Secretary of State Audit Report

Kate Brown, Secretary of State

Gary Blackmer, Director, Audits Division

Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States

Summary

Public assistance programs provide a social safety net for Oregonians facing financial hardship. These programs include Medicaid, the Supplemental Nutritional Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). Participation in these programs has increased significantly in recent years. Specifically, in 2011, approximately 1 in 3 Oregonians was served by one or more of these programs. According to 2011 census data, Oregon had the highest percent in the nation of individuals receiving SNAP, yet ranked 25th for the number of people meeting the federal definition of poverty during the same time period.

As participation in public assistance programs increased, so did expenditures, which are comprised of both state and federal funds. In 2012, federal and state expenditures for all three programs totaled approximately $6.6 billion. This total includes about $2 billion in state funds, although SNAP is largely federally funded, with the state paying only half of the administrative costs.

Federal laws, regulations, and waivers provide state agencies with various policy options to adapt their programs to meet the needs of their eligible low-income populations. In choosing among these options, it is important for states to balance accessibility with assurance that benefits are granted to those who are most in need.

The purpose of our audit was to compare public assistance records with various other data sets to identify potentially ineligible recipients and recommend ways to prevent improper payments. We found recipient matches among:

- Social Security Administration (SSA) death records;
- Oregon lottery winners;
- State prisoners;
- Public Employees Retirement System (PERS) retirees; and
- Department of Human Services (DHS) and Oregon Health Authority (OHA) employees.

During our review, we identified some ineligible recipients and improper payments, but we also learned that many individuals were allowed benefits under Oregon's expansive eligibility criteria. For example, the SNAP eligibility criteria and reporting methods in Oregon are less restrictive than in many other states. Oregon allows individuals to remain eligible despite winning the lottery, receiving lump sum retirement payouts, or having a change in household members that could restrict eligibility.

Procedural deficiencies in the eligibility verification process led to some potentially ineligible recipients and overpayments. We found misunderstanding and disagreement in the central office about the verification steps occurring in field offices, as well as federal verification requirements. Additionally, we discovered that the agencies are not using social security number (SSN) verification tools that could help prevent improper payments and detect data entry errors. Overall, we found better procedures were needed to identify deceased and incarcerated recipients, and applicants using a false SSN. While caseworkers indicated their awareness and concerns about fraudulent applicants, we also observed a need for better information, training, resources, and tools to identify ineligible applicants and detect improper payments.

The data matches we performed were limited because we did not have access to important data sources. For example, federal law prohibited us from using the SSNs of living individuals and limited our access to income information reported to the Oregon Employment Department and the Oregon Department of Revenue. Consequently, the questionable payments we identified are likely understated in comparison to what we would have found if we had access to additional data sources.

We recommend DHS and OHA management work with the Legislature and Governor to consider changes to Oregon's public assistance eligibility and reporting options, balancing accessibility for the neediest with the most prudent use of public resources. We also recommend DHS and OHA improve SSN verification policies and procedures, continue reviewing data matches we provided to them, and take actions to recover any overpayments through collection efforts, up to and including prosecution.

Agency Response

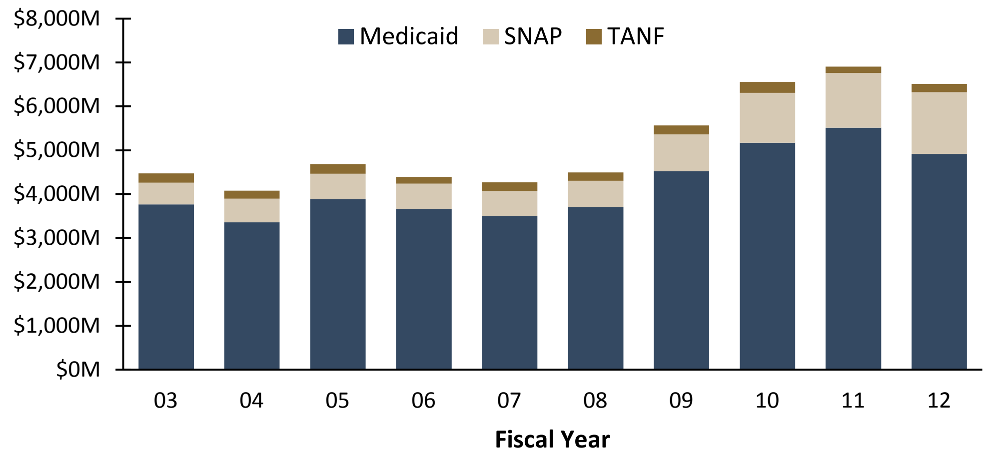
The agency response is attached at the end of the report.

