

DEPARTMENT OF SOCIAL SERVICES



August 3, 1983

ALL-COUNTY LETTER NO. 83-75

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: WELFARE FRAUD EARLY DETECTION/PREVENTION PROGRAM

REFERENCE:

In accordance with the 1983/84 Budget Act, it is the intent of the State Legislature that counties processing a monthly average of 350 or more AFDC and non-assistance (NA) Food Stamp applications shall administer a welfare fraud early detection/prevention program, aimed at detecting welfare fraud during the application process, prior to the granting of aid.

The State Department of Social Services (SDSS) encourages County Welfare Departments to examine existing fraud prevention programs or procedures in order to identify those areas in which the program could be improved or expanded. Upon completion of this program assessment, those counties interested in improving their current fraud prevention effort are urged to develop and submit a prevention program plan to SDSS for approval.

REPORT OF EXISTING PREVENTION PROGRAM/PROCEDURES

The budgetary language (see Attachment "A") stipulates that every county is required to submit a report to SDSS (Fraud Program Management Bureau) by August 15, 1983, describing the early fraud prevention/detection program or procedures currently employed by that county (see Attachment "B").

This report shall include the following information:

- (1) A detailed description of the county program or procedures in place to prevent welfare fraud during the application process.
- (2) Number of resources devoted to the program and their specific job classifications.

- (3) Total annual costs associated with the existing program or procedures.
- (4) Estimated annual program savings (this estimate should include a description of how the savings were computed).

CERTIFICATION

The Budget Act further stipulates that those counties having a prevention program in place which they have determined to be as cost effective as the Orange County model program shall certify this determination by signing the statement appearing on the last page of Attachment "B". To facilitate this determination, the following information is being provided:

The Orange County program consists of a coordinated effort between intake eligibility workers (EWs) and welfare fraud investigators in the early identification of possible fraudulent applications. This is accomplished through the physical collocation of investigators with intake eligibility staff in order to (1) generate immediate investigative referrals; (2) provide for the completion of intake investigations within the application processing time frames; and (3) encourage prompt feedback from the investigator to the intake EW.

The effectiveness of the Orange County Program is reflected by the county's fraud statistics, which show that approximately 10% of all applications are referred and investigated as a result of the prevention program. Of those cases investigated, approximately 50% result in either a denial or a withdrawal from aid. The program staffing level averages one investigator for every 350 AFDC and NA Food Stamp applications.

PREVENTION PROGRAM PLANS

Counties which do not currently administer a fraud prevention program or do not feel that their current program or procedures are as cost effective as the Orange County model may develop a prevention program plan and submit to SDSS for approval. If counties desire assistance in the development of such a plan, they should contact SDSS Fraud Program Management Bureau. The additional funding is included in the 83/84 Budget Act to cover the state share of the increased administrative costs associated with the implementation of the approved county fraud prevention plans.

All counties interested in submitting a prevention program plan to SDSS (Fraud Program Management Bureau) shall submit such a plan by October 15, 1983. All plans shall consist of the following:

- (1) A detailed description of the county's proposed prevention program.
- (2) The number of additional resources requested (including specific personnel classifications).
- (3) A proposed prevention program budget, which includes a cost-benefit analysis.

Furthermore, in developing plans for submittal to SDSS, counties must ensure that the following conditions are met:

- (1) All plans shall provide that applicants will only be subject to the fraud prevention program requirements after they have completed and signed the application for aid.
- (2) Intake fraud referrals and investigations shall not delay the timely receipt of aid (including immediate need payments).
- (3) No intimidation, based on fraud allegations, shall occur, whether by referral or threat of referral, prior to the completion of the application.
- (4) No plan shall include the employment of uniformed investigators.
- (5) Counties shall give first priority for hiring additional staff for the prevention program to those county employees who have been laid off as a result of funding cuts, and shall provide the necessary training to such employees.
- (6) Counties shall maintain records on all applications withdrawn as a result of an intake fraud referral.
- (7) Counties shall supply complaint forms to all persons withdrawing their applications for aid because of an intake fraud referral. All complaints must be maintained by the county and a copy of each forwarded to SDSS Fraud Program Management Bureau for review by the Early Welfare Fraud Detection Advisory Committee.

All plans submitted to SDSS will be reviewed by the Early Welfare Fraud Detection Advisory Committee prior to approval by SDSS and the Department of Finance.

STATISTICAL REPORT

In order for this Department to prepare a report to the Legislature on the statewide early fraud prevention effort, those counties who receive approval and funding for their prevention program plans shall submit monthly program statistics for the period of July 1983 through December 1983. All information must be received by SDSS Fraud Program Management Bureau no later than February 15, 1984. Following is a list of the statistical data to be captured by the counties on a monthly basis relative to the operation of the program, and included in the monthly statistical report to SDSS (Fraud Program Management Bureau):

- (1) Total number of AFDC, Public Assistance (PA) Food Stamp, and Non-Assistance (NA) Food Stamp applications.
- (2) Number of investigative contacts generated by the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).
- (3) Number of applications referred for fraud investigation as a result of the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).

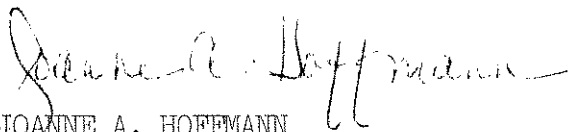
- (4) Number of applications withdrawn as a result of the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).
- (5) Number of applications denied as a result of the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).
- (6) Number of cases referred for prosecution as a result of the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).
- (7) Number of recipient complaints regarding the prevention program.
- (8) Total administrative costs associated with the prevention program (AFDC, PA Food Stamps, and NA Food Stamps).
- (9) Estimated program savings, broken down by AFDC, PA Food Stamps, and NA Food Stamps. (This estimate should include a detailed description of how the savings were computed.)

