## Informational Letter

### Section 1

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| **Transmittal:** | 14-INF-09-T |
| **To:** | Local District Commissioners |
| **Issuing Division/Office:** | Bureau of Audit and Quality Improvement |
| **Date:** | November 10, 2014 |
| **Subject:** | Cost Avoidance Calculations for Program Integrity Initiatives |
| **Suggested Distribution:** | Fraud Directors<br>Front End Detection System (FEDS) Coordinators<br>Temporary Assistance (TA) Directors<br>Supplemental Nutrition Assistance Program (SNAP) Directors<br>Staff Development Coordinators<br>Fair Hearings Staff |
| **Contact Person(s):** | Jill Charette at Jill.Charette@otda.ny.gov |
| **Attachments:** | Attachment 1 - Cost Avoidance Calculation Chart |
| **Attachment Available On – Line:** | ☒ |

### Filing References

| Previous ADMs/INFs | Releases Cancelled | Dept. Regs. | Soc. Serv. Law & Other Legal Ref. | Manual Ref. | Misc. Ref. |
|---|---|---|---|---|---|
| 06 INF-16<br>08 INF-13<br>14 INF-09 | 11 INF-05 | | | | |

**Section 2**

**I.    Purpose**

The purpose of this INF is to provide Local Social Services Districts (SSDs) with the revised cost avoidance figures OTDA will be using for its Program Integrity initiatives. OTDA/Program Integrity will begin to apply these revised figures for any application/case    actions taken <u>on or after September 1, 2014</u>.   These figures will replace those in the last Cost Avoidance INF issued, 11 INF-05.

**II.    Background**

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

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

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

**III.    Program Implications**

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

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

The amounts for each assistance program were calculated through formulas that determined statewide average payment levels. These amounts were provided by budget and program staff within and outside of OTDA/Program Integrity. Page 3 of Attachment 1 contains a detailed explanation of how each amount was determined.

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

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

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

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

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

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

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

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

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

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

The State-mandated FEDS process for Family Assistance, Safety Net and Supplemental Nutrition Assistance Program cases consists of eligibility workers referring applications for investigations when they meet certain indicators that cannot be resolved, such as "**Supported by loans or gifts from family or friends**". A cost avoidance savings is calculated when the investigation results in either an application denial or a grant reduction (if the application is approved and a case is opened).

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

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

D.    **Intentional Program Violations (IPVs)**

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

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

Note:  For permanent disqualifications in the Supplemental Nutrition Assistance Program (SNAP), the monthly amount of cost avoidance savings is multiplied by 60 months.

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

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

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

**F.      Prison Match (State)**

The Prison Match identifies recipients who are incarcerated and are therefore ineligible for benefits because their needs are being met. It does not include individuals imprisoned less than 30 days or in local jails. A cost avoidance savings is calculated when the SSD prohibits that individual from receiving assistance due to their incarceration.

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

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

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

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

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