

**Department of Human Services and
Oregon Health Authority
Public Assistance Audit Response Update
November 19, 2013**

The following is an initial report provided for by HB 3291 (2011) which directs state agencies audited by the Secretary of State to disclose the results of the audit and submit a written report about changes the agency is making to implement the audit recommendations. Secretary of State Audit number 2013-10 entitled ***Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States***, made recommendations to the Department of Human Services (DHS) and Oregon Health Authority (OHA) relating to program eligibility and reporting options. The full audit, including the combined Department of Human Services and Oregon Health Authority (DHS|OHA) response is available from the Secretary of State's webpage at: <http://sos.oregon.gov/Documents/audits/full/2013/2013-10.pdf>

As we stated in our original response in May 2013, the audit raises questions of both accuracy and policy. DHS and OHA continue to believe that there is an appropriate trade-off between these goals.

More complex eligibility criteria impose higher administrative costs, often result in more inaccurate eligibility determinations, and restrict access to the program -- even among those who are eligible under the more complex requirements. Since 2002, Oregon has made strategic choices to streamline policies and reduce unnecessary red tape -- while keeping adequate oversight -- to help our state's people with very low incomes receive the services they need so they can get back on their feet. As a result, the hunger rate has stayed stable in our state as it has increased in others. And our rate of uninsured children has plummeted.

The key is to balance the need for benefits with policies that make sure only qualified people receive them. That is the course both agencies have pursued for more than a decade.

The DHS and OHA updated actions related to the original audit **recommendations** are provided in *italics* below.

1. Work with the Governor and the Legislature to consider changes to Oregon's public assistance eligibility and reporting options, balancing the neediest with the most prudent use of public resources.

DHS and OHA are improving public assistance eligibility systems to ensure accuracy and reduce administrative costs. DHS and OHA are committed to working with the Legislature, the federal government, and our partners to adjust policies to help the neediest Oregonians in ways that are productive, minimize administrative costs and avoid using resources where they are not needed. DHS and OHA continue to support Congressional efforts to end SNAP benefits for substantial lottery and gambling winners.

A waiver allowing DHS to act on returned mail was approved earlier this year. An informational memorandum transmittal was provided to our field staff on August 15, 2013, to provide guidance on the new policy.

The Supplemental Nutrition Assistance Program (SNAP) program also reviewed policy options with partners regarding resource limits on the Temporary Assistance for Needy Families (TANF) funded resource information pamphlet, which qualifies many SNAP clients to be categorically eligible. The program will be adopting a state option to have an asset test on this program. DHS has developed policy and training for this change and will begin implementation in January 2014. The resource limit will be \$25,000 in liquid assets. SNAP is also seeking a waiver request that would allow clients in the Simplified Reporting System (SRS) to report resource changes mid-certification period when this liquid asset resource limit is met. DHS submitted this request to the Food and Nutrition Service (FNS) on October 18, 2013.

At the time of the audit, adults covered by the Oregon Health Plan (OHP) Standard benefit package and children on OHP Plus had 12-month continuous eligibility. In general, continuous eligibility means that once an individual is determined eligible for Medicaid, the state may provide up to 12 months of eligibility, without a redetermination, regardless of changes in income or most other circumstances which otherwise would render the individual ineligible for Medicaid. OHA had intended to submit a request for an amendment to the state's 1115 Medicaid Demonstration, to become effective with implementation of the Affordable Care Act provisions in January 2014, that would have authorized expanding 12-month continuous eligibility for all adults on OHP. In response to the audit, the Division of Medical Assistance Programs (DMAP) was discussing including in its amendment request exceptions to the continuous eligibility policy that

would require OHP recipients to report large lump sums, such as lottery winnings, and have them count for eligibility.

However, in May 2013, prior to the state's submission of such a request, the federal Centers for Medicare and Medicaid Services (CMS) issued clarification about what a 12-month continuous eligibility waiver for all adults might involve in 2014, including a potential reduction to a state's Medicaid match rate. Based on the risk of losing federal funding, the state did not wish to submit the waiver request. CMS continues to review its position on this issue, and has issued no further guidance to date.

As of October 2013, in light of concerns raised by the audit and the new information from CMS, the state has deferred the consideration of proposing such a waiver pending guidance from CMS.

2. Work with the Governor and the Legislature to reconsider the state's Medicaid waiver provision that exempts new income and assets from review during a 12-month medical certification.

Please see above.

