

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Haas and others

**Subject:** Child Care Assistance Fraud Prevention Provisions

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### Overview

This bill makes modifications to the child care assistance program in order to prevent fraud.

#### Section

- 1** **Provider.** Amends § 119B.011, subd. 19. Amends the definition of "provider" to include individuals or child care centers or facilities holding a valid child care license issued by another state or a tribe and providing child care services in the licensing state or in the area under the licensing tribe's jurisdiction.
- 2** **Registration.** Amends § 119B.011, proposing a new subd. Defines "registration" as the process used by a county to determine whether a provider meets the requirements necessary for payment of child care assistance for care provided by that provider.
- 3** **Recoupment of overpayments.** Amends § 119B.011, subd. 21. Amends the definition of "recoupment of overpayments" to allow for recoupment from child care providers instead of families.
- 4** **Duties of counties.** Proposes coding for new law § 119B.025.

**Subd. 1. Factors which must be verified.** Requires counties to verify certain information at all child care applications and recertifications using the universal application.

**Subd. 2. Social security numbers.** Requires counties to request social security numbers from all applicants for child care assistance. Prohibits counties from denying child care assistance solely on the basis of failure of an applicant to report a social security number.

- 5 **Payment of funds.** Amends § 119B.09 by adding a subd. Requires all federal, state, and local child care funds to be paid directly to the child care provider on behalf of the eligible family. Under current law, counties have the option of paying the provider or the family.
- 6 **Recovery of overpayments.** Amends § 119B.11, subd. 2a. Allows overpayments to be recovered even when the overpayment is caused by agency error or circumstances outside of the control of the family or provider. Requires overpayments to be recouped from the family if the overpayment benefited the family by causing the family to pay less for child care expenses than the family would have been required to pay under program requirements. Requires overpayments to be recovered from the provider if the overpayment benefited the provider by causing the provider to receive more child care assistance than otherwise would have been paid on the family's behalf under program requirements. Makes both the family and the provider jointly liable for overpayments if they acted together to intentionally cause overpayment.
- 7 **Provider requirements.** Proposes coding for new law § 119B.125.
- Subd. 1. Authorization.** Requires counties to authorize providers to receive child care assistance payments before the county makes payments to the provider. Requires the commissioner to establish the requirements necessary for authorization of a provider.
- Subd. 2. Persons who cannot be authorized.** Lists 13 conditions that prohibit people from becoming authorized as a legal unlicensed family child care provider.
- Subd. 3. Disqualification exception.** Allows counties to authorize a person as a provider after the county has initially denied a person authorization as a legal nonlicensed family child care provider if three conditions are met.
- Subd. 4. Unsafe care.** Allows counties to deny authorization as a child care provider to any applicant or rescind authorization of any provider when the county knows or has reason to believe that the provider is unsafe or that the circumstances of the chosen child care arrangement are unsafe. Requires counties to include in their child care fund plan the standards used to determine whether a provider or care arrangement is unsafe.
- Subd. 5. Retroactive payment.** Allows the county to issue retroactive payment to the provider for child care services provided during the time between the county's receipt of the completed application and final authorization of the provider.
- Subd. 6. Record keeping requirement.** Requires all providers to keep daily attendance records for children receiving child care assistance and make those records available immediately to the county upon request. Requires providers to keep daily attendance records for six years after the date of service. Allows counties to deny authorization as a child care provider or rescind authorization of any provider when the county knows or has reason to believe that the provider has not complied with the record keeping requirement.
- 8 **Provider payments.** Amends § 119B.13, subd. 6. Makes technical and conforming changes. Strikes a provision allowing counties or the state to pay parents directly for eligible child care expenses. Requires both the parent and the provider to sign the bill for services rendered if the child care center does not keep detailed log sheets. For licensed and legal nonlicensed family child care, both the parent and the provider must sign the bill. Requires providers to submit all bills within 60 days of the last date of service on the bill. Allows counties to pay bills submitted more than 60 days after the last date of service if the provider can show good cause as to why the bill was submitted late. Requires counties to define good cause in their child care fund plan. Prohibits counties from paying bills submitted more than one year after the last date of service on the bill. Allows counties to stop payment issued or to refuse to pay

a bill under certain circumstances.

- 9 **Fair hearing allowed for providers.** Amends § 119B.16, by adding a subd. Allows providers who have been assigned responsibility for an overpayment to request a fair hearing to challenge the assignment of responsibility for the overpayment and the amount of the overpayment.
- 10 **Joint fair hearings.** Amends § 119B.16, by adding a subd. Requires the county to make the family in whose case the overpayment was made a party to the fair hearing if a fair hearing is requested by the provider. Requires the county to make the provider a party to a fair hearing if a fair hearing is requested by the family. Requires all other issues raised by the family to be resolved in the same proceeding. Allows referees assigned to fair hearings to join a family or a provider as a party to the fair hearing.
- 11 **Informal conference.** Amends § 119B.16, subd. 2. Requires county agencies to offer an informal conference to providers to whom the county agency has assigned responsibility for an overpayment in an attempt to resolve the dispute. Allows the county agency or the provider to ask the family in whose case the overpayment arose to participate in the informal conference, but the family may refuse to do so.
- 12 **Hearing authority.** Amends § 256.046, subd. 1. Requires local agencies to initiate administrative fraud disqualification hearings for individuals, including child care providers caring for children receiving child care assistance, accused of wrongfully obtaining assistance or intentional program violations, in lieu of a criminal action when it has not been pursued.
- 13 **Qualifying overpayment.** Amends § 256.0471, subd. 1. Makes it easier and less expensive for counties to collect overpayments from former recipients.
- 14 **Disqualification from program.** Amends § 256.98, subd. 8. Establishes a disqualification period for providers convicted of wrongfully obtaining public assistance.