

## Policy Communiqué #12-07 — Overpayment Calculation Requirements

This is a message from the Division of Policy.

**Title:** Overpayment Calculation Requirements

**Date:** 05/15/2012

**Priority:** High

**Category:** Informational

**Action Required:** Yes; See “Next Steps”

**Response Required:** No

### **Purpose:**

The purpose of this communiqué is to remind Child Care Information Services (CCIS) agencies of the requirement to include the specific overpayment calculation details in the Confirmation Notice that is sent to the parent/caretaker (p/c) when an overpayment is discovered.

### **Background:**

Recently several CCIS agencies have lost appeals for failing to provide the specific calculation details used in determining the overpayment amount in the Confirmation Notice sent to the p/c. These CCIS agencies lost the appeals because of the failure to fulfill the notice of overpayment requirement, specified in §3041.167(b)(4) (relating to notice of overpayment), which states “The notice of overpayment must include an explanation of how the overpayment was calculated.”

The Bureau of Hearings and Appeals (BHA) has issued orders stating, “The Notice is considered defective and cannot stand because it fails to comply with regulations. At the very least, concurrently with the Overpayment Notice, the CCIS must provide the p/c with a breakdown of how the total overpayment amount was calculated, which would include the daily rate paid to the provider and the number of days or weeks for which the provider received payment.”

### **Discussion:**

As a result of the lost appeals and explicit recommendations from BHA, we are reminding all CCIS agencies of the importance of including the specific calculation used when determining the overpayment amount in the Confirmation Notice sent to the p/c.

**CCIS agencies MUST instruct the p/c to “See Attachment” or “See attached overpayment calculation” in the “Explanation” field, in addition to a brief description, when generating the Confirmation Notice as shown below.**

**The CCIS MUST also manually print the Confirmation Notice and include the calculation as an attachment prior to sending the Confirmation Notice and Overpayment Collection Letter to the p/c.**

### Create New Correspondence

Co/Record Number	Addressee Type	Office	Correspondence	Corr Type
	Client		Confirmation Notice - Pcc	Notice

#### Correspondence Details

Language: English  
 Schedule Release Date: 5/3/2012  
 User ID: t-test21

#### Recipient Details

Addressee Type: Client  
 Addressee Name: SEBRINA  
 Address Line 1: MARKET ST  
 Address Line 2:  
 City, State, Zip: HARRISBURG, PA 17104

SAVE  CANCEL

#### Variable Fields - Applies to All Correspondence Versions

Display Short Description  Display Long Description  Display Selections

##### Select Notice Reasons

We have determined that there was an overpayment based on the following information:	
	Reason: Failure to report child support income for Jamell.
	From: 06/14/2010 To: 08/29/2010
	Amount: 165.00
<input checked="" type="checkbox"/>	§ 3041.167(a)
	Explanation: Unreported child support income for Jamell. See attached overpayment calculation.
You will receive a letter indicating your options regarding repayment.	

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**NOTE:** The Confirmation Notice language shown in the screen shot above will be revised, following distribution of this communiqué, to read – “Enclosed is a letter indicating your options regarding repayment.”

An overpayment may be the result of total child care ineligibility for specific period(s); an incorrect co-payment (co-pay) amount being assessed when a p/c fails to report income or other household changes as required; or a combination of the two. Different types of calculations are required when determining the overpayment amount depending upon the type(s) of overpayment that apply to the circumstances.

Due to the complexity of calculating overpayment amounts and the number of lost appeals related to this issue, the CCIS is now **REQUIRED** to generate, in Pennsylvania's Enterprise to Link Information for Children Across Networks (PELICAN) Child Care Works (CCW), the *Enrollment and Associated Payment Report (RE317)* by Co/Record Number and attach it to the Confirmation Notice so the p/c has a detailed calculation of the overpayment amount.

A "Job Aid" and "Enrollments and Associated Payments Report (RE317) – Example" are attached explaining how to use and generate the report, and includes the report parameters.

**REMINDER:** The Confirmation Notice must be printed locally in order to include **all of the attachments**, noted below under procedures, prior to mailing the overpayment packet to the p/c.