3. Take the necessary steps to gain access to the SSA's real time, online verification system and implement its use statewide.

DHS and OHA have been certified by the Social Security Administration (SSA) to receive the real-time online verification system data. DHS and OHA made the new application available to field staff in the last week of August and sent a transmittal explaining the new screens to the field on September 4, 2013. DHS Central Office also reviews SSA-related error reports.

4. Require initial verification and continual monitoring procedures for categorically eligible recipients. Promptly notify SSA of any information that may disqualify an individual from receiving SSI benefits.

The department contacted the SSA's Regional Office in Seattle to confirm whether or not the local offices should be accepting information about potential additional income being received by SSI recipients. The SSA Regional Office has confirmed that their local offices should be accepting this information and looking into it. Aging and People with Disabilities (APD) is in the process of re-establishing procedures for all staff to follow, wherein they will report to SSA when they learn of additional income that was not previously known. This new process should be implemented by the end of November 2013. The new process will also be shared with the other areas of DHS and OHA for implementation as appropriate.

5. Provide caseworkers with clear policies, procedures and guidance on eligibility verification processes that comply with federal regulations.

Please see below.

6. Provide caseworkers with regular training on verification processes and provide them with appropriate guidance.

Please see below.

7. Ensure program managers are provided adequate training on federal requirements for their programs.

DHS and OHA continue efforts to improve training and guidance on eligibility policies and procedures. We are developing better analysis of error trends that allow us to target education around specific areas of eligibility and to monitor improvement. We will continue to incorporate information from this audit into the targeting process. In addition, we have developed new tools, including quick reference guides, regional training events and special newsletters to improve results.

Some of the specific efforts include a policy transmittal sent to all Oregon Department of Human Services Self Sufficiency and Aging and People with Disabilities field staff on April 15, 2013, regarding the use of Social Security Numbers and T-numbers for the SNAP program and a special edition On Target/In the Loop newsletter that was sent to staff in June 2013 in response to the findings from the audit. This was in addition to the article that had already been included in the May 2013 In the Loop newsletter. A documentation matrix was also developed and distributed to staff as a quick reference guide.

In addition, the department has developed information for branches to place in their lobbies discussing the need for clients to secure their cards, and DHS Communications has designed and distributed additional materials regarding clients securing their cards.

DHS has completed 27 meetings throughout the state where we shared information regarding the audit, with tips, tricks and tools (including the documentation matrix mentioned above) to avoid the types of errors that were found in the audit. In total, more than 400 field staff representing APD, Self Sufficiency and Child Welfare staff attended the trainings. Staff members attending the trainings take materials back to their offices to share with co-workers who were unable to attend. All training materials have been posted to the Regional Meetings website for reference:

<http://www.oregon.gov/oha/healthplan/Pages/regionals.aspx>.

Affordable Care Act (ACA) trainings given to the OHA Statewide Processing Center in September and October 2013 incorporated some of the issues noted in the recommendations from the audit report. Items addressed in these trainings include identifying and addressing SSN mismatches and using information obtained from the federal hub to verify information provided by applicants.

Additional trainings have been developed which focus entirely on issues identified through the audit. These trainings are targeted to begin in November after the ACA trainings are completed.

8. We recommend that DHS/OHA Office of Payment Accuracy and Recovery obtain access to and use the SSA Death Master File as the primary data source for matching to death records.

This recommendation is partially implemented. To reiterate our initial response to the recommendation, the Office of Payment Accuracy and Recovery (OPAR) agreed to explore the use of the SSA Death Master File. OPAR currently uses Oregon's Vital Records data as its primary data source. We do this because it is the most accurate source of date of death data for our client population. The SSA file would give us access to out-of-state deaths, and this could have value as a primary source for this specific information.

OPAR has ordered the most recent quarterly SSA Death Master File. Upon receipt we will evaluate the usefulness of the out-of-state information provided by SSA as a pilot project. We will do this for several quarters to ensure that there is enough value in the information provided to support a permanent process change and the investment of time and money that will be necessary. We expect full implementation by year's end.

9. We recommend that DHS/OHA Office of Payment Accuracy and Recovery use the SSA Prisoner Verification System the agency has access to as part of its information exchange agreement with SSA.

This recommendation is partially implemented. OPAR is in the process of addressing the technical issues that accompany accessing the SSA Prisoner Verification System data. Once these issues are addressed and overcome, OPAR will include use of this data as a part of its Corrections Match process. We expect full implementation by year's end.

