Informational Letter

Section 1

Transmittal:	11-INF-05
To:	Local District Commissioners
Issuing Division/Office:	Bureau of Audit and Quality Improvement
Date:	May 16, 2011
Subject:	Cost Avoidance Calculations for Program Integrity Initiatives
Suggested Distribution:	Fraud Directors Front End Detection System (FEDS) Coordinators Temporary Assistance (TA) Directors Food Stamps (FS) Directors Staff Development Coordinators Fair Hearings Staff
Contact Person(s):	Robert Antonacci at robert.antonacci@otda.state.ny.us 518.473.9507 Ellen Miller at Ellen.miller@otda.state.ny.us 518.408.5853 or the OTDA/Program Integrity contact for the Program Integrity initiative
Attachments:	Attachment 1 – Cost Avoidance Calculation Chart
Attachment Available On – Line:	x

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
06 INF-16	08 INF-13				

Section 2

I.   Purpose

The purpose of this INF is to provide Local Departments of Social Services (LDSSs) with the revised cost avoidance figures OTDA will be using for its Program Integrity initiatives. OTDA/Program Integrity will begin to apply these revised figures for any application/case actions taken <u>on or after April 1, 2011</u>. These figures will be replacing those in the last Cost Avoidance INF issued, 08 INF-13.

II.   Background

The Program Integrity efforts of LDSS eligibility and investigative staff have a tremendous positive impact on reducing local/State/federal program expenditures. Application denials, case closings and grant reductions are a critical part of correct eligibility determinations and maintaining the integrity of assistance programs. These actions fulfill OTDA requirements as well as federal regulatory requirements for assistance programs.

In an attempt to quantify the savings achieved through eligibility and investigative efforts that result in correct eligibility actions, cost avoidance calculation estimates are used. Cost avoidance is the mathematical calculation of either what an application might have cost local/State/federal governments if it had not been denied, or what a recipient receiving benefits would have continued to cost local/State/federal governments if the case had not been closed or the benefit payment reduced.

The attached cost avoidance calculation estimates may also be helpful when considering necessary eligibility and investigative staffing levels or when projecting budgetary savings against the cost of these positions. LDSSs may opt to use OTDA's cost avoidance figures or may prefer to use figures that reflect their county's averages, rather than statewide averages.

III.   Program Implications

Attachment 1 contains cost avoidance calculation estimates for the following Program Integrity initiatives:

A.   Automated Finger Imaging System (AFIS)
B.   Electronic Benefit Transfer (EBT) Out-of-State TA Match
C.   Front End Detection System (FEDS)/Eligibility Verification Review (EVR)
D.   Intentional Program Violation (IPV)
E.   National Directory of New Hires (NDNH)/Verified Employment Data (VED) Match
F.   Prison Match (State)
G.   Public Assistance Reporting Information System (PARIS) Match

These amounts for each assistance program were calculated through formulas that determined statewide average payment levels. These amounts were provided by budget and program staff within and outside of OTDA/Program Integrity. Page 2 of Attachment 1 contains a detailed explanation of how each amount was determined.

A cost avoidance savings is calculated for three types of negative case actions: application denial, case closing and grant reduction. A "grant reduction savings" may be calculated only for actions taken for the Front End Detection System, Eligibility Verification Review and the National Directory of New Hires computer match. A grant reduction savings is calculated when the investigation provides a finding that still allows the case to remain open, but the amount of assistance being provided is lower than if the finding was not present. For example, the investigation revealed that the household stated they did not know they had to report income earned "off the books". The household is still eligible because their needs exceed their income, even with this added income, but the grant is lower than if the investigation had not occurred and the income had not been budgeted.

For the Front End Detection System, there are additional program amounts listed because FEDS data is processed by OTDA on behalf of the Office for Children and Family Services (OCFS) and/or the Department of Health (DOH). For questions regarding Child Care, please contact the OCFS Bureau of Child Care. For questions regarding Medical Assistance, please contact your DOH Medical Assistance Program Representative.