All county reports, certifications, plans, and statistical data shall be submitted to SDSS at the following address:

California State Department of Social Services
Fraud Program Management Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814

If counties have any questions regarding the information contained in this letter, they should contact Mike Back, Chief, Fraud Program Management Bureau at (916) 924-2836. We look forward to the participation of the counties in the development of comprehensive fraud prevention programs which will facilitate the control of welfare fraud and abuse on a statewide basis.

Sincerely,



JOANNE A. HOFFMANN
Deputy Director
Management Systems and
Evaluation Division

Attachments

1983-84 BUDGET ACT LANGUAGE RELATIVE TO THE STATEWIDE WELFARE
FRAUD EARLY PREVENTION/DETECTION EFFORT

8. It is the intent of the Legislature that counties which process a monthly average of 350 or more AFDC and Food Stamp applications shall administer an early detection fraud prevention system.

Each county shall submit a report to the department by August 15, 1983, on the fraud prevention and detection procedures which they currently employ. Those counties with programs which they deem as cost-effective as the Orange County model shall submit a statement with their report certifying this determination. Counties which do not currently administer a fraud prevention program with cost benefits comparable to Orange County may seek assistance and support from the department to develop such programs.

All interested counties who choose to submit a plan to the department shall submit such plan by October 15, 1983, unless an extension is granted by the director.

Prior to allocation of funds in excess of 25 percent of the amount appropriated for the Welfare Fraud Early Detection/Prevention Program, counties shall submit to the department a plan for resource utilization which shall indicate the personnel classifications to be employed in the program.

All plans shall provide that applicants will only be referred to a fraud investigator after they have completed and signed the application for aid. If eligibility for assistance is established, such referral and investigation shall not delay the receipt of aid, including immediate need payments.

It is the intent of the Legislature that no intimidation based on fraud allegations shall occur whether by referral, or threat of referral, prior to the completion of the application for aid. Whenever an application is withdrawn because of a fraud referral, such withdrawal shall be documented by the caseworker and the county shall keep records of all such withdrawals.

For those applicants withdrawing, the caseworker shall give the applicant a complaint form, that may be mailed to the county by the applicant. The county shall keep copies of all complaints.

The department shall review such plans and approve those which would provide satisfactory results regardless of the personnel classifications utilized. No plan shall be approved that includes

the employment of uniformed investigators. Counties shall give first priority for hiring additional fraud detection specialists to those county employees who have been laid off as a result of funding cuts and shall provide the necessary training to these individuals in order for them to carry out the duties of the position. Upon plan approval by the department and the Department of Finance, the remaining funds may be allocated to counties in accordance with approved plans.

The department shall submit a report to the Joint Legislative Budget Committee by April 15, 1984, describing the following: to the extent data is available, summaries of county plans; the costs of the program in each county; the savings therefrom; how such savings were obtained; the fraud rate; the number of investigations; the number of prosecutions; the number of applications withdrawn before and after contact with an investigator; the number of investigator contacts; the number of applicants. Additionally, any complaints regarding the county programs shall be included in the report.

The department shall have an Early Welfare Fraud Detection Advisory Committee that shall review all plans submitted to the department prior to approval by the department, and the department shall take into consideration the comments of the committee prior to approving or rejecting the county plan. The committee shall be composed of two persons appointed by the California Welfare Fraud Investigators Association, two persons appointed by the California Welfare Directors Association, two persons appointed by social services labor unions, and two persons appointed by the Coalition of California Welfare Rights Organizations.

The committee shall meet on or before October 20, 1983, and shall review and comment to the director on all county plans submitted within 10 working days from the receipt of the plans.

In addition, the committee shall review all complaints filed against the county programs by March 15, 1984, and shall make recommendations to the director on the steps necessary to correct identified problems in the program. These recommendations shall be included in the report to the Joint Legislative Budget Committee due April 15, 1984.

The committee shall be convened as necessary to fulfill the mandate of their charge.

The department shall reimburse committee members for their travel and per diem expenses.

COUNTY REPORT ON EXISTING
WELFARE FRAUD EARLY DETECTION/PREVENTION
PROGRAM OR PROCEDURES

(Must be completed by all counties)

- (1) County Name _____
- (2) County Person Completing Report _____
Name

Title

() _____
Telephone Number
- (3) Description of Existing Fraud Prevention Program or Procedures (Use additional space, if necessary)

- (4) Total number of resources devoted to the program, and their specific job classifications.

- (5) Estimated administrative costs of program operation. (This cost data should be specific to fraud prevention efforts and should include a description of the elements and how they were computed.)

- (6) Estimated program savings, broken down by AFDC, PA Food Stamps, and NA Food Stamps. (This estimate should include a detailed description of how these savings were computed.)

CERTIFICATION

I hereby certify that the Early Fraud Detection/Prevention Program/Procedures employed by _____ County are determined to be as cost effective as the Orange County model program in the prevention of fraud during the application process.

CWD Director

Date

Please check the appropriate box:

A county fraud prevention plan will be developed and submitted to SDSS.

Assistance from SDSS Fraud Program Management Bureau in the development of this plan is (), is not () requested at this time.

No county fraud prevention plan will be developed or submitted.

Mail this form (Attachment B) to:

California State Dept of Social Services
Fraud Program Management Bureau
744 P Street, MS 19-26
Sacramento, CA 95814