



**Minnesota House of Representatives
Sub-Committee on Child Care Access & Affordability
State Office Building Room 200**

Monday, December 17, 2018

- I. Distinctions between MFIA, the FPI Program & DHS OIG Child Care Provider Investigations
- a. MFIA is a professional organization comprised of investigators, administrators, prosecutors, eligibility, recovery and collections specialists whose primary focus is toward the prevention, detection and elimination of fraud within publicly funded benefit programs.
 - b. The Fraud Prevention Investigation (FPI) Program is a state funded, county administered program. The focus of the program is to identify potential fraud in TANF, food, healthcare, cash and child care assistance programs at the onset of the application process in order to avoid large overpayments of benefits and ensure that correct benefits are issued from the onset.
 - c. The MNDHS OIG Child Care Provider Investigations Unit investigates child care centers that fraudulently bill or violate other rules or laws relating to the Child Care Assistance Program (CCAP).
 - i. County FPI Investigators may initiate and perform their own provider investigations and confer and coordinate with the OIG Child Care Provider Investigations Unit on the investigations.
 - ii. County FPI Investigators who are members of MFIA have become aware of several issues in the course of these investigations that are barriers to early detection and prevention of fraud in CCAP.
- II. Barriers to early Detection & Prevention of Fraud in CCAP
- a. It is challenging to determine whether day care center owners, controlling individuals or employees are responsible for the over-billing of CCAP funds. Prosecutors are hesitant to accept these cases because intent can't be proven under current statutes and rules.
 - i. Solution-Pass legislation allowing for a clause in the billing process which states that owners, controlling individuals and billers are ALL held responsible when submitting billing for CCAP funds and in the event of fraudulent activity, ALL of the above individuals assume liability. Require all of these individuals to sign a perjury disclaimer.
 - b. Child Care Centers can retroactively bill for care allegedly provided well after the 60 day limit while they are waiting for a CCAP applicant to be approved for benefits.
 - i. Investigators have to wait well over 2 months after the date of their surveillance to see the amount of overbilling.
 - ii. Solution-Pass legislation with more strict limitations on retroactive billing in the CCAP program.
 - c. CCAP providers are able to get licensed very quickly, with little or no proven knowledge on the policies, procedures, rules, and regulations, pertaining to the operation of a child care center.

- i. MS 245A.04, Subd. 1(e) requires a day care center applying for CCAP funds to be able to demonstrate competent knowledge of the rules and requirement of the program.
- ii. Solution-require all new licensors, owners and controlling individuals to take a written test showing their competency and knowledge of statutes, rules and policies concerning running and operating a license child care center in Minnesota as provided for in MS 245A.04, Subd1 (e).

III. Current Trends in Fraud Investigations

- a. Program rules and policies are often not consistent with state statutes and/or federal regulations.
 - i. MS 256.987, Subd. 2-Change “EBT debit card” to “benefits.”
 - ii. Solution-Address inconsistencies between federal regulation, MN statutes and DHS program rules and policies so that the law can be applied correctly and accurately.
- b. There are significant programming issues within the METS/MNSURE system.
 - i. The fraud release is missing from the application.
 - ii. It is impossible to print the online application that is completed by the MA applicant on METS/MNSURE.
 - iii. The safeguards in place are minimal and don’t function properly so the system can’t be trusted to verify that the information the client is reporting is in fact accurate.
 - iv. Solution-Reach out to other states and attempt to repair the METS/MNSURE programming issues that compromise the integrity of the MA program. Pass legislation to more clearly define “residency” as it applies to MA eligibility.
- c. The continual evolution of relaxed reporting requirements limits investigators’ ability to maintain program integrity among public assistance programs.
 - i. Simplified reporting has made it difficult to detect fraud.
 - 1. Solution- Reinstate monthly reporting for the SNAP program, maintain monthly reporting for the MFIP program and pass legislation that includes a new spouse’s income when determining eligibility for a current assistance unit (MS 256P.06 Subd.2(b)).
 - ii. Self-attestation has led to overpayments of benefits that could have been avoided if the agency had verified the information from the on-set.
 - 1. Solution- Eliminate self-attestation by requiring participants to provide proof of bank accounts, income and expenses.
 - iii. The removal of asset limits has allowed millionaires to become eligible for certain benefits.
 - 1. Solution-Reinstate the asset test for the programs in which the test was removed in 2013.

IV. HF 3821

- a. Investigations are revealing that public assistance recipients are under-reporting the actual income they receive from their self-employment business(es) and using their business income to pay (extravagant) personal expenses.
- b. The bill seeks to modify statute to count as income or assets, money from a business, loan or co-mingled account that is being used to pay personal expenses in determining eligibility for MFIP, SNAP, MA & CCAP.
- c. MFIA supports this bill because it will prevent individuals from misrepresenting their circumstances in an effort to obtain benefits they would not have otherwise been entitled to.