



COMMONWEALTH of VIRGINIA  
DEPARTMENT OF SOCIAL SERVICES  
*Office of the Commissioner*

Margaret Ross Schultze  
COMMISSIONER

December 1, 2017

**MEMORANDUM**

**TO:** The Honorable Terence R. McAuliffe  
Governor of Virginia

Members, Virginia General Assembly

**FROM:** Margaret Ross Schultze

A handwritten signature in blue ink, reading "Margaret Ross Schultze".

**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

# **Data Matches, Fraud Prevention and Application Processing**

December 2017

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## Executive Summary

The Code of Virginia at §63.2-503 requires the 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 databases which are used by local departments of social services to determine eligibility for assistance.

In the third quarter of State Fiscal Year 2017, the Department transitioned its eligibility determinations and case management from the Application Benefit Delivery Automation Project (ADAPT) system to the Virginia Case Management System (VaCMS); the Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Nutrition Assistance Program (SNAP), Low-Income Home Energy Assistance Program (LIHEAP), and the Child Care Program are now all housed in one enterprise system. This was a major accomplishment which allowed the Department to get off the UNISYS mainframe resulting in a significant savings in transaction costs.

Currently, there are 14 databases that local eligibility workers may access when determining eligibility for assistance; one additional database is currently not operational since the Department's conversion to the VaCMS. Some system matches are automatic, meaning the Department's automated eligibility systems, VaCMS, automatically send queries to these systems to verify statements made by the applicant/recipient. 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 application which benefits its users by effectively facilitating communication between applications (systems). It allows local workers to 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 2017, these fraud units completed 16,241 allegations of fraudulent receipt of public assistance throughout the Commonwealth; 2,333 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 During State Fiscal Year (SFY) 2016**

**December 2017**

**Report Mandate**

The Code of Virginia (Code) requires a report on Data Matches, Fraud Prevention Activities and Application Processing. House Bill 1918, enacted by the 2015 Session of the General Assembly amended §§63.2-502 and 63.2-514 for the Code to specify certain action that local departments 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**

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

<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 systems 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 secondary verification of information that is not generated by the source of such information.

### 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)

Due to the conversion to VaCMS, the Department of Corrections data is not available. The data was previously available through an interface through the ADAPT system to the Department's data warehouse. The project to develop the required interface has not started. A date for implementation will be provided in a future report

### Public Assistance Reporting Information System (PARIS)

PARIS is a quarterly report of individuals simultaneously receiving assistance in more than one state and is accessible through the data warehouse. Local departments generally resolve the discrepancies within 30 days of receipt.

### 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 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 agency contacts the household informing of the information received, the household must respond within 10 days. If the household fails to respond in a timely manner, the agency must follow up on the information.

If the local department has access to the information through systems screenings, they will obtain the verification on their own rather than request it of the client. 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 taking any adverse action.

### 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.

### Equifax

The Department has a contract with a private corporation, Equifax, which owns The Work Number. The Work Number is a user-paid employment 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; the system contains more than 225 million payroll records.

In FY 2016, the Department negotiated a new five-year contract with Equifax, the contract was modified in FY 2017 to increase the number of verifications the Commonwealth may receive annually. The number of available verifications available to local workers has been increased from 173,817 to 258,000 per year.

### Asset Verification System (AVS)

AVS is utilized only for Medicaid Aged Blind Disabled (ABD) and Long-Term Care (LTC) cases for applications, reported changes, and renewals.

The vendor selected to 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 institutions with 13,811 branches in the region, and 7,838 national financial institutions with 93,821 branches. Prior to the eligibility determination, the eligibility workers must initiate an AVS request to verify disclosed assets and detect undisclosed assets.

**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.

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

The Department has not implemented any new data matches since the last annual report.

**Fraud Investigations**

SFY17 (July 2016-June 2017)	Child Care	Energy	Medicaid	SNAP	TANF	Other*
Referrals Received	184	940	565	8684	791	25
Referral Reasons						
Earned Income	41	28	99	1721	105	10
Unearned Income	8	11	23	323	56	3
Household Composition	56	149	202	1652	250	4
Residency	13	34	49	336	40	1
PARIS	1	2	161	3218	256	
Other	65	716	31	705	81	7
EBT	NA	NA	NA	729	3	NA
Investigations Completed	269	1004	671	10211	1058	15
Fraud Substantiated	27	40	20	1626	120	3
Prosecution Completed	7	15	29	170	18	1
Conviction	4	13	21	150	11	1
Acquittal/Dismissal	1	0	4	11	3	0
Nol-prossed	2	2	4	9	4	0
ADH Process Complete	13	NA	NA	1337	94	NA
Waiver Signed	8	NA	NA	763	54	NA
IPV Determined at ADH	3	NA	NA	526	38	NA
IPV Not Determined at ADH	2	NA	NA	48	2	NA

\*Programs in the “Other” category include General Relief, Auxiliary Grants and Refugee Resettlement.

**Disposition of Applications**

The Department transitioned SNAP, TANF and LIHEAP from their respective eligibility systems to the VaCMS; LIHEAP transitioned with the beginning of the Fuel Assistance component in October 2016 and SNAP and TANF converted in February 2017.

The Department’s data warehouse programmed to accept application information about LIHEAP cases; therefore, that information is not included in this report.

**SFY 2016 Application Disposition**

Because of the conversion to VaCMS, this year’s application disposition data is being reported out of both the ADAPT and VaCMS systems.

**VaCMS**

Applications	SNAP	TANF	Medicaid
APPLICATION RECEIVED	219516	45244	321417
GRANTED/APPROVED	128278	11808	155275
DENIED INELIGIBLE	56123	14802	101692
DENIED OTHER	33027	8559	60319

**ADAPT**

Applications	SNAP	TANF	Medicaid
APPLICATIONS RECEIVED	65304	16619	34
GRANTED/APPROVED	44306	5173	0
DENIED INELIGIBLE	25097	6185	9
DENIED OTHER	4854	7749	36