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306.1 **GENERAL POLICY & REGULATION**

This manual section sets forth the regulation, policy and procedure for the Child Care Information Service (CCIS) agencies to follow when a child care provider receives an overpayment with or without suspected fraud. The information in this manual section contains direction and procedure related to collecting overpayments and sending overpayment referrals to the Office of Inspector General (OIG) for investigation.

The information presented in this chapter applies to all provider types which participate in the subsidized child care program.

All overpayments that resulted from suspected provider fraud should be referred to the OIG.

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306.2 **DEFINITIONS & ACRONYMS**

See [Manual “101 – Definitions and Acronyms”](#) for a complete, alphabetical listing of definitions and an alphabetical table of acronyms.

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306.3 **GOALS & OBJECTIVES**

See [Manual Section “306.19.1 – Goals”](#) and [Manual Section “306.19.2 – Objectives”](#)

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306.4 **CCIS RESPONSIBILITIES**

The CCIS must:

1. Identify if an overpayment exists and document the cause(s) of the overpayment.
2. Determine the period of the overpayment.
3. If fraud is not suspected, discuss the overpayment with the provider.
4. Maintain overpayment documentation in a fiscal file. Reference the fiscal file in the provider file.
5. Process non-fraudulent overpayments through PELICAN CCW when possible.
6. When collecting overpayments outside of PELICAN CCW, notify the provider by letter that an overpayment occurred, the amount of the overpayment, repayment is required, and the repayment options.
7. Refer all suspected fraud overpayments with appropriate attachments to the OIG upon discovery of the suspected fraud.

8. Pursue overpayment recovery when the OIG notifies the CCIS that there will be no further action by the OIG.
9. Cooperate with the OIG in any investigation of suspected fraud.
10. Testify before a magisterial district judge, grand jury, or jury about an overpayment referred for criminal prosecution.
11. Discuss with the subsidy coordinator, whether the CCIS should end the Provider Agreement in PELICAN CCW when a provider commits an intentional agreement violation.
12. Retain overpayment verification documents in fiscal files for at least six years from the end of the fiscal year in which the overpayment occurred.

[See Manual Section “306.19.3.1– Questions 306.4– CCIS Responsibilities”](#)

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306.5 **OIG RESPONSIBILITES**

The OIG:

1. Reviews the overpayment referral submitted by the CCIS.
2. Notifies the CCIS of action taken based on the overpayment referral.
3. Conducts an overpayment investigation.
4. Initiates legal action, if deemed appropriate.
5. Notifies the CCIS of legal action taken.
6. Works with CCIS staff to prepare for court appearances.
7. Collects and processes provider restitution as ordered by the court.
8. Collects from a provider who fails to pay the CCIS as ordered by the court.

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306.6 DETERMINING WHEN AN OVERPAYMENT EXISTS

Any of the following situations may cause an overpayment:

1. The provider does not report a change until after payment occurs.
2. The provider falsified documents to obtain or to continue to obtain payment.
3. The provider violates the Provider Agreement to obtain funds for which they are not entitled.

Overpayments may or may not be due to fraud. However, there must be an overpayment to the provider for fraud to exist.

[See Manual Section “306.19.3.2– Questions 306.6– Determining When an Overpayment Exists”](#)

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306.7 PROCESSING OVERPAYMENTS WITHOUT SUSPECTED FRAUD

When fraud is not suspected, the CCIS should recoup overpayments by processing adjustments within PELICAN CCW whenever possible. Create adjustments by processing retroactive enrollment changes, retroactive provider changes, child support deduction changes or return payments from a provider which are made on an invoice that has already been paid.

If enrollment or provider information is changed for invoices that have already been paid, PELICAN CCW changes the status of the invoices to Paid Pending Adjustment. Changes that impact only one enrollment cause an adjustment to the invoice status immediately. Retroactive changes to a provider payment amount can impact multiple enrollments and trigger the adjustment during the nightly batch process.

When a negative adjustment is processed in the system and there is no new invoice to recoup the funds against, PELICAN CCW is designed to automatically recoup outstanding overpayments – regardless of the fiscal year. Therefore, an uncollected overpayment from August 2012 could potentially be recouped from a provider payment in January 2013 (or later). Review **[Manual “305 – Provider Payments”](#)** for more information about processing adjustments.

NOTE: The CCIS must contact the subsidy coordinator before withholding payments.

Since collection cannot occur within PELICAN CCW from an inactive provider for whom no payments are pending, advise the provider about the need to repay the amount owed and repayment options outside of PELICAN CCW, if applicable.

The CCIS must notify the provider in writing about overpayment collection within and outside of PELICAN CCW. For more information about advising the provider, see **[Manual Section “306.14, Notification to Providers.”](#)**

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[See Manual Section “306.19.3.3 – Questions 306.7 – Processing Overpayments Without Suspected Fraud”](#)

306.8 DETERMINING PROVIDER FRAUD

Provider fraud is defined as an *intentional* act by a provider that results in obtaining, continuing or increasing payment for subsidized child care. Provider fraud may involve:

- A false or misleading statement.
- The failure to disclose information.

