



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

December 1, 2016

MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

Members, Virginia General Assembly

FROM: Margaret Ross Schultze

A handwritten signature in black ink, appearing to read "Margaret Ross Schultze", written over the printed name.

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

I am pleased to submit the Department of Social Services' annual 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 the Data Matches, Fraud Prevention Activities
and Application Processing During State Fiscal Year
(SFY) 2016**

December 2016

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Executive Summary

Section § 63.2-503 of the Code of Virginia 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, passage of House Bill 1918 clarified the responsibilities of local departments of social services by specifying the steps and information that must be verified in determining and renewing eligibility for public assistance. In determining eligibility, the 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 15 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 (EAS), 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, Systems Partnering in a Demographic Repository (SPIDeR), a web-based application which benefits users by effectively facilitating communication between applications (systems). It allows local workers to access multiple systems from a single source.

In the second quarter of State Fiscal Year 2017, the Department will transition the Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP) and the Low-Income Home Energy Assistance Program (LIHEAP) from their respective systems (ADAPT and EAS) to the VaCMS, creating a single enterprise eligibility determination and case management system for the Medicaid, TANF, SNAP, LIHEAP and Child Care programs. In October 2016, LIHEAP was converted and all eligibility for the 2016-2017 fuel, crisis and cooling components of LIHEAP will be determined in VaCMS. When TANF and SNAP are converted, it will be a major accomplishment, as never before has there been one integrated eligibility system for all of the Department's major public assistance programs. It will also get the Department off the UNISYS mainframe, resulting in a significant savings in transaction costs.

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 2016, these fraud units completed 16,241 allegations of fraudulent receipt of public assistance throughout the Commonwealth. Of those, 2,333 were founded and sent for prosecution or administrative disqualification (process for disqualifying an individual from receiving assistance).

**Annual Report on the Data Matches, Fraud Prevention Activities
and Application Processing During State Fiscal Year (SFY) 2016**

December 1, 2016

Report Mandate

The Code of Virginia requires an annual report on data matches, fraud prevention activities and application processing. House Bill 1918, enacted by the 2015 session of the General Assembly, amended §§ 63.2-503 and 63.2-514 to specify certain actions that local departments of social services must take in the initial determination of eligibility for public assistance and each periodic eligibility recertification.

Further, § 63.2-503 (E) and (F) provide:

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 	<p>No</p> <p>No</p>
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 	<p>Yes</p>
State Verification Exchange System (SVES) <ul style="list-style-type: none"> ● Death Match ● Prisoner Match** ● Social Security Number Match ● Unearned Income received through SSA ● Work Credits 	<p>Yes</p> <p>Yes</p> <p>No</p> <p>No</p> <p>No</p>
Virginia Employment Commission (VEC) <ul style="list-style-type: none"> ● Earnings ● Unemployment Benefits 	<p>Yes</p> <p>No</p>
Department of Motor vehicles <ul style="list-style-type: none"> ● Motor Vehicle Ownership 	<p>Yes</p>

* 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 following chart identifies the systems of record through which inquiries may be made.

Systems of Record – Specific Inquiry

Source	Independent/Secondary Verification?
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 local department must assess the results of system queries and include information obtained through the inquiries in the evaluation of the case. The local department 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 local department must obtain additional verification of information that is not generated by the source of such information.

2. **Periodic Matches**

The 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 of persons in the custody of DOC the previous month is accessible through the Department's Data Warehouse. 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 of persons receiving assistance in more than one state simultaneously is also accessible through the Data Warehouse. Local workers generally resolve the information 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 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 local department must obtain independent verification of information obtained from IEVS by contacting the household or the appropriate source of the income or resource. If the local department 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 local department must follow up on the information.

The local department may contact the appropriate source of the information. Once independent verification is provided, either by the household or source, the local department 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 are 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 earnings verification database 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.

In 2016, the Department negotiated a new five-year contract with Equifax. The number of available verifications available to local workers has been increased from 173,817 to 182,508 verifications in year one of the contract and ending with 221,840 verifications in year five.

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

The Department was in negotiations with several state agencies for additional data matches; however, due to issues regarding client confidentiality the negotiations were terminated.

7. **New Data Matches that the Department has Implemented**

Virginia Case Management System (VaCMS) implemented Asset Verification Service (AVS) in December 2015. AVS is utilized for Aged Blind Disabled (ABD) and Long-Term Care (LTC) Medical Assistance cases for applications, reported changes, and renewals.

The vendor selected for the project, Accuity, has the capability to verify assets with all state-chartered financial institutions in Virginia and certain federally-chartered financial institutions, as well as perform searches of institutions in other states. Currently, Accuity has 313 Virginia-based financial institutions with 2,994 branches in the Commonwealth, 1,435 regional financial institution with 13,811 branches in the region, and 7,838 national financial institutions with 93,821 branches. Prior to eligibility determination, eligibility workers must initiate an AVS request to verify disclosed assets and detect undisclosed assets.

8. **Fraud Investigations**

SFY16 (July 2015-June 2016)	Child Care	Energy	Medicaid	SNAP	TANF	Other
Referrals Received	320	1022	1118	13202	1329	92
Referral Reasons						
Earned Income	71	95	189	2543	178	11
Unearned Income	14	15	31	434	54	3
Household Composition	87	191	267	2232	397	10
Residency	26	59	59	460	49	5
PARIS	0	7	529	5378	550	14
Other	122	655	43	877	99	49

EBT	NA	NA	NA	1278	2	NA
Investigations Completed	233	1030	994	12602	1295	87
Fraud Substantiated	24	30	27	2101	150	1
Prosecution Completed	12	23	21	195	16	2
Convictions	7	23	21	180	16	1
Acquittal/Dismissal	1	0	0	6	0	1
Nol-prossed	4	0	0	9	0	0
ADH Process Complete	0	NA	NA	1563	102	NA
Waiver Signed	0	NA	NA	1042	76	NA
IPV Determined at ADH	0	NA	NA	467	23	NA
IPV Not Determined at ADH	0	NA	NA	54	3	NA

ADH = Administrative Disqualification Hearing

IPV = Intentional Program Violation

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

9. **Disposition of Applications**

The Department currently operates three systems for determining eligibility for public assistance. Temporary Assistance for Needy Families and SNAP are housed in the Application Benefit Delivery Automation Project (ADAPT.) The system of record for Families and Children's Medicaid is the VaCMS. The eligibility system for the LTC and ABD Medicaid components was implemented in September 2015, so the Medicaid numbers below do not include two months of ABD and LTC applications. 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 so all public assistance programs will be in one enterprise eligibility system.

SFY 2016 Application Disposition

ADAPT

Applications	SNAP	TANF
APPLICATION RECEIVED	275283	62661
GRANTED/APPROVED	170635	19360
DENIED FOR OTHER REASONS	16749	23166
DENIED INELIGIBLE	81289	18776

VaCMS

Applications	Medicaid
APPLICATIONS RECEIVED	395206
GRANTED/APPROVED	197202
DENIED INELIGIBLE	102370
DENIED OTHER	83711

Energy Assistance System

Applications	FUEL	CRISIS	COOLING
APPLICATION RECEIVED	133048	25258	84590
DENIED	14351	21418	22559
GRANTED/APPROVED	118637	15947	62031