40. MILWAUKEE COUNTY	N
9	2000573662002	1	1	1	0	1	0	0	0	0	0	0	0	1	5	KIDS R	40. MILWAUKEE COUNTY	N
10	2000584742001	0	1	0	1	0	0	1	0	1	0	0	0	1	5	TIFFAN	40. MILWAUKEE COUNTY	N
11	3000568333002	1	1	0	1	0	0	0	0	1	0	0	0	1	5		13. DANE COUNTY	N
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14	0000571380002	1	1	0	0	1	0	0	0	0	0	0	0	1	4	SUPER	40. MILWAUKEE COUNTY	N
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18	1000575671002	0	1	1	0	0	0	0	0	0	1	0	0	1	4	A MOTH	40. MILWAUKEE COUNTY	N
19	1000584491001	1	1	1	0	0	0	0	0	0	0	0	0	1	4	NEW LE	40. MILWAUKEE COUNTY	N
20	1000585471001	1	1	0	0	1	0	0	0	0	0	0	0	1	4	OPEN H	40. MILWAUKEE COUNTY	N
21	1000585481001	1	1	0	0	1	0	0	0	0	0	0	0	1	4	LEARN	40. MILWAUKEE COUNTY	N
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23	2000583492001	1	1	1	0	0	0	0	0	0	0	0	0	1	4	GINGER	40. MILWAUKEE COUNTY	N
24	2000583912001	1	1	1	0	0	0	0	0	0	0	0	0	1	4	FIRST S	30. KENOSHA COUNTY	N
25	2000585802001	0	1	0	1	0	0	0	0	1	0	0	0	1	4		40. MILWAUKEE COUNTY	N
26	3000561363001	0	1	1	0	0	0	0	0	0	0	1	0	1	4	LOV N C	30. KENOSHA COUNTY	N
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30	4000562084007	0	1	0	0	1	0	0	1	0	0	0	0	1	4	CARTEL	40. MILWAUKEE COUNTY	N
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35	5000563075003	1	1	0	0	0	0	0	0	0	0	0	1	1	4	GROWIN	40. MILWAUKEE COUNTY	N

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

Ready NUM

Start I... P... H... T... M... R... F... R... 2... R... R... P... M... C... W... 10:43 AM

Wisconsin's New Strategies Data and Red Flags

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

Wisconsin's New Strategies Dismantling Silos



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

Wisconsin's New Strategies

Dedication of Resources

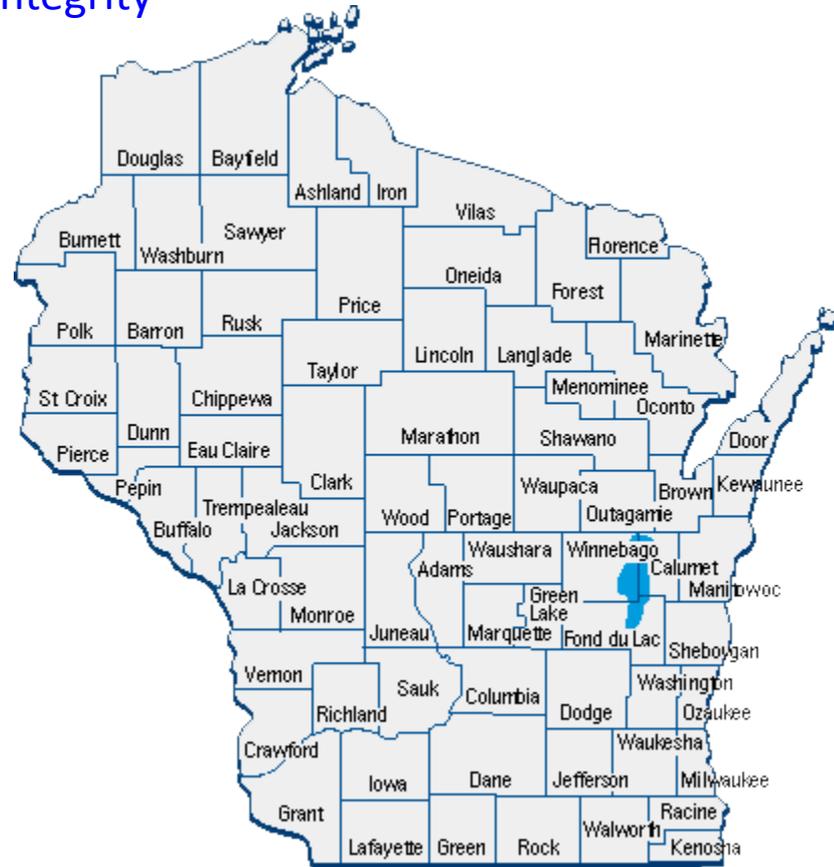
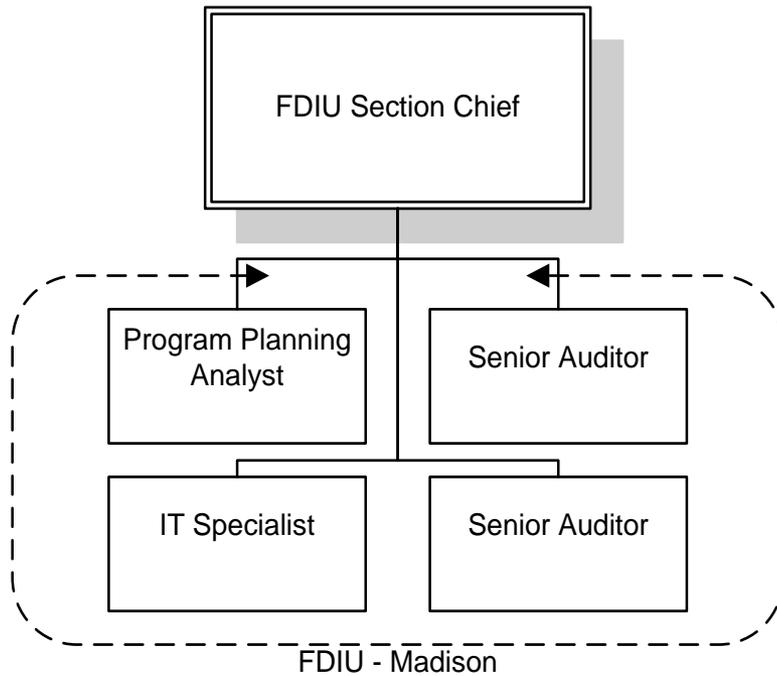
2008 Staffing for Program Integrity



