COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Danny TK Avula MD, MPH
Commissioner

April 17, 2023

MEMORANDUM

TO: The Honorable Glenn Youngkin
Governor of Virginia

Members, Virginia General Assembly

FROM: Danny TK Avula MD, MPH

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

This report is submitted in compliance with § 63.2-503.E. which states:

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.

3. 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.

Please contact me should you have questions at (804) 726-7011.

DA:kc
Attachment

cc: The Honorable John Littel, Secretary of Health and Human Resources

Virginia Department of Social Services
Annual Report on the Data Matches, Fraud Prevention Activities and Application Processing
2022

Report Mandate

Section 63.2-503.E. and F. of the Code of Virginia require the Virginia Department of Social Services (VDSS) to report on data matches, fraud prevention activities, and application processing.

> *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.*

Background and Summary

The Code of Virginia § 63.2-503 requires the director of each local department of social services (LDSS) 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 LDSS and specify the information that must be verified. In determining eligibility, VDSS 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 VDSS 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 VDSS and called Systems Partnering in a Demographic Repository (SPIDeR). SPIDeR is a web-based application, which benefits its users by effectively facilitating communication between applications and systems. It allows local workers to access multiple systems from a single source.

The Code of Virginia § 63.2-526 requires LDSS to investigate allegations of public assistance fraud and to establish a statewide fraud control program. Each LDSS 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 all assistance necessary to the Commonwealth in the prosecution of cases involving public assistance fraud.

During SFY2022, public assistance fraud units completed 7,266 investigations concerning allegations of the fraudulent receipt of public assistance throughout the Commonwealth. Of these investigations, 728 were founded and referred for prosecution or administrative disqualification.

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 also 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 whether independent or secondary verification is 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)	
• Support Paid	Independent
• Support Received	Independent
Electronic Disqualification Recipient System (eDRS)*	
• Disqualified recipients for an intentional program violation (IPV) and determining the length of an IPV penalty	Independent
State Verification Exchange System (SVES)	
• Death Match	Independent
• Prisoner Match**	Secondary
• Social Security Number Match	Independent
• Unearned Income received through SSA	Independent
• Work Credits	Independent
Virginia Employment Commission (VEC)	
• Earnings	Independent
• Unemployment Benefits	Independent
Department of Motor vehicles	
• Motor Vehicle Ownership	Independent
Federal Hub Matches (IRS/SSA/DHS)	
• Social Security/Date of birth	Independent
• Citizenship	Independent
• Income (earned/unearned)	Independent
• Immigration verification***	

	Independent/Secondary
TALX – Equifax	
• Employment status	Independent
• Gross earnings	Independent
• Start and termination dates	Independent
• Pay period ending date	Independent
Public Assistance Reporting Information System (PARIS)	
• Duplicate eligibility in multiple states	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

VDSS may occasionally take large numbers of individuals from a particular program's caseload and conduct a large-scale match against other databases. These large-scale matches determine the continued eligibility of households and members across an entire caseload and include the following:

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; and

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

The LDSS 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 regarding the information received from IEVS, the household must respond within 10 days. If the household fails to respond in a timely manner, the agency must follow up with the household or through systems screenings. If the LDSS has access to the information through systems screenings, they will obtain the verification on their own rather than request it from the client. Once 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

VDSS 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. VDSS has had on ongoing relationship with The Work Number since 1998.

The Work Number allows requestors to receive immediate confirmation of an individual's employment status and salary. The fee for this service is paid by VDSS 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 and the system contains more than 225 million payroll records.

The state allots for 258,000 verifications each year that are available to local workers across the state.

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, 1,153 regional financial institutions with 12,527 branches, and 11,314 national financial institutions with 106,382 branches. Prior to the eligibility determination, the eligibility worker must initiate an AVS request to verify disclosed assets and detect undisclosed assets.

New Data Matches that VDSS Plans to Implement
N/A

New Data Matches that VDSS has Implemented
N/A

Fraud Investigations

SFY22 (July 2021-June 2022)	Child Care	Energy	Medicaid	SNAP	TANF	Other[1]
Referrals Received	119	428	332	5871	503	0
Referral Reasons						
Earned Income	27	24	71	1807	139	0
Unearned Income	6	7	14	491	72	0
Household Composition	55	99	94	1422	175	0
Residency	5	34	31	272	28	0
PARIS / Death / Prisoner Match	0	0	84	1067	44	0
Other	26	264	38	634	43	0
EBT / Trafficking / CIP	0	0	0	178	2	0
Investigations Completed	112	420	488	5665	581	0

[1] Programs in the "Other" category include General Relief, Auxiliary Grants and Refugee Resettlement.

SFY22 (July 2021-June 2022)	Child Care	Energy	Medicaid	SNAP	TANF	Other[1]
Fraud Substantiated	19	5	7	652	45	0
Prosecution Completed	1	6	8	69	4	0
Conviction	0	5	7	60	2	0
Acquittal/Dismissal	1	0	1	5	1	0
Nol-prossed	0	1	0	4	1	0
ADH Process Complete	18	0	0	583	41	NA
Waiver Signed	17	0	0	363	29	NA
IPV Determined at ADH	0	0	0	192	11	NA
IPV Not Determined at ADH	1	0	0	28	1	NA

Disposition of Applications

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

SFY 2022 Application Disposition

Applications	Medicaid	SNAP	TANF
APPLICATIONS RECEIVED	320,985	356,609	54,429
GRANTED/APPROVED	474,487	569,819	31,373
DENIED INELIGIBLE	329,999	261,043	70,080
DENIED OTHER	111,718	77,039	37,608