Under the following circumstances, the *Enrollment and Associated Payment Report (RE317)* cannot be used as a "stand-alone" explanation of the total overpayment calculation:

1. Currently, the *Enrollment and Associated Payment Report (RE317)* can be generated approximately two calendar years prior to the System Date/Today's Date only (i.e., June 2010 currently). Therefore, if any portion of an overpayment period exists prior to the allowable timeframe for generating the report, the CCIS **MUST** manually calculate that portion of the overpayment amount or contact the Help Desk, if appropriate, **AND** generate the *Enrollment and Associated Payment Report (RE317)* beginning with the first service month that is not displayed in the drop-down and ending with the appropriate service month within that calendar year, which contains the overpayment end date. Refer to page 5 for further clarification.
2. When the overpayment period begins and/or ends in the middle of a service month, the CCIS **MUST** manually generate the *Enrollment and Associated Payment Report (RE317)* and adjust the amount(s) as appropriate since the report captures amounts for the entire service month. The amounts may be adjusted on the report itself **OR** the CCIS may attach a detailed listing of the adjusted amounts and explanation regarding the need to adjust the amounts.

**NOTE:** "Overpayment Calculation Examples" are attached, as a reference, for CCIS agencies that must manually calculate the total overpayment amount or a portion of the total overpayment amount.

In addition, the report is not displaying the service months correctly when it is generated across several calendar years (i.e., overpayment beginning 03/06/2011 and ending 04/30/2012). Therefore, the CCIS ***MUST*** generate the report for one calendar year at a time when the overpayment period crosses several calendar years to minimize confusion.

**EXAMPLE:** Overpayment Period is 02/15/2010 – 11/18/2011.

**Table 1:** Displays the order in which the service months would be displayed if the report was generated for the entire overpayment period in one request.

**Table 2:** Displays the order in which the service months would be displayed if the report was generated as required by policy (i.e., two requests – one for Feb 2010 through Dec 2010 **AND** one for Jan 2011 through Nov 2011).

TABLE 1
<i>Generated: Feb 2010 – Nov 2011</i>
January 2011
October 2010
October 2011
November 2010
November 2011
December 2010
December 2011
February 2010
February 2011
March 2010
March 2011
April 2010
April 2011
May 2010
May 2011
June 2010
June 2011
July 2010
July 2011
August 2010
August 2011
September 2010
September 2011

TABLE 2
<i>Generated: Feb 2010 – Dec 2010</i>
October 2010
November 2010
December 2010
February 2010
March 2010
April 2010
May 2010
June 2010
July 2010
August 2010
September 2010
<i>Generated: Jan 2011 – Nov 2011</i>
January 2011
October 2011
November 2011
December 2011
February 2011
March 2011
April 2011
May 2011
June 2011
July 2011
August 2011
September 2011

The CCIS has two options if the overpayment period begins in a service month prior to the last service month listed in the "From" parameter on the *Enrollments and Associated Payments Report* page in PELICAN CCW. The options are as follows:

1. Manually create an overpayment calculation document that includes all of the appropriate elements described below for the service months needed **AND** request the report in PELICAN CCW for the remainder of the overpayment period based upon the service months available in the report parameters.

**NOTES:**

- This may be a more realistic option when dealing with shorter overpayment periods, fewer children and only one provider for each of the children in the family.
  - The CCIS may print the *Invoice Calculation Detail* page in PELICAN CCW and attach it as part of the overpayment packet **OR** may copy and paste it into a Microsoft Word document and adjust the amounts if the overpayment period begins and/or ends in the middle of a service month.
2. Request the report be generated by calling the Help Desk at 1-800-349-0471 for the service months needed **AND** request the report in PELICAN CCW for the remainder of the overpayment period based upon the service months available in the report parameters. Due to the time and additional expense these reports require, OCDEL's Policy Division will determine which requests will be honored based **UPON THE CONDITIONS LISTED BELOW:**
    - a. There are a minimum of four multiple providers.
    - b. You are requesting a period of 2-4 years prior to when you are able to request the report in PELICAN CCW.
    - c. There are a minimum of three children in the case for whom subsidized child care is received.

**NOTES:**

- Requests must be submitted a minimum of two weeks prior to the date the information is required to allow processing time.
- The reports will be generated based upon the timeframes discussed above (i.e., one calendar year) so the CCIS may obtain more than one *Enrollments and Associated Payments Report (RE317)* to cover the entire overpayment period. When more than one report is returned to cover the entire overpayment period, the CCIS **MUST** attach all reports to the Confirmation Notice sent to the p/c.