Wisconsin's New Strategies

Dedication of Resources

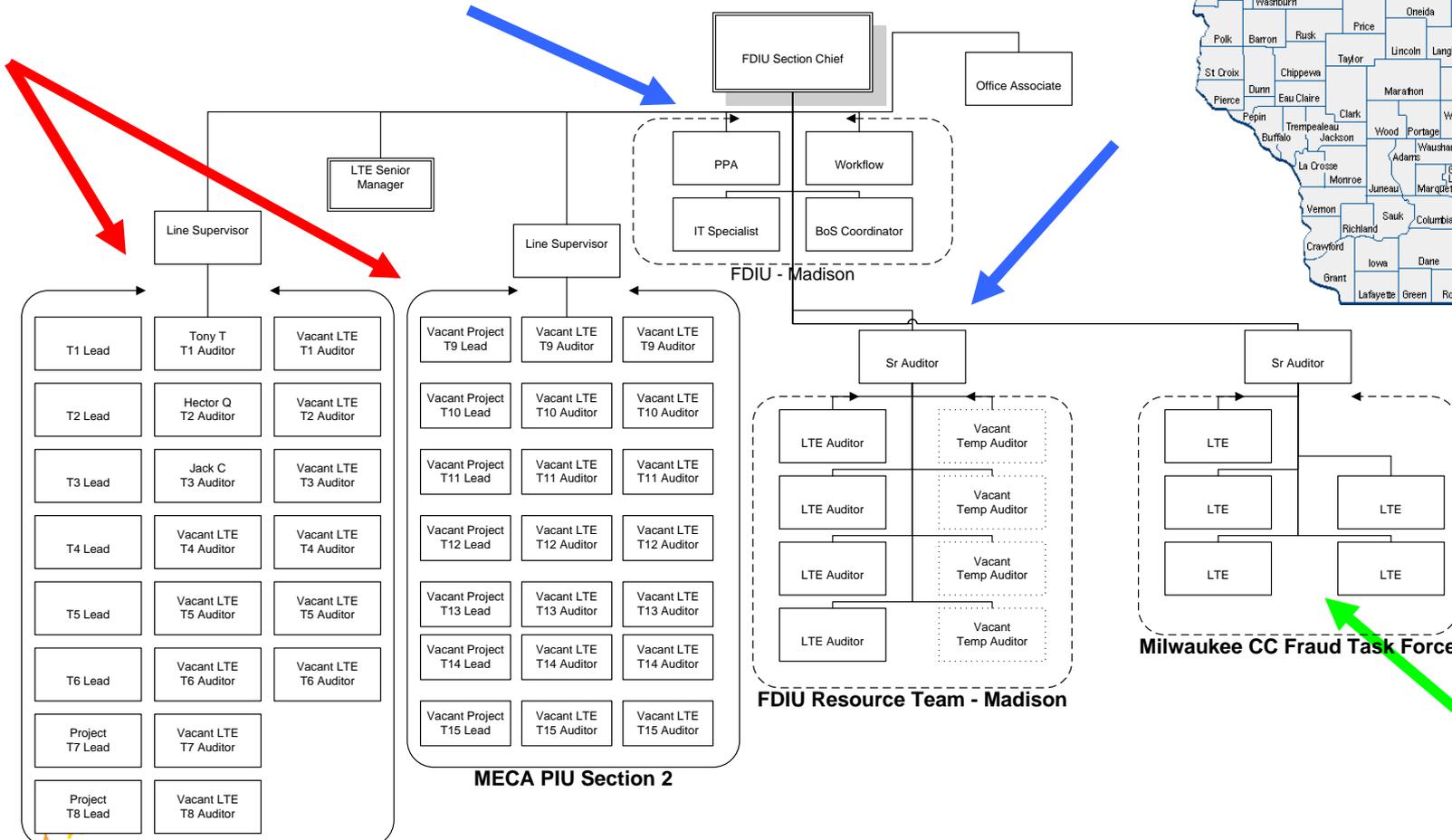
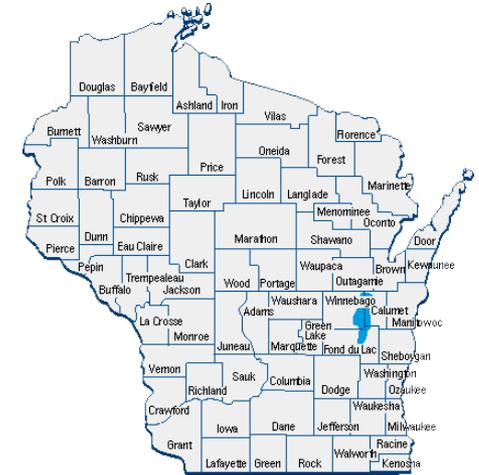
Summer/Fall 2009 Staffing for Program Integrity



