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Administrative Directive

Section 1

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| Transmittal: | 05-ADM-08 |
| To: | Local District Commissioners |
| Issuing Division/Office: | PSQI |
| Date: | May 2, 2005 |
| Subject: | Front End Detection System (FEDS) Policy |
| Suggested Distribution: | TA Directors FS Directors FEDS Coordinators Fraud Coordinators Staff Development Coordinators Fair Hearings Staff |
| Contact Person(s): | Maria Schollenberger at 518.402.0127 or 1-800-343-8859, extension 2-0127 or maria.Schollenberger@otda.state.ny.us |
| Attachments: | I – Revised Mandatory FEDS Plan Form II – Sample Non-Mandated FEDS Referral Form |
| Attachment Available On – Line: | X |

Filing References

| Previous ADMs/INFs | Releases Cancelled | Dept. Regs. | Soc. Serv. Law & Other Legal Ref. | Manual Ref. | Misc. Ref. |
|------------------------|--------------------|----------------------------------|-----------------------------------|--------------------------|--|
| 92 ADM-33 04 LCM-06 | | Part 348 Part 351 Part 387 | 134-b | <u>TASB</u> , Chapter 5A | 05 INF-04 04 ADM-01 04 LCM-10 95 ADM-24 |

Section 2

I. Summary

- The Front End Detection System (FEDS) is currently mandated for all Family Assistance and Safety Net applications; districts may also opt to conduct FEDS for other program areas, such as food stamps (FS), Medicaid and child care.
- The purpose of FEDS is to refer, investigate and resolve applications *before* a case is opened in order to prevent benefits from being issued to ineligible applicants. This proactive action by the district results in cost avoidance savings as well as correct application processing and is both a time and money-saver for districts. It also sends a strong message to clients and the community that cash assistance benefits should not be sought or received by people who are not eligible.
- Applications are referred for investigation based on indicators. There are five State-mandated indicators and other optional indicators that a district may select to include in its FEDS plan. Each district must have on file with OTDA/Program Integrity an approved FEDS plan.
- The eligibility worker, the eligibility worker's supervisor and the investigator all have important roles in the FEDS process. It is imperative that there is good communication between the eligibility and investigative units.
- Eligibility decisions and initial/recurring benefit issuances must be made on applications for TA or FS within the applicable regulatory processing time frames.
- Districts must ensure that staff understand how the FEDS process applies to TA eligibility as well as FS eligibility. Any action taken on a TA application is separate and apart from any action taken on a FS application. FS eligibility must always be separately determined from TA eligibility.
- Failure to attend a FEDS interview is not, in itself, a valid reason to deny FS benefits. For TA-FS and Non-TA FS applicants, eligibility workers must use available information and FS program criteria to separately determine eligibility.
- If there has been an *intentional* misrepresentation about the needs and resources of the applicant or information regarding responsible relatives, a TA application may be denied. However, for FS, intentional misrepresentation **cannot** be the sole basis for denying a FS application; existing FS Intentional Program Violation (IPV) procedures would need to be utilized when appropriate.

II. Purpose

The purpose of this ADM is to provide clarification of Front End Detection System (FEDS) policy and an example of revised documents and to bring to the attention of the districts the importance of having a strong and consistent FEDS process in place.

III. Background

Chapter 41 of the Laws of 1992 mandated that each social services district establish a Front End Detection System for temporary assistance (TA). FEDS is currently mandated for all Family Assistance and Safety Net applications. Because the Food Stamp Program is regulated by the United States Department of Agriculture and is a federal program, Chapter 41 does not apply to the Food Stamp Program. However, districts may also choose to implement FEDS for food stamps (FS), as well as for other program areas, such as Medicaid and child care.

The purpose of FEDS is to refer, investigate and resolve applications *before* a case is opened in order to prevent benefits from being issued to ineligible applicants. It is designed to identify intentionally fraudulent or inadvertently erroneous information supplied by an applicant for assistance before the applicant is found eligible. The FEDS process requires the active involvement and cooperation of a district's eligibility and investigative staff.

The FEDS process and its indicators are used at application only, as stipulated in regulation. An eligibility worker, when presented with an application, is starting with a blank slate and must examine every aspect of the application for *each* member who is applying and also the documentation submitted to support the application. The eligibility worker must assess whether all information fits together to be able to form a case that is eligible. The FEDS process highlights the areas that may be the most problematic for the worker to assess correctly. During undercare transactions and at recertification, however, eligibility workers must rely on other techniques to detect fraud. Once an application has been granted and a case is now up for recertification, for example, any further action by the eligibility worker is guided by what information is currently in place. The eligibility worker makes comparisons between what was submitted, verified and used to establish the budget and what appears to have changed during the recertification interview. If discrepancies are noted, the eligibility worker may request an investigation; however, this would not be considered an investigation under the FEDS program.

FEDS provides cost avoidance savings as well as correct application processing and is both a time and money-saver for districts. Cost avoidance figures for each of the case types are produced by the State and used in all different types of statistical analysis.