A. **Automated Finger Imaging System (AFIS)**

AFIS identifies duplicate applicants and recipients statewide through finger images. A cost avoidance savings is calculated in two situations:

1. An applicant or recipient attempts to obtain duplicate benefits, the AFIS system automatically notifies the LDSS, and the LDSS prevents the case from opening or continuing;
2. The LDSS denies benefits to an applicant or a recipient because they have failed to comply with finger imaging requirements; these requirements vary from program to program.

See Attachment I, Section 1 for the monthly cost avoidance amounts for AFIS. This monthly amount is then multiplied by 12 months to determine the total cost avoidance for the action taken.

B. **Electronic Benefit Transfer (EBT) Out-of-State Match for Temporary Assistance**

The EBT Out-of-State Match identifies Temporary Assistance recipients who are consistently transacting their benefits in states that are non-contiguous to New York State. A cost avoidance savings is calculated when the LDSS closes the cases identified by this Match.

See Attachment I, Section 2 for the monthly cost avoidance amount for this Match. This monthly amount is then multiplied by 12 months to determine the total cost avoidance for the action taken.

C. **Front End Detection System (FEDS)/Eligibility Verification Review (EVR)**

The State-mandated FEDS process for Family Assistance, Safety Net and Food Stamp cases consists of eligibility workers referring applications for investigations when they meet certain indicators that cannot be resolved, such as "**Supported by loans or gifts from**

family or friends". A cost avoidance savings is calculated when the investigation results in either an application denial or a grant reduction (if the application is approved and a case is opened).

The State-optional EVR process consists of investigations on pre-identified populations. A cost avoidance savings is calculated when the investigation results in either an application denial, case closing or a grant reduction.

See Attachment I, Section 3 for the monthly cost avoidance amount for either FEDS or EVR. This monthly amount is then multiplied by six months to determine the total cost avoidance for the action taken.

D.   Intentional Program Violations (IPVs)

Applications and cases must be investigated for a variety of reasons. Investigative units may receive an investigative referral from the eligibility worker through the mandated FEDS process; they may receive an anonymous tip, etc. If the investigation indicates that the applicant or recipient willfully attempted to defraud the assistance program(s), the investigator pursues an Intentional Program Violation. A cost avoidance savings is calculated when the IPV is proven and the individual is prohibited from receiving assistance for a specified amount of time.

See Attachment I, Section 4 for the monthly cost avoidance amount. This amount is then multiplied by the number of months of the sanction period.

> Note: For permanent disqualifications in the Food Stamp program, the monthly amount of cost avoidance savings is multiplied by 60 months.

E.   National Directory of New Hires (NDNH)/Verified Employment Data (VED) Match

The NDNH Match identifies Temporary Assistance recipients who potentially have recently secured a job. OTDA, after confirming the job, notifies eligibility workers of the verified income through the NDNH/VED resource contained in the Welfare Management System's Resource File Integration Subsystem. The eligibility worker must review that data to determine if the VED income has been budgeted properly in the TA case. A cost avoidance savings is calculated when the eligibility worker determines that the income had not been budgeted properly, adds it to the budget and closes the case if the recipient is now ineligible due to excess income.

See Attachment I, Section 5 for the monthly cost avoidance amount for NDNH/VED case actions. This monthly amount is then multiplied by six months to determine the total cost avoidance for the action taken.

F.   Prison Match (State)

The Prison Match identifies recipients who are incarcerated and are therefore ineligible for benefits because their needs are being met. A cost avoidance savings is calculated when the LDSS prohibits that individual from receiving assistance due to their incarceration.

See Attachment I, Section 6 for the monthly cost avoidance amount for this Match. This monthly amount is then multiplied by 12 months to determine the total cost avoidance for the action taken.

G. **Public Assistance Recipient Information System (PARIS) Match**

The PARIS Interstate Match identifies recipients who are actively receiving assistance in other states. A cost avoidance savings is calculated when   the LDSS either: removes the active individual from the case or closes the single person case.

