



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

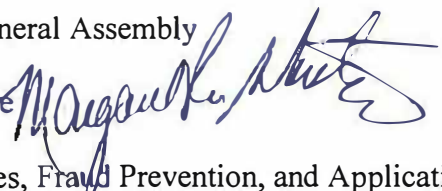
Margaret Ross Schultze
COMMISSIONER

December 1, 2015

MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

Members, Virginia General Assembly

FROM: Margaret Ross Schultze 

SUBJECT: Report on Data Matches, Fraud Prevention, and Application Processing

I am pleased to submit the Department of Social Services' report on data matches, fraud prevention, and application processing for the purpose of public assistance eligibility. This report is submitted pursuant to § 63.2-503 (E) of the Code of Virginia. If you have questions or need additional information concerning the report, please contact me.

MRS:kc

Attachment

**A report of the
Department of Social Services
Commonwealth of Virginia**

**Report on Data Matches, Fraud Prevention,
and Application Processing**

December 2015

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Executive Summary

The Code of Virginia at §63.2-503 requires the local director of each local department of social services to conduct an investigation to determine the correctness and completeness of every application for public assistance. In conducting such an investigation, the local director shall ascertain all of the facts supporting the application to determine whether the individual is eligible to receive assistance.

During the 2015 session of the Virginia General Assembly, House Bill 1918 was passed which clarified the responsibilities of the local departments of social services specifying the steps and information that must be verified in determining and renewing eligibility for public assistance. In determining eligibility, the Virginia Department of Social Services has interfaces with a number of other public and private data bases which are used by local departments of social services to determine eligibility for assistance.

Currently, there are 14 data bases that local eligibility workers may access when determining eligibility for assistance. Some system matches are automatic, meaning the Department's automated eligibility systems, the Application Benefit Delivery Automation Project (ADAPT) and the Virginia Case Management System (VaCMS) automatically send queries to other systems to verify statements the applicant has made. The Department's third eligibility system, the Energy Assistance System, does not conduct automatic data matches. For information from other systems, the eligibility worker must request or "call" the service. Most of these requests are made through a system developed by the Department, the Systems Partnering in a Demographic Repository (SPIDeR), a web-based system which benefits its users by effectively facilitating communication between applications (systems). It allows local workers for access multiple systems from a single source.

The Code of Virginia also requires local departments of social services to investigate allegations of public assistance fraud. Specifically, §63.2-526 requires the establishment of a statewide fraud control program. Each local department of social services is required to have a fraud prevention and detection unit. These fraud units are responsible for:

(i) developing methods to prevent the fraudulent receipt of public assistance administered by the local board and (ii) investigating whether persons who receive public assistance through the local board are receiving it fraudulently. The fraud unit shall provide whatever assistance is necessary to attorneys for the Commonwealth in prosecuting cases involving fraud.

During State Fiscal Year 2015, these fraud units completed 17,454 allegations of fraudulent receipt of public assistance throughout the Commonwealth; 1,854 were founded and sent for prosecution or administrative disqualification; a process for disqualifying an individual from receiving assistance.

**Annual Report on the Data Matches, Fraud Prevention Activities
and Application Processing**

December 2015

Report Mandate

The Code of Virginia (Code) requires a report on Data Matches, Fraud Prevention Activities and Application Processing. House Bill 1918 amended §§63.2-502 and 63.2-514 for the Code to specify certain action that local department of social services must take in the initial determination of eligibility for public assistance and each periodic eligibility recertification.

Further Section 63.2-503 E. and F state:

E. The Department shall report to the General Assembly no later than December 1 of each year the following:

1. Which specific types or sources of information local directors used, either directly or through a third-party contractor, during the past year for the purpose of verifying applicants' identity, income, assets, and other information pursuant to subsection B; and

2. Any types or sources of information that the Department plans to make available to local directors to use in the future to verify applicants' identity, income, assets, and other information and the approximate date on which the local directors plan to begin using those types or sources of information.

F. The Department shall include in its report required pursuant to subsection F the number of applications for public assistance received in accordance with this section, the number of cases in which eligibility for public assistance was approved or denied, and the number of cases referred for investigation and the reasons in each case.

