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Administrative Directive

Section 1

Transmittal:	06-ADM-13
To:	Local District Commissioners
Issuing Division/Office:	Division of Program Support and Quality Improvement
Date:	9-13-06
Subject:	National Directory of New Hires (NDNH) Computer Match
Suggested Distribution:	Temporary Assistance (TA) Directors Food Stamps (FS) Directors Fraud Directors Staff Development Coordinators Fair Hearings Staff
Contact Person(s):	Ronnie Miller, A&QC/Program Integrity at 1-800-343-8859, ext. 6-5070; (518) 486-5070; ronnie.miller@otda.state.ny.us Lisa McLain, A&QC/Program Integrity at 1-800-343-8859, ext. 8-5349; (518) 408-5349; lisa.mclain@otda.state.ny.us Maria Schollenberger, A&QC/Program Integrity at 1-800-343-8859, ext. 2-0127; (518) 402-0127; maria.schollenberger@otda.state.ny.us For TA Budgeting Questions, contact the Temporary Assistance Bureau at 1-800-343-8859, extension 4-9344 For FS Budgeting Questions, contact the Food Stamp Bureau at 1-800-343-8859, extension 3-1469
Attachments:	Attachment I – Filing References (Available On-line) Attachment II- NDNH Wage Verification Form (Available On-line) Attachment III - Local District NDNH Coordinator Processing Instructions (Available On-line)
Attachment Available On – Line:	yes

Filing References – See Attachment I

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.

Section 2

I. Summary

OTDA is pleased to inform local districts of the implementation of a new monthly computer match that will assist them in proper case processing, fraud prevention/detection/prosecution and increasing the work participation rate. The National Directory of New Hires (NDNH) match will consist of processing a file of Temporary Assistance for Needy Families (TANF) and Safety Net Assistance Maintenance of Effort (SN-MOE) recipients against a national file of W-4 new hires information. This national file contains all employers, including multi-state employers, out-of-state employers, the federal government and the military. OTDA/Audit and Quality Control (A&QC) will verify the hits from this match with the employers and will send verified information to the local districts. Based on a pilot conducted earlier this year with certain districts, it is expected that, upon review of this data, local districts will find numerous instances where the employment information had not been reported. Previously unreported data is important because:

- It can be used as evidence in fraud prosecutions and the imposition of Intentional Program Violations;
- It can be added to the budget and will result in case closures and grant reductions; and
- It can be used to partially offset the changes contained within the recent federal changes related to the calculation of the TANF and SN-MOE work participation rates. It will increase both the local districts' and State's TANF/SN-MOE engagement and participation rates by identifying employed recipients under these programs, to the extent that the individual is still employed and receiving assistance. As noted in the bullet above, this will also impact the caseload reduction credit and denominator to the extent that cases are closed. This increase will aid in OTDA's attempt to meet the required federal participation rates and to avoid significant federal fiscal penalties if rates are not met.

The match will be in addition to the State Directory of New Hires (SDNH) match that local districts already receive via the Resource File Integration (RFI).

II. Purpose

The purpose of this ADM is to introduce the new National Directory of New Hires (NDNH) computer match.

III. Background

OTDA currently conducts a computer match of its Temporary Assistance (TA), Food Stamps (FS) and Medical Assistance (MA) applicant and recipient caseloads against a State Directory of New Hires (SDNH) W-4 new hires file maintained by the NYS Tax Department. The results of the SDNH match are posted to OTDA's Resource File Integration (RFI) database on WMS for distribution to all local districts. The local districts then verify any employment and income based on these results ("hits") and take appropriate action on the case. However, the SDNH file is limited to only those employers who report W-4 new hire information to the NYS Tax Department.

Due to changes at the federal level, adults in receipt of TANF or SN-MOE payments are now permitted to be matched monthly against the NDNH database. The first TANF file sent for processing was the May 2006 file. The first file of SN-MOE recipients will be sent for processing in the fall of 2006. At this time, the federal government is only allowing this match against TANF and SN--MOE *recipients*, not applicants.

IV. Program Implications

The new NDNH match will only be run on those individuals who are in receipt of TANF or SN-MOE payments. The match will not be conducted on MA-only cases, Non-TA FS cases or Safety Net Assistance cases that do not meet the MOE designation. The current State Directory of New Hires (SDNH) will continue to be the only new hires match for those other program areas. If a TANF or SN-MOE case closes as a result of the NDNH match, MA and FS separate determination rules will apply.

