

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



September 21, 1999

ALL-COUNTY INFORMATION NOTICE I-69-99

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order or Settlement Agreement
- Clarification Requested by One or More Counties
- Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: LARGE EIGHT COUNTY SECOND PARTY REVIEW PROPOSAL

For Federal Fiscal Year (FFY) 1998, the Food Stamp Program (FSP) payment error rate is 12.52 percent. This represents a 2.63 percent increase over FFY 1997 results and will likely result in a fiscal penalty of \$6,380,000 to the state and affected counties.

In response to increasing FSP error rates, the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) proposed that federal, state and county representatives collaborate to identify FSP corrective action (CA) initiatives that could have potential statewide application. The approach proposed by FNS is fashioned after a multi-agency approach that has proven successful in controlling FSP error rates in other FNS regions in the nation.

In August 1998, a group composed of FSP CA staff and managers from Alameda, Fresno, Los Angeles, Orange, Sacramento, San Bernardino, San Diego, and Riverside Counties, along with representatives from FNS and the California Department of Social Services (CDSS), began what would be a series of meetings to develop CA initiatives with potential multi-county application. A key component of this effort was the involvement of FSP administrators from other states and California counties with a proven track record of success. These administrators presented their management philosophies and practices which contributed to their success. Information from these presentations was then used in workshop settings to develop products for presentation to all counties.

The purpose of this All County Information Notice is to distribute the first product resulting from this collaborative county, federal and state effort. The enclosed proposal represents an approach that would move counties toward an accountability driven process for reducing and controlling FSP error rates. A fundamental component of that process is a second party review of eligibility staff actions done on FSP cases in sufficient numbers to produce meaningful results.

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The second party review findings are then used as part of a comprehensive approach to measure staff performance, identify training needs, and to identify operational deficiencies that, when corrected, will reduce the FSP error rate.

The proposal has been unanimously endorsed by the California Welfare Directors Association (CWDA) Board of Directors and I urge you to consider its merits as it represents a tested model that has proven successful in those agencies where it has been used.

If you have any questions concerning the proposal, please contact F. Patrick Sutherland, Chief, Food Stamp Bureau, at (916) 654-1896 or Tom Benson, Chief, Field Operations Bureau, at (213) 833-2250.

Sincerely,

***Original Document Signed By
Bruce Wagstaff on 9/1/99***

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Enclosure

ERROR REDUCTION IN THE FOOD STAMP PROGRAM SECOND PARTY REVIEW

I. Proposal/Commitment

Counties would endorse an accountability driven process that implements a Second Party Review as a consistent means of achieving Food Stamp Program error rate reduction. To be successful, the process should encompass a review of a sufficient number of eligibility staff activities to produce meaningful results.

II. Background

For federal fiscal year (FFY) 1998 the Food Stamp Program (FSP) payment error rate is 12.52%. This means that for every \$100 in benefits issued, \$12.52 was issued in error. During the same period, the FSP case error rate is 36%. Of the 1,105 federal quality control (QC) reviews completed during this period, 402 cases contained a payment error. Of these, the county agencies were responsible for 322 case errors (80%). Of the 322 case errors, the two major causes were Failure to Take Indicated Action, which accounted for 181 errors or nearly 56% of all agency caused errors, and Policy Incorrectly Applied, which accounted for 116 errors or nearly 36% of all agency caused errors.

Correlating the 36% case error rate information to a hypothetical 200 case workload for a FSP worker, 72 cases in the workload could be expected to have an error. Of the 72 case errors 58 of the cases could be expected to be in error because eligibility staff makes some kind of mistake. Of the 58 agency caused case errors, 32 could be expected to be the result of eligibility staff failing to take needed action, 22 for failure to take action of reported information. Another 21 agency caused errors could be expected to be the result of eligibility staff using improper policy when calculating benefits. These figures are presented for discussion purposes and do not reflect differences that may exist due to staff training, experience and/or caseload specialization. Also, counties with case error rates that exceed the statewide average could expect these numbers to be more extreme. The opposite may be true for counties below the statewide average.

III. Alternative Approaches

There are many options that a county may elect to use to manage the FSP error rate. But, what is clear is that most counties and other states that have been successful in managing their FSP error rates have done so by committing resources, in varying amounts, to some type of second party review of eligibility staff case work. Those agencies with a structured second party review policy report that it has shown benefits and improved performance in all program areas. The following are the basic types of eligibility staff activities that should be reviewed for accuracy:

A. Transactional Sampling

This is a review of completed actions taken by eligibility staff. It is best suited to detect errors resulting from the “misapplication of policy” by eligibility staff. This is a valuable approach in determining overall knowledge of rules and regulations in various target areas. Unlike other approaches, however, this method identifies an error after it occurs rather than preventing it and does not address errors resulting from failure to act.

