

October 19, 2020

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY WELFARE DIRECTORS LETTER

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform Performance Measurement County (PMC) Directors of the California Department of Social Services' (CDSS) intent to require the Performance Measurement Counties (PMCs) with high federal payment error rates to submit a Corrective Action Plan (CAP).



KIM JOHNSON
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

October 19, 2020

ALL COUNTY WELFARE DIRECTORS LETTER

TO: ALL COUNTY WELFARE DIRECTORS

FROM: ALEXIS FERNÁNDEZ, CHIEF
CALFRESH AND NUTRITION BRANCH
FAMILY ENGAGEMENT AND EMPOWERMENT DIVISION

SUBJECT: FEDERAL PAYMENT ERROR RATE CORRECTIVE ACTION PLAN

REFERENCE: [TITLE 7 OF THE CODE OF FEDERAL REGULATIONS \(CFR\) 275.16\(b\)\(1\); CALIFORNIA OPERATIONS MANUAL OF POLICIES AND PROCEDURES \(MPP\) DIVISION 15; MPP SECTION 15-101.1; MPP SECTION 15-101.2; MPP SECTION 15-310.1; MPP SECTION 15-310.11; MPP SECTION 15-310.22; MPP SECTION 15-410; AND MPP SECTION 15-621.1](#)

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform Performance Measurement County (PMC) Directors of the California Department of Social Services' (CDSS) intent to require the Performance Measurement Counties (PMCs) with high federal payment error rates to submit a Corrective Action Plan (CAP).

Background

California maintained acceptable error rate performance in Federal Fiscal Year (FFY) 2019 despite challenges such as responding to disasters, early issuance of February benefits, implementation of the Able-Bodied Adults Without Dependents (ABAWD) time limit, and the expansion of CalFresh benefits to Supplemental Security Income and/or California State Supplemental Payment recipients.

Our state and the nation continue to face unprecedented change in FFY 2020. As a result, the CDSS and PMCs must work together more than ever to defend the integrity of our program and to ensure quality of service for our clients. Our collaboration and

ALL COUNTY WELFARE DIRECTORS LETTER
Page Two

partnership during the remainder of this FFY and beyond will be imperative to overcome the many challenges ahead. One of the challenges we are currently facing is a federal payment error rate that remains significantly above FFY 2019 and above the federal error rate threshold of 6.00 percent. Although we only have federal payment error rate data from October 2019 through February 2020, preliminary calculations reflect a federal payment error rate of over 8.50 percent for FFY 2020.

The CDSS recognizes that many factors contribute to the challenge of achieving high payment accuracy. These complexities contribute to an increasing federal payment error rate which remains consistently above the federal error rate threshold of 6.00 percent. High error rates put the state and PMCs at risk for sanctions imposed by the United States Department of Agriculture, Food and Nutrition Service (FNS) and undermine the credibility of the eligibility determination process for the delivery of benefits to millions of Californians.

Requiring Corrective Action Plans

Recently, the CDSS was notified by the FNS of the requirement to submit a CAP due to the FFY 2019 federal payment error rate exceeding the 6.00 percent federal payment error rate threshold. Please refer to the enclosure for more information regarding the FNS CAP requirement. The CalFresh Quality Control and Improvement (QC&I) team is committed to providing additional guidance and assistance to the PMCs on completing the CAP requirement.

In accordance with CFR 275.16(b)(1) and MPP 15-410 and in response to the rising federal payment error rate, CDSS will require PMCs with federal payment error rates above 6.00 percent to submit a CAP. Although CDSS has the authority to require CAPs from all PMCs, due to the continued response to the pandemic emergency and the wildfires, at this time CDSS will only require CAPs from counties with high error rates. CAP requirements will be addressed in individual letters sent to PMC Directors.

The CDSS QC&I team will monitor the status of the PMC federal payment error rate twice per FFY after the transmission of QC cases to FNS. For FFY 2020, the QC&I team will review PMC federal payment error rates for the period of October 2019 through March 2020. If the PMC federal payment error rate is above the 6.00 percent federal payment error rate threshold, a request for a CAP will be sent to the PMC Director by October 23, 2020. Another evaluation for the period of April 2020 through September 2020 will be completed in February 2021, at which time an updated CAP will be required of those PMCs that continue to have a payment error rate above the 6.00 percent federal payment error rate threshold. PMCs without an open CAP requirement, but whose payment error rate for this evaluation period exceeds the 6.00 percent federal payment error rate threshold, must submit a CAP.

ALL COUNTY WELFARE DIRECTORS LETTER
Page Three

In order to reduce the federal payment error rate in FFY 2020 and beyond, we will all need to work together to identify specific federal payment error causes and develop improvement plans to address those findings. In partnership, we will collaborate in support of the effective, accurate administration of CalFresh. Please let us know if we can assist your county or support your efforts in any way.