IV. Program Implications

Each district must have on file with OTDA/Program Integrity an approved FEDS plan (see Attachment I) explaining how FEDS referrals are made, investigated and resolved for temporary assistance (TA) applications. As explained previously, districts may also opt to require the FEDS process for FS applicants, if they include this requirement in their plan. Districts must ensure that staff know whether FS is a part of their FEDS plan and also that staff understand how the FEDS process applies to TA eligibility as well as FS eligibility. Action taken on a TA application is discrete from any action taken on a FS application. However, information *uncovered* by the FEDS investigation on a TA/FS application must be considered in both the TA and FS eligibility process, even if the district does not opt to conduct FS-FEDS.

New York State oversight for child care (CC) programs lies with the Office of Children and Family Services (OCFS), and oversight for Medicaid lies with the Department of Health (DOH). Counties wishing to do FEDS in these two program areas must receive approval from these agencies. However, to ease the administrative burden on counties, OTDA/Program Integrity will forward to these agencies FEDS plans that include CC and/or Medicaid FEDS. OCFS and DOH will notify districts directly regarding these submissions and will copy OTDA/Program Integrity on correspondence regarding the submissions. An informational letter containing guidelines for Medicaid FEDS indicators will be forthcoming from the Department of Health.

It is critical that FEDS referrals be handled expeditiously so eligibility workers know the results of the investigation before the required time frames to take action on the application expire. Benefits must be issued by the fifth day following the day of application for FS applications that require expedited processing, by the 30th day for FA and non-expedited processed FS applications, and the 45th day for Safety Net applications. If a FEDS referral has been made, but the investigation has not been completed within the required application processing timeframes, the application must be approved if it is otherwise eligible. The FEDS process must continue until the ultimate resolution can be reported on the FEDS monthly report by the FEDS Coordinator. Once an initial FEDS referral is made and recorded on the FEDS monthly report, that referral must also be resolved and closed out on a FEDS monthly report, even if the process is delayed and a case has been opened and must then be closed. Counties are encouraged to solicit input from both eligibility and investigative staffs when designing their referral process.

Districts are reminded that a referral to FEDS does not necessarily mean fraud exists—it is simply the tool that prompts the district to look further into questionable information.

V. Required Action

A. Revisions to Plans

Counties may propose revisions to their FEDS plans at any time, but must submit these revisions to OTDA/Program Integrity in advance of their proposed implementation, so that the State oversight agencies have time to review and approve them. Revised plans must be submitted on the attached FEDS plan form (Attachment I) and must specify:

- The program areas for which FEDS will be conducted
- The five State-mandated indicators
- Any State-approved optional indicators it chooses to use
- Any county-specific indicators it wants to use
- How eligibility staff will refer applications to the investigative unit (manual, e-mail or automated process)
- The procedures between the eligibility and investigative units for receiving, monitoring and investigating referrals (manual, e-mail or automated processes)
- The turnaround time from the point of referral to the investigators until the return from the investigators to the originating eligibility worker
- The means and time frames by which the eligibility unit will report the action taken on the application to the investigation unit
- The name(s) of the district's contact person(s) responsible for the FEDS plan and for completing the FEDS monthly report
- The process for the submission of the monthly FEDS report.

Counties must also include a copy of:

- Any letter used to inform an applicant of a FEDS interview or home visit
- Any letter used to inform an applicant that he or she may be investigated by FEDS
- The FEDS referral form.

Any modifications to a FEDS plan in any program area must be made in writing and forwarded to OTDA/Program Integrity at least 60 days before proposed implementation. Modifications should be sent to:

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NYS OTDA Audit & Quality Control/Program Integrity
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B. Applicant Rights

The FEDS program is geared towards reducing inappropriate TA and FS determinations, which lead to unnecessary costs. However, it is important that efforts to achieve these reductions not result in harm to applicants who are properly eligible for benefits. **Applicants must always be afforded an opportunity to explain their circumstances when one or more indicators is present.** If eligibility workers are not confident that the circumstances of an indicator have been explained or supported adequately, the application must be referred for investigation. If eligibility workers are confident of the explanation, then they should document in the case record why the indicator was not referred for a FEDS investigation.

C. Role of Staff in FEDS

FEDS is a team process. In order for it to work well and properly, there must be full cooperation between the eligibility and investigative units. Where possible, it is helpful for eligibility staff to get to know the investigative staff so that they know who will handle their referrals. In many counties, investigative staff do periodic in-service training regarding FEDS for eligibility staff, and eligibility staff do in-services regarding policy updates with investigative staff. In addition, OTDA offers on-site training in TA and FS program policy overviews which districts may request for their investigative staff. OTDA encourages the development of a strong working relationship between these two units, in order to get good referrals, complete reports of investigation and accurate application processing. OTDA also strongly encourages that the two units work together to develop a FEDS plan that will work well within the district.

1. Role of the Eligibility Worker

The goal of FEDS is to reduce federal, State and local costs incurred due to incorrect case openings and case inaccuracies. The FEDS process begins with the eligibility worker. **Eligibility workers must support and participate fully and correctly in the FEDS process for it to succeed.** It is critical that eligibility workers understand their duties and responsibilities regarding FEDS. They must work with the investigative unit

to get each application processed correctly, whether the application is denied or granted.