OTDA/Audit and Quality Control (A&QC) will submit monthly to the NDNH the Social Security Numbers of those adults in receipt of TANF or SN-MOE payments. Upon receipt of the return file, OTDA/A&QC will apply a number of filters, including exclusion of those individuals who have already appeared on the SDNH match (or a previous NDNH match after the initial match month) for that employer.

After the filtering, OTDA/A&QC will then send the remaining hits to the TALX Corporation (“The Work Number”), via the electronic batch process explained in 06 INF-24, in order to verify the employment and income information. The TALX Corporation manages The Work Number database that assists employers with payroll reporting. The TALX Corporation will return to OTDA/A&QC any matched individuals and their accompanying employment and income data. If the TALX Corporation is unable to verify the hit, either because the employer is unknown to them or because the employer has instructed the TALX Corporation not to release the information to anyone, OTDA/A&QC will then directly contact the NDNH-identified employer by sending a wage verification form (Attachment II – form OTDA-3707). If OTDA/A&QC is unable to verify the employment, either through the TALX Corporation or the manual process, the hit will not be sent to the local districts.

Verified data sent to OTDA/A&QC electronically by the TALX Corporation or manually by a non-TALX employer will be forwarded to the OTDA/A&QC Regional Offices, and they will forward the information to their assigned local districts for investigation and resolution. This may result in case closure or rebudgeting. Further discussion on budgeting can be found in Section IX.F. of this directive.

In an effort to disseminate this valuable information to local districts so that there can be a timely impact on fraud control, case budgeting and work participation, OTDA/A&QC is implementing the NDNH in three phases:

A. Phase One

This phase consists of sending the following verified information to the Local District NDNH Coordinators (LDNCs), who were designated from 06 INF-24:

1. TALX Corporation (“The Work Number”) Verification
(Information emailed on an EXCEL spreadsheet)
 - a. Employer’s name and address information

- b. Individual's identifying data
 - c. Individual's gross annual wages for 2006 (detailed wage information will be transmitted in Phase Two)
2. Manual (Direct) Employer Verification ("MEV")
(Information emailed on an EXCEL spreadsheet and .pdf file*)
- a. MEV Excel Spreadsheet
 - (1) Employer's name and address information
 - (2) Individual's identifying data
 - b. MEV .pdf file
 - (1) Individual's detailed wage history (e.g., pay dates and amounts of earnings, number of hours worked) for the past three months.

*This detail will be in a .pdf file as a second attachment with each manual employment verification form separated by page breaks.

B. Phase Two (Late Fall 2006)

This phase differs from Phase One in only one way--local districts will receive detailed (instead of gross annual) wage data from the TALX Corporation.

C. Phase Three (Fall 2007)

In this phase, all of the detailed TALX and manual employment data will be entirely loaded directly to the RFI database, in a manner similar to the current Wage Reporting System (WRS) match.

V. Required Action

OTDA will be verifying the NDNH W-4 data with the employer before the matches are sent to the local districts. The first monthly set of verified data was transmitted by the OTDA/A&QC Regional Offices to the LDNCs in August, 2006. Local districts must set up procedures for the LDNC to transmit the data to the eligibility workers responsible for the individuals on the files, as well as to receive from them the case action to be taken. The method and date in which the LDNC will receive the data in Phase One will depend on the means by which the data was verified:

A. TALX Corporation ("The Work Number") Verification

TALX data returned to OTDA/A&QC will be migrated into an EXCEL spreadsheet. In Phase One, this spreadsheet will contain identifying information and only gross annual wage information for 2006. That is because the TALX Corporation currently cannot transmit the detailed employment and wage information to OTDA/A&QC via the electronic batch (eBatch) process. However, an enhancement to the eBatch process in late Fall of 2006 is expected to rectify this. Further instructions will be sent to the local districts when this enhancement is

complete. As a result, in Phase One only for the TALX data, local district staff will have to obtain detailed wage information from the TALX Corporation, if needed.

When the LDNC receives the spreadsheet, the LDNC must follow its local procedures to transmit this data to the eligibility workers assigned to the individuals appearing on the spreadsheet. Please see Attachment III of this directive for local district processing instructions. The eligibility workers will need to obtain the detailed employment and income information from the TALX Corporation, either through the eXpress process or the standard process, as explained in 06 INF-24. It is important to note that, as explained in 06 INF-24, the eXpress process is now available to local districts for three months at no cost, starting August 1st, 2006. Local districts are encouraged to take advantage of the eXpress process available to them at no cost for three months, since the information is returned immediately, if requested by Internet; is returned in 24 hours, if requested by phone.

B. Manual Employer Verification (MEV)

Once the employers return the completed manual wage verification forms to OTDA, OTDA will transmit the data to the OTDA/A&QC Regional Offices.