10. We recommend that DHS/OHA Office of Payment Accuracy and Recovery work with Oregon State Lottery and other state agencies to obtain access to client information that can affect eligibility, such as earned income through winnings and retirement payments.

This recommendation is partially implemented. OPAR's Overpayment Writing Unit is working with PERS and developing a process whereby we can access the PERS data regularly and review the resulting match report quarterly. We expect full implementation by December 31, 2013.

OPAR has been in discussions with the Oregon Lottery regarding access to lottery winner information. Initial discussions have pointed out significant Federal privacy concerns regarding the Oregon Lottery's ability to share the SSN of the winner as a part of the data. This component of the winner information is a critical component when attempting to match winners with current clients. We continue to work with the Oregon Lottery on this issue as we attempt to determine the best way to accomplish effective information sharing as recommended by the audit.

11. Continue work to identify recipients with large numbers of reportedly lost or stolen cards and implement a process for follow-up and possible investigation.

DHS initially created a central unit to replace lost or stolen cards in 2012 and to take actions to reduce the number of replacement cards and prevent misuse. As noted in our original response, the new process has reduced the issuance of replacement cards.

Statewide rollout of the centralized electronic benefit transfer (EBT) card replacement unit process is targeted for late December 2013. This unit will be the primary replacer of all lost or stolen cards, except for specific exceptions outlined in the Field Business Procedures Manual. DHS sends a letter to households with four or more cards replaced in the last twelve months to reinforce that clients need to secure their card. The unit is in the final process of staffing up. Once this is accomplished, the process will go statewide.

12. We recommend that DHS/OHA Office of Payment Accuracy and Recovery review remaining matches and take necessary action to recover overpayment through collection efforts up to and including prosecution.

This recommendation is being implemented. As discussed in detail below, all of the potential overpayments identified and forwarded to OPAR are in various stages of investigation, overpayment writing, and recovery. Those warranting additional investigation for fraud have been and will be forwarded by DHS and OHA to OPAR's Fraud Investigation Unit as appropriate. In addition, DHS and OHA are following up with health plans and providers to recover inappropriate Medicaid payments.

The audit report identified 5,018 case matches involving about \$34.5 million in benefits. As we mentioned in our original response, most of these matches did not indicate inappropriate payments. In 3,183 cases (involving \$24.2 million in benefits) the match

information provided during the audit would not have changed the benefits these clients received under state policy and federal law. In addition, 609 matches (involving \$7.5 million in benefits) were death match cases in which the deceased person in the SSA file was not the same as the person receiving benefits. The most common cause of these mismatches was an incorrect entry of the individuals Social Security Numbers in the program's system.

This leaves 1,226 cases involving about \$2.8 million in benefits as possibly issued in error. We have continued to look into these possible error cases. Through this review, we have determined overpayments, identified administrative errors, or are still questioning payments made on 1,121 of these cases involving about \$2.3 million in benefits. In some cases the actual overpayment amounts were different than the amount initially questioned. The remaining 105 match cases were cleared after further review, would have resulted in small overpayments below our minimum thresholds to write, would have required additional information which was not available, or identified SNAP PERS match clients who are deceased. We also do not pursue repayment of Medicaid administrative (worker or system based) errors from clients. The detail below describes how we are following up on these 1,226 cases.

SSA Death Matches:

We have or are in the process of taking action on nearly all of the 582 Medicaid, SNAP and TANF cases involving about \$758,000 in benefits that we initially determined were likely in error. For 479 of these cases involving about \$608,000 in questioned benefits, we have either canceled and recouped the Medicaid or SNAP benefits or are in the process of recouping the Medicaid benefits from health plans or providers. We anticipate some of the Medicaid benefits will not be recovered due to the timing of some of the health plans ending their contracts with OHA or the operational status of some of the prior health plans or providers. There were also 14 known or possible client overpayments identified for more than \$43,000. We are reviewing 54 SNAP cases involving about \$18,000 in benefits that appear to have been used by someone other than the client after the client's death. There were also 19 Medicaid cases with administrative errors involving about \$36,000 in benefits. The remaining cases were cleared based on further information, because there was insufficient information to write an overpayment, or the overpayment would not have met the minimum threshold to write and collect efficiently.

