

The Real Deal

DCC/ECE

The Real Deal

DCC/ECE

Overview of Overpayments and Fraud.



# Mission Statement

The mission of the Child Care Assistance Program is to assist families striving towards self-sufficiency with their child care needs by providing resources, information and referrals. In carrying out this mission, it is our goal to provide quality child care assistance in a timely and courteous manner, focus on the individuals' dignity and self-respect, maintain parental choice, guard the integrity of the program and recognize employees' achievement.

# Overpayment Policy 6.1

An overpayment is defined as a payment made on behalf of a client or child care provider that the client or provider was ineligible to receive.



# Overpayments may result from the following:

- Giving false information or withholding information.
- Failing to report a change in a timely manner (i.e., quit job, receiving child support payments, become academically ineligible, change in citizenship/residency standards, ect.)
- Billing for unauthorized days.
- Excess income.
- Not working the required number of hours or attending school full-time.
- DCC/ECE failing to exercise proper diligence.
- Or a combination of factors.

The amount of the overpayment will be determined using established policy and procedures and allowances in effect at the time the overpayment occurred.



# Policy 6.2

An administrative or agency error exists if one of the following occurred:

- A. Policies, rules, or statutes were not applied correctly.
- B. Staff responsible for administering the child care assistance program failed to take action on a change when notified by the client, provider, other DHS staff, or other interested party.

- C. DCC/ECE failed to take appropriated action such as termination or reduction of services.
- D. A policy requirement was not met.
- E. An ineligible client received services or an ineligibly provider received payment.

# An inadvertent error exist if on the following occurred:

- A. The client or provider unintentionally failed to provide DCC/ECE with correct or completed information.
- B. The client or the provider unintentionally failed to report changes to DCC/ECE.
- C. A provider unintentionally failed to notify the DCC Licensing Unit with the required timeframe or temporary operational changes or of circumstances that affect payments of children receiving subsidized care. For example: as a result of a natural disaster, a home provider moves without notifying DCC/ECE.
- D. A provider submitted information, such as attendance records, that has unintentional errors.



## 6.3 RESPONSIBILITIES OF THE DIVISION STAFF

- Within DCC/ECE, the Compliance Unit is the initial point of contact to handle suspected overpayment cases. The Compliance Unit will directly support the entire division and will serve as the liaison to the Overpayment Unit of the Division of Administrative Services.
- When there is an indication that a client or a provider obtained an overpayment to which the client or provider was not entitled, the CCS conducts a preliminary assessment. The CCS, in consultation with the Area Supervisor and Unit Administrator, reviews the client's records or the provider's files to assess if the staff determined eligibility and documented the information obtained according to the current policy.



# 6.3 RESPONSIBILITIES OF THE DIVISION STAFF

- In addition, the CCS must gather related information from outside records if available, review client/provider claims, and document reasons for suspected overpayment.
- It is the responsibility of the CCS to promptly report to the Overpayment Unit, in writing, any pertinent information which would have an effect on an overpayment claim that has not been satisfied, such as:
  - Hardship situation
  - Acquisition of resources or income that may increase the client's ability to repay
  - Death
  - Change of address
  - De-certification of case after closure

# 6.4 OVERPAYMENT REFERRAL DOCUMENTATION

- When an overpayment is suspected , it is critical that the CCS communicate with DCC/ECE's Compliance Unit to complete a thorough and accurate referral.
- All referrals must include the following:
  - Form DHS-600, Summary of Child Care Overpayment
  - Summary of case worker's investigation and supporting attachments (Hand Out #1 & #2)





