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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 96 LCM-26

Date: March 8, 1996

Division: Commissioner's  
Office

TO: Local District Commissioners

SUBJECT: Department Report to Governor Pataki

ATTACHMENTS: Report: REFORM AND INNOVATION, SAVINGS AND EFFICIENCIES  
(available on-line)

Attached for your information is the Department's 1995 report to Governor Pataki entitled "Reform and Innovation, Savings and Efficiencies". The report outlines the changes which have taken place with regard to welfare reform and cost containment as well as the Department's focus for 1996.

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REFORM AND INNOVATION, SAVINGS AND EFFICIENCIES

New York State Department of Social Services  
1995

The first year of Governor Pataki's administration initiated sweeping changes across state government. The Department of Social Services was no exception. Reductions in public assistance caseloads, the shifting of managed health care to the Department of Health and oversight of employment programs to the Department of Labor were only several of the changes that have begun to alter the face of social and health services in the state.

In order to set the stage for change, five priorities were established for the Department in May 1995, including:

- | To develop and implement reform in the social services system in partnership with local districts.
- | To undertake regulatory reform to better reflect efficiency, more effectiveness and increased economy.
- | To restructure, simplify, streamline and consolidate programs.
- | To improve and increase the use of technology, information and communication.
- | To achieve cost containment targets.

With these priorities as the framework, the Department has undertaken a variety of initiatives to position the state's social services system for the twenty-first century. This brief report outlines some of the most notable achievements in the Department of Social Services during 1995.

PROGRAM INTEGRITY EFFORTS AND THE WELFARE, FOOD STAMPS, AND MEDICAID PROGRAMS

New York State has not waited to be led to welfare reform. During 1995, the public assistance caseload was reduced significantly, due in large part, to the Department's commitment to program integrity and better management.

Among the Department's program integrity efforts for the welfare system, the following were notable in 1995:

- | The Department implemented the Automated Finger Imaging System (AFIS). AFIS is now installed in 40 counties and New York City, with the rest of the counties expected to be operational during February. Counties have been approved to begin finger imaging AFDC heads of households and the focus of AFIS has now shifted to finger imaging these adult recipients. Cost avoidance estimates for AFIS in 1995 are approximately \$25 million.

- | The Front End Detection System/Eligibility Verification Review (FEDS/EVR) allows the local social services districts to identify fraudulent or erroneous information that is supplied by an applicant before the applicant is determined to be eligible for benefits. This effort is preventing erroneous payments and the paperwork and staff time that are needed to recover these payments. Cost avoidance estimates for 1995 are expected to be \$65 million.
  
- | The intrastate and interstate matching of welfare caseload files has proven an effective tool to uncover instances where duplicate benefits have been issued. Caseload data matching across the state has uncovered a significant number of instances where duplicate benefits appear to have been issued. These cases are investigated and closed, as appropriate. Computer matches between New York State caseload data and the caseload data of 9 other states has resulted in over 6,000 cases being closed in the last year. Cost avoidance estimates for these matches is estimated to be over \$24 million.
  
- | The Department has augmented its existing cadre of fraud investigators by contracting for new "street investigators" who can blend into the community to find providers who are ripping off recipients and consequently the taxpayers. Cost avoidances are expected to reach \$10 million per year with this newly designed program.

A multitude of manual and automated systems have evolved over the years at the state and local levels to keep track of clients and the services and programs for which they are eligible. Most of these systems have been developed in response to specific needs but have never been interconnected even though the variety of information available would be of value, if readily available, to both eligibility workers and fraud investigators.

- | The new Automated Listing of Eligibility Requirements Tracking System (ALERTS) will respond to this need to better align the array of information systems under its purview. During 1995, the groundwork was laid for a 5-month pilot test at several sites in New York City and Albany to assess the practicality and usefulness of bringing the data in these disparate systems into better alignment. Both eligibility workers and fraud investigators will have access to a comprehensive client profile which includes a client's public assistance payment history and Medicaid claims, as well as resource information obtained from external sources such as credit bureaus. An outcome of this pilot test will be a long-term blueprint to integrate all appropriate system resources needed by local eligibility staff into a rapid, user-friendly, front-end system.