During the audit, two Medicaid Management Information System (MMIS) issues were identified that contributed to client date-of-death information not being updated in the OHA systems timely. The audit identified needed improvements in the way we collect and process data from Oregon Vital Records, and improvements in how deceased-person data is identified within the system to generate a disenrollment action. While these system changes may take some time to implement, the agency has developed manual process

changes that should address these issues. Beginning in October 2013, this process change will correct enrollment information once confirmed through a reliable source.

Incarceration Matches:

We are in the process of electronic collection of approximately \$297,000 in Medicaid benefits for 161 clients that were incarcerated (see comment above regarding recovery of Medicaid benefits). We also included the 219 SNAP cases for about \$101,000 in the questioned benefits. For 174 of the 219 cases involving about \$79,000 in benefits, we did not take actions timely to verify the information we were provided. We are in the process of reviewing the remaining 45 of these SNAP cases involving about \$22,000 in benefits for possible administrative overpayments. We also identified two TANF overpayments for about \$4,000.

DHS reviewed all 219 of the incarcerated client cases and determined that all of them did eventually close at some point during the incarceration period. While many of the clients are receiving benefits again, there is narration in their case file that indicates the client is no longer incarcerated or it is now after the client's release date provided during the audit. The audit identified a problem with our process to close these cases, and OPAR is taking actions to resolve those issues.

OHA is currently piloting a procedure with OPAR to receive client incarceration information daily via secure email. This will allow for more timely Medicaid enrollment adjustments.

Lottery Matches:

There were initially 24 Medicaid cases involving about \$144,000 in benefits identified as being paid in error during the audit period. Lottery payouts are considered a lump sum and would only be considered income during the first month received by the client. After that month, any remaining monies would be counted as a resource. We have been able to verify that nine of these cases involving about \$24,000 in benefits had spent down the earnings and were thus eligible for the benefits they received. We have attempted to contact four clients (and subsequently closed their medical cases for failure to reply), and added a case note to an additional three client cases that are no longer receiving benefits to ask for verification if these clients reapply. One of the cases involving about \$43,000 in benefits was determined to be caused by a worker-related error, unrelated to the client's lottery winnings. We are continuing to research the remaining seven cases involving approximately \$48,000 in the originally reported possible overpayments. No overpayments have been written so far.

Employee Matches:

We reviewed the 27 staff cases involving approximately \$73,000 in Medicaid benefits initially thought to be in error. Of these, only three of the cases resulted in overpayments being written, for a total of approximately \$18,000. There were two additional client error cases; however, the amounts were small enough to not meet our overpayment writing minimum threshold. There were 22 cases accounting for about \$44,000 in benefits that were the result of administrative errors.

PERS Matches:

The actual number and amount of PERS related overpayments in Medicaid and SNAP will be smaller than initially anticipated. We had initially questioned 211 Medicaid, SNAP and TANF cases involving approximately \$1,381,000 in benefits as possibly being issued in error. For Medicaid, we had made an initial estimate of the possible error cases based on a sample. As we continued our review, we found fewer cases were possible overpayments than we anticipated. We also found that not all questioned cases sent to PERS for validation were ultimately found to be in error. This was the case for both the initial submission of Medicaid cases and the complete set of SNAP and TANF possible errors.

We have identified overpayment errors or continue to question approximately \$1,041,000 in benefits on 133 PERS match cases. Of these, we identified 70 client overpayments for about \$306,000. We are pursuing collection on these under our normal process. There were seven Medicaid administrative error cases involving about \$27,000 in benefits. There are also 35 cases involving about \$302,000 in questioned Medicaid benefits that need additional follow up. Twenty-one Medicaid PERS match cases accounting for \$406,000 in questioned benefits involved people who have subsequently died. Normally we would recover these payments from the estate. For 15 of the 21 cases involving about \$287,000 in Medicaid benefits, our Estates Administration Unit (EAU) has completed their review and was able to recover about \$8,000 in assets. For five of these 21 cases involving about \$119,000 in Medicaid benefits, the unit will complete a review when the client's surviving spouse passes. For one of the 21 cases involving about \$100 in benefits, the review had not yet occurred.

Some of the remaining PERS match cases were cleared after further review, some would have resulted in small overpayments below our minimum thresholds to write, some would have required additional information which was not available, and some of the identified clients are deceased.

Thank you for this opportunity to provide an update on the DHS and OHA actions taken to address the issues identified in the Public Assistance Audit. Please contact Dave Lyda, Chief Audit Officer for DHS and OHA at 503-945-6700 if you have any questions regarding this updated response.