Eligibility Data Matches

1. Systems of Record

The chart below identifies the systems through which inquiries must be made and whether independent or secondary verification must be sought before acting on the information presented.

Systems of Records – Application Match	
Source	Independent/Secondary Verification?
Automated Program to Enforce Child Support (APECS) <ul style="list-style-type: none"> ● Support Paid ● Support Received 	 No No
Electronic Disqualification Recipient System (eDRS)* <ul style="list-style-type: none"> ● Disqualified recipients for an intentional program violation (IPV) and determining the length of an IPV penalty 	 Yes
State Verification Exchange System <ul style="list-style-type: none"> ● Death Match ● Prisoner Match** ● Social Security Number Match ● Unearned Income received through SSA ● Work Credits 	 Yes Yes No No No
Virginia Employment Commission (VEC) <ul style="list-style-type: none"> ● Earnings ● Unemployment Benefits 	 Yes No
Department of Motor vehicles <ul style="list-style-type: none"> ● Motor Vehicle Ownership 	 Yes

* Assessment is optional for minors.

** Assessment must be made of incarceration periods of more than 30 days for adults.

Other systems of record are available for specific inquiry. The chart below identifies the systems of record through which inquiries may be made.

Systems of Record – Specific Inquiry

<u>Source</u>	<u>Independent/Secondary Verification?</u>
State Online Query – Internet (SOLQ-I) -SSA Benefits	No
Beneficiary Data Exchange (BENDEX)- SSA Benefits	No
Systematic Alien Verification for Entitlement (SAVE)-Immigration Status	No
State Data Exchange (SDX)-SSI Files	No

Frequency of Matches

All systems screenings, except inquiries through SVES, must occur before the approval of applications, reapplications, or recertification/renewals for each household member, as appropriate.

For eDRS, screenings must occur before the approval of all initial applications or reapplications and when new adult members are added during the certification period.

Screenings must also occur for the interim report evaluation except for eDRS. The SVES match must occur for the interim evaluation for elderly/disabled households certified longer than 12 months as the screening must occur at least once every 12 months for these households. For all other households, SOLQ-I may be used for the interim report evaluation.

Independent/Secondary Verification

The agency must assess the results of system queries and include information obtained through the inquiries in the evaluation of the case. The agency must resolve discrepancies noted between the application and system screenings before processing applications or completing the interim evaluation.

Information provided by system queries may be used without additional verification if the information is provided by the source that also generates the information. The agency must obtain additional verification of information that is not generated by the source of such information.

2. Periodic Matches

The Virginia Department of Social Services may occasionally match the caseload or a portion of the caseload against other databases. These matches may be used to determine the continued eligibility of households or individual members. These matches may include:

- Virginia Department of Corrections (DOC) – weekly listing accessible through the Department’s Data Warehouse of persons in the custody of DOC the previous month. The DOC listing does not establish current status so contact with the household is encouraged before taking action. It is recommended to access the report at least once every six months.
- Public Assistance Reporting Information System (PARIS) – quarterly listing accessible through the Data Warehouse of persons receiving assistance in more than one state simultaneously. Resolve the information generally within 30 days of receipt.

3. **Income Eligibility Verification System (IEVS)**

The Income Eligibility Verification System (IEVS) provides information by running matches of the client population against the files of other state and federal agencies. IEVS matches are not run for Supplemental Nutrition Assistance Program (SNAP)-only cases but if there is an associated SNAP case when the match is run for Temporary Assistance for Needy Families (TANF) or Medicaid, the information is presented for the SNAP case matches include:

- Social Security Administration for earnings information from the Benefit Exchange Earnings Records (BEERS);
- Internal Revenue Service for unearned income, such as interest income (RES).

The agency must obtain independent verification of information obtained from IEVS by contacting the household or the appropriate source of the income or resource. If the agency contacts the household informing of the information received, they must require that the household respond within 10 days. If the household fails to respond in a timely manner, the agency must follow up on the information.

The agency may contact the appropriate source of the information. Once independent verification is provided, either by the household or source, the agency must properly notify the household of the action it intends to take and provide the household with an opportunity to request a fair hearing prior to any adverse action.

