



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

S. Duke Storen  
COMMISSIONER

December 1, 2019

**MEMORANDUM**

**TO:** The Honorable Ralph S. Northam  
Governor of Virginia  
  
Members, Virginia General Assembly

**FROM:** S. Duke Storen

**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 public assistance eligibility. This report is submitted pursuant to § 63.2-503 (E). If you have questions, please contact me.

SDS:kc  
Attachment

**Annual Report on the Data Matches, Fraud Prevention Activities,  
and Application Processing During State Fiscal Year (SFY) 2019  
December 2019**

**Executive Summary**

The Code of Virginia (§ 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.

The 2015 Virginia General Assembly approved changes to this requirement in order to clarify responsibilities of local departments and specify steps and information that must be verified. In determining eligibility, the Virginia Department of Social Services interfaces with a number of public and private databases to determine eligibility for assistance.

Currently, there are 14 databases local eligibility workers can access to determine eligibility for assistance. Some system matches are automatic, meaning the Department's automated eligibility system, VaCMS, automatically queries 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 must provide whatever assistance is necessary to attorneys for the Commonwealth in prosecuting cases involving fraud.

During State Fiscal Year 2019, these fraud units completed 9,573 investigations concerning allegations of fraudulent receipt of public assistance throughout the Commonwealth. Of these, 1,624 were founded and referred for prosecution or administrative disqualification.

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**Report Mandate**

The Code of Virginia (Code) requires the Virginia Department of Social Services to report on data matches, fraud prevention activities and application processing. Specifically, § 63.2-503 provides:

*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 E 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 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.

The chart below outlines the systems through which inquiries are made and independent or secondary verification sought before acting on the information presented. Independent verification is information provided by system queries that may be used without additional verification if the information is provided by the source that also generates such information. Secondary verification is additional information the agency must obtain that is not generated by the source of such information.

### 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>	Independent Independent
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>	Independent
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>	Independent Secondary Independent Independent Independent
Virginia Employment Commission (VEC) <ul style="list-style-type: none"> <li>●Earnings</li> <li>●Unemployment Benefits</li> </ul>	Independent Independent
Department of Motor vehicles <ul style="list-style-type: none"> <li>●Motor Vehicle Ownership</li> </ul>	Independent
Federal Hub Matches (IRS/SSA/DHS) <ul style="list-style-type: none"> <li>●Social Security/Date of birth</li> <li>●Citizenship</li> <li>●Income (earned/unearned)</li> <li>●Immigration verification***</li> </ul>	Independent Independent Independent Independent/Secondary
TALX – Equifax <ul style="list-style-type: none"> <li>●Employment status</li> <li>●Gross earnings</li> <li>●Start and termination dates</li> <li>●Pay period ending date</li> </ul>	Independent Independent Independent Independent
Public Assistance Reporting Information System (PARIS) <ul style="list-style-type: none"> <li>●Duplicate eligibility in multiple states</li> </ul>	Secondary

\* Assessment is optional for minors.

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

\*\*\* Verification of lawful presence through Step 1 is independent; Steps 2 and 3 are secondary

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

Source	Independent/Secondary Verification?
State Online Query – Internet (SOLQ-I) -SSA Benefits	Independent
Beneficiary Data Exchange (BENDEX) -SSA Benefits	Independent
Systematic Alien Verification for Entitlement (SAVE)-Immigration Status***	Independent/Secondary
State Data Exchange (SDX)-SSI Files	Independent

\*\*\* Verification of lawful presence through Step 1 is independent; Steps 2 and 3 are secondary

### 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 re-applications 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.

### **Periodic Matches**

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

#### 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:
- Internal Revenue Service for unearned income, such as interest income.

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 either the household or source provides an independent verification, 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)

The NDNH match is required to determine eligibility and benefit levels for all new applications, re-applications, and re-certification applications. 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 Hires only. 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. Equifax Inc. acquired TALX 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.

The number of available verifications available to local workers is 258,000 per year.

#### Asset Verification System (AVS)

AVS is utilized only for Medicaid Aged Blind Disabled 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 274 Virginia-based financial institutions with 2,789 branches in the Commonwealth, 1,153 regional financial institutions with 12,527 branches in the region, and 11,314 national financial institutions with 106,382 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 is in negotiation with the Virginia Community College System for the purpose of estimating the number of Medicaid enrollees who are subject to the proposed work requirement and are currently being served by the Workforce Credential Grant. The data match is required in order to estimate the size and cost of administering employment services for Medicaid enrollees subject to work requirement.

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

Since the last annual report, the Department contracted with Virginia Department of Health and Benefit Data Trust to assist the Women Infants and Children’s (WIC) Program with increasing utilization of benefits. The data match will assist with providing targeted outreach to families who are receiving SNAP, Medicaid and/or TANF and who are likely eligible for but not enrolled in WIC. The Department also contracted with Universal Service Administrative Company and the Federal Communications Commission (to verify eligibility of applicants who are subscribers of the federal Universal Service Fund Lifeline program using the National Lifeline Eligibility Verifier. DSS administers SNAP and Medicaid, which are qualifying eligibility programs for the Lifeline program.

**Fraud Investigations**

<b>SFY19 (July 2018-June 2019)</b>	<b>Child Care</b>	<b>Energy</b>	<b>Medicaid</b>	<b>SNAP</b>	<b>TANF</b>	<b>Other<sup>1</sup></b>
Referrals Received	132	622	667	7,038	628	16
Referral Reasons						
Earned Income	35	44	160	2,157	122	6
Unearned Income	1	10	20	372	55	2
Household Composition	55	116	228	1,898	241	3
Residency	18	40	63	341	35	2
PARIS	2	3	156	1,148	102	0
Other	21	409	40	602	69	3
EBT	NA	NA	NA	520	4	NA
Investigations Completed	230	658	720	7,353	768	24
Fraud Substantiated	45	23	61	1,390	104	1
Prosecution Completed	22	22	22	181	28	0
Conviction	20	19	19	161	26	0
Acquittal/Dismissal	2	3	2	10	0	0

<sup>1</sup> Programs in the “Other” category include General Relief, Auxiliary Grants and Refugee Resettlement.

<b>SFY19 (July 2018-June 2019)</b>	<b>Child Care</b>	<b>Energy</b>	<b>Medicaid</b>	<b>SNAP</b>	<b>TANF</b>	<b>Other<sup>1</sup></b>
Nol-prossed	0	0	1	10	2	0
ADH Process Complete	29	NA	NA	1,077	103	NA
Waiver Signed	14	NA	NA	693	66	NA
IPV Determined at ADH	15	NA	NA	352	30	NA
IPV Not Determined at ADH	0	NA	NA	32	7	NA

**Disposition of Applications**

Medicaid, SNAP, TANF and LIHEAP applications are operational in the VaCMS. However, the Department's data warehouse is not programmed to accept application information about LIHEAP cases; therefore, that information is not included in this report.

**SFY 2019 Application Disposition**

<b>Applications</b>	<b>Medicaid</b>	<b>SNAP</b>	<b>TANF</b>
APPLICATIONS RECEIVED	457,380	272,276	55,573
GRANTED/APPROVED	257,176	152,638	14,476
DENIED INELIGIBLE	125,014	69,942	20,718
DENIED OTHER	67,473	42,940	20,261