



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

Office of the Commissioner

James Hunter Williams
Commissioner

January 7, 2024

MEMORANDUM

TO: The Honorable Glenn Youngkin
Governor of Virginia

Members, Virginia General Assembly

FROM: James H. Williams *James Williams*

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

This report is submitted in compliance with § 63.2-503. E. and F. 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.

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.

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

JW:kc

Attachment

cc: The Honorable Janet V. Kelly, Secretary of Health and Human Resources



Data Matches, Fraud Prevention Activities, and Application Processing 2024

Table of Contents

Data Matches, Fraud Prevention Activities, and Application processing 2024	iii
Report Mandate.....	iii
Executive Summary	iii
Definitions	1
Program Overview.....	1
Contacts.....	1
Section 1: Background	2
Section 2: Eligibility Data Matches	2
Systems of Record.....	2
Frequency of Matches	4
Periodic Matches	4
New Data Matches Planned for Implementation	6
Section 3: Fraud Investigations	7
Section 4: Disposition of Applications.....	8
Section 5: Conclusion.....	8
Appendix A Legislative Mandate #63.2-503.E and F.....	9

DATA MATCHES, FRAUD PREVENTION ACTIVITIES, AND APPLICATION PROCESSING 2024

A Report for the Virginia General Assembly

DECEMBER 1, 2024

REPORT MANDATE

Section 63.2-503.E. and F. of the Code of Virginia:

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.*

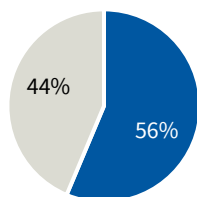
F. The Department shall include in its report required pursuant to subsection E the number of applications for public assistance received in accordance with this section, the number of cases in which eligibility for public assistance was approved or denied, and the number of cases referred for investigation and the reasons in each case.

EXECUTIVE SUMMARY

In FY2024, VDSS maintained and optimized its databases to support local departments of social services (LDSS) in effectively managing program guidance and ensuring operational efficiency. The year saw 7,730 fraud referrals, with 801 founded cases leading to prosecution or disqualification.

LDSS processed 776,246 eligibility decisions, achieving approval rates of 58% for Medicaid, 61% for SNAP, and 18% for TANF applications. VDSS remains committed to training and supporting LDSS in fraud investigations and application monitoring to enhance service delivery.

776,246 Applications
Received



■ Granted ■ Denied



**7,730 Completed
Fraud**



**10% of investigated
cases substantiated**

About VDSS and Application Processing

The Virginia Department of Social Services (VDSS) partners with local departments of social services and community organizations, to promote the well-being of children and families across the Commonwealth. We proudly serve alongside nearly 13,000 state and local human services professionals throughout the Social Services System, who ensure that thousands of Virginia's most vulnerable citizens have access to the best services and benefits available to them.

Together, we work each day to serve, empower, and create opportunities for brighter futures.

VDSS and Local Departments of Social Services utilize multiple mandatory databases to verify applicant information and determine eligibility for various programs. Accessing these databases through portals helps track application outcomes and identify trends, while monitoring fraud referrals enables VDSS to support LDSS in improving their processing accuracy and timeliness.

DEFINITIONS

Local Department of Social Services (LDSS)

A Local Department of Social Services (LDSS) is a local government agency responsible for administering a range of social services, including financial assistance, child welfare, and community support programs, to promote the well-being of individuals and families within their locality's community.

Systems Partnering In A Demographic Repository (SPIDeR)

SPIDeR is a web-based system which benefits its users by effectively facilitating communication between applications (systems).

Virginia Case Management System (VaCMS)

Virginia Case Management System (VaCMS) is a single automated system to manage the processing and delivery of benefits for over one million customers across the Commonwealth.

PROGRAM OVERVIEW

Each LDSS director is responsible for investigating the accuracy and completeness of public assistance applications, ensuring eligibility through the verification of various public and private databases. Changes approved by the Virginia General Assembly clarified LDSS responsibilities and established a system for accessing these databases, including an automated system for certain verifications. Additionally, each LDSS must investigate allegations of public assistance fraud through dedicated fraud prevention units, which have completed thousands of investigations, resulting in numerous cases being referred for prosecution or disqualification.

CONTACTS

Frank Smith, Associate Director of Benefit Programs

f.smith@dss.virginia.gov, 804.920.2378

Annual Report on the Data Matches, Fraud Prevention Activities and Application Processing 2024

SECTION 1: BACKGROUND

The Virginia Department of Social Services (VDSS) and local departments of social services (LDSS) access multiple databases to verify applicants' information to ensure accurate determinations can be made on eligibility cases. Programs for which verification is conducted include Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Low Home Energy Assistance Program (LIHEAP). The databases are mandatory for VDSS and LDSS to utilize dependent on the requirements of the program that an applicant is applying for and the information they provide. This information is accessed through either the database's direct portal, the Systems Partnering in a Demographic Repository (SPIDeR) or are automated directly through the Virginia Case Management System (VaCMS).

Each LDSS director is responsible for investigating the accuracy and completeness of public assistance applications, ensuring eligibility through the verification of various public and private databases. Changes approved by the Virginia General Assembly clarified LDSS responsibilities and established a system for accessing these databases, including an automated system for certain verifications. Additionally, each LDSS must investigate allegations of public assistance fraud through dedicated fraud prevention units, which have completed thousands of investigations, resulting in numerous cases being referred for prosecution or disqualification.