Eligibility workers must remember that a FEDS referral is not evidence that an applicant is committing fraud. A FEDS referral means that, despite a thorough interview by an eligibility worker, an application needs additional review before an eligibility determination can be made. Eligibility workers must keep in mind that applications with indicators must be referred, even if the eligibility worker suspects that the applicant may fail to comply with a part of the application process in the future, such as failure to comply with employment job search and/or assessment requirements.

An eligibility worker reviews the application and its accompanying documents and notes from the interview, identifies the presence of FEDS indicators during the interview process and makes a timely and appropriate referral to the investigation unit. Eligibility workers detect the presence of indicators by reviewing various documents related to the application and by asking questions at the eligibility interview. The following documents are used in detecting indicators:

- application
- clearance report (WMS/CNS Coordinator letter 8/6/04 issued by the Division of Temporary Assistance explains the different fields on the clearance report)
- verification documents submitted by the applicant
- past case records.

Eligibility workers must ensure that referrals are clear, concise and easily readable. They also must provide any information that could add to the safety or efficiency of the investigator's communication with the applicant. If, for example, an eligibility worker is referring the application because the applicant does not have a utility bill in his own name and the residency appears questionable, but the applicant stated he or she has a bad credit history with the utility provider, the eligibility worker should indicate this on the referral. An eligibility worker must also provide any necessary follow-up information and include pertinent facts, such as the applicant's responses and behavior during the eligibility interview when asked about the questionable information.

Eligibility workers must remember to notify investigators **immediately** of:

- the action taken on an application, so that monthly FEDS reports can be completed by the 10th of each month and proper cost avoidance savings can be applied;
- any important changes to the application, such as address change, withdrawal of application, or denial; and
- any action taken on the application that differs from the investigator's recommendation on the report of investigation and the reason the eligibility worker did not follow the investigator's recommendation.

Once an investigator returns the report of investigation to an eligibility worker, the eligibility worker then determines whether the application should be approved, denied, or the budget be reduced, and then sends proper notice to the applicant. Investigators make recommendations regarding application action; however, eligibility workers make the final eligibility determination.

Below are some situations where a FEDS referral is not required:

- recertification;
- someone being added to a household already receiving benefits;
- households already receiving assistance who are applying for another program area that is covered by FEDS in that district;
- applicants who are “late recerts” (i.e., they are “applying”, but they received benefits within the past 30 days); and
- a household is transitioning from TA/FS to Non-TA FS.

As always, eligibility workers who have questions, suspicions or concerns regarding applicants in the above situations should talk to their supervisors and/or investigative staff to determine the most appropriate course of action.

Note: An applicant not in receipt of assistance within the past 30 days may apply and be denied right away for reasons such as excess income. If an applicant comes in quickly to reapply, it is likely that the original application would be used. If there is a FEDS indicator, this application should be referred for FEDS. (Presumably, any prior FEDS investigation would have stopped when the eligibility worker notified the investigator of the initial denial.)

2. Role of the Eligibility Worker’s Supervisor

OTDA strongly encourages supervisors in eligibility units to set up procedures by which they review and approve FEDS referrals to ensure that appropriate referrals are being made. In cases where a referral is made, a supervisor should review the application to determine if the referral is warranted and complete. In cases where no referral is made, a supervisor should review the application to see if any indicators were missed. Supervisors are expected to know whether the FEDS process is working efficiently and correctly in their unit and must address any deficiencies in the FEDS process. As part of the process, supervisors must assess their eligibility workers’ knowledge of FEDS and provide training and increased attention to workers as necessary.

3. Role of the Investigator

Investigators communicate with eligibility workers to gather information and impressions related to the applicant. Investigators also conduct in-office and out-of-office research, interview collateral contacts, make home visits and/or conduct an in-office interview. Once an investigator has completed these actions, the investigator prepares a written report of investigation within the appropriate time frames. Reports must be clear, concise and easily readable because they are a critical part of what eligibility workers use to make eligibility determinations. The investigator must explain how information was resolved or not resolved, and provide information on the investigative tools used to gather the information (collateral contacts, home visit, etc.). The investigator must be willing to defend the information contained in his or her report, as well as any suggested recommendation for action taken on the application, in a fair hearing. For example, an eligibility worker may have referred an application because the applicant did not have a utility bill in his own name and believed that the applicant’s residence might be in question. The investigator may then have verified through contact with a neighbor that the applicant lived at the address stated on the application. When the investigator attempted a scheduled home visit, however, the

applicant may have failed to cooperate. In this example, both the collateral contact information and the failure to cooperate with the home visit should be listed on the investigation report because both pieces of information should be used by the eligibility worker when making the eligibility determination.

Once an investigator learns of the action taken by an eligibility worker on an application, the investigator should forward the appropriate paperwork to the district's FEDS Coordinator for inclusion into the district's monthly FEDS statistics. Investigators may **not** forward paperwork to a FEDS Coordinator based on their recommendation to the eligibility worker nor on their guess on an action that might be taken on an application. FEDS Coordinators are required to report actual action taken on an application. Investigators are encouraged to inform eligibility workers and their supervisors how much each confirmed FEDS referral saved in cost avoidance or grant reduction.