See Attachment I, Sections 7A and 7B for the monthly cost avoidance amount for this Match. This monthly amount is then multiplied by 12 months to determine the total cost avoidance for the action taken. Section 7A contains amounts for a multi-person case closing. Section 7B contains amounts for a single person case closing.

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Title: Director
Division/Office: Audit and Quality Improvement

Section # 1	Automated Finger Imaging System (AFIS)									
Denial / Closing	TA		FS		MA		Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	12	=	$ 18,564
Safety Net Assistance (SNA) (ct 16, 17)	$ 584[4]	+	$ 269[5]	+	$ 1,082[6]	=	$ 1,935	X	12	=	$ 23,220
Food Stamp (FS) – Only (ct 31, 32)			$ 310[7]			=	$ 310	X	12	=	$ 3,720
Emergency Assistance to Families (EAF) (ct 19)	$ 52[10]					=	$ 52	X	12	=	$ 624
Section # 2	**Electronic Benefit Transfer (EBT) Out-of-State TA match**									
Closing	TA		FS		MA		Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	12	=	$ 18,564
Safety Net Assistance (SNA) (ct 16, 17)	$ 584[4]	+	$ 269[5]	+	$ 1,082[6]	=	$ 1,935	X	12	=	$ 23,220
Emergency Assistance to Families (EAF) (ct 19)	$ 52[10]					=	$ 52	X	12	=	$ 624
Section # 3	**Front End Detection System (FEDS) / Eligibility Verification Review (EVR)**									
Denial	TA		FS		MA		Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	6	=	$ 9,282
Safety Net Assistance (SNA) (ct 16, 17)	$ 584[4]	+	$ 269[5]	+	$ 1,082[6]	=	$ 1,935	X	6	=	$ 11,610
Food Stamp (FS) – Only (ct 31, 32)			$ 310[7]			=	$ 310	X	6	=	$ 1,860
Medical Assistance (MA) – Only (ct 20, 21, 24)					$ 601[8]	=	$ 601	X	6	=	$ 3,606
Emergency Assistance to Families (EAF) (ct 19)	$ 52[10]					=	$ 52	X	6	=	$ 312
Denial	CC		HEAP				Monthly CA	CA Period		Total CA
Child Care (CC) – Only (ct 40)	$ 925[9]					=	$ 925	X	6	=	$ 5,550
Home Energy Assistance Program (HEAP) (ct 60)			$ 65[11]			=	$ 65	X	6	=	$ 390
Grant Reduction	TA		FS				Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 277[12]					=	$ 277	X	6	=	$ 1,662
Safety Net Assistance (SNA) (ct 16, 17)	$ 348[13]					=	$ 348	X	6	=	$ 2,088
Food Stamp (FS) – Only (ct 31, 32)			$ 141[14]			=	$ 141	X	6	=	$ 846
Grant Reduction	CC						Monthly CA	CA Period		Total CA
Child Care (CC) – Only (ct 40)	$ 95[18]					=	$ 95	X	6	=	$ 570
Section # 4	**Intentional Program Violations (IPVs)**									
Sanction	TA		FS				Monthly CA	IPV length		Total CA*
Family Assistance (FA) (ct 11, 12)	$ 277[12]					=	$ 277	X		=	
Safety Net Assistance (SNA) (ct 16, 17)	$ 348[13]					=	$ 348	X		=	
Food Stamp (FS) – Only (ct 31, 32)			$ 141[14]			=	$ 141	X		=	
Sanction	CC						Monthly CA	IPV length		Total CA
Child Care (CC) – Only (ct 40)	$ 925[9]					=	$ 925	X		=	
The length of a FA, a SNA or a CC IPV is either 6, 12, 18, or 60.										
The length of an FS-only IPV is either 12, 24, 60* or 120 months. 60 months is used for clients who are permanently disqualified from receiving FS.										
Section # 5	**National Directory of New Hires (NDNH) / Verified Employment Data (VED)**									
Closing	TA		FS		MA		Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	6	=	$ 9,282
Grant Reduction	TA						Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 277[12]					=	$ 277	X	6	=	$ 1,662
Section # 6	**Prison Match (State)**									
Closing	TA		FS		MA		Monthly CA	CA Period		Total CA
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	12	=	$ 18,564
Safety Net Assistance (SNA) (ct 16, 17)	$ 584[4]	+	$ 269[5]	+	$ 1,082[6]	=	$ 1,935	X	12	=	$ 23,220
Food Stamp (FS) – Only (ct 31, 32)			$ 310[7]			=	$ 310	X	12	=	$ 3,720

