Ensuring integrity in the Child Care Assistance Program

Minnesota’s Child Care Assistance Program (CCAP) provides financial assistance that helps families with low incomes pay for child care while parents work or attend school or training programs. CCAP supports the broader goals of strengthening the economic self-sufficiency of families and providing all children with quality early childhood programs.

Provider fraud in the child care program has become a significant concern for states, including Minnesota. The Minnesota Department of Human Services created a child care fraud unit in its Office of Inspector General (OIG) in 2013 to prevent, detect and investigate fraud. Since its inception, the unit has conducted numerous investigations, including those leading to civil penalties, criminal convictions and closure of child care centers.

Strategies currently underway to address fraud

In response to allegations of widespread fraud in 2018, DHS contracted with the independent firm PFM Consulting Group to analyze data and evaluate operations of the CCAP fraud unit, and to make recommendations for improvement. The evaluation recommended that DHS take a more proactive, data-driven approach to investigating fraud. Work to implement these recommendations has already begun. DHS has:

- Launched a continuous improvement project to evaluate and implement recommendations in partnership with DHS Office of Continuous Improvement, which has a strong track record of analyzing and improving business processes.
- Issued a request for information (RFI) to begin exploring an electronic attendance system as well as electronic billing and direct deposit of CCAP payments, two vulnerabilities identified in the evaluation.
- Begun work to formalize policies and procedures, and maintained more consistent case data.

Proposed improvements to program oversight

Governor Tim Walz’s FY 2020-21 budget recommendations include proposals that address other recommendations in the PFM report. Following a recent Office of the Legislative Auditor review, the Governor stepped up efforts in his supplemental budget proposals to strengthen CCAP integrity and OIG oversight. These measures will:

Strengthen CCAP integrity

- Enhance attendance record-keeping requirements for CCAP and clarify that providers must make attendance records available to DHS or county staff immediately upon request.
- Clarify that absent days and holidays must be marked on child care providers’ billing forms. Dates billed as if children were present when attendance records indicate they were absent are considered overpayments subject to recovery by the state.
- Establish a uniform method for calculating overpayments related to violations of attendance record-keeping requirements.
- Establish a penalty if providers fail to follow existing attendance-reporting requirements.
- Shorten retroactive eligibility for CCCAP from six months to three months.
• Fund a case tracking system for CCAP, already used by the state Bureau of Criminal Apprehension, to track and report on investigation activity.
• Increase funds for fraud prevention grants to counties and providing additional training to county staff.
• Fund planning work for improvements to provider registration and oversight, including an electronic-record-keeping system and registration controls.

**Strengthen OIG investigations and oversight**

• Add eight child care licensing staff to conduct more frequent inspections and monitoring for new and struggling child care centers, including determining if the program should be referred for a fraud investigation.
• Add two data analysts to increase DHS’ ability to identify, detect and prevent CCAP fraud.
• Contract with the Bureau of Criminal Apprehension for two additional agents to conduct criminal investigations in CCAP cases.
• Clarify the ability to share information from open investigations with law enforcement and others.
• Define the CCAP disqualification process and the entities and individuals who can be disqualified.
• Establish preponderance of the evidence as the burden of proof in administrative hearings for disqualifying CCAP providers to bring it in line with standards for other providers in public programs.
• Make the payment or receipt of a kickback a crime for both recipients and providers and the basis for an administrative action against providers in both CCAP and Medicaid.
• Allow the department to disenroll or exclude any provider who has committed an intentional violation in one program for all other DHS programs.
• Require license holders to disclose certain changes in business and ownership structures, clarify the process for new licenses upon a change in ownership, and allow issuance of a temporary immediate suspension when a license holder is criminally charged with fraud or theft against a DHS program.

**Child care assistance facts and figures**

- **People served**: 30,000 children in 13,000 families receive CCAP to help pay for child care; 1,948 families are on the waiting list
- **Benefits**: $1,157 average monthly child care assistance per family for Basic Sliding Fee program; $1,674 for participants in the Minnesota Family Investment Program.
- **Funding**: $254.1 million for state FY 2018 (state and federal funds)

**Find out about CCAP services**

Information about CCAP, including who qualifies, how to apply, and frequently asked questions about child care assistance is available on the DHS website.

**Report suspected fraud**

Anyone suspecting fraud involving recipients of cash, child care, food assistance, health care and child care providers should complete the Minnesota Fraud Hotline Form or call:

- Twin Cities metro: 651-431-3968
- Toll-free line: 800-627-9977

[mn.gov/dhs](http://mn.gov/dhs)