In instances where an investigator has not completed a report of investigation within the policy time frames and an applicant is otherwise eligible, the application must be approved and the investigation continued until the report of investigation has been completed. Every FEDS referral, once recorded as received, must be resolved on a monthly report, once the FEDS process has been completed.

4. Role of the FEDS Coordinator

Each district must appoint a FEDS Coordinator and the Coordinator must submit a monthly FEDS report by the 10th of each month to OTDA/Program Integrity. This report must contain, by case type:

- the number of applications referred for investigation for the month;
- the number of investigations completed for the month (includes holdovers from prior months), identified as
 - ☐ Applications with no errors found (no reason to deny or reduce) or
 - ☐ Applications with discrepancies detected (denied, withdrawn, or reduced);
- the number of applications confirmed denied, withdrawn; and,
- the number of cases with confirmed grant reduction savings.

Cost Avoidance Calculation

Applications that are denied or withdrawn due to FEDS investigations result in cost avoidance savings for the district. Cost avoidance is the mathematical calculation of what an application might have cost the State and counties if it had not been referred for investigation and had, instead, been approved. In simplest terms, for each referral that results in a denial or withdrawal, a statewide average of the monthly cost for a case is multiplied by six to determine the total cost avoidance for that successful referral. For example, a FA denial that was the result of a FEDS investigation would result in a gross cost avoidance figure of \$7,062 (\$2,982 for the FA benefit, \$3,096 for the Medicaid benefit and \$984 for the FS benefit). The monthly average is multiplied by six because, on the average, if a case is opened, it is not reviewed until six months later.

A grant reduction savings is calculated in instances where the report of investigation provides a finding that gives the applicant a budget that is lower than if the finding was not present.

Calculation for Denials/Withdrawals For Reasons In Addition To FEDS Investigation Findings

In some instances, an applicant may be referred for a FEDS investigation, and the investigation may subsequently result in a reason for denial. Meanwhile, an applicant may also have caused another reason for denial, such as failure to comply with an employment requirement. If an eligibility worker has two simultaneous denial reasons and chooses to deny the application for the non-FEDS reason, the district may claim the cost avoidance savings for that application, since the FEDS investigation did result in a reason for denial.

However, if a FEDS investigation has not been completed yet, and an eligibility worker denies the application for a reason not related to the investigation (e.g., failure to submit verification within 10 days), districts should report this under “applications with no errors found.” The investigation should stop, and no cost avoidance savings may be claimed.

If an application is referred to FEDS, but an investigation is not completed until after the application is approved and recurring benefits have been issued, the FEDS process should continue until it is resolved. If the investigative finding ultimately results in either a grant reduction or closing (since the case has opened), districts may claim the cost avoidance or grant reduction savings. This would be a “late FEDS.”

If an applicant is referred to FEDS on one indicator, but the applicant withdraws the application because of a different issue discussed during the FEDS interview/home visit, the district may claim the savings.

D. FEDS Referral Process/Form

A FEDS referral process/form must be developed by the district to track a referral to its conclusion (see Attachment II of this directive for a sample of a referral form that districts may download and modify according to their FEDS plans; this Attachment is not mandated). Districts must refer applications with indicators for FEDS investigations. They may use a manual form, e-mail or an automated process. Eligibility and investigative staff should have input into this process so that the referrals are timely. The information included on the referrals is intended to assist investigators. In addition to including the mandated information (the five State-mandated indicators, and State-approved optional indicators specified in approved FEDS plans), OTDA recommends including:

- applicant demographic information (name, gender, address, SSN) so the investigator has the information to conduct WMS and other searches;
- primary language, so the investigator can arrange for an interpreter if a home visit or interview is required; and,
- the reason for referral/short narrative explaining the indicator checked.

Referrals should include access to or provisions for review of the application and any verification documents presented, particularly questionable or suspicious documents. OTDA encourages counties who have an Eligibility Verification Review (EVR) fraud referral process to use discrete referral forms so that applications without FEDS indicators are not accidentally referred for FEDS and claimed under the wrong program.

E. Indicators for Referral

Indicators are the core of the FEDS process. They help eligibility workers to focus on an application as it is being reviewed and to decide if further information is needed to make an eligibility determination. Indicators related to income ensure that the eligibility worker attempts to obtain, through the FEDS referral and investigation, all possible income information that might affect the household's final budget. Indicators related to household composition help ensure that an eligibility worker accounts for the needs and additional income of all household members budgeted. Indicators related to shelter and address, if any, help ensure that an applicant resides at the address stated within the county, and that the proper shelter costs are budgeted.

1. State-Mandated Indicators

There are five State-mandated indicators used in the FEDS referral process:

- financial obligations are current, but stated expenses exceed income *without a reasonable explanation*;
- working off the books (*currently or previously*);
- supported by loans or gifts from family or friends;
- current application is inconsistent with prior case information; and,
- prior history of denial, case closing or overpayment *resulting from an investigation*.

