

Promising Approaches and State Recommendations

Background

In 2006, the California Department of Social Services (CDSS) published a ten-year statistical study on fraud prevention and detection activities in the CalWORKs (CW) and Food Stamp programs. The data indicated that program integrity outcome measurements fluctuated significantly between counties. In response, the County Welfare Directors Association (CWDA) of California and the California District Attorneys' Association (CDAA) joined with CDSS in establishing the Program Integrity Steering Committee (PISC), which was charged with identifying cost-effective approaches for improving program integrity outcomes in the CalWORKs and Food Stamp programs.

Methodology

The Program Integrity Steering Committee selected a Peer Review Team (PRT) comprised of representatives from District Attorneys' (DA) Offices, County Special Investigations Units (SIU), the CDSS Fraud Bureau, and county eligibility staff. The goal of the PRT was to gather first-hand information on promising program integrity approaches that could be shared with counties statewide. The PRT developed a questionnaire to identify the methods used by the counties to detect, prevent and prosecute potentially fraudulent activities in the CW and FS programs. The questionnaire was tested in Solano County prior to interviewing the other participating counties. Subsequently, the PRT conducted onsite staff interviews in six additional counties (San Diego, Riverside, Los Angeles, San Joaquin, Kern, and Humboldt) about their approaches for early and ongoing fraud prevention, detection, and prosecution.

Findings

The PRT identified a number of innovative approaches based on the onsite county visits and concluded that other counties can potentially apply these approaches to their own county processes.

The PRT also identified reporting inconsistencies among the counties particularly on the Fraud Investigation Activity Report (DPA 266), which were causing some difficulties assessing the cost-effectiveness of the existing county program integrity activities. These challenges are addressed in the following sections and PRT Recommendations of this report.

Promising Approaches

The mission of the PRT was to invite the staff in the participating counties to describe and assess their county's fraud prevention and detection processes and practices. In addition, county staff was encouraged to indicate what activities or changes would improve their county's existing fraud prevention/detection program. The following recurring themes for promising approaches surfaced in the county site visits:

COUNTY RECOMMENDATIONS

Open Communication is the Key

- Open communication between the SIU, DA and county eligibility staff promotes a positive working relationship and teamwork.
 - This is true regardless of the physical location or organizational structure of the SIU.
- Investigators' sharing the same location with county welfare staff enhances mutual trust, communication, and cooperation between investigators and eligibility staff.

Training Strengthens the Quality of Referrals

- Periodic training keeps investigators updated on changes in eligibility criteria.
- Fraud prevention and detection could be improved by increasing the frequency of the current annual fraud training for the eligibility staff.
- Training activities enhance working relationships between fraud investigators and eligibility staff and facilitate a more flexible system to respond to changing program integrity trends.

Support from the Welfare Director is Critical

- Increased visible support for program integrity activities reinforces the County Welfare Director's commitment to those efforts to county staff and the community.

Technology Supports Communication

- Technology can improve communication and feedback on referrals. As an example:
 - San Diego developed the Fraud Referral Tracking System (FRTS), a web-based system for fraud referrals.
 - Caseworkers use FRTS to submit referrals; investigators enter progress updates. Eligibility staff can also check on the status of fraud referrals.
- San Diego also uses an internal Public Assistance Tracking System to complete the Fraud Investigation Activity Report (DPA 266) with data entered manually from FRTS.

Early Fraud Saves Money

- Early Fraud provides the best opportunity to maximize resources and avoid the higher costs associated with long-term investigations, prosecutions, and collection activities.
- Several counties have innovative programs that include fraud prevention interviews ***and/or home visits as part of the application process***. Examples:
 - San Diego's Project 100,
 - Riverside's Fraud Review and Early Detection (FRED) program,
 - Kern's Preventive Fraud Interviews (PFIs), and
 - Los Angeles' CalWORKs Home Interview Program.
- Some counties use fraud staff in non-peace officer classifications, such as Investigative Technician and Investigation Aide to perform fraud prevention activities.

