

DATE: December 3, 2004  
TO: Child and Adult Care Food Program – Family Child Care Sponsors  
**FROM: Linda Rosenbaum-Grubbs, Supervisor, Food & Nutrition Service**  
SUBJECT: Procedure for Claim Adjustments and Funds Recovery for Terminated Providers

#### Submission of Provider Claim Adjustments

In accordance with CACFP regulations, MDE follows up on a family childcare sponsor's recovery of CACFP funds that have been paid for meal claims disallowed during the serious deficiency process. Refer also to the May 25, 2004 FNS memo "Collection of CACFP Debt from Terminated Providers."

At the time that a provider is terminated and the sponsor completes the form to place the provider on the National Disqualified List, the sponsor may or may not have recovered from the provider for disallowed meal claims. In either case, the sponsor must submit to MDE its documentation of the status of claim adjustments.

- A) If sponsor has already adjusted the claims, send a description of the adjustments: CLICS provider ID, claim months, adjusted numbers. This information will be placed in the file as validation of recovery of funds from sponsor.
- B) If sponsor has not yet adjusted the claims in CLICS, print the monthly claim screens that require adjustment, make changes in pen by putting a single line through the incorrect values and write in the correct values. Fax or mail the corrected claim screens. FNS will: (1) calculate the amount owed due to the adjusted claims, (2) send a notice of payment due to sponsor, and (3) update the information on the National Disqualified List form.

#### Payment Options

The primary payment option for a sponsor is immediate recovery of the funds from the next payment cycle (which is an option only if the adjusted claim months are in the current federal fiscal year). CACFP regulations also provide that the state agency "may permit institutions to pay overclaims over a period of one or more years." A sponsor must contact MDE to request payment terms up to a maximum of three years with interest assessed as described below.

#### Interest

CACFP regulations require the State agency to "assess interest beginning with the initial demand for remittance." The interest rate will be simple interest at an annual percentage as specified in the federal government's "current value of funds rate." For more information about that interest rate, go to the Treasury Department's website at <http://www.fms.treas.gov/cvfr/index.html>. Interest payment demands will be directed to the sponsor as a separate collection. A sponsor may not use CACFP funds to pay for interest.

If you have any questions about this information, contact Food and Nutrition Service – Claims Team at 651-582-8526, 800-366-8922, or e-mail to [fns@state.mn.us](mailto:fns@state.mn.us).