B. Action Needed Sampling

This is a screening of monthly reports (CW 7), or other input information that requires an action, and a review after the cut-off date to determine if the indicated action was taken by eligibility staff. This approach can identify errors resulting from “failure to take indicated action,” and more specifically, errors caused by “failure to take action on reported information”.

C. Eligibility Determination Sampling

This is a focused review of eligibility activities prior to certification and/or recertification of benefits. This review is most beneficial in the identification and correction of errors before they result in the incorrect issuance of benefits.

Although there are variations, the second party review activities are typically performed by the following two basic staff structures:

a. Quality Assurance (QA)

This is a focused review of eligibility staff actions conducted by a centralized unit of dedicated QA staff. Typically, QA staff conduct on-site reviews of larger numbers of cases and/or eligibility staff actions to provide county management with specific case related information. Information is generally used to identify areas in which corrective action is needed and/or to assist in the evaluation of corrective measures that have been implemented. In some agencies, this activity forms the basis for staff evaluation.

b. Supervisory Review

This is a consistent and uniform review of eligibility staff actions generally performed by unit supervisors. On a monthly basis, a specific number of cases can be reviewed to obtain a balanced perspective on the accuracy of case work within the supervisors area of responsibility. Focused case reviews may be conducted in conjunction with corrective action plans. Supervisory reviews are an effective tool in reducing the incidence of case errors, strengthening program knowledge, and generating error cause and avoidance discussion.

IV. Review Scope

Counties and states that have shown good results in error rate reduction and other performance measures have done so by committing themselves to a second party review policy that is uniform in scope and process, consistently applied, based on sufficient numbers of reviews, and clear on the intended use of results.

The scope of the second party review is based on the informational needs of the agency and the type of review approach utilized. These two factors generally determine the numbers of reviews that are needed. For instance, Quality Assurance Sampling is typically more narrow in scope and therefore can be performed on larger numbers of cases. Supervisory review of newer staff actions may encompass a more broadly scoped, cover-to-cover case review requiring detailed feedback as part of the training process and may, therefore, involve fewer cases. Eligibility Determination Sampling is most often performed on 100% of approved actions and as a result the scope needs to be tightly controlled to ensure efficient use of the second party reviewer's time.

A successful second party review model carefully balances the scope of the review with the number of reviews needed in order to ensure meaningful results. Depending on the specific purpose of the second party reviews, a minimum number of reviews should be determined based on available resources and other priorities. If for instance, results are used in conjunction with other performance measures to evaluate staff, the number of reviews must be sufficient to ensure fairness and comparability.

The scope of the second party review should also be flexible enough to quickly respond to emerging error trends. The scope and content of the second party review should be tailored to quickly address Performance Measurement County (PMC) QC results that are readily available in individual PMC cumulative error rates reported monthly.

While a second party review should be conducted uniformly throughout a county, the second party review model should also be flexible to accommodate differing needs within a county. For instance, error trend analysis may indicate that one county district office is encountering a problem that is unique to that district. The second party review scope could then be developed with a more narrow focus to address specific district problem areas.

For FFY 1998, the statewide Food Stamp Corrective Action Plan has identified three main error concentrations: 1) errors caused by the agency's failure to take indicated action; 2) a high incidence of underissuance errors; and 3) the high incidence of errors in cases containing at least one non-citizen. The scope of a second party review should contribute to county corrective action efforts which address these error concentrations.

V. Review Results

County management's willingness to support a viable second party review policy is the crucial element to a successful process. How management intends to use second party review data is probably the most important step in developing a successful second party review model because it essentially defines the agency's commitment to accountability. Special consideration must be given to how review data is to be used as it provides valuable feedback on the performance of a variety of agency systems.

Agencies with successful second party review systems indicate that the findings are constructive in developing corrective action measures because the review can focus very clearly on error cause. The second party review is also useful when follow-up data is needed to evaluate a previously implemented corrective action because the review scope can be focused to measure the outcome of a specific change. The data is especially helpful in measuring the effectiveness of computer systems changes. In addition, the results are instrumental in identifying staff training and skill development needs, and evaluating staff performance.

A more intangible result of second party reviews is the potentially higher levels of performance achieved when staff are aware that their work is subject to a review by others and staff are held accountable for inadequate performance or rewarded for meeting expectations.