Examples of when fraud **could** exist are:

1. The provider charges the Office of Child Development and Early Learning (OCDEL) more than the provider's published rates.
2. The provider fails to report their debarred status and gets paid for child care for which they were ineligible.
3. The provider receives an overpayment because they falsified an attendance invoice or did not care for the child.

Not all overpayments are the result of fraud. If the CCIS suspects an overpayment may be the result of provider fraud, contact the OIG's **Regional Manager** to discuss facts of a situation.

EXAMPLES OF POTENTIAL PROVIDER FRAUD -- REFER TO THE OIG:

The provider continues to show provision of care to a child who has actually moved to a different state. (This could be collusion between the p/c and the provider.)

The provider uses two different rate schedules -- one for private pay families and one with higher rates for subsidy families.

The provider and p/c indicate that although they have the same address, they state that the p/c lives in a basement apartment; the provider lives on the first floor. They actually live together.

The parent and provider agree to pretend the children are being cared for by the provider when, in reality, they are cared for by the parent.

Some overpayments are a result of a license or agreement violation and may not involve fraud. For instance, a provider is licensed to care for children at a city location. In the summer, the provider takes the children to another location in the country. This is a license/agreement violation and should be referred to regional certification staff. Do not refer license/agreement violations to the OIG.

NOTE: Overpayments that do not involve suspected fraud should not be referred to the OIG.

After consulting with the subsidy coordinator, the CCIS may end the Provider Agreement for regulated or unregulated providers if the provider has violated terms of the Agreement. If the subsidy coordinator gives approval to end the Agreement of a regulated provider, the CCIS must send the provider the **Agreement Termination Letter** which notifies the provider of the agreement violation and describes appeal rights.

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[See Manual Section “306.19.3.4 – Questions 306.8 – Determining Provider Fraud”](#)

306.9 **INITIATING FIELD INVESTIGATION REQUESTS**

OIG Form 1009 (OIG 1009), Subsidized Child Care Services Application Investigation Referral is used to initiate a field investigation for situations which can be checked quickly when fraud is suspected. The form and a **sample** are on the OCDEL Intranet site. Sections 1 and 2 are to be completed by the CCIS. The OIG reports its findings in Section 3. Section 4 is completed by the CCIS as noted on the sample form. Submit the form and supporting documents to the OIG **Regional Manager** by email, U.S. mail or fax.

The CCIS can use the results of **OIG 1009** field investigation to determine whether to stop further payments to the provider and/or begin an overpayment action.

An example of the benefit of **OIG 1009**:

Provider contacts CCIS during child care hours. The CCIS caller ID shows the call is coming from a bank. After the call the CCIS calls the bank and asks for the provider who then comes to the phone. The CCIS completes **OIG 1009** and the OIG investigation shows that the provider works at the bank during the time he is on record as caring for subsidy children.

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[See Manual Section “306.19.3.5 – Questions 306.9 – “Initiating Field Investigation Requests”](#)

306.10 **REFERRING PROVIDER OVERPAYMENTS WITH SUSPECTED FRAUD TO THE OIG**

Collusion occurs when a provider(s) and parent(s) conspire to commit fraud. For example, a parent falsely states that she is taking her child to Annie’s Child Care Center, while at the same time, Annie, owner of Annie’s Child Care Center is falsely submitting attendance invoices showing that she is watching the child. The parent and the provider are in collusion.

When the CCIS suspects fraudulent acts by the provider or collusion which results in overpayment, the CCIS must:

1. Complete the **OIG Form 735 (OIG 735)**. Reference the **Instructions to Complete the Suspected Provider Fraud Overpayment Referral (OIG 735)** for information about form completion. If the case involves collusion, also complete **OIG Form 761 (OIG 761), Subsidized Child Care Parent/Caretaker Overpayment Referral**. For collusion submissions on **each form** write, “See Attached” and submit the forms together.

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2. Attach a copy of the Provider Agreement signature page.
3. Attach a copy of the CCIS Invoice(s) showing the overpayment amount.
4. Send the referral by email, U.S. mail or fax to the appropriate OIG regional office address. See the [OIG Regional Offices Map](#) and the OIG [Regional Contact](#) information.
5. Place a copy of the referral in the fiscal file.

OIG 735 AND **OIG 761** are used for investigation of established fraudulent overpayments, not a quick confirmation of facts for which **OIG 1009** is used.

The OIG will review and, if possible will prosecute provider-only fraud overpayments based on 62 P.S. §481. All provider-only fraud overpayment referrals submitted by the CCIS office must meet the following criteria:

- Provider fraud is suspected; and
- The resulting overpayment was not caused by administrative error, such as a duplicate payment where the provider cashed the check; and
- The resulting overpayment did not enter into a collection process and/or where payments have been made; and
- A signed provider agreement is available.