4. **National Directory of New Hires (NDNH)**

A match of Social Security Numbers of SNAP household members occurs with the NDNH. NDNH matches are submitted on a monthly or quarterly basis. Workers are notified of available match results through Alerts, including unmatched Social Security Numbers that must be resolved. Results will be provided for:

- New Hire Information;

- Quarterly Wage; and
- Unemployment Insurance.

The NDNH match is required to determine eligibility and benefit levels for all new applications, reapplications, and recertification applications.

Data received through the NDNH must be independently verified.

5. **Equifax**

The Department has a contract with a private corporation, Equifax, which owns The Work Number. The Work Number is a user-paid verification of employment database created by initially created by the TALX Corporation. TALX was acquired by Equifax Inc. in February 2007. The Department has had an ongoing relationship with The Work Number since 1998.

The Work Number allows requestors to receive immediate confirmation of an individual's employment and salary for verification purposes. The fee for this information is paid by the Department for use by local eligibility staff. The Work Number is accessed through SPIDeR so it is available in real time; there is no overnight batch processing. It is used by over 50,000 organizations to verify employment data.

6. **New Data Matches that the Department Plans to Implement**

The Department is currently in negotiations with several state agencies for additional data matches. They include:

- The Department of Health:
 - Birth Verification Registry; and
 - Death Verification Registry.
- The Department of Taxation for tax filing information.
- The Department of Corrections for electronic access to incarceration records, rather than as a weekly batch process.

7. **Fraud Investigations**

SFY15 (July 2014- June 2015)	Child Care	Energy	Medicaid	SNAP	TANF	Other
Referrals Received	278	1133	1399	13426	1435	130
Referral Reasons						
Earned Income	53	81	174	2313	195	9
Unearned Income	6	21	40	529	92	13
Household Composition	94	173	277	2209	397	11
Residency	24	61	48	463	55	8
PARIS	2	1	798	6180	556	34
Other	99	796	62	1106	138	55
EBT	NA	NA	NA	626	2	NA

EBT = Electronic Benefit Transfer

Investigations Completed	221	1086	1356	13186	1502	103
Fraud Substantiated	22	41	39	1583	167	2
Prosecution Complete	17	29	40	255	26	2
Conviction	13	27	38	217	20	2
Acquittal/Dismissal	0	1	1	5	0	0
Nol-prossed	4	1	1	33	6	0
ADH Process Complete	NA	NA	NA	1263	123	NA
Waiver Signed	NA	NA	NA	742	85	NA
IPV Determined at ADH	NA	NA	NA	464	35	NA
IPV Not Determined at ADH	NA	NA	NA	57	3	NA

ADH = Administrative Disqualification Hearing

IPV = Intentional Program Violation

Other = General Relief, Auxiliary Grants, Refugee Assistance, Disaster SNAP

8. **Disposition of Applications**

The Department currently operates three systems for determining eligibility for public assistance. Temporary Assistance for Needy Families (TANF) and the Supplemental

Nutrition Assistance Program (SNAP) are housed in the Application Benefit Delivery Automation Project (ADAPT.) The system of record for Families and Children Medicaid is the Virginia Case Management System (VaCMS.) There is currently no eligibility system for the Long –Term Care (LTC) and Aged, Blind and Disabled (ABD) Medicaid components. The eligibility system for the three components of the Energy Assistance Program, Fuel Assistance, Crisis Assistance and Cooling Assistance, is the Energy Assistance System (EAS.) The Department is in the process of converting SNAP, TANF and Energy Assistance to the VaCMS system as well as incorporating ABD and LTC so all public assistance programs will be in one enterprise eligibility system. Conversion should be completed by the Fall of 2016.

ADAPT

Applications	SNAP	TANF
APPLICATION RECEIVED	328383	72876
GRANTED/APPROVED	198473	24597
DENIED FOR OTHER REASONS	21925	27036
DENIED INELIGIBLE	98705	21533

VaCMS

Applications	Medicaid Families and Children
APPLICATIONS RECEIVED	327483
GRANTED/APPROVED	158530
DENIED INELIGIBLE	102203
DENIED OTHER	113904

Energy Assistance System

Applications	FUEL	CRISIS	COOLING
APPLICATION RECEIVED	142204	33277	88042
DENIED	127230	21418	64973
GRANTED/APPROVED	14974	11859	23069