**Procedures:**

CCIS agencies **MUST** complete the following steps when processing an overpayment:

1. Request the *RE317* **by Co/Record Number** by completing the following steps in PELICAN CCW:
  - a. Navigate to the *Case Reports Home* page and click “Go” in the “*RE317 – Enrollment and Associated Payment Report*” row.

Help | Logout

Pennsylvania PELICAN Child Care Works

Pennsylvania's Enterprise to Link Information for Children Across Networks

Home | R&R | Provider | Case | Payments | **Reports** | Correspondence | Administration

Report Inbox | R&R | Provider | **Case** | Payments | Funds | Comptroller | HQ

**Case Reports**

Report	Description	
RE302-Enrollment/Attrition Management	Enrollment/Attrition Management	GO [X]
RE306-Enrollments Closed	Prints a list of enrollments closed during a particular time period.	GO [X]
RE313-Child Count & Expenditures	Child Count and Expenditures by Funding. Please print this report on Legal paper	GO [X]
RE311-Enrollment History	Enrollment History Report	GO [X]
RE304-Enrollment Statistics	Displays counts of children newly enrolled for a particular time period by funding source.	GO [X]
RE305-Children Enrolled for Full Time Care	Prints a list of children enrolled for full time care by provider.	GO [X]
RE307-Prioritized Waitlist	Prints a list of cases in the waiting list by priority.	GO [X]
RE309-Waitlist Aging	Displays counts of cases in waiting list by age.	GO [X]
RE310-Family Co-Payment Validation	Prints Family Co-Payment Validation Report.	GO [X]
RE315-Client Mailing Labels	Client Mailing Labels.	GO [X]
RE317-Enrollments & Associated Payments	Displays enrollment and associated payment information for a particular service period.	GO [X]
RE318-Enrollment Status Report	Enrollment Status Report	GO [X]
RE301-Payment System Management Report	Payment System Management Report	GO [X]

b. Enter the following parameters:

- i. “Service Period: From” and “Service Period: To” months.

**NOTE:** These must coincide with the overpayment begin and end dates.

- ii. “Co/Record Number”.
- iii. “Name of Request”.

c. Click the “Generate Report” button.

2. Navigate to the *Report Inbox* page on the next business day to review, print and/or save the report.
3. Click on the “Report Title” hyperlink.

**NOTE:** The report will open in a new browser window. From this browser window, the CCIS user may view, print, email as an attachment and/or save the report.

4. Manually generate and locally print the Confirmation Notice. See [Manual “500 – Correspondence”](#), Section “500.8.7 – Child Care Confirmation Notice” for instructions.
5. Print the appropriate version of the Overpayment Collection Letter from the [Case Correspondence](#) page on the OCDEL intranet site.
6. Add additional explanation on the report if the overpayment period begins and/or ends in the middle of a service month.

7. Create and mail to the p/c an overpayment packet that includes the following:
  - a. Confirmation Notice.
  - b. Overpayment Collection Letter.
  - c. *Enrollments and Associated Payments Report (RE317)*.
  - d. *“Parent Guide – Understanding the Enrollments and Associated Payments Report (RE317)”* document.
  - e. Any additional manual calculations completed by the CCIS, as appropriate.
  
8. Create and mail to the hearing officer at the Bureau of Hearings and Appeals (BHA), at the time the p/c submits an appeal or no later than a minimum of 5 calendar days in advance of the scheduled hearing date:
  - a. A packet of overpayment information; **AND**
  - b. A list of all individuals, including the Office of the Inspector General Representatives for cases involving suspected fraud, who will present information and/or testimony on behalf of the CCIS or the Department regarding the overpayment at the scheduled hearing.
  
9. Forward, to the p/c and the p/c’s representative, no later than 5 calendar days in advance of the scheduled hearing date:
  - a. The packet of overpayment information; **AND**
  - b. A list of all individuals, including the Office of the Inspector General (OIG) representatives for cases involving suspected fraud, who will present information and/or testimony on behalf of the CCIS or the Department regarding the overpayment at the scheduled hearing.