Promising Approaches for Prosecution

- Counties are best served when the prosecutor assigned to a welfare fraud case is experienced and knowledgeable about welfare regulations and program requirements.
 - Counties reported that not all District Attorneys have this expertise.
- Effective prosecution of welfare fraud cases are adversely impacted by the rotation of DA staff with less experience with public assistance regulations.
- Probation Hearings (diversion) are offered to the recipient as a means to mitigate the allegation of fraud and negotiate a repayment agreement.
 - Encourage the DAs' Office to follow-through on probation violations when a client fails to pay court-ordered restitution.

Other Creative Solutions

- **ADH:** In San Diego County, Administrative Disqualification Hearing cases are routinely processed by an eligibility worker (EW), which does not involve an investigator.
 - The EW prepares an evidence packet and appears as an expert witness at the Administrative Disqualification Hearing.
 - Two Quarterly Reports are used to establish “intent” to commit fraud.
 - The Administrative Disqualification can be imposed regardless of the client’s appearance at the ADH.
- **New Hire Registry (NHR) Database:** San Joaquin County enters the results of the processed New Hire abstracts into a database maintained by the county.
 - When the Quarterly Wage Match is received, the county matches it against the New Hire database for the same time period.
 - This process saves case processing time since the client’s job has already been identified by the NHR, eliminating the need to process the Quarterly Wage Match.
- **Centralized IPV Log:** Riverside County keeps a log of all CW and FS Intentional Program Violations (IPV).
 - The log contains supporting documents and the court order in case a second or third offense is imposed.
 - This log saves time when responding to inquiries from other counties on existing IPV’s.
- **Succession Planning for Investigators:** County welfare eligibility and clerical staff represent a pool of potential recruits for the SIU.
 - Riverside established a career path and actively recruits and mentors candidates from other county position who are interested in the investigator or other SIU positions.
- **Cite-and-Release Saves Prosecution Costs:** Kern uses a cite-and-release process in which the investigator, rather than a DA, issues a misdemeanor welfare fraud offense citation to a recipient.
 - Specific conditions apply to be consistent with welfare law and regulations;
 - Citation issued on debts below \$5,000; and
 - SIU Investigators are able to issue a citation (PC 17) in Kern County as they are part of the DA’s Office.
- **Public support from the Board of Supervisors for program integrity efforts:** The Board of Supervisors support reaffirms their commitment to program integrity activities for the community and county staff.

Collection Opportunities

- Recording and enforcing civil judgments on real property sales provides an opportunity to collect public assistance overpayments and/or overissuances.
- Los Angeles County utilizes a private law firm or a collection agency to obtain repayment on outstanding debts.
- If the client violates probation due to willful non-payment, Los Angeles County extends the probationary period when the ability to pay exists.
- These collection opportunities may increase collections over the current rate of repayment on about half of all overpayments identified.

Challenges

The PRT encountered several challenges to its mission of identifying cost-effective promising approaches:

Need for Consistent Data

- The method used for reporting and calculating cost avoidance savings varies from county to county.
- Methods of counting applications differed from county to county:
 - A combined CalWORKs Food Stamp application might be counted as either one or two separate applications depending on the county.
 - Food Stamp recertification can be counted as either a new or ongoing application.
- Methods of counting investigations differ based on SIU reporting requirements.
- The definition of what constitutes Early Fraud is unclear and interpretation of Early Fraud varies from county to county. Some counties report Early Fraud prior to the grant application date; others count Early Fraud activities within 90 days of the grant application date.
- Since welfare reform was implemented in 1996, county operations underwent fundamental changes which impacted data collection and reporting results. Examples:
 - Quarterly Reporting was implemented by counties at different times in Fiscal Year (FY) 2003/04.
 - Counties that were converting to a new automated system, namely CalWIN and C-IV, required extensive staff training which impacted the county's ability to focus on fraud related activities.
 - Organizational changes due to program changes potentially impacted county approaches to fraud.