Impact of Continuing Appropriations Act

On September 30, 2020 the President signed HR 8337 the Continuing Appropriations Act. In addition to ensuring federal funding is available for administration of the Supplemental Nutrition Assistance Program (SNAP), the Act extends SNAP administrative flexibilities that were implemented in response to the COVID-19 pandemic emergency. These flexibilities include a state option to suspend federal QC reviews from June 1, 2020 through September 30, 2021. The CDSS is waiting on federal guidance to fully understand the implications of the option on California's error rate before moving ahead with implementation. When adequate federal guidance is released, the CDSS will provide additional guidance to counties and will reassess current QC activities underway, including development of CAPs and the requirement to conduct state QC reviews.

If you have any questions about the requirement to submit a CAP, please submit your question with "Payment Error Rate CAP" in the Subject Line to CFUReviews@dss.ca.gov.

Sincerely,

ALEXIS FERNÁNDEZ, Chief
CalFresh and Nutrition Branch
Family Engagement and Empowerment Division

Enclosure

ALL COUNTY WELFARE DIRECTORS LETTER
Page Four

bc:

Tami Gutierrez

Brian Kaiser

Yazmin Saenz

Chris Alivio

Frank Verduzco

Sue Thao

Choua Lor

Dorina Ganji

Monica Timofei

From: Ihm, Young - FNS <young.ihm@usda.gov>
Sent: Friday, August 14, 2020 10:47 AM
To: Fernandez, Alexis@DSS; Gutierrez, Tami@DSS; Alivio, Chris@DSS; Saenz, Yazmin@DSS
Cc: Smith, Barbara - FNS; Albert, Elizabeth (Libby) - FNS; Bourne, Jacqueline - FNS; Gonzalez, Jodi - FNS; Baker, Dawn - FNS; Williams, Bradford - FNS; Tobin, Charles - FNS
Subject: CA's CAP to Address 6% Error Rate

Hi Alexis,

Hope this finds you well. Thank you for all your efforts to administer the program during these challenging times.

Your continued cooperation is appreciated in the area of the regulatorily required corrective actions (CAP) to address the 6% error rate threshold, per 7 CFR 275.16 (Please note this is distinct from corrective action plans pursuant to MEs and QC IRs).

Pursuant to the national error rate notice issued on July 6, 2020 that showed CA exceeding the 6% rate for FY 2019, CA is required to submit to WRO a CAP to address this concern. We would appreciate submission of the plan to WRO by Monday, September 7, 2020. This plan will be monitored and revised quarterly as a living document. We are prepared to work with you on the date and contents of the plan through the use of sample templates if necessary. We look forward to proactively addressing issues throughout the course of this year, leveraging State reported data to serve as early warning for upcoming issues.

§275.16 Corrective action planning. (b) The State agency and project area(s)/management unit(s), as appropriate, shall implement corrective action on all identified deficiencies. Deficiencies requiring action by the State agency or the combined efforts of the State agency and the project area(s)/management unit(s) in the planning, development, and implementation of corrective action are those which:

- (1) **Result from a payment error rate of 6 percent or greater** (actions to correct errors in individual cases, however, shall not be submitted as part of the State agency's corrective action plan);*
- (2) **Are the causes of other errors/deficiencies detected through quality control, including error rates of 1 percent or more in negative cases;***
- (3) **Result from 5 percent or more of the State agency's QC sample being coded "not complete" as defined in §275.12(g)(1) of this part. This standard shall apply separately to both active and negative samples.***

It is important that the units responsible for quality control and policy/eligibility work together to develop training and improvements for front line divisions. We feel that combining current efforts on access with ongoing actions on integrity will ensure that we do not face larger issues later. We acknowledge and commend CA for already utilizing a detailed error analysis reporting system to provide cross-unit updates to management (That information may be included in your plan).

The CAP must address the following factors that may have contributed to the State exceeding the error rate threshold:

- Assess primary root causes of errors that are client-caused or State-caused, designing corrective actions around both.
- Assess policies and procedures in your State that are appear to be error prone.
- Focus on areas amenable to more immediate or short term correction, like standard deductions and household composition. Assess use of automation.
- Assess procedures around collecting and verifying wage and salary information.
- Assess the quality of training for personnel responsible for making eligibility determinations. In addition, evaluate the accessibility of information, whether personnel can easily view and document a household's entire circumstances prior to making a determination.

- Include specific descriptions of each deficiency, and target dates to start and complete the corrective action activities. Activities proposed must correlate to the three primary causes of payment errors.
- Include sources through which the State agency detected the deficiencies.
- Geographic extent of each deficiency. (Statewide or concentrated in a county or local office). With CA, county-to-county assessments are critical.
- Description of how progress and results will be monitored and measured by the State agency.

If you need further assistance or have questions, please reach out to your State program officer. Thank you again for your support and diligence.

Young Ihm | Acting Chief, Program Operations Branch, Supplemental Nutrition Assistance Program | United States Department of Agriculture Food and Nutrition Service | Western Regional Office
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