Pending the outcome of the OIG's action, the CCIS can withhold payments if that would be their normal procedure if fraud were not suspected. For example, if the provider admitted they were overpaid, the CCIS could withhold payment.

- ✓ If the OIG feels that the fraud is criminal in nature, the OIG refers the case to the local District Attorney for criminal prosecution. The OIG advises the CCIS of the referral status and the outcome of the criminal action pursuit using the [Report on Subsidized Child Care Provider Referral \(OIG 767\)](#).
- ✓ Not all cases of suspected fraud can be prosecuted in criminal court. If the OIG or court system determines prosecution is not warranted, the OIG notifies the CCIS using the [OIG 767](#). The provider action may still be deemed fraud by the OIG, but it does not rise to a criminal/prosecutable level. In this case, collection actions should still be pursued by the CCIS.
- ✓ If the overpayment is not due to fraud but is a licensing issue, the CCIS must contact the subsidy coordinator and regional certification representative.

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[See Manual Section "306.19.3.6 – Questions 306.10 – Referring Provider Overpayments with Suspected Fraud to the OIG"](#)

306.11 OIG PROSECUTION & COLLECTION

When OIG initiates a criminal prosecution the provider is not given advance written notification of the criminal prosecution.

The CCIS may be called to testify before magisterial district judges, judges, juries and grand juries. The OIG will notify the CCIS that the case is being handled in court so that CCIS staff will be aware that they may need to testify.

If the OIG pursues an overpayment through the court system and the provider pleads guilty or is found guilty, the court orders restitution. The provider has no appeal rights. The court will order repayment to the CCIS directly or to the OIG. If payment is to be made directly to the CCIS and the provider fails to make the payment, contact the OIG.

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[See Manual Section “306.19.3.7 – Questions 306.11 – OIG Prosecution & Collection”](#)

306.12 TRACKING CCIS FRAUD REFERRALS AND OVERPAYMENTS

CCIS agencies must complete the [Fraud Referrals/Overpayments Tracking Log](#) when a child care provider has committed fraud while receiving subsidized child care benefits that result in an overpayment or when the CCIS agency is unable to collect an overpayment that is not related to fraud.

The tracking log is a spreadsheet containing four tabs. Use the second tab, Active OIG Referrals – PROVIDER, to capture information about active OIG suspected fraud referrals for providers:

This tab includes the following columns for tracking information:

CCIS Office – enter the *CCIS Office*.

Provider ID# -- enter the Provider ID number.

Provider Name – enter the provider’s location name.

OIG Referral Reason – indicate the *OIG Referral Reason* by selecting a blank box in this column, clicking the down arrow displayed immediately to the right and, using the drop down list provided, select the appropriate reason for the referral to the OIG (“Fraud/Overpayment” or “Collection Only”).

Date CCIS Referred to the OIG – enter date referral was sent to the OIG.

Total Overpayment Amount – enter the total overpayment amount.

Overpayment Period – enter the begin and end dates of the overpayment period(s); if multiple periods exist, list the date ranges for each.

OIG Regional Office Assigned – indicate the *OIG Regional Office Assigned* by clicking the down arrow immediately to the right of a blank box in this column and using the drop down list provided, select the OIG Regional Office handling the referral (one of four possibilities).

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OIG Staff Contact Info – enter the current OIG staff person assigned to the referral and his/her phone number/email address.

OIG Response Date – indicate the date the OIG reported the results of its investigation to the CCIS.

OIG Investigation Status – indicate the *OIG Investigation Status* by clicking the down arrow immediately to the right of a blank box in this column and, using the drop down list provided, select the current status of the OIG investigation (Prosecution (Fraud), Collection Only (No Prosecution) or Pending).

Who is collecting the overpayment? – indicate *who is collecting the overpayment* by clicking the down arrow immediately to the right of a blank box in this column and, using the drop down list provided, select whether the OIG or CCIS is collecting on the overpayment.

Adjudication Date – enter the *Adjudication Date* (found on the **OIG 767** form) if established. If not known yet or not applicable, leave blank.

Disqualification Date – enter the *Disqualification Date*, if client or provider has been disqualified from receiving subsidized child care. If the client or provider has not been disqualified or the decision is pending, leave blank.

Status Update – briefly explain the circumstances related to the OIG referral, including any details deemed necessary. If the overpayment was a result of client/provider collusion, include the client's County/Record Number here.

The CCIS agency must complete information accessed from the last tab of the **Fraud Referrals/Overpayments Tracking Log**, CCIS OP Collection – PROVIDER, to capture information regarding provider overpayments currently in collection/recoupment status with the CCIS agency:

This tab includes the following columns for tracking information:

The first three columns capture the same information as described above for the second tab, Active OIG Referrals – PROVIDER (i.e., **CCIS Office, Provider ID#** and **Provider Name**).

Date CCIS sent Overpayment Repayment Letter to Provider – enter date the overpayment repayment letter was sent to the provider.

Total Overpayment Amount - enter the total overpayment amount.