VDSS monitors several data points including the number of applications both approved and denied; this metric assists in identifying trends per program and LDSS. VDSS also tracks the number of cases referred for fraud investigation to ensure that the LDSS acts on fraud referrals. The tracking of this data allows VDSS to develop new strategies to help support the LDSS.

SECTION 2: 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.

Table 1: Verification type by system of record

Source	Verification
Automated Program to Enforce Child Support (APECS) Support Paid Support Received	Independent 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 Prisoner Match** Social Security Number Match Unearned Income received through SSA Work Credits	Independent Secondary Independent Independent Independent
Virginia Employment Commission (VEC) Earnings Unemployment Benefits	Independent Independent
Department of Motor Vehicles (DMV) Motor Vehicle Ownership	Independent
Federal Hub Matches (IRS/SSA/DHS) Social Security/Date of birth Citizenship Income (earned/unearned) Immigration verification***	Independent Independent Independent Independent/Secondary***
TALX – Equifax Employment status Gross earnings Start and termination dates Pay period ending date	Independent Independent Independent 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 table below identifies systems of record through which inquiries are made.

Table 2: Verification type by system of record

Source	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 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.

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 SNAP-only cases, but if there is an associated SNAP case when the match is run for 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 ten 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 an 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 (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, 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 PLANNED FOR IMPLEMENTATION

Experian

At the end of 2023, the United States Department of Agriculture Food and Nutrition Services (USDA FNS) awarded a five-year contract to Experian to give states access to payroll databases to verify income and employment of applicants and SNAP participants. All states have the option to access these services via this contract. Virginia signed onto this contract at the end of Summer 2024. VDSS is changing their technology infrastructure to use Experian's process and information and will be able to implement accessing Experian's data in fourth quarter of calendar year 2024.

Once implemented, LDSS will be able to receive immediate confirmation of some individual's employment and income. Under the USDA FNS contract, states do not pay for accessing this data. Experian's data will be accessed through VaCMS as the first data source for SNAP and multi-program clients. Experian's database is the second largest instant employer payroll network within the United States and includes sources for 245 million customers.

Lexis Nexis

Lexis Nexis performs a Benefit Assessment Search (BAS) to verify physical resources for Medicaid enrollees subject to a resource test. BAS is used to verify Real Property and Watercraft. Although the functionality to use this data is programmed into the VACMS, we are currently not connected to Lexis Nexis as the contract is still pending. VDSS is targeting implementation of Lexis Nexis in VaCMS for the first quarter of calendar year 2025.

Centers for Medicaid and Medicare Services (CMS) HUB

The CMS HUB is an alternative income verification source from the current TALX, VEC, SOLQ, and IRS source. This change will allow more passive eligibility and renewal determinations, reducing the need for customer responses and manual renewal processing. Implementation is slated for the first quarter of calendar year 2025.

SECTION 3: FRAUD INVESTIGATIONS

The tables below delineate fraud investigation data by program area for State Fiscal Year 2024, July 2023 through June 2024

Table 3: Fraud Investigations and Referrals by Program

	Child-Care	Energy	Medicaid	SNAP	TANF	Total
Referrals Received	173	401	234	6136	510	7454
Referral Reasons						
Earned Income	21	26	65	2003	162	2277
Unearned Income	7	5	1	279	31	323
Household Composition	98	95	91	1582	186	2052
Residency	5	35	24	261	23	348
PARIS / Death / Prisoner Match	3	5	30	1025	42	1105
Other	39	235	23	524	64	885
EBT / Trafficking / CIP	0	0	0	462	2	464
Investigations Completed	228	452	517	5631	902	7730

Table 4: Investigation Results by Program

	Child Care	Energy	Medicaid	SNAP	TANF	Total
Fraud Substantiated	26	2	2	712	59	801
Prosecution Completed	4	3	3	77	7	94
Conviction	3	1	2	57	7	70
Acquittal/Dismissal	0	1	0	16	0	17
Nol-prossed	1	1	1	4	0	7
ADH Process Complete	23	0	0	660	52	735
Waiver Signed	23	0	0	371	36	430
IPV Determined at ADH	0	0	0	284	16	300
IPV Not Determined at ADH	0	0	0	5	0	5

SECTION 4: DISPOSITION OF APPLICATIONS

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

SFY 2024 (July 2023–June 2024) Application Disposition

Applications	Medicaid	SNAP	TANF	Total
Applications Received	342,737	373,960	59,549	776,246
Granted / Approved	199,418	226,974	10,921	437,313
Denied: Ineligible	100,938	105,292	30,861	237,091
Denied: Other/Disposed	42,381	41,694	17,767	101,842

SECTION 5: CONCLUSION

VDSS will continue to utilize different databases and make necessary adjustments based on changes to each program’s guidance and will continue to ensure that current systems work efficiently and provide necessary information to support the work of the LDSS. During FY2024, there were no changes made to the databases that are queried by the LDSS.

In FY2024, there were a total of 7,730 fraud referrals on cases. Of those cases, 801 cases were founded and referred for prosecution or administrative disqualification. VDSS continues to support the LDSS with fraud referrals by completing trainings and providing guidance on an as-needed basis.

In FY2024, the LDSS completed eligibility decisions on a total of 776,246 cases. Of those cases, approximately 58% of all Medicaid applications were approved, 61% of all SNAP applications were approved, and 18% of all TANF applications were approved. VDSS continues to work with LDSS stakeholders to ensure that system queries provide necessary information, offer support for fraud investigations, and monitor the number of applications received by LDSS.

APPENDIX A LEGISLATIVE MANDATE #63.2-503.E AND F.

Section 63.2-503.E. and F. of the Code of Virginia requires 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.