Effective for Case Actions Taken on or after April 01, 2011

Section # 7-A	Public Assistance Reporting Information System (PARIS) Match - Multi-Person Case										
Closing	**TA**		**FS**		**MA**		**Monthly CA**		**CA Period**		**Total CA**
Family Assistance (FA) (ct 11, 12)	$ 621[1]	+	$ 243[2]	+	$ 683[3]	=	$ 1,547	X	12	=	$ 18,564
Safety Net Assistance (SNA) (ct 16, 17)	$ 584[4]	+	$ 269[5]	+	$ 1,082[6]	=	$ 1,935	X	12	=	$ 23,220
Food Stamp (FS) – Only (ct 31, 32)			$ 310[7]			=	$ 310	X	12	=	$ 3,720
Emergency Assistance to Families (EAF) (ct 19)	$ 52[10]					=	$ 52	X	12	=	$ 624
Section # 7-B	**Public Assistance Reporting Information System (PARIS) Match - Individual**										
Closing	**TA**		**FS**		**MA**		**Monthly CA**		**CA Period**		**Total CA**
Family Assistance (FA) (ct 11, 12)	$ 277[12]	+	$ 160[16]	+	$ 305[15]	=	$ 742	X	12	=	$ 8,904
Safety Net Assistance (SNA) (ct 16, 17)	$ 348[13]	+	$ 160[16]	+	$ 644[17]	=	$ 1,152	X	12	=	$ 13,824
Food Stamp (FS) – Only (ct 31, 32)			$ 141[14]			=	$ 141	X	12	=	$ 1,692

		All calculations are rounded to the nearest dollar
1	$621	- Average monthly FA case benefit issued.
2	$243	- Average monthly FS case benefit issued on a FA case.
3	$683	- Average monthly MA benefit issued on a FA case. 　Determined by multiplying the average FA case size by the average monthly individual benefit issued on a FA/MA case. 　　(2.24 X $305 = $683.20)
4	$584	- Average monthly SNA case benefit issued.
5	$269	- Average monthly FS benefit issued on a SNA case. 　Determined by multiplying the average SNA case size by the average monthly individual benefit issued on a TA/FS case. 　　(1.68 X $160 = $268.80)
6	$1,082	- Average monthly MA benefit issued on a SNA case. 　Determined by multiplying the average SNA case size by the average monthly individual benefit issued on a SNA/MA case. 　　(1.68 X $644 = $1,081.92)
7	$310	- Average monthly FS case benefit issued on a NPA-FS case.
8	$601	- Average monthly MA-only individual benefit issued.
9	$925	- Average monthly benefit issued on a CC case. 　Determined by multiplying the average Child Care case size by the average individual Child Care benefit. 　　(1.72 X $538 = $925.36)
10	$52	- Average Monthly EAF case benefit. 　Determined by dividing the average annual FA case benefit by 12. 　　($621 / 12 = $51.75)
11	$65	- Average monthly HEAP program case benefit issued. 　Determined by dividing the annual HEAP benefit by 6 month heating period. 　　($391 / 6 = $65.17)
12	$277	- Average monthly FA individual benefit issued.
13	$348	- Average monthly SNA individual benefit issued.
14	$141	- Average monthly FS benefit issued to an individual on a NPA-FS case.
15	$305	- Average monthly individual MA benefit issued on a FA case.
16	$160	- Average monthly individual FS benefit issued on a TA/FS case
17	$644	- Average monthly individual MA benefit issued on a SNA/MA case.
18	$95	- Average family share for a CC – Only case.