Overpayment Period - enter the begin and end dates of the overpayment period(s); if multiple periods exist, list the date ranges for each.

Provider Repayment Method – indicate the *Provider Repayment Method* by clicking the down arrow immediately to the right of a blank box in this column and using the drop down list provided, select the overpayment repayment method for the provider.

Provider repayment options are: Recoupment Within System, Collection Outside System or Both Methods Combined.

Date Repayment Began – enter date the provider began repaying the overpayment.

Overpayment Balance Remaining for Collection – enter the amount of remaining overpayment balance the provider is required to pay.

Status Update - briefly explain the circumstances related to the active CCIS overpayment collection, including any details deemed necessary.

The tracking logs should be available for your subsidy coordinator's review.

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306.13 WITHHOLDING PAYMENTS

Recoupment occurs when a provider has been overpaid for services. Repayment can occur within or outside of PELICAN CCW. Collecting within PELICAN CCW is preferred because the system tracks the funds.

CCIS agencies can withhold payment from a provider who violates the provider agreement. The CCIS must get approval from the subsidy coordinator before withholding payment. If payment is withheld thus preventing an overpayment, no referral is made to OIG since the money was not paid to the provider.

If the invoice from which money is to be withheld is in a status lower than Authorized, do not change the status and do not process. If withholding the payment after the invoice is authorized, withhold payment through the fiscal department.

NOTE: Anytime payment is held through the fiscal department, record these funds on the RECAP as revenue to the CCIS since payment was not made to the provider.

The CCIS must notify the provider that payment will be withheld or recouped. See [Manual Section "306.14, Notification to Providers."](#)

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[See Manual Section "306.19.3.8- Questions 306.13 – Withholding Payments"](#)

306.14 NOTIFICATION TO PROVIDERS

The CCIS must send notification to the provider when it withholds payment. The letter must include the withholding period, invoice(s) affected, total amount withheld and how that amount was calculated. The CCIS can use the [Withheld Payment Letter](#) or its own letter as long as it includes the preceding information.

The CCIS generates a Recoupment Letter for any provider who has a negative adjustment processed through PELICAN CCW. The Recoupment Letter, which is generated through PELICAN CCW, details the amount of the recoupment and the percentage of recoupment from each payment within the system. The name of the child affected by the adjustment appears in bold for easy recognition. The Adjustment Reason prints on the Recoupment Letter. For more information on recoupment letters review [Chapter 500 – Correspondence](#).

The CCIS should notify the provider of recoupment outside of PELICAN CCW. The CCIS may use the [Recoupment Outside PELICAN CCW Letter](#) or their own letter. The letter must include the cause, period, and amount of the overpayment. It should also give the provider the option of a single payment or establishment of a payment plan, if applicable as well as a response deadline.

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[See Manual Section “306.19.3.9– Questions 306.14 – Notification to Providers”](#)

306.15 PROCESSING A RETURNED PAYMENT

To credit the account when a provider sends in a check toward an overpayment that is processed through the system go to the Payment Returned Page in PELICAN CCW.

Description	Invoice ID	Payment ID	Provider ID	
Enter Invoice Received	<input type="text"/>			GO
Enter Attendance	<input type="text"/>			GO
Calculate Invoice	<input type="text"/>			GO
Authorize Invoice	<input type="text"/>			GO
View Invoice Detail	<input type="text"/>			GO
View Invoice Status History	<input type="text"/>			GO
View Online Attendance Invoice	<input type="text"/>			GO
Print Attendance Invoice	<input type="text"/>			GO
View Payment Details / Enter Paid Dates		<input type="text"/>		GO
Process Return Payment		<input type="text"/>		GO
Print Payment Summary		<input type="text"/>		GO
Process Adjustment	<input type="text"/>			GO
Enter Provider Advance Payments			<input type="text"/> - <input type="text"/>	GO
View Provider Intercept Summary			<input type="text"/> - <input type="text"/>	GO

To access this page enter the Payment ID next to the Process Return Payment on the Payment Home page and click Go or select Return Payment Processing from the Select dropdown list and click Go on the Payment Detail page.

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Payment Returned Select... GO

Payment ID	Payee Name	Pmt Status	Status Date	Amount	Reporting Period	Pmt Method
8635	CHILD CARE CENTER, INC.	Payment Requested	09/10/2012	\$6,582.40	September 2012	Paper Check

Return Payment Reason* Select...
 Return Date* 09/20/2012
 Outstanding Overpayments for Payee: \$20.00
 Return Payment Adjustment Reason:
NOTE: 200 Characters Max.