Maximizing Early Fraud

- Early Fraud programs continually strive for a balance between the expending investment of resources for fraud prevention activities and minimizing the return on the fraud administrative dollar.
 - Counties want to increase their Early Fraud activities to save costs associated with investigations and prosecutions.
 - Counties also find that their Early Fraud programs yield potential referrals that exceed the county's capacity for follow-up on ongoing cases.
- Screening criteria which focuses on applications that are high risk for fraud or ineligibility is necessary for the most efficient allocation of resources and measurement of outcomes.

Impacts of Quarterly Reporting

- The change from monthly to quarterly reporting impacted the counties' method of establishing and calculating overpayments and adjudicating potential fraud.
 - Generally, recipients are not required to report income and household changes between reporting months.
 - Due to the complexity of the quarterly reporting regulations, it is more difficult to establish intent to commit fraud.
- Fraud administrative systems, such as the IEVS computer matches, did not change in response to Quarterly Reporting.
 - The Quarterly Reporting data month does not align with the wages reported to EDD.

Factors with Undetermined Impact on Program Integrity Efforts

- Use of DA investigators versus welfare fraud investigators.
- Resource and equipment availability
 - Vehicles
 - Communication technology
- Other constraints impacting program integrity efforts.
 - Budgetary
 - Political
 - Geographic

CDSS RECOMMENDATIONS

With the understanding that each county ultimately makes its own decisions about how best to allocate resources, the PRT offered several recommendations that would require CDSS to take action. These recommendations included:

1. The CDSS Fraud Bureau should revise its county reports to include additional data on the number of investigations in the various types of welfare programs.
2. CDSS Fraud Bureau should establish a standard method of computing county cost-savings.
3. CDSS Fraud Bureau should establish a standard definition of an Early Fraud vs. Ongoing Fraud. The PRT suggests the following definitions:
 - a. An investigation request shall be treated as an Early Fraud investigation request if received by the investigating agency within 45 days of the date of application for CW and within 30 days of the date of a FS application if resulting from an indication that a false statement or omission has been made in the course of the application.
 - b. The following constitutes an application for Early Fraud purposes: initial application, annual redetermination and recertification, re-applications, Inter-County Transfers, applications for other programs such as Child Care and Homeless Assistance, applications to add CW and/or FS to ongoing cases, and applications to add members to the household or assistance unit.
4. The CDSS Fraud Bureau should provide regular reports for counties to use in monitoring the cost-effectiveness of their program integrity efforts. Suggested data for counties:
 - a. Cost Avoidance Savings per dollar spent in both Early Fraud and Ongoing Fraud for each county program (CW, FS or combined CW/FS).
 - b. Administrative costs per referral for both Early and Ongoing Fraud by program.
 - c. County data categorized by Region 1 and Region 2, small-medium-large caseloads, or size order for more useful comparisons.
 - d. Numbers of referrals in relation to application and caseload trends.
 - e. Individual county data in comparison to statewide averages.
 - f. Optional comment area for counties to note factors that impact program integrity efforts; i.e., conversion to a new automated system, major disaster, etc.
5. The CDSS Fraud Bureau should maintain a central repository of fraud training ideas and materials created by counties and accessible to other counties via the Fraud Bureau website.
6. The CDSS Fraud Bureau and State Hearing Division should provide training and program guidelines on Administrative Disqualification Hearings to assist the counties.
7. The CDSS Fraud Bureau should review the cost-effectiveness of the various data match systems along with county feedback on the usefulness of each type of match.
8. The CDSS Fraud Bureau should encourage counties to establish Early Fraud programs.
9. CDSS should review its financial incentives of county program integrity efforts.
10. The PISC initiate a new peer review project to identify collection opportunities on unpaid FS and CW overpayments.