The Food Stamp program in New York State is supported entirely with federal funds. Although the Department has had a long-standing concern about illegal trafficking in food stamps, the federal government has not had enough enforcement agents to investigate and deter fraud in this area. To deal with this problem, the Department has negotiated an arrangement wherein the USDA has approved the Department as New York's law enforcement bureau for the Food Stamp program. The Department has entered into

agreements with local district attorneys' offices to investigate both individuals and vendors who traffic in food stamps for profit.

The Medicaid program is also an area where enterprising individuals and providers develop methods to defraud the state. During 1995, the Department added to its arsenal of Medicaid fraud weapons through the negotiation of several new pieces of legislation. An anti-kickback statute stiffens penalties for Medicaid providers who, in return for their referral of service, receive payment or consideration from pharmacies, laboratories, or medical equipment dealers. In addition, a new section of Penal Law is aimed at preventing the Medicaid scam known as "playing the doctor" in which unscrupulous physicians recipients, and others traffic in prescriptions and medications.

#### INNOVATIONS AND IMPROVEMENTS IN PROGRAMS

While New York State's focus for changes in welfare programs has been primarily on the clients in Home Relief, the Department has continued to reshape the AFDC program. Among 1995's notable accomplishments are:

- | The removal of barriers to the development and growth of small client-owned businesses among public assistance recipients. Regulations have been changed and material has been sent to local districts, providers, and advocates to assist in the development of microenterprises. Although these efforts apply only to a small portion of recipients, they fit into the larger mosaic of opportunities to encourage work over welfare.
- | The focus of the Comprehensive Employment Opportunity Support Center (CEOSC) program has been shifted from training to job placement. Under performance-based contracts, 26 contractors now provide strictly job placement and retention assistance. Over 3,600 job entries have resulted thus far from these contracts.

During 1995, the Department moved forward with numerous initiatives that have allowed service programs to function more efficiently and effectively. Among these initiatives are the following:

- | A number of initiatives involving state and local staff have increased the efficiency of the State Central Register's (SCR) operations. Case backlogs have been reduced by 70%. In addition, there has been a 33% reduction in the number of cases in which the investigation by the county and the response to the state exceeds the 60-day limit.
- | In consultation with the Office of Regulatory Reform, the Department has identified more than 200 regulations that can be amended administratively in order to provide flexibility to the state's localities and to help New York become more business-friendly. For example, extensive amendments to the rules and regulations governing the operation of all types of child care will soon be published for public comment. These changes will give greater flexibility to both parents and child-care providers. In addition, paperwork will be

reduced substantially, as will the redundancy in preliminary licensing, registration, and license renewal activities.

- | The Department developed an application to privatize, under the federal Fish-Wilson Act, the refugee resettlement program in New York City. This is a managed care approach for promoting self-sufficiency for the refugee and entrant populations in New York City. Federal approval is expected soon, with a program start-up in early 1996.
- | A new electronic Medicaid billing system for all hospitals and free-standing clinics has been put into place. This new system eliminates the need for paper records for these organizations.
- | Co-payments have been instituted for certain Medicaid prescriptions. A Co-payment Hotline has been set up to handle calls from Medicaid recipients unclear about the new co-payment rules.
- | The Electronic Benefit Transfer (EBT) system will provide the stage for a single electronic system to distribute cash assistance and food stamps, replacing the separate systems that presently serve New York City and upstate. The EBT system is being developed through a Department-initiated coalition among six New England states. Program integrity will be increased (trafficking in Food Stamp coupons will be eliminated) and administrative savings will be achieved through reduced overhead in administering the benefit issuance programs and through the elimination of paper Food Stamp coupons.
- | The federal government has presented the states an opportunity to upgrade and enhance their child welfare information systems through enhanced funding to develop and implement a comprehensive Statewide Automated Child Welfare Information System (SACWIS). New York's implementation of SACWIS, called CONNECTIONS, will provide the local districts and service providers the opportunity to utilize state-of-the-art technology to manage their caseloads. Adoption, foster care, preventive and protective services will all be contained within SACWIS.
- | The Department and New York City/HRA are collaborating on the Melrose project which will entail the complete reengineering of HRA's Income Support Centers. The goal of this project is to test in one Income Support Center a "paperless office" concept. This project will replace redundant and labor-intensive paper processes with streamlined data intake and eligibility functions. A computer network integrating image processing, workflow management, and decision support software will function to support the case workers and a single electronic record for each client. Linkages with Department systems such as WMS and ALERTS will also be built. The pilot at the Melrose Income Support Center is expected to begin in mid-1996.