# 6.5 OVERPAYMENT REFERRAL PROCESSING

- The county caseworker or Child Care Specialist is responsible for preparing and submitting overpayment reports to the DCC/ECE Central Office.
- The CCS will use the following procedures to report overpayments:
  - A. Record Information in the Case Narrative: The worker will record in the case record the amount of the overpayment, the date the overpayment began, the reason why the overpayment occurred, and any other pertinent information. If the overpayment occurred because a client provided false or incomplete information or failed to report a change in circumstances within ten (10) days, the client will be advised of the possible consequences (request for repayment and /or prosecution for fraud) and asked to explain. The explanation will be recorded in the case record.
  - B. Refer to Compliance Unit: All cumulative overpayments of twenty dollars(\$20.00) or more will be sent to the DCC-ECE Compliance Unit. The Compliance Unit will record the information into tracking data bases. After review and concurrence, the Compliance Unit will send the overpayment recommendations to the Division of Administrative Service's Overpayment Processing Unit, followed by updating internal tracking databases and informing associate DCC-ECE units.
  - C. Refer to the Overpayment processing Unit: All cases involving incorrect payment will be referred to the Division of Administrative Service's Overpayment Processing Unit, Central Office. All documentation described above will be original documentation. If fraud is suspected, the Child Care Specialist will submit a Form DHS -555(Suspected Fraud Report) to the Overpayment Unit. If the Child Care Specialist is unable to establish the full amount of the overpayment, the DHS-555 will be completed and forwarded to the Compliance Unit. A memorandum will be attached to the DHS-555 detailing the Child Care Specialist's efforts and explaining why they were unable to establish the overpayment.



- The Overpayment processing Unit will register all overpayment referrals. All cases of suspected fraud will be immediately brought to the attention of the Office of Chief Counsel's Fraud Unit.
- If it is found in the fraud investigation that the period of the time and/ or the amount of the overpayment or ineligible is different from the original amount submitted by the case worker on the DCC-600 (Summary of Child Care Overpayment ), the Overpayment Unit will make the necessary adjustments.

# FRAUD

## Policy 7.2

- Definition: Fraud is receiving services or payments to which the client or provider is not entitled by willfully making a false statement, misrepresentation, or impersonation.



# IPV

An intentional program violation (IPV) exists when the client or child care provider intentionally misrepresents or withholds information which results in an erroneous payment of \$500 or more.





# Administrative Disqualification Hearing Process

- Attendants are sworn in
- Hearing Officer advises Petitioner of rights
- Accounting Supervisor verifies amount of alleged overpayment and if any payment has been made
- Fraud Unit Program Analyst presents description of alleged program violation
- Case Head presents evidence/ arguments
- CCS will only answer case/policy questions if requested
- Hearing Officer will advise Petitioner of Petitioners right to a judicial review in the event of an adverse ruling
- Hearing Officer will summarize and end hearing
- Determination is made within 90 days



# Administrative Disqualification Hearing Process

- Attendants are sworn in
- Hearing Officer advises Petitioner of rights
- Accounting Supervisor verifies amount of alleged overpayment and if any payment has been made
- Fraud Unit Program Analyst presents description of alleged program violation
- Case Head presents evidence/ arguments
- CCS will only answer case/policy questions if requested
- Hearing Officer will advise Petitioner of Petitioners right to a judicial review in the event of an adverse ruling
- Hearing Officer will summarize and end hearing
- Determination is made within 90 days

# Repayment Policy 6.6

- The Overpayment Processing Unit will establish a monthly payment schedule for the client or provider to repay any amount owed.
- ---
- Payments may be made to
- Department of Human Services
- Attention: Overpayment Unit
- PO Box 8181
- Little Rock, AR 72203-8181
  
- Case head must write social security or case number on payment with a statement that the payment is for a child care overpayment

November 5, 2008  
Case Number:

MS XXXXXXXXXX  
1234 MAIN STREET  
FAYETTEVILLE AR 72704  
Re: XXXXXXXXX v. DHS  
Dear Ms. XXXXXXXX

The administrative hearing regarding a Child Care Assistance Overpayment has been Schedule for a hearing and the details are given below:

Type: Hearing by Telephone in the County Office  
Date and Time: November 24, 2008  
Location: Washington County DHS Office at 4044 Frontage Rd  
Fayetteville Arkansas

The hearing officer will conduct the hearing be telephone and will call you after your arrival at the county office.

This hearing is authorized by Ark. Code Ann. §25-15-201 et seq.

At the hearing, evidence may be presented and arguments advanced on the issue in this case. The procedure will be for the agency to present first the basis for its action. Then you will be allowed to present your evidence.

If you are unable to appear at the date, time and place of the scheduled hearing, you must request and receive continuance of a continuance by the Office of Appeals and Hearings.