2. State Approved Optional Indicators

There are 10 other indicators that are not mandated but are available to districts for incorporation into their FEDS plans. **Of these ten, OTDA strongly recommends the use of the following three indicators because they historically have shown to provide the highest rate of success on a FEDS referral:**

- **no absent parent information or information is inconsistent with the application;**
- **no documentation to verify identity or documentation of identity is questionable; and,**
- **landlord does not verify household composition or provides information inconsistent with the application.**

The remaining seven optional indicators are also available to districts for inclusion in their FEDS plans:

- self-employed but without adequate business records to support financial assertions;
- alien with questionable or no documentation to substantiate immigration status

NOTE: When an individual is unable to verify eligible alien status, the eligibility of the remaining household members must be determined based on available information. For example, an ineligible alien's citizen children, if otherwise eligible, must not be denied assistance or FS solely because of their parent's immigration status.

- documents or information provided are inconsistent with application, such as different name used for signature or invalid SSN;
- P.O. box is used as a mailing address *without a reasonable explanation*;
- primary tenant with no utility bills in his/her name;
- children under the age of six with no birth certificates available; and,
- unsure of own address.

If the district chooses to include any or all of these optional indicators in its plan, eligibility workers must also refer any applications with these indicators to FEDS:

Districts may also create their own indicators to reflect situations that are unique to their district. Districts must write in and submit these indicators in their FEDS plan for approval by OTDA. These indicators must be pre-filled on the district's referral form and not be left blank to be completed as an "other" by the eligibility worker. If a district chooses to include an indicator it created in its FEDS plan, and it is approved by OTDA/Program Integrity, eligibility workers must also refer to FEDS any applications with this indicator.

F. Emergency Benefits

The FEDS process is dependent on resolving the referral before the application is approved or denied. It may be difficult for a district to complete the FEDS process in an emergency situation, due to the accelerated time frames. While there may be questionable or suspicious information that has triggered one or more indicators, programmatic timelines **must** prevail. In emergency situations, the district should complete and resolve the investigation before recurring benefits begin. For example, an applicant may be in an emergency situation and apply for food stamps on January 1, 2005. The FS interview is January 3, 2005 and the eligibility worker completes a FEDS referral on that applicant the same day. The applicant receives an expedited food stamp issuance on January 5, 2005. The district should complete the FEDS process before the applicant's first recurring benefit in February 2005. In instances where a district opens a TA case in order to issue a FS benefit with expedited processing, the FEDS process should be completed before the recurring FS benefit begins and before an initial TA benefit is issued.

Some counties may implement a process in which emergency applicants have same day FEDS investigation interviews. OTDA encourages this practice if staffing within the district allows it. If an applicant does not complete the remaining eligibility requirements necessary to receive ongoing benefits, and a FEDS referral has been made, the district must close out the FEDS referral on the monthly report. The district will need to make a determination as to whether the applicant was aware of the FEDS referral and did not complete the remaining requirements because of that referral.

G. Home Visits and Office Interviews During FEDS Investigations

Once a FEDS referral has been sent to the investigative unit because an indicator has been triggered, for both TA and FS applicants, a home visit by a FEDS investigator may be conducted. The home visit by a FEDS investigator is one of several tools available for investigating an applicant's situation, and is normally made after other tools, such as computer checks and collateral contacts, have been used. Home visits need not be conducted for every FEDS referral, but should be conducted at the discretion of the local district when an on-site visit is most likely to resolve the indicator(s) on the referral form.

A home visit to an applicant by a FEDS investigator must be conducted during normal business hours, unless the applicant's circumstances make scheduling during business hours impractical. FEDS investigators must properly identify themselves. Consent by an applicant to a home visit is not considered permission to search the premises. However, a FEDS investigator may question the applicant about people or objects in plain view. Also, aside from possible fraud, a FEDS investigator can observe the need for services to develop parenting skills or whether the residence has obvious health and safety defects that should be reported to appropriate staff.

1. Unscheduled FEDS Home Visits

For TA and FS applicants, unscheduled (unannounced) FEDS home visits are allowable. However, if an applicant refuses to allow entry or declines to cooperate in an unannounced FEDS home visit, failure to cooperate **cannot** be used as the basis for denying the application. The FEDS investigator must **not** lead the applicant to believe that failure to cooperate in an unscheduled FEDS home visit will result in a denial. If an applicant does not cooperate, the FEDS investigator may schedule an appointment with the applicant to continue the FEDS investigation.

2. Scheduled FEDS Home Visits and Office Interviews

FEDS investigators may schedule a home visit or an office interview to complete their investigation. The scheduled time must be reasonable and defensible at a fair hearing. If an office interview is scheduled instead of a home visit, an effort must be made to prevent hardship on the applicant.

As explained above, an investigator should conduct a home visit or an office interview when other investigative tools did not or will not resolve the indicator. If an investigator is unable to resolve an indicator due to the applicant's failure to cooperate with a scheduled home visit or office interview, the investigator must so inform the eligibility worker on the report of investigation. As stated in the "Role of the Investigator" section, the investigator must forward to the eligibility worker any information gained through the use of any investigative tools. The eligibility worker will then weigh the investigator's information (if it is provided within programmatic time frames), the application and all documentation and will make the eligibility decision based on all this information.