Background

Public assistance programs provide a social safety net for Oregonians facing financial hardship. These programs include Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). Participation in these programs has increased significantly in recent years. In 2011, approximately 1 in 3 Oregonians were served by one or more of these programs.

As participation increased in these programs, so did expenditures, which are comprised of both state and federal funds. In 2012, federal and state expenditures for these programs, totaled $6.6 billion (see figure 1). This total includes $2 billion in state funds, although SNAP is largely federally funded, with the state paying only half of the administrative costs.

Figure 1: Combined Expenditures in Millions



Participants in public assistance programs must meet certain eligibility requirements. While these vary from program to program, they can include limits on income and other financial assets, residency requirements and a prohibition on receiving benefits while incarcerated.

Federal laws, regulations, and waivers provide state agencies with various policy options to adapt their programs to meet the needs of their eligible low-income populations. In choosing among these options, it is important for states to balance the need for and access to benefits with assurance that benefits are granted to those who are most in need.

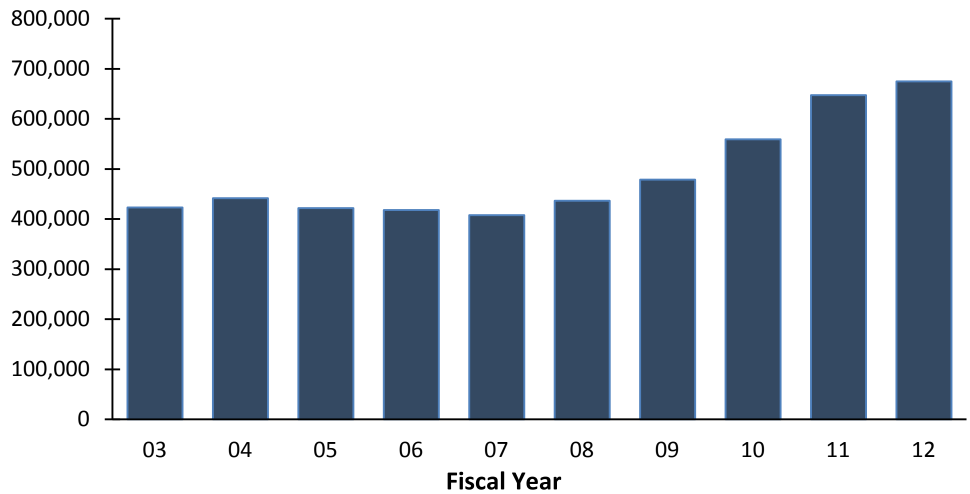
Medicaid program

The Medicaid program is a federal and state entitlement program that pays for medical care for individuals and families with low incomes and limited financial assets. It is the largest source of funding for medical and health-related services for America's poorest people. Federal regulations provide an eligibility framework for each state to build its own state Medicaid plan, provided it is approved by the Centers for Medicare and Medicaid Services, the federal agency that oversees Medicaid. For example, a state can request a waiver of certain federal requirements in order to expand the Medicaid populations it serves. In Oregon, the program is administered by the Oregon Health Authority (OHA) and provides low-income Oregon residents with access to a broad range of health care benefits.

There are several variations of eligibility requirements for Medicaid programs and the following is provided for illustrative purposes. Medicaid generally has three types of eligibility requirements: 1) a health insurance need; 2) income below a specified percentage of the federal poverty level; and 3) additional assets below set limits. For example, an adult without a child is eligible for Medicaid under Oregon's program if the adult has not had health insurance in the last six months, has monthly income at or below $931, and has additional assets at or below $2,000. However, certain laws and policy options eliminate the asset requirement in some instances.

As shown in figure 2 below, Oregon covered over 600,000 individuals under its Medicaid program in July 2012.

Figure 2: Medicaid Participants July 2003-July 2012



Under the Medicaid program, states pay health care providers on a fee-for-service basis or through various prepayment arrangements.

Supplemental Nutrition Assistance Program

SNAP is a federal program, formerly known as the Food Stamp Program, that provides monthly assistance to low-income individuals for food purchases. The program is administered through a federal-state partnership in which the federal government pays the full cost of recipient benefits and half of the state's program administration costs. SNAP benefits are not meant to cover all of the food needs of a household, but rather to help recipients meet their nutritional needs.

