



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

S. Duke Storen  
COMMISSIONER

December 15, 2018

**MEMORANDUM**

**TO:** The Honorable Terence R. McAuliffe  
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 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.

SDS:kc  
Attachment

A report of the  
Department of Social Services  
Commonwealth of Virginia

**Report on Data Matches, Fraud  
Prevention & Applications Processing**

December 2018

## Table of Contents

Executive Summary.....	page ii
Report Mandate ... ..	page 1
Eligibility Data Matches .....	page 2
Periodic Matches .....	page 3
New Data Matches the Department Plans to Implement.....	page 5
New Data Matches the Department has Implemented.....	page 5
Fraud Investigations .....	page 6
Disposition of Applications .....	page 7

## 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 shall provide whatever assistance is necessary to attorneys for the Commonwealth in prosecuting cases involving fraud.*

During State Fiscal Year 2018, these fraud units completed 12,715 investigations concerning allegations of fraudulent receipt of public assistance throughout the Commonwealth. Of these, 1,687 were founded and referred for prosecution or administrative disqualification.

**Annual Report on the Data Matches, Fraud Prevention Activities,  
and Application Processing During State Fiscal Year (SFY) 2017**

**December 2018**

**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, VDSS is required to report on:

- 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.*
- 3. 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 outlines the systems through which inquiries are made and independent or secondary verification 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 are made.

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 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.

#### 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 determine the continued eligibility of households or individual members. These matches may include:

### Virginia Department of Corrections (DOC)

The Department of Corrections (DOC) sends a weekly integration file to the Division of Benefit Programs that contains a list of all individuals incarcerated by the DOC.

### 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, by either 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)

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. 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 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 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 Department of Health to assist the Women Infants and Children's (WIC) Program with increasing utilization of benefits and with the Universal Service Administrative Company (USAC) and the Federal Communications Commission (FCC) to verify eligibility of applicants who are subscribers of the federal Universal Service Fund (USF or Fund) Lifeline program using the National Lifeline Eligibility Verifier.

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

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

## Fraud Investigations

SFY18 (July 2017-June 2018)	Child Care	Energy	Medicaid	SNAP	TANF	Other*
Referrals Received	230	672	832	9,623	884	26
Referral Reasons						
Earned Income	54	41	129	2,167	129	11
Unearned Income	7	12	27	379	42	2
Household Composition	76	119	260	1,880	302	4
Residency	28	45	56	347	27	3
PARIS	3	4	332	3,593	293	0
Other	62	451	28	824	91	6
EBT	NA	NA	NA	433	0	NA
Investigations Completed	272	669	959	9,760	1,041	14
Fraud Substantiated	52	32	86	1,372	144	1
Prosecution Completed	17	25	23	173	17	0
Conviction	17	25	23	167	17	0
Acquittal/Dismissal	0	0	0	2	0	0
Nol-prossed	0	0	0	4	0	0
ADH Process Complete	39	NA	NA	1,025	126	NA
Waiver Signed	23	NA	NA	627	81	NA
IPV Determined at ADH	16	NA	NA	352	40	NA
IPV Not Determined at ADH	0	NA	NA	46	5	NA

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

## 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 2017 Application Disposition

Applications	SNAP	TANF	Medicaid
APPLICATION RECEIVED	268,269	55,856	318,394
GRANTED/APPROVED	159,292	14,662	150,777
DENIED INELIGIBLE	74,791	20,872	109,569
DENIED OTHER	33,328	20,509	63,595