The A&QC Regional Offices will then email the EXCEL spreadsheet (and also the .pdf file containing detailed wage data) to the LDNC in a process similar to the TALX process above. The LDNC must follow its local procedures to transmit this data to the eligibility workers assigned to the individuals appearing on the spreadsheet. Local districts do not need to obtain any further verification of this data.

Once the eligibility worker has all needed data and determines the necessary case action to be taken, the eligibility worker must inform the LDNC. The LDNC must then record the action as a Resolution Code (and also a Supplemental Code, if applicable) on the EXCEL spreadsheet. Please see Section IX.C. of this directive for available codes. The LDNC must also enter the date the resolution was determined, not the date the actual case action was taken. After entering the code(s) and date, the LDNC must then email the spreadsheet back to the A&QC Regional Office, within **forty-five (45) days** of receipt of the data.

As specified in Section IX.C. of this directive, two of the Supplemental Codes include “Referred to Investigation Unit for IPV.” OTDA/A&QC anticipates that many hits will result in the discovery of unreported income in a case and expects these cases to be referred to the local district Investigative Units for pursuit of Intentional Program Violations (IPVs). Fraud investigators should expect an increase in referrals as a result of this match.

If, by the time the eligibility worker receives the information from the LDNC, the individual is no longer in a TANF or SN-MOE case, the eligibility worker will need to:

1. Inform the LDNC, so that the code “No Case Action” can be assigned;
2. Review the information against the current case type, such as Non-TA FS, to determine if the information will result in a rebudget or case closure; and
3. Review the information for possible pursuit of a recoupment or IPV.

See Section IX.F. regarding additional TA and FS budgeting information.

Note: It is possible that one individual may generate verified data from more than one employer. This is due to the fact that more than one W-4 may be on the NDNH database for that individual. Local districts must act on and resolve each hit separately.

VI. Systems Implications

LDNCs must have access to EXCEL version 2000 (MS-Office 2000) or newer in order to accept proper transmission of the spreadsheets. LDNCs that have prior versions may experience file-saving and transmission difficulty. If problems are encountered, the local district should contact their A&QC Regional Offices to determine alternate methods.

The current email transmission method is an interim procedure. The verified employment data will be transmitted through RFI as soon as RFI can be modified to accept the identifying data, detailed wage data and resolution codes (Phase Three). At that time, local district staff will retrieve this data in the manner similar to the current Wage Reporting System (WRS) match and enter a resolution code once the data has been reviewed.

VII. NYC Processing

The NYC Human Resources Administration (HRA) has designated the Investigation, Revenue and Enforcement Administration (IREA) to be the recipient of the NDNH data sent from OTDA. HRA's Division of Financial Review and Process (DFRP) will receive the verified data through the ALERTS system, take action on the case and enter the resolution code and date into the ALERTS system. The ALERTS system will then transmit the resolution code and date back to OTDA.

VIII. Work Participation

In order to assist local districts in their efforts to identify all TANF and SN-MOE recipients who are employed and to increase each district's and OTDA's statewide participation rates, OTDA/A&QC will review the adults included in each monthly TANF and SN-MOE active case sample, which the U.S. Department of Health and Human Services (DHHS) uses to calculate New York State's participation rate, against the NDNH (and SDNH) databases. Those cases identified as hits will immediately be sent to the TALX Corporation for income verification. For cases that do not have TALX verification, manual employment verifications forms will be sent to the NDNH-identified employer.

The verified income from the TALX Corporation and the manual verification process will be reviewed by OTDA/A&QC staff immediately to determine the impact on the work participation rate prior to submitting the quarterly report to DHHS.

IX. Additional Information

A. Intentional Program Violations (IPVs)

As explained above, OTDA anticipates that many hits will result in the discovery of unreported income and expects a statewide increase in IPV referrals. Local districts are reminded that, in the instances of income that should have been reported, staff must review 93 ADM-8 and local district procedures regarding the pursuit of IPVs and, if necessary, contact OTDA A&QC/Program Integrity staff for further guidance.

B. OTDA Monitoring

The federal government requires states who use the NDNH match to report on the number of individuals who had not previously reported the income, the number of cases closed and grants reduced, and also the estimated cost avoidance due to this match. OTDA will monitor and track the progress of local district efforts in processing NDNH matches and will prepare reports for the federal government.

OTDA will also produce Aging Status Reports that will identify when a local district has not acted on a match. Finally, OTDA will conduct reviews to make sure that the reported actions were in fact taken by the local districts and accurately reported.