**Only the person who signed this letter may grant you a continuance.**

If you request a continuance **you must send a copy of your continuance request to the agency representative and** your request must be in writing addressed to the Office of Appeals and Hearings, P.O. Box 1437. slot N401, Little Rock , Arkansas 72203-1437.

You must state the following in your request:

The reason you want the continuance; and,  
Your agreement to waive the time frame for completing the hearing (optional "Waiver of Hearing Time Frame" form enclosed)

The Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act

**Important Notice:** If you request a continuance or agree to a continuance, the delay in completing the hearing will Be attributed to you and will not count against any time limit for completion of your case. **Except in cases of emergency, continuance requests must be received at least 10 days before the hearing date.**

**A CONTINUANCE WILL NOT BE GRANTED WITHOUT A WRITTEN REQUEST AND GOOD CAUSE.** Failure to appear for a hearing to obtain confirmation of a continuance, prior to the hearing date, will result in the appeal being dismissed by this office.

If you fail to notify this office, in writing , that you have obtained a representative (legal or otherwise) at least 10 business days before the hearing date, you must proceed with the hearing without representation or you must request a continuance to allow the agency time to obtain legal representation.

If this case involves an abuse or neglect matter **and** if there is an ongoing criminal or delinquency investigation, or If charges have or will be filled regarding this matter, you must notify this office immediately.

If you require correspondence in alternate formats, such as Braille, large print or audio tapes please contact the appeals and Hearing Office at P.O. Box 1437 Slot N401 Little Rock Arkansas 72203-1437.

Sincerely

Kerri Palmer  
Hearing Officer  
Enclosure: Optional "Waiver of Hearing Time Frame" Form  
cc: via email

Karen Patton, Accounting Supervisor, FSU Overpayment Unit  
Kathy Rushing, Quality Control Reviewer, Benton County DHS  
Betty Walker, FSU Supervisor, Benton County DHS



# Failure to Report Changes

- Although notice of reporting requirements may specify changes are to be reported to a specific person (Child Care Specialist, etc), clients often report changes to the agency through one of it's representatives with the anticipation that information will be shared with others. Therefore, if a change in circumstances has been reported to one agency representative (Food stamp caseworker, etc.), we cannot determine willful or intentional actions with intent to defraud if a separate report is not made to another representative (Child Care Specialist, etc.). In these cases, an overpayment may result from an inadvertent or administrative error without an IPV.



# Administrative Disqualification Hearing



Arkansas Department of Human Services Office of Appeals and Hearings  
10 DONAGHEY PLAZA NORTH  
P.O. Box 1437 – Slot N401  
Little Rock AR 72203-1437  
Telephone (501) 682-8622 Fax (501) 682-6605 TDD (501) 682-6974

November 5, 2008  
SSN: XXXXXXXXXX

Case Number: XXXXXX  
MS XXXXXX XXXXXXXX  
1234 MAIN STREET  
FAYETTEVILLE AR 72704

Re: DHS v. Ms XXXXXX XXXXXXXX

Dear Ms XXXXXXX XXXXXXXX

The Arkansas Department of Human Services (DHS) has reason to believe you have intentionally violated a child care assistance program regulation. By state law a hearing must be held allowing you the opportunity to explain your side of the issue, even if you have repaid an overpayment and/or are no longer a child care assistance recipient. The agency has the following evidence to support its case against you: FAILURE TO WORK A COMBINED 25 HOURS PER WEEK FROM 05/04/07 THROUGH 07/13/07 AT VISITING ANGELS AND AT FRAINE MADEWELL RAELECTORS.

**AN ADMINISTRATIVE DISQUALIFICATION HEARING HAS BEEN SCHEDULED TO EXAMINE THE FACTS OF YOUR CASE..**

This hearing is scheduled for DATE: January 8, 2009 TIME: 2:00pm LOCATED IN THE Washington County DHS Office, 4044 Frontage Rd, Fayetteville Arkansas.  
Telephone (479) 531-1270

This hearing is authorized by Ark. Code Ann. § 25-15-201 and the Family Support Unit Policy Manual (Revised 04/15/04), including previous publications, if applicable.

