

**Frequently Asked Questions  
About the Child Development and Care Redesign and  
Child Care Billing Changes  
Michigan Department of Human Services  
Office of Early Education and Care**

**Why did the department decide to redesign the Child Development and Care program?**

The redesign is part of the department's goal to improve child safety and ensure integrity to the Child Development and Care program.

**What is included in the redesign?**

There are seven elements in the redesign process:

1. Conduct comprehensive background checks to improve child safety. During 2007-08, DHS expanded the background checks it conducts of providers to include five databases that report on criminal and parole activity, state and national sex offender registries, and state and federal crime and incarceration history. The department conducts weekly Central Registry checks and monthly automated background checks on unregulated, unlicensed enrolled providers.
2. Improve payment and billing verification to add integrity to the billing and payment system. Beginning April 2009, DHS will begin rolling out an enhanced time reporting system through modifying the telephone and Internet-based billing systems. Starting in April, providers will bill the number of hours of care per day. In May, parents will begin reporting child care hours. In December 2009, the Central Reconciliation Unit began comparing provider billing hours with parent reporting hours and communicating with parents and providers if there are discrepancies. Aside from improving payment accuracy, a second goal is to increase the usage of Internet Billing. By using Internet Billing, providers will be able to verify whether or not the parent has submitted their reporting information. This information will not be available when the provider bills by telephone.
3. Review high risk child care cases to reduce errors and improper payments. Since May 2008, this initiative measures eligibility accuracy and ensures proper documentation in both the DHS case record for the client and provider. All cases that are reviewed are corrected to identify savings and correct payments.
4. Investigate improper payment cases and seek prosecution of providers that defraud the state. While not a new activity, the DHS Office of Inspector General continues to monitor payments to providers against employment earnings reported to The Michigan Unemployment Insurance Agency. In addition, in the four-year period from fiscal 2005-08, the OIG completed nearly 5,000 investigations and referred more than 3,100 investigations for prosecution or administrative hearing. The alleged fraud value of those cases totaled more than \$32 million.
5. Conduct provider time and attendance record reviews to improve program integrity. This element continues to seek improved ways to help providers learn, understand and adhere to program time and attendance record retention requirements.
6. Terminate clients and providers without authorizations to prevent improper billing. Since mid-2008 department policy was changed and child care cases and provider enrollments without a current authorization have been closed, reducing the risk of billings for cases no longer eligible for payments. From July-December 2008 the department closed almost 21,000 cases and nearly 19,000 providers for this reason.

7. The department is in process of amending current administrative rules governing the Child Development and Care program. The proposed rules (R400.5001et seq.) will define the process for the department to impose penalties or disqualification on providers or clients through program noncompliance or fraud. Uniform sanctions will be assigned for those found to be in noncompliance with program rules. It is expected the rules will be promulgated by the end of 2009.

### **Will the redesign affect the way DHS field specialists manage child care cases?**

No. DHS specialists will continue to process and open child care cases. The redesign will not change the relationship between a DHS specialist and their clients, nor will it change the relationship between DHS licensing staff and their involvement and duties with licensed providers.

### **How will the redesign change the process for providers and parents?**

The redesign will not impact the application process for parents or providers. Providers will continue to bill for payment the same way, but will now have to bill in half-hour increments per pay period. Parents will now be required to report and certify their Parent Actual Activity hours and the number of Total Child Care hours used per pay period.

Providers will be encouraged to use the DHS-1546 as their required time and attendance form and retain it for four years. Parents will be required to use the DHS-641 to record their Parent Actual Activity hours and the Total Child Care hours used per pay period. This record (as well as supporting documentation) must be retained for four years.

Providers will find updated billing messages and instructions on their CH-1381, the I-Billing system and the telephone billing system. Information and tools to assist parents and providers will be available at the DHS Web site [www.michigan.gov/childcare](http://www.michigan.gov/childcare).

### **Will these changes be evaluated and reported?**

Yes, these changes will be evaluated and reviewed by the Department on an on-going basis. Each year the Department submits a required report to the Legislature that addresses the Department's efforts to reduce waste, fraud and abuse in the child care program.

### **Where can I call for more information?**

Please contact the Central Reconciliation Unit at **1-866-990-3227** for questions or more information.



### **STATE OF MICHIGAN Department of Human Services**

Quantity: 1,000  
Cost: \$122.64 (.12 ea)  
Authorization: DHS Director

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