H. Intentional Misrepresentation and Intentional Program Violations (IPVs)

During the course of an investigation, it may become clear to the investigator that there has been an *intentional* misrepresentation about the needs and resources of the applicant or information regarding responsible relatives. For TA applications only, if this occurs, the investigator may, on the report of investigation, recommend to the eligibility worker that the TA application may be denied, according to State regulation 351.1(b)(2):

Each applicant and recipient must, as a condition of eligibility for themselves or others: (1) provide accurate, complete and current information on his or her needs and resources as well as the whereabouts and circumstances of responsible relatives.

Investigators must document on their reports the reason for determinations of intentional misrepresentation and must be prepared to defend their determination at a fair hearing. An investigator may **not** recommend a denial because of an applicant's misunderstanding or confusion about completion of the application or other information. It is possible, that an eligibility worker also may discover something leading to a determination of intentional misrepresentation in the areas listed above. In such cases, eligibility workers must document in the case record the reason for their determination and must be prepared to defend the denial in a fair hearing. In addition to denying a TA application for an intentional misrepresentation by the applicant, districts may also pursue a TA-IPV for filing a false instrument, even if no benefits are issued.

TA Example 1: An applicant reports via the application document that she has five children; however, the district is aware that the applicant has only three children. This apparent inconsistency would suggest to the reasonable person that someone ask the applicant why she stated that she has five children. The response might suggest that the applicant was lying or it might suggest new circumstances that may or may not be material. For example, if the applicant alleges that the two additional children in the household are her nieces whose mother was recently hospitalized, she may be eligible for TA. However, further investigation may establish that the nieces' mother was not in the hospital when the application was completed. Denying the application would be appropriate in such a situation because the information presented was determined to be an attempt to intentionally misrepresent circumstances for the purposes of qualifying for TA.

TA Example 2: An applicant indicates that he has not recently worked, but through further questioning reveals that he babysat for someone three times last month, and was paid for that service, but did not realize that a non-regular babysitting job was reportable. The prudent person might or might not determine that the omission of that information from the application document was due to applicant error or misunderstanding.

18 NYCRR 351.1(b)(2) applies only to TA it does **not** apply to the FS Program. For FS applications, once an investigation has been completed, any remaining suspicion by a district that an FS applicant has committed fraud or has lied is not a reason to deny the application. The district may deny only for reasons that make the application ineligible, such as excess income, resources, etc. If an applicant is eligible otherwise, districts must pursue a FS-IPV to prove that a FS applicant has lied and/or has filed a false instrument with the intent to defraud. If the IPV is imposed, then action may be taken. If an applicant is denied for reasons such as excess income, districts may pursue a FS-IPV for filing a false instrument, even though no benefits have been issued.

It is critical that eligibility workers complete thorough interviews to ensure, as much as possible, that all sections of the application are completed and understood. During an eligibility interview, an applicant should fill in the answer to a question that has not been completed or may change an answer (e.g., wrote in his net income instead of his gross) based on a clarification during the interview. Any change to a previously stated answer should be initialed and dated by the applicant. However, when a district discovers information that the applicant did not declare on the application or during the interview, the district may then elect to pursue an IPV.

If a district elects to pursue an IPV, the evidence package may be forwarded to an Administrative Hearing Office or a District Attorney's Office, depending upon the district's agreement with its District Attorney. In pursuing an IPV, it is critical that the county ensure that the original application and documentation not contain any subsequent "pen and ink" corrections to the original documentation after the eligibility interview. For example, if a FS applicant fails to list income on the application and does not reveal it during the eligibility interview, but the FEDS investigation reveals a current income source that the applicant *then* acknowledges, the district could pursue a FS-IPV. The applicant must not then correct and initial the income amount on the original application, since that application will be used as evidence in the IPV process. The district should have the applicant attest to the income on a separate sheet of paper.

VI. Systems Implications

Action on an application for failure to comply with the FEDS process should utilize one of the notices below. This would include a denial as well as a closing (for those cases when the FEDS investigation was not concluded in a timely fashion and the case was opened).

Upstate

Upstate - TA Action

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|--------------|--|
| CNS Code N15 | Failure to Keep Appointment EVR/FEDS [<i>Scheduled</i>] Home Visit |
| CNS Code W10 | Failure to Keep Investigatory Appointment [Office Interview] |
| CNS Code V21 | Failure to Provide Verification* |

Upstate - FS Action (If the district has an approved FS-FEDS plan)

| | |
|--------------|----------------------------------|
| CNS Code V21 | Failure to Provide Verification* |
|--------------|----------------------------------|

***When using V21, districts are providing proper notice to the applicant by *specifying* what has not been verified. The V21 code offers the eligibility worker a drop-down box of selections of what has not been verified, as well as an "other" box that allows the eligibility worker to explain an item that is not available from the selections. It is imperative that the applicant is informed specifically in the denial notice of what has not been verified.**