Child Return Adjustments

Invoice	Individual Number	Child Name	Care Level	Expenditure Totals	Previously Returned Amount(s)	Current Return Amount(s)
Approved Adjustment(s) Balance: \$20.00				Pending Adjustment(s) Balance: \$0.00		
30	_____	Child One	YOT	\$520.00	\$0.00	<input type="text" value="0"/>
	_____	Child Two	PRE	\$607.32	\$0.00	<input type="text" value="0"/>
	_____	Child Three	PRE	\$587.32	\$0.00	<input type="text" value="0"/>
	_____	Child Four	PRE	\$497.16	\$0.00	<input type="text" value="0"/>
	_____	Child Five	PRE	\$101.94	\$0.00	<input type="text" value="0"/>
	_____	Child Six	PRE	\$497.16	\$0.00	<input type="text" value="0"/>
	_____	Child Seven	YSA	\$347.00	\$0.00	<input type="text" value="0"/>
	_____	Child Eight	YSA	\$419.00	\$0.00	<input type="text" value="0"/>
	_____	Child Nine	YSA	\$575.00	\$0.00	<input type="text" value="0"/>
	_____	Child Ten	YSA	\$575.00	\$0.00	<input type="text" value="0"/>
	_____	Child Eleven	YSA	\$104.50	\$0.00	<input type="text" value="0"/>
	_____	Child Twelve	YSA	\$575.00	\$0.00	<input type="text" value="0"/>
	_____	Child Thirteen	YSA	\$575.00	\$0.00	<input type="text" value="0"/>
	_____	Child Fourteen	OSA	\$291.00	\$0.00	<input type="text" value="0"/>
	_____	Child Fifteen	OSA	\$310.00	\$0.00	<input type="text" value="0"/>
Totals:				\$6,582.40	\$0.00	

NOTE: Cannot return more than the total Payment Amount.

[AUTHORIZE RETURN](#) [PREVIOUS](#)

To process the return payment:

1. Select a Return Payment Reason from the dropdown.
2. Enter the date the CCIS received the check into the Return Dated field.
3. Enter a Return Payment Adjustment Reason.
4. Enter the returned payment amount next to the child for whom it is being paid.
5. Click Authorize Return to create a positive adjustment.

NOTES:

Click the invoice number hyperlink to view the Invoice Detail.

If the outstanding balance is less than the return amount, PELICAN CCW shows a warning and prompts the user to check the Force Re-Issue of the Payment checkbox. To create a second payment for the difference, click Authorize Return a second time.

The forced payment created using the Force Re-Issue of Payment function does not carry over the enrollment information used in calculations for the adjustment. It is only meant to enable PELICAN CCW to account for the balance difference.

After the Payment Returned page refreshes, the Approved Adjustment(s) Balance and the outstanding overpayments are reduced.

The Payment Returned page facilitates processing provider payment adjustments for the reporting period, including adjustments associated with enrollments requiring repayment. This page shows total balances for both pending and approved adjustments. The balance hyperlinks provide access to pages for processing the adjustment or modifying an existing adjustment. The Pending Adjustment(s) Balance hyperlink provides access to either a summary page which displays multiple pending adjustments or a detail page showing a single pending adjustment for this payment. After pending adjustments are processed using the Returned Payment page, PELICAN CCW displays the approved adjustment balance within the hyperlink of the same name and in the Outstanding Overpayments for Payee field.

NOTES:

If a pending adjustment was approved in error, click the Approved Adjustment(s) Balance hyperlink. Then click Cancel Adjustment Payment Authorization to move the adjustment back to pending status.

If an overpayment existed for the payee because of an unsatisfied recoupment from the current or previous service period, its remaining amount appears in the Outstanding Overpayments for Payee field.

The Pending Adjustment(s) hyperlink only displays pending adjustments associated with the invoice displayed. It does NOT show Year-to-Date pending adjustments for the payee.

The adjustments accessed through the Approved Adjustments Balance hyperlink are those against which the return payment is to be balanced.

The adjustment on the Payment Returned page can be modified prior to processing a return payment. After the adjustment is processed, updates to this page cause additional pending adjustments.

To update or view the child's enrollment, click the Individual Number hyperlink for the child. That opens a new session of PELICAN CCW where the user can view or modify the child's schedule, status or co-payment.

If the return payment is authorized but the night batch has not run and a change is made to any enrollments for that invoice, PELICAN CCW automatically cancels the authorization of the return payment. A fiscal alert generates immediately indicating an adjustment was made.

PELICAN CCW automatically applies the "Satisfy negative adjustments and authorize payment of extra" settlement method for returns.

Select "Ineligible Provider" reason code in the Return Payment Reason drop-down box to process a return payment when an Office of Inspector General (OIG) Investigation shows that a provider is ineligible.

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306.16 UNCOLLECTABLE OVERPAYMENTS & BUDGET REVISIONS

Rider 2 of the CCIS Grant states that the Grantee must monitor overpayments monthly and report to OCDEL if the total sum of all overpayments exceeds 1% of the service budget.

CCIS agencies can record "Uncollected Overpayments" on a line in Family Support Services (FSS). Based on the Grant, no more than 1% of the funding source Service allocation can be entered within this line.

The CCIS is not required to budget for "Uncollected Overpayments."

