

## **Public Hearing Summary and Department Response**

### **Incentive Program for Local Agencies That Identify Child Care Subsidy Fraud Committed by Child Care Providers Chapter DCF 201 CR14-030**

The department held a public hearing in Madison on May 7, 2014. Two comments were received.

#### Margaret Romens, Economic Support Supervisor, Dane County

Intent to commit fraud is hard to prove and the work is the same for the agency, whether the overpayment is intentional or not. The rule encourages permanent suspensions to earn incentives. Permanent suspensions are extreme and affect the working parents. If a provider provides quality care, we want to do what we can to keep them open. We can recoup the overpayment and work with them to improve.

#### Jenny Hoffman, Economic Support Administrator, Brown County

We are concerned that the parameters set forth to earn an incentive are difficult to achieve. Provider investigations, audits, and overpayments are time intensive and may not result in suspension or payment being withheld. We have had cases where we believe fraud was committed, yet proving intent was difficult. In the past year, we have a few situations where the billing employee at a quality child care center was committing fraud. The owner had no knowledge of this and cooperated with us. We would not earn an incentive in this situation even though fraud was identified, investigated, and stopped. We believe counties should earn incentives for fraud detection, prevention, investigations, and overpayment recoveries.

#### Department response

Section 49.197 (2), Stats., directs the department to establish an incentive program that rewards local agencies that administer the subsidy program for identifying fraud in the program. Intent is a standard component of fraud. The requirement that a provider be suspended before a local agency is eligible to earn an incentive was in the department's proposal for the program that was approved by the Joint Committee on Finance.