The Hearing Officer will conduct the hearing by telephone and will call you after your arrival at the DHS County Office. If you have intentionally violated a Child Care Assistance Program regulation, you will be disqualified from the program. The disqualification periods are:

FIRST VIOLATION: SIX(6) MONTHS DISQUALIFICATION – Funds must be repaid  
SECOND VIOLATION: TWELVE (12) MONTHS DISQUALIFICATION – Funds must be repaid.  
THIRD VIOLATION: PERMANENT DISQUALIFICATION

It is important that you or your representative be at the hearing; otherwise, a decision will be based solely on information provided by the DHS County Office, the Overpayment Processing Unit, or Fraud Unit. You must contact the DHS Office of Appeals and Hearings at P.O. Box 1437 Slot N401, Little Rock, Arkansas 72203-1437 At least 10 days before the hearing if you have good reason why you or your representative cannot be at the hearing, in order to receive a new hearing date.

The Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act

Scheduling Letter to Ms XXXXXX XXXXXXXX  
Page 2

Failure to notify this office that you will be unable to attend the hearing will result in a decision concerning an intentional program violation based solely on the information provided by the DHS County Office, Overpayment Processing Unit, or Fraud Unit.

Even though the hearing is scheduled, this does not prevent DHS from using any legal process to collect an overpayment or Recoup any monies that have been determined to be owed to DHS. If you have any questions or need the name and phone number of someone who can give you legal advice, you may contact your nearest Legal Services Office.

If you require correspondence in alternate formats, such as large print, Braille, or voice tapes, please contact the DHS Office of Appeals and Hearings at (501) 682-8622

Sincerely,

Toni White(Bogan)  
Managing ALJ

Cc: Washington County DHS Office

## YOU HAVE THE RIGHT TO:

LOOK AT THE EVIDENCE THAT WILL BE USED AT THE HEARING BOTH BEFORE AND DURING THE HEARING. PLEASE CALL YOUR DHS COUNTY OFFICE AND THE FAMILY SUPPORT UNIT (1-800-322-8186), IF YOU WISH TO LOOK AT THE EVIDENCE BEFORE THE HEARING.

## REMAIN SILENT DURING THE HEARING.

PRESENT YOUR OWN CASE, OR HAVE SOMEONE PRESENT YOUR CASE FOR YOU SUCH AS LAWYER, FRIEND, RELATIVE, OR ANOTHER DESIGNATED INDIVIDUAL.

ASK US TO DELAY YOUR HEARING FOR YOU FOR A GOOD CAUSE REASON.

BRING YOUR OWN WITNESSES.

ARGUE YOUR CASE FREELY.

QUESTION ANY EVIDENCE OR STATEMENTS MADE AGAINST YOU.

BRING ANY EVIDENCE YOU HAVE THAT WOULD SUPPORT YOUR CASE.

# Overpayment Hearing

- Attendants for Hearing:
- Hearing Officer
- DHS Accounts Receivable Accounting Supervisor
- Child Care Eligibility Specialist
- Case Head or Representative (if does not show hearing is dismissed & overpayment is processed)

# Storage of Overpayments

All case records must be maintain for a period of 5 years from the date of denial, expirations or termination, whichever is later. Child care cases containing overpayments, audit reports or fraud reports will be exempt from the 5 year record retention policy. These records will continue to be maintain in the County office until all overpayments, audits or fraud investigations has been completed.



# Tips

- Remember if you are completing a Fraud make sure to check Answer to see if the client has reported the information.
- Remember to start all referrals on the 11<sup>th</sup> day.
- When sending a referral to the Compliance Unit send the Billing History and any additional information that cannot be found in the case record.
- The summary must be detailed, clear and informative.

- CCS who actually processed the overpayment/fraud referral should represent the agency if possible.
- CCS must notify supervisor if not available date of scheduled hearing.
- CCS represents the agency & must be truthful.
- If CCS is aware that Case Head is bringing legal counsel the Hearing Officer must be notified so arrangements may be made for an attorney to be present to represent DHS.

# Tips Cont.

- On the Overpayment form on the dates that the overpayment occurred put specific dates.
- If the client has a percentage to pay make sure when calculating the overpayment that you use the percentage not the full amount that has been authorized.



# QUESTIONS