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[See Manual Section "306.19.3.10– Questions 306.16 – Uncollectable Overpayments & Budget Revisions"](#)

306.17 REPORTING OVERPAYMENTS ON THE RECAP

Overpayments received from a provider in the current year should be documented on a separate line of the Revenues section on the CCIS Recap if the overpayment was written off as an uncollected overpayment in a previous year's annual recap.

OCDEL strongly suggests that the CCIS maintain a running log/spreadsheet of providers and payment amounts – by funding source – that have been determined to be uncollectible. If these providers return to the subsidized program at a later date, future Recaps need to reflect the collection of previously reported uncollected overpayments. For more information about reporting revenues on the Recap Worksheet, see [Manual "111 –Process for Reporting Revenues", Section "111.5.1 –Process for Reporting Revenues."](#)

PELICAN CCW is designed to automatically recoup outstanding overpayments – regardless of the fiscal year. Therefore, an uncollected overpayment from August 2010 could potentially be recouped from a provider payment in January 2013 (or later). Review [Manual "108 – Budget Revisions", Section "108.5 –CCIS Responsibilities"](#) for more information.

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[See Manual Section "306.19.3.11– Questions 306.17 – Reporting Overpayments on the Recap"](#)

306.18 UPDATED INFORMATION & ADDITIONAL RESOURCES

This section contains a listing of updated information distributed following issuance of this manual section via Announcements, Updates and Communiqués, as well as additional resources available to the CCIS.

306.18.1 Announcements

DATE ISSUED	ANNOUNCEMENT NUMBER	TITLE

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306.18.2 Updates

DATE ISSUED	UPDATE NUMBER	TITLE

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306.18.3 Communiqués

DATE ISSUED	COMMUNIQUE NUMBER	TITLE

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306.18.4 Additional Resources

DATE ISSUED	COMMUNIQUE NUMBER	TITLE

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306.19 TRAINING GUIDE

This section contains information pertinent to training the Provider Overpayment & Recovery Manual Section. The following subsections contain the goals and objectives of the manual section, as well as helpful question and answer checkpoints.

306.19.1 Goals

The information in this section contains the goals with regard to provider overpayments and recovery. The following are the goals of this manual section:

1. Describe CCIS and OIG responsibilities.
2. Describe provider fraud and collusion.
3. Describe the process of referring providers to the OIG.
4. Describe provider overpayments.
5. Describe notice to providers.
6. Describe payments and budget duties.

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[Return to Manual Section “306.3 – Goals & Objectives”](#)

306.19.2 Objectives

The information in this section contains the objectives for provider overpayments and recovery. The following are the objectives of this chapter:

1. Understand and perform CCIS responsibilities.
2. Understand CCIS and OIG responsibilities.
3. Identify potential provider fraud and recognize that some situations may be licensing issues rather than provider fraud.
4. Understand what collusion is and how to process suspected collusion referrals to the OIG.
5. Identify when an overpayment exists.
6. Be able to process overpayments without suspected fraud.
7. Be able to process overpayments with suspected fraud to the OIG.
8. Have a broad understanding of OIG prosecution and collection.
9. Understand CCIS responsibilities when withholding provider payments.
10. Understand notification for recoupment within and outside PELICAN CCW.
11. Be able to process a provider return payment.
12. Be able to monitor uncollectable overpayments and to understand CCIS role in budget revision.
13. Be able to report overpayments on the recap.

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[Return to Manual Section “306.3 – Goals & Objectives”](#)

306.19.3 **Section Checkpoint Questions**

The Policy Division of the Bureau of Subsidized Child Care Services developed the following questions as a check point to ensure comprehension of the information presented within this section. Upon review of the information within this section, CCIS staff should be able to answer all of the questions listed below.

306.19.3.1 **Questions – Manual Section 306.4 – “CCIS Responsibilities”**

1. TRUE OR FALSE. The CCIS is tasked with discussing all overpayments with the provider, whether or not fraud is suspected.
2. TRUE OR FALSE. When a provider commits an intentional agreement violation, the CCIS must contact and receive the approval of the subsidy coordinator prior to ending the agreement.

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[Return to Manual Section 306.4 – “CCIS Responsibilities”](#)

[See Answers](#)

306.19.3.2 **Questions – Manual Section 306.6 – “Determining When an Overpayment Exists”**

3. TRUE OR FALSE. All overpayments involve fraud.

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[Return to Manual Section 306.6 – “Determining When an Overpayment Exists”](#)

[See Answers](#)

306.19.3.3 **Questions – Manual Section 306.7 – “Processing Overpayments Without Suspected Fraud”**

4. TRUE or FALSE. When fraud is not suspected as the cause of an overpayment, the CCIS should try to collect funds within PELICAN CCW.
5. TRUE or FALSE. When an overpayment is collected within PELICAN CCW, the provider does not need to be notified since the repayment occurs through the system.