Child support enforcement is an area of critical importance to ensuring that families have access to the resources needed to raise children without unnecessarily relying on government assistance. Several initiatives

undertaken have had a significant impact and contributed to the 8% increase in collections over 1994.

- | The new law allowing the suspension or denial of driving privileges and business, professional and occupational licenses has been successful in encouraging parents to pay their child support obligations. This past summer, 380,000 warning notices were sent to child-support respondents informing them that failure to pay child support arrearages would result in the suspension or denial of licenses. The warning notices resulted in 1,400 individuals making extra payments of almost \$2 million.
- | Property execution is another new successful tool to encourage child support payments that had not been previously available. Collections in excess of \$1 million were realized in 1995 through the property execution process in which the financial accounts of delinquent respondents are seized without return to court to obtain a money judgment.

The abuse, neglect, or exploitation of children or adults is intolerable. The Department has undertaken a number of initiatives directed at minimizing or eliminating the possibility that children, impaired adults, or women are victimized.

- | The Family and Domestic Violence Intervention Act was put into effect in 1995. This law contains new provisions for more aggressive law enforcement and criminal justice interventions and protections for victims of domestic violence, including impaired adults who are victims of abuse, neglect, and exploitation.
- | The Department's recently instituted home visiting initiative identifies and works at home with new parents who may be at risk of abusing or maltreating a newborn, or who needs help in seeing to the developmental and physical needs of an infant.
- | The passage of "Elisa's Law" reforms the standards for the retention and disclosure of child protective services and other child welfare information. Its purpose is to improve the quality of investigations of suspected child abuse or maltreatment and to encourage greater government accountability in the child welfare system.
- | The Department is providing staff support to the Governor's Commission on Child Abuse and Neglect review of child protective services in the state. A range of issues are being examined by commission members, including: procedures for accepting allegations at the State Central Register; more effective automation of records to assist child welfare workers; how to respond to positive toxicology in newborns and their mothers; and, ensuring child welfare workers and their supervisors have the necessary skills and training for this critical work.
- | At the Governor's request, the Department undertook a review of New York City's child protective cases. This review entailed an examination of a random sample of cases to ascertain whether children

were protected and whether adequate case assessments and decision-making occur during child protective investigations. A draft report will be ready mid-February. Similar reviews will be undertaken in all local districts on a routine basis.

- | Through its Protective Services for Adults (PSA) program, the Department helps to ensure the health and well-being of impaired adults. The Department worked with the Division of Criminal Justice Services to develop a model protocol on the responsibilities of local PSA staff and police agencies regarding investigation of abuse, neglect and exploitation of impaired adults. This protocol has been sent to all local social services districts and more than 600 police agencies in New York State.

The Department has continued to focus on innovations in its health and social services programs. A special note should be made that the NYS Partnership for Long Term Care received the 1995 Exemplary State & Local award from the National Center for Public Productivity at Rutgers University. This award honors state and local efforts that exemplify outstanding innovation in public policy. Among the other 1995 accomplishments are the following:

- | Statewide, there has been over a 5% decline in the number of children in foster care. In addition, there has been unprecedented growth in the number of finalized adoptions for children who have lived in foster care settings, due in part to "Project 6000", a collaborative effort by the Department, New York City, and the Office of Court Administration. To continue this growth in finalized adoptions, the Department has begun using the Internet as a new way to make information about children free for adoption available to a wider number of people.
- | The Early & Periodic Screening, Diagnosis & Treatment program (EPSDT) provides preventive health care services to children receiving Medicaid. This past year, the EPSDT program served 85% of the eligible children, which exceeds the national goal set at 80%.
- | During 1995, the Prospective Drug Utilization Review program went into effect in all pharmacies participating in the Medicaid program. Through this computerized system, a pharmacist will know if a new prescription will interact with other prescription drugs being taken by the recipient. In addition to safeguarding the client from harmful drug interactions, the Department will save \$25-30 million a year on prescription medicine that should not have been prescribed.
- | The Department recently received approval for a waiver from the freedom of choice provisions for transportation services covered under the Medicaid program from the Health Care Financing Administration (HCFA). This is the first time a transportation waiver has ever been approved by HCFA. An independent evaluation of its effectiveness is a condition of the waiver. The waiver increases local districts' flexibility by allowing a district to propose its own cost effective method for transporting recipients to necessary medical care.

- | The Adolescent Pregnancy Prevention and Services program (APPS) served more than 10,000 pregnant, parenting and at-risk adolescents in high risk communities during 1995. The pregnancy rate for females who completed the program was 3%, as compared to Department of Health data which reports a pregnancy rate statewide of slightly more than 9%.
  
- | The Commission for the Blind and Visually Handicapped (CBVH) expanded employment opportunities for legally blind individuals as independent managers of cafeteria operations through the establishment of eight additional locations in NYS office buildings, US Postal Services, and federal GSA cafeterias throughout the state. In addition, CBVH provided rehabilitation services and successfully placed in employment 6% more legally blind individuals than the year before.

#### FUTURE DIRECTIONS

The programs and services provided through the auspices of the Department have changed substantially over the last year. During 1996, the Department will continue to move forward with its sweeping changes in the state's welfare program through both program innovations and integrity activities. Changes brought about by federal welfare reform will present an array of challenges and opportunities that will further change the nature of temporary assistance in New York.

In addition, the Department will be focussing on the significant changes that will be brought to the children's services world through the implementation of SACWIS, passage of "Elisa's Law" and the recommendations anticipated from the Governor's Child Abuse Commission.

A separate report has been forwarded to the Director of State Operations detailing the wide range of issues and activities that the Department will be engaged in during the early part of 1996. Among some of the most important activities which the Department will focus on are:

- | revamping the HR and the AFDC programs into the Temporary General Assistance and the Temporary Assistance for Families with Children programs;
  
- | completing the enrollment of AFDC adults in the AFIS system;
  
- | implementing the EBT system, ALERTS, SACWIS, and the Melrose Center pilot test;
  
- | initiating additional opportunities for data sharing, program management improvements and cooperative programming with neighbor states;
  
- | implementing "Elisa's Law" and the recommendations anticipated from the Governor's Child Abuse Commission;
  
- | continuing collaboration with the Department of Taxation and Finance

to implement the "new hires" legislation for child support enforcement and the publication of the top ten child support delinquent parents;

- | testing the effectiveness of contracting out additional activities associated with child support enforcement;
- | implementing managed care programs for refugees and child welfare services;
- | releasing an RFP to expand the number of day care slots and to increase safety in day care, and renewing our focus on supporting child care services for public assistance recipients and other eligible families;
- | developing allocation formulas for the Family and Children's Services block grant and the proposed block grants for the Safety Net, home care services under the Long Term Care block grant, and medical services for HR recipients under the Indigent Care block grant;
- | undertaking a full review of the goals and processes of the Homeless Housing Assistance Program (HHAP);
- | continuing efforts to reduce the regulatory burden for local districts and service providers;
- | encouraging and supporting local districts to develop regional approaches to program operations and management in order to reduce administrative costs;
- | transferring the Medicaid program to the Department of Health and the responsibility for job training and employment services to the Department of Labor;
- | strengthening working relationships and cooperative programming with other human services agencies, including: the Council on Children and Families, the State Education Department, the Division for Youth, the Office of Mental Health, and the Office of Mental Retardation and Developmental Disabilities; and,
- | completing the reorganization of the Department to reflect the new policy directions of the Administration.