**NOTE:** A representative from the OIG should be added to the list of individuals testifying at the hearing any time a CCIS completes an OIG referral and the OIG has investigation results.

## Required Overpayment Calculation Elements:

All overpayment calculations MUST include the following:

- Begin and end dates defining the overpayment period — if multiple segments of overpayment exist within the total overpayment period, include a timeline showing the overpayment begin and end dates for each segment of time.

EXAMPLE: If the total overpayment period is 04/11/11 – 12/16/11, but the family was eligible for care within that period from 06/06/11 – 08/26/11, indicate the two overpayment segments as 04/11/11 – 06/05/11 and 08/27/11 – 12/16/11.

NOTE: If different co-pay amounts exist within the overpayment period, each co-pay amount needs its own segment of time, with the specific date ranges indicated.

- Unit of Care — indicate the Unit of Care (i.e., full-time (FT), part-time (PT), etc.) for each child in the case who is receiving subsidized child care and note any changes, including the timeframes associated with a change in a specific child's Unit of Care.
- Care Level — indicate the Care Level for each child in the case who is receiving subsidized child care and note any changes, including the timeframes associated with a change in a specific child's Care Level that affects the provider's Daily Rate.
- Weekly co-pay amount — indicate the weekly co-pay amount(s) deducted from the provider's payment. If more than one amount exists within a service month or multi-month segment, list each amount associated with the appropriate timeframe. Also, indicate whether the co-pay is a full co-pay amount or half (school age) amount.
- Number of weeks — indicate the number of weeks within each service month/multi-month segment that each co-pay amount was deducted from the provider's payment. Also, indicate the date range for each co-pay amount if more than one exists.
- Co-pay (subtotal deducted from the provider's payment) — multiply the weekly co-pay amount(s) by the number of weeks each co-pay amount was deducted from the provider's payment and note if the co-pay changed within the same month or multi-month segment. This gives the subtotal for the co-pay amount deducted from the provider's payment for each month or multi-month segment within the entire overpayment period.
- Service days within each month/segment of the overpayment — indicate the number of days care was provided within each service month or multi-month segment that is part of the overpayment period. If multiple children received care within the overpayment period, the number of service days within each month/segment of care must be broken out by child. Also, indicate the date ranges for each segment of the overpayment.

- Daily rate/Unit of care—indicate the daily rate(s) paid for the unit of care.
- Overpayment amount per month or multi-month segment — indicate the overpayment amount for each service month/multi-month segment as follows:

$$(Daily\ Rate) \times (\# \text{ Service Days}) = Amount\ Paid\ for\ Month/Segment$$

$$(Amount\ Paid\ for\ Month/Segment) - (Weekly\ Co-pay \times \# \text{ Weeks}) = Total\ Overpayment\ Amount\ for\ Month/Segment$$

**NOTES:**

1. If multiple children received care during the overpayment period, the above equations must be shown for each child, in each service month/multi-month segment the child received care.
  2. If multiple segments of overpayment exist within the total overpayment period, indicate the subtotal of overpayment for each segment of time.
- Grand total overpayment to be repaid by the p/c — add the overpayment totals for each service month/multi-month segment to reach the grand total overpayment amount to be repaid by the p/c.
  - Weekly co-pay amount that should have been deducted from the provider's payment — indicate the correct co-pay amount that should have been deducted from the provider's payment.
  - Total overpayment amount for incorrect co-pay — indicate the overpayment amount for each segment of time within the overpayment period. If the co-pay amount remained the same throughout the entire overpayment period, there is no need to break the calculation into multiple date segments. One date range covering the whole overpayment period is sufficient. Use the following equations to determine the overpayment amount:

$$(Correct\ Weekly\ Co-pay) \times (\# \text{ Weeks}) = Total\ Correct\ Co-pay\ for\ Specified\ Period$$

$$(Weekly\ Co-pay\ Deducted) \times (\# \text{ Weeks}) = Total\ Co-pay\ Deducted\ for\ Specified\ Period$$

$$(Total\ Correct\ Co-pay) - (Total\ Co-pay\ Deducted) = Total\ Overpayment\ Amount$$

**Next Steps:**

1. Share this information with appropriate staff.
2. Direct questions to your Subsidy Coordinator.