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[Return to Manual Section 306.7 – “Processing Overpayments Without Suspected Fraud”](#)

[See Answers](#)

306.19.3.4 [Questions – Manual Section 306.8 – “Determining Provider Fraud”](#)

6. TRUE or FALSE. Any time a provider misleads the CCIS or does not report a change fraud is committed.
7. TRUE or FALSE. All overpayments are the result of fraud and should be referred to the OIG.
8. TRUE or FALSE. All overpayments due to license agreement violations should be referred to the OIG.

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[Return to Manual Section 306.8 – “Determining Provider Fraud”](#)

[See Answers](#)

306.19.3.5 [Questions – Manual Section 306.9 – “Initiating Field Investigation Requests”](#)

9. Which of the following apply to OIG form 1009:
 - a. It’s used for field investigations by the OIG.
 - b. It’s submitted by the CCIS when fraud is suspected.
 - c. It’s used when a situation can be quickly investigated by the OIG.
 - d. OIG investigation findings may lead the CCIS to withhold further payments and/or begin an overpayment action after getting the approval of the subsidy coordinator.
 - e. All of the above.

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[Return to Manual Section 306.9 – “Initiating Field Investigation Requests”](#)

[See Answers](#)

306.19.3.6 Questions – Manual Section 306.10 – “Referring Provider Overpayments with Suspected Fraud to the OIG”

10. OIG forms 735, Suspected Provider Fraud Overpayment Referral and 761, Subsidized Child Care Parent/Caretaker Overpayment Referral are used when:
 - a. Fraud is suspected.
 - b. Overpayment exists.
 - c. The provider and or p/c has not been contacted about either the fraud or the overpayment.
 - d. The CCIS is NOT requesting a quick investigation to confirm facts.
 - e. All of the above.

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[Return to Manual Section 306.10 – “Referring Provider Overpayments with Suspected Fraud to the OIG”](#)

[See Answers](#)

306.19.3.7 Questions – Manual Section 306.11 – “OIG Prosecution & Collection”

11. When the OIG initiates criminal prosecution, which of the following is/are true:
 - a. The provider is made aware that the OIG is pursuing criminal action.
 - b. The CCIS will not have to testify because the OIG is handling the situation.
 - c. The provider can appeal the court’s decision.
 - d. If the court orders restitution, payment will be made to either the CCIS or the OIG.
 - e. All of the above.

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[Return to Manual Section 306.11 – “OIG Prosecution & Collection”](#)

[See Answers](#)

306.19.3.8 Questions – Manual Section 306.13 –
“Withholding Payments”

12. TRUE or FALSE. It is better to recoup overpayment within PELICAN CCW rather than outside it because the system tracks the funds.
13. TRUE or FALSE. If payment is withheld in order to prevent an overpayment which was caused by a potentially fraudulent action by the provider, no referral is made to the OIG for collection or prosecution.
14. Regarding the withholding of provider payments, which of the following are true:
 - a. CCIS agencies can withhold payment from a provider who violates the provider agreement.
 - b. The CCIS must get approval from the subsidy coordinator before withholding payment.
 - c. If the invoice from which money is to be withheld is in a status lower than Authorized, do not change the status by processing the invoice.
 - d. If the payment is going to be withheld after the invoice is authorized, withhold payment through the fiscal department and record these funds on the RECAP as revenue to the CCIS since payment was not made to the provider.
 - e. All of the above.

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[Return to Manual Section 306.13 –
“Withholding Payments”](#)

[See Answers](#)

306.19.3.9 Questions – Manual Section 306.14 –
“Notification to Providers”

15. TRUE or FALSE. When a CCIS withholds provider payment, it must send the provider the [Withheld Payment Letter](#) developed by OCDEL.

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[Return to Manual Section 306.14 –
“Notification to Providers”](#)

[See Answers](#)

306.19.3.10 Questions – Manual Section 306.16 – “Uncollectable Overpayments & Budget Revisions”

16. TRUE or FALSE. The CCIS is not required to budget for “Uncollected Overpayments.”

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[Return to Manual Section 306.16 – “Uncollectable Overpayments & Budget Revisions”](#)

[See Answers](#)

306.19.3.11 Questions – Manual Section 306.17 – “Reporting Overpayments on the Recap”

17. True or False. If an overpayment written off as an uncollected overpayment in a previous year’s annual recap is received in the current year, document the collection on a separate line of the Revenues section on the CCIS Recap.

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[Return to Manual Section 306.17 – “Reporting Overpayments on the Recap”](#)

[See Answers](#)

306.19.4 Section Checkpoint Answers

The Policy Division of the Bureau of Subsidized Child Care Services provided the answers to all the questions in Manual Section “306.19.3 – Section Checkpoint Questions.”

306.19.4.1 Answers – Manual Section 306.4 – “CCIS Responsibilities”

1. FALSE. When fraud is suspected in association with an overpayment, the CCIS should contact the Office of Inspector General (OIG).
2. TRUE. Before ending a provider agreement, the CCIS must get approval from the subsidy coordinator.