NYC (Note: New York City does not do FEDS for FS applications)

NYC - TA Action - Denial

There are no case level denials in CNS for TA, so a manual denial notice would be sent with one of the following reasons written in:

245 - Fail to Keep EVR Appt
246 - Ineligible Based upon EVR Evaluation
285 or 286 – Other (for Failure to Verify situation)

NYC - TA Action - Closing

| | |
|--------------|--|
| CNS Code N15 | Failure to Keep Appointment EVR/FEDS [<i>Scheduled</i>] Home Visit |
| CNS Code E18 | Failure to Keep EVR Office Appointment |

(Failure to Verify codes can be found in the "Worker's Guide to Codes", starting on Page 1.3-44)

VII. Additional Information

A. OTDA/Program Integrity Responsibilities

OTDA/Program Integrity has the following responsibilities regarding FEDS:

- Establish FEDS policy and procedures
- Review local district FEDS plans to ensure that they comply with regulatory mandates and that selected indicators are not discriminatory
- Provide oversight of the FEDS process and corrective action if problems exist
- Prepare the monthly State FEDS report which aggregates results from the counties.

Each year A&QC prepares a report for cost avoidance figures by district to each county commissioner. This report covers the State fiscal year, April-March, and gives similar information to that given to OTDA by each district in the monthly local district report as follows:

- Cases referred;
- Cases investigated;
- Cases with no errors;
- Cases with detected discrepancies;
- Cases denied or withdrawn;
- Cost avoidance for cases denied or withdrawn;
- Cases with grant reductions;
- Cost avoidance for cases with grant reduction; and,
- Total cost avoidance.

OTDA is recalculating the cost avoidance amounts and the monthly reporting form. We expect to issue the new amounts and a new form later this year.

B. Training

OTDA/Program Integrity, with the assistance of the SUNYA Professional Development Program, completed twelve regional trainings on FEDS in Summer 2004. Training activities included reviewing a sample application and accompanying documentation to try to identify mandated indicators, writing a FEDS referral, identifying current barriers to the FEDS process and the benefits of FEDS for the eligibility worker, investigator, agency, community and applicant. Counties who would like to apply for on-site FEDS training from OTDA may contact Maria Schollenberger at:

Phone Number: 518-402-0127

E-mail Address: maria.schollenberger@otda.state.ny.us

On October 7, 2004, OTDA broadcast statewide a FEDS teleconference to more than 200 district staff. In addition to reinforcing FEDS policy and explaining cost avoidance calculations, a senior investigator from the State Police discussed interviewing techniques, and two local district representatives explained the value of FEDS. Counties may view this teleconference on their pcs on the OCFS Bureau of Training intranet page:

From the DFA Home Page, select Training
Select OCFS Bureau of Training
Select On Line Presentation Center from the What's New menu on the left
Search by Date: 10/7/04; scroll down to FEDS

The direct link is: <http://sdssnet5/ohrd/distancelearning/presentations/>

A PC-based Computer Assisted Instruction (CAI) module will be available to district staff in the second quarter of 2005.

C. FEDS Audits

Twenty-six counties will be audited in State Fiscal Year 2004-2005. OTDA will continue to audit counties and review performance measurements. FEDS "best practices" will be collected from counties being audited and will be compiled and released in an LCM in 2005.

D. Performance Measures

As part of OTDA's statewide program integrity efforts, OTDA has developed performance measures for a number of programs, including FEDS. County commissioners will receive these numbers on a quarterly basis in order to assist them in their analysis of staffing and training needs. For FEDS, the measures reflect the number of FEDS referrals against the number of applications, and the number of FEDS referrals that resulted in cost avoidance/grant reduction against the total number of referrals.

VIII. Effective Date

This administrative directive is effective immediately.

Issued By

Name:

Mary Meister

Title:

Deputy Commissioner

Division/Office:

Program Support & Quality Improvement (PSQI)

County_____

Date_____

FRONT END DETECTION SYSTEM (FEDS) PLAN OF OPERATION

If an application has one or more of the indicators checked below on the district's approved FEDS plan, and the eligibility worker is not confident that an indicator has been explained or supported adequately, the application must be referred for a FEDS investigation. The wording of each indicator must appear exactly on the FEDS plan as well as the FEDS referral process/form.

Section 1 – State Mandated Indicators

All district plans must include these indicators:

- (X) Financial obligations are current, but stated expenses exceed income *without a reasonable explanation***
- (X) Working off the books (currently or previously)**
- (X) Supported by loans or gifts from family/friends**
- (X) Application is inconsistent with prior case information**
- (X) Prior history of denial, case closing, or overpayment *resulting from an investigation.***

Section 2 – State-Approved Optional Indicators

This section may be left blank if a county chooses not to select any of these optional indicators for its FEDS process. If the district chooses to include any or all of these optional indicators in its plan, eligibility workers must also refer to FEDS any applications with these indicators:

- () No absent parent information or information is inconsistent with application
- () No documentation to verify identity or documentation of identity is questionable
- () Landlord does not verify HH composition or provides information inconsistent with application
- () Self-employed but *without adequate business records* to support financial assertions
- () Alien with questionable or no documentation to substantiate immigration status
- () Documents or information provided are inconsistent with application, such as different name used for signature or invalid SSN
- () P.O. Box is used as a mailing address *without a reasonable explanation*, e.g., high crime area
- () Primary tenant with no utility bills (e.g., phone or electric) in his/her name
- () Children under the age of six with no birth certificates available
- () Unsure of own address

Section 3 – State-Approved County-Specific Indicators

Eligibility workers are not allowed to refer cases based on an “other” box that they fill in for each FEDS referral. Indicators listed and checked here must be pre-approved by the State and must be pre-filled on the district’s FEDS referral process/form. This section may be left blank if a district chooses not to create any county-specific indicators for their FEDS process. Once the State approves this indicator, eligibility workers must also refer to FEDS any applications with these indicators:

- () County-Specific Indicator: _____
() County-Specific Indicator: _____

Section 4 – Description of FEDS Process - Please describe your FEDS process:

- a. Specify what program areas will use FEDS:

☒ TA ___ FS ___ Medicaid ___ CC _____ Other (specify)
- b. Describe how an application will be referred by the eligibility worker to the investigative unit. Include if this is a manual, e-mail or automated process, and if there is eligibility supervisory review. OTDA strongly encourages eligibility supervisory review.
- c. Describe how the investigative unit logs and tracks the referral, as well as how it processes it (i.e., home visit, collateral contact, office interview, etc.).
- d. Specify the targeted time frames for reporting investigative results back to the eligibility worker for final determination.
- e. If your district contracts out for investigations, such as with a local sheriff’s department, explain this process and staffing and identify the contractor.
- f. Describe how and when the investigative unit is informed of the final action taken on the application, for inclusion in the FEDS monthly report.
- g. Attach copies of:
- Any letter used to inform an applicant of a FEDS interview or home visit
 - Any letter used to inform an applicant that they may be investigated for FEDS
 - The FEDS referral form
 - Any other FEDS form that passes between eligibility and investigations, such as a report of investigation.

This Plan was completed by (please print): _____

Title: _____

Email Address: _____

Phone: _____

ATTACHMENT II, p. 1 of 2
OTDA/PSQI/A&QC/PI/Rev.04/05
(Sample Non-Mandated Referral Form)

_____ **Co. Front End Detection System/Resolution/Cost Avoidance Savings Form**

Name of Applicant: _____

SSN: _____

Address: _____

Prim. Lang.: _____

☐ **Application has no FEDS indicators**

Eligibility Worker: _____

Date: _____

Eligibility: Check the indicator(s) below and give a brief explanation: attach any necessary documentation:

☐ **Financial obligations are current, but stated expenses exceed income *without a reasonable explanation*** _____

☐ **Working off the books (currently *or previously*)** _____

☐ **Supported by loans or gifts from family/friends** _____

☐ **Application inconsistent with prior case information** _____

☐ **Resulting from an investigation: Prior history of ___ denial ___ case closng ___ overpymt**

☐ **No absent parent information or information is inconsistent with application** _____

☐ **No documentation to verify identity or documentation of identity is questionable** _____

☐ **Landlord does not verify HH composition or provides information inconsistent with application** _____

☐ **Self-employed but *without adequate business records* to support financial assertions** _____

☐ **Alien with questionable or no documentation to substantiate immigration status** _____

☐ **Documents or information provided are inconsistent with app., such as different name used for signature or invalid SSN** _____

☐ **P.O. box used as a mailing address *without reasonable explanation*, e.g., high crime area** _____

☐ **Primary tenant with no utility bills (e.g., phone or electric) in his/her name** _____

☐ **Children under the age of six with no birth certificates available** _____

☐ **Unsure of own address** _____

☐ **County-specific *Pre-filled* Indicator**

(Specify) _____

Eligibility Worker: _____

Date: _____

Phone: _____

ATTACHMENT II, p. 2 of 2
OTDA/PSQI/A&QC/PI/Rev.04/05
(Sample Non-Mandated Referral Form)

Investigative:

Give Report of Investigation:

Suggested Recommendation (optional)

Investigator: _____ **Date:** _____

Phone: _____

Eligibility Action:

___ App Denied – FEDS Related

___ App Denied – NON-FEDS Related

___ App Withdrawn – FEDS Related

___ Grant Reduced – FEDS Related

___ App Withdrawn – NON-FEDS Related

(reason for action) _____

Investigative: Monthly Cost Avoidance Savings Due to Eligibility/Investigative Work on FEDS:

Denied App

| | | | | | |
|---------------|-------|----------------|-------|----------------|-------|
| FA Only | \$497 | SNA Only | \$401 | Non-TA/FS Only | \$169 |
| MA in FA case | \$516 | MA in SNA case | \$753 | MA Only | \$683 |
| FS in FA case | \$164 | FS in SNA case | \$ 95 | | |

Grant Reduction Case

FA \$185

SNA \$383

TOTAL SAVINGS DUE TO ELIGIBILITY/INVESTIGATIVE WORK

(Monthly Cost Savings x 6 Mos) = \$_____