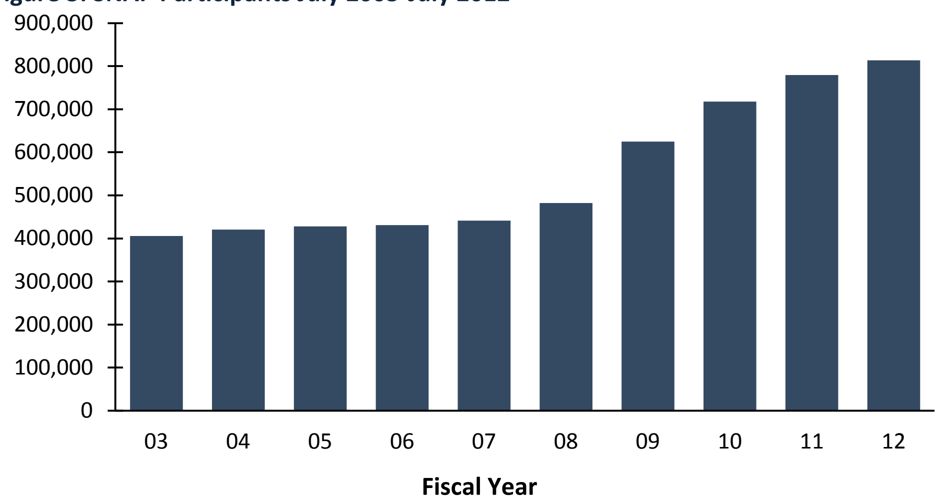
In Oregon, the Department of Human Services (DHS) administers the program. Eligibility determinations and issuance of benefits are provided through DHS offices of Self-Sufficiency, Aging and People with Disabilities, and Area Agencies on Aging offices. Benefits are distributed through the state's Electronic Benefit Transfer (EBT) system, which allows recipients to access their benefits at participating retail stores using the Oregon Trail Card, commonly referred to as the EBT card. In 2012, the average benefit per household was approximately $240 per month.

Under federal law, eligibility for SNAP is based primarily on whether household income and assets fall below certain thresholds. In general, a family of four cannot make more than $2,422 a month and cannot have assets (including savings accounts, cash on hand, checking accounts, and money market accounts) that exceed $2,000 for all household members. However, federal law allows states to adopt policies that eliminate asset tests for most participants.

Oregon has received three Federal bonuses for its high SNAP participation rate as well as multiple national grants. Oregon was also one of six states recognized for timely SNAP application processing. It decreased an applicant's wait-time for SNAP benefits from nine days to the same or next day for more than 90 percent of the 813,000 Oregonians served. The awards received included performance bonuses totaling $5 million and a $1.5 million award for making accurate benefit payments to SNAP clients.

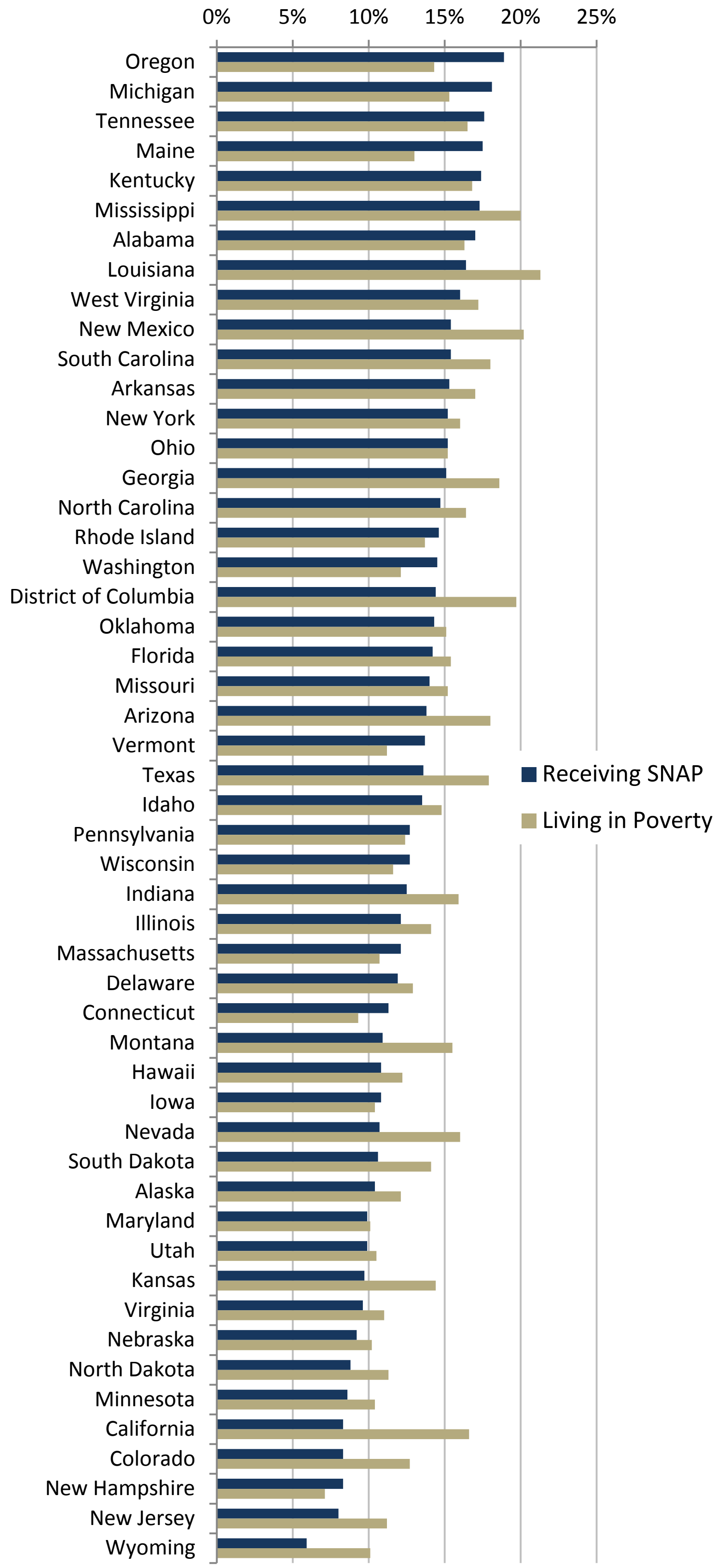
Figure 3 shows the sharp increase in SNAP participants beginning in 2009.