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[Return to Manual Section 306.4 – “CCIS Responsibilities”](#)

306.19.4.2 **[Answers – Manual Section 306.6 – “Determining When an Overpayment Exists”](#)**

3. FALSE. Overpayments may or may not be due to fraud.

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[Return to Manual Section 306.6 – “Determining When an Overpayment Exists”](#)

306.19.4.3 **[Answers – Manual Section 306.7 – “Processing Overpayments Without Suspected Fraud”](#)**

4. TRUE. When fraud is not suspected, the CCIS should recoup overpayments by processing adjustments within PELICAN CCW whenever possible. Create adjustments by processing retroactive enrollment changes, retroactive provider changes, child support deduction changes or return payments from a provider which are made on an invoice that has already been paid.
5. FALSE. When collection occurs within PELICAN CCW for overpayments that do not involve suspected fraud, the CCIS must notify the provider in writing about the collection.

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[Return to Manual Section 306.7 – “Processing Overpayments Without Suspected Fraud”](#)

306.19.4.4 **[Answers – Manual Section 306.8 – “Determining Provider Fraud”](#)**

6. FALSE. Fraud requires intent.
7. FALSE. Not all overpayments are the result of fraud. However, when an overpayment occurs and fraud is suspected, the CCIS should contact the OIG.
8. FALSE. License violations that do not involve suspected fraud, should be referred to the regional certification staff.

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[Return to Manual Section 306.8 – “Determining Provider Fraud”](#)

306.19.4.5 [Answers – Manual Section 306.9 – “Initiating Field Investigation Requests”](#)

9. e. -- All of the above. OIG Form 1009 is used to initiate a field investigation for situations which can be checked quickly when fraud is suspected. The CCIS can use the results of OIG 1009 field investigation to determine whether to stop further payments to the provider and/or begin an overpayment action.

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[Return to Manual Section 306.9 – “Initiating Field Investigation Requests”](#)

306.19.4.6 [Answers – Manual Section 306.10 – “Referring Provider Overpayments with Suspected Fraud to the OIG”](#)

10. e. – All of the above. When the CCIS suspects fraudulent acts by the provider or collusion which results in overpayment, the CCIS should send a referral to the OIG Regional Office Manager using OIG Form 735 (OIG 735), Suspected Provider Fraud Overpayment Referral. For overpayments due to suspected collusion, complete and submit OIG Form 761 (OIG 761), Subsidized Child Care Parent/Caretaker Overpayment Referral AND OIG 735. OIG 735 AND OIG 761 are used for investigation of established overpayments, not a quick confirmation of facts for which OIG 1009 is used.

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[Return to Manual Section 306.10 – “Referring Provider Overpayments with Suspected Fraud to the OIG”](#)

306.19.4.7 Answers – Manual Section 306.11 – “OIG Prosecution & Collection”

11. d. -- If the court orders restitution, payment will be made to either the CCIS or the OIG. When OIG initiates a criminal prosecution the provider is not given advance written notification of the criminal prosecution. The CCIS may be called to testify before magisterial district judges, judges, juries and grand juries. The provider has no appeal rights. The court will order repayment to the CCIS directly or to the OIG.

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[Return to Manual Section 306.11 – “OIG Prosecution & Collection”](#)

306.19.4.8 Answers – Manual Section 306.13 – “Withholding Payments”

12. TRUE. Recoupment within PELICAN CCW of overpayments is better than recoupment outside of the system since PELICAN CCW can track collection made through PELICAN CCW.
13. TRUE. If provider overpayment does not occur, the CCIS would not contact the OIG even if the circumstances leading to the prevented overpayment appear to be fraudulent.
14. e. – All of the above. CCIS agencies can withhold payment from a provider who violates the provider agreement after getting approval from the subsidy coordinator. If the invoice from which money is to be withheld is in a status lower than Authorized, do not change the status and do not process. If withholding the payment after the invoice is authorized, withhold payment through the fiscal department. Anytime payment is held through the fiscal department, record these funds on the RECAP as revenue to the CCIS since payment was not made to the provider.

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[Return to Manual Section 306.13 – “Withholding Payments”](#)

306.19.4.9 Answers – Manual Section 306.14 –
“Notification to Providers”

15. FALSE. The CCIS must send notification to the provider when it withholds payment. The CCIS can use the **Withheld Payment Letter** or its own letter as long as it includes the withholding period, invoice(s) affected, total amount withheld and how that amount was calculated.

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[Return to Manual Section 306.14 – “Notification to Providers”](#)

306.19.4.10 Answers – Manual Section 306.16 –
“Uncollectable Overpayments & Budget
Revisions”

16. TRUE. The CCIS is not required to budget for “Uncollected Overpayments.”

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[Return to Manual Section 306.16 – “Uncollectable Overpayments & Budget Revisions”](#)

306.19.4.11 Answers – Manual Section 306.17 – “Reporting
Overpayments on the Recap”

17. TRUE. Overpayments received from a provider in the current year should be documented on a separate line of the Revenues section on the CCIS Recap if the overpayment was written off as an uncollected overpayment in a previous year’s annual recap.

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