Wisconsin's New Strategies

Dedication of Resources

Winter 2010/2011 Staffing for Program Integrity



Questions?



Wisconsin's New Strategies Statutory and Rule Changes



Summer 2009

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

Summer 2011

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

Wisconsin Strategies

Milwaukee Child Care Anti-Fraud Task Force



Interagency Partnership

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

Wisconsin Strategies

Local Agency Role

Before

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

After

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

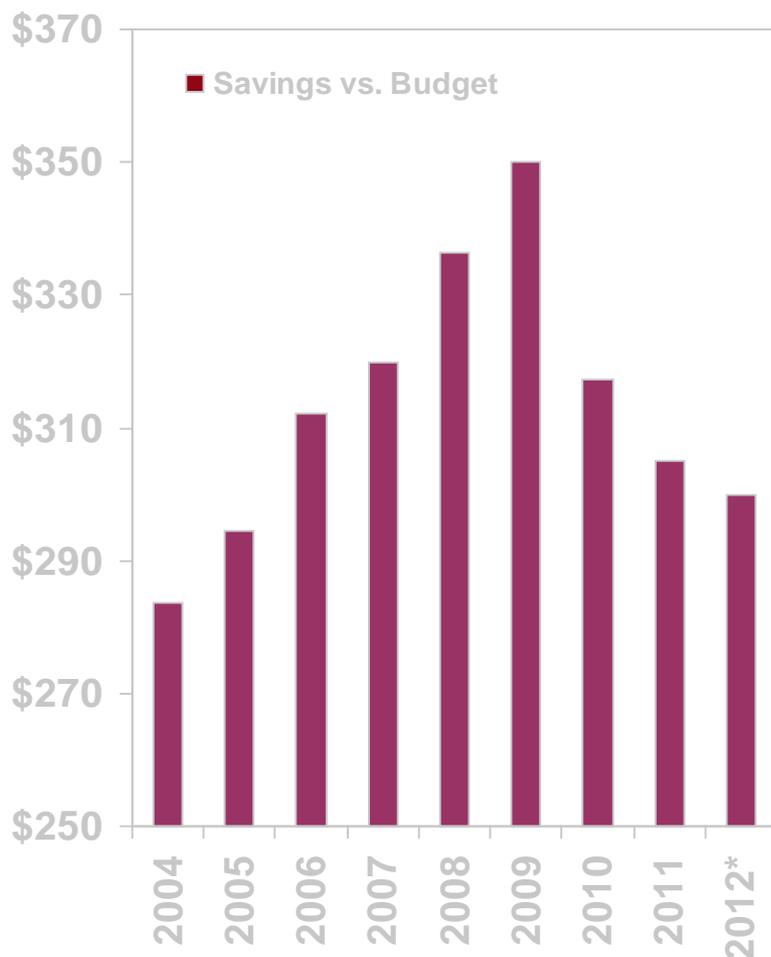
Results and Outcomes Provider Investigations

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

Results and Outcomes Task Force

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

Results and Outcomes Estimated Savings



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



Lessons and Strategies

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



Lessons and Strategies

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

Questions?

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

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

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

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

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