C. Codes

The LDNCs must report on the spreadsheet one of the following five Resolution Codes:

- 01 “Case Closed Prior to the Match”
- 02 “Case Closed as a Result of the Match”
- 03 “Re-budgeted, but Case Remains Open”
- 04 “No Case Action”
- 05 “Wrong Individual Matched”

In addition, the LDNC must submit one of the following Supplemental Codes if applicable:

- A “Referred to Investigation Unit for IPV”
- B “Recoupment Being Assigned”
- C “Recoupment Being Assigned and Referred to Investigation Unit for IPV”

If the LDNC needs to change a code due to a reporting error, and the LDNC has not yet sent the spreadsheet back to the A&QC Regional Office, the LDNC can correct the spreadsheet. If the LDNC needs to change a code once the spreadsheet has been sent, the LDNC needs to contact the Regional Office representative.

D. Cost Avoidance

As discussed in 06 INF-16, cost avoidance calculations will also apply to the NDNH match. The amounts and rules applied should follow the six-month case cost avoidance amounts used in Front End Detection System (FEDS) processing.

E. Fair Hearings

In Phase One, in the event that a local district’s negative action has prompted the individual to request a fair hearing, the local district should use the following items for support:

1. This ADM;
2. Copy of the detailed TALX information that the eligibility worker obtained either through the eXpress process or the standard process, as explained in 06 INF-24, if applicable; and

3. Copy of the detailed manual employment verification information printed from the .pdf file (or the ALERTS file, in NYC), if applicable.

F. TA and FS Budgeting Information

Even though local districts will normally be receiving three months of verified wage information (except as specified below), normal prospective budgeting procedures apply to determining grants for TA. These prospective budgeting procedures, which can be found on page 3 of 01 ADM-14, require local districts to average the last four weeks pay (after discarding any unusually high or low pays), or if there has been a significant change in earned income, to use the rate and frequency of pay to project average earned income. Likewise, districts must follow normal TA overpayment procedures in determining the amount of benefits received to which an individual or family was not entitled and recovering any overpayment. Overpayment calculation information is provided in 01 ADM-13, Section III.E. on page 4.

As explained above, in Phase One, there will be differences in the amount of detailed data that is received. Below is a breakdown of what action may be taken on TA and FS benefits associated with cases affected by the new NDNH information:

1. **TA/FS** (These rules apply to TANF and SN-MOE cases with FS and also if, when the worker receives the information, the individual is no longer in a TANF case but is now in a SN non-MOE case with FS benefits):

- a. Detailed Wage and Employment Verification Directly from the Employer (see Attachment II).

When the TA worker receives this data on the .pdf file, the worker must take immediate action on the TA budget. Per 01 ADM-9, since the TA worker is changing the TA grant, the TA worker would also change the FS grant.

- b. Data from the TALX Corporation ("The Work Number").

For the first few months of the match (Phase One), the TA worker will only receive annual gross income. Since this is not enough information to change the TA budget, the TA worker will need to contact the Work Number for the detailed wage breakdown. When that is received by the TA worker, the TA worker must take immediate action on the TA budget. Per 01 ADM-9, since the worker is changing the TA grant, the worker would also change the FS grant.

2. **Non-TA FS**

As explained above, when the eligibility worker receives the employment information, there is a slight possibility that the recipient is no longer in a TANF or SN-MOE case but is now in a Non-TA FS case. Because the original match is only for TANF/SN-MOE and the hit that was sent to the local district was for TANF/SN-MOE, the worker would need to report to the LDNC a "No Case Action" resolution code, since the case is no longer TANF/SN-MOE. However, this does not mean that there is no case action to be taken on the Non-TA FS case. The worker will still have viable employment information, and the FS rules below must be followed for the information received:

a. Detailed Wage and Employment Verification Directly from the Employer

When the eligibility worker receives this data on the .pdf file, this is considered "verified upon receipt" because it is timely, from a primary source and not questionable. Therefore, the worker can take immediate action on the FS budget.

b. Data from the TALX Corporation ("The Work Number")

For Phase One (the first few months of the match), this income will not be considered "verified upon receipt". Local district workers will need to determine the FS change reporting rules for the recipient and then assess the next steps to be taken, such as pending the information until the next periodic report or recertification, sending a Request for Contact, etc. Once the TALX batch process can provide the detailed wage breakdown in Phase Two, the information will then be "verified upon receipt," and the worker can take immediate action on the FS budget.

If local districts have TA or FS budgeting questions, they should contact the TA or FS Bureaus in OTDA's Division of Employment and Transitional Supports, at the numbers listed on the first page of this ADM.

X. Effective Date

This directive is effective immediately.

Issued By

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Title: Deputy Commissioner

Division/Office: Division of Program Support & Quality Improvement