Figure 3: SNAP Participants July 2003-July 2012



As shown in Figure 4, Oregon had the highest percentage in the nation of individuals receiving SNAP benefits in 2011, but had a substantially lower percentage of people living in poverty than some other states.

Figure 4: Percent of state populations living in poverty and percent receiving SNAP benefits in 2011



Source for SNAP: U.S. Census Bureau, 2010 and 2011 American Community Survey.

Source for Poverty: U.S. Census Bureau, Current Population Survey, 2009 to 2012 Annual Social and Economic Supplements.

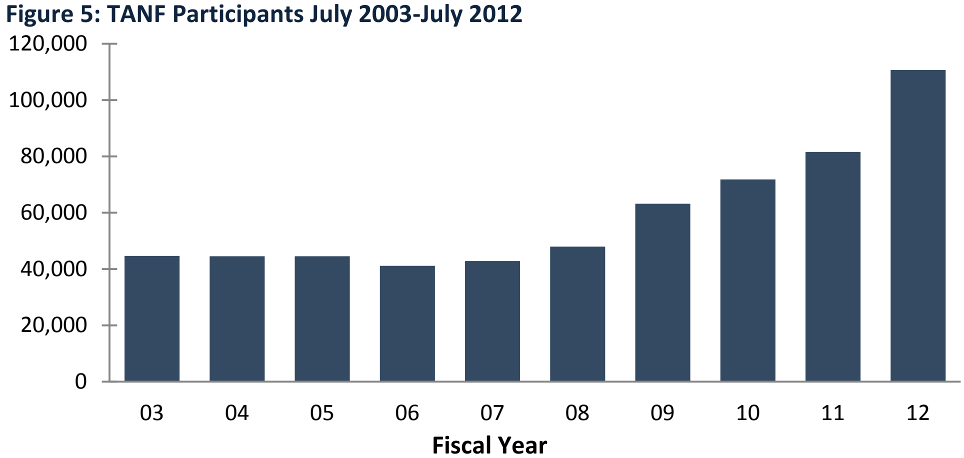
Temporary Assistance for Needy Families

The TANF program provides cash assistance and employment services to low-income single and two-parent families with dependent children. Designed to promote personal responsibility and accountability, the program aims to reduce the number of families living in poverty through employment services and community resources. To qualify for TANF, parents with children must earn less than 43% of the monthly federal poverty level. For a two-parent family with two children, maximum allowable monthly income is $795 and assets may not exceed $2,500 (not including the family home or the first $10,000 in value of family vehicles). The asset limit increases once an individual is participating in a case plan. The current maximum benefit for a family of four, with no other income, is $621 per month.

Similar to SNAP benefits, TANF benefits are distributed mainly through the state's Oregon Trail Card. Most families in the TANF program must participate in the federal JOBS employment and training program, which helps them prepare for and find work. They may also receive help with housing, childcare, alcohol or drug addictions, domestic-violence, and other factors that affect family stability.

Figure 5 shows that TANF enrollment in Oregon has increased dramatically, to more than 110,600 in July 2012. However, TANF expenditures have not changed. Unlike other federal entitlement programs, federal funds for the TANF program are capped. Therefore, when demand increases, the state must either add state funds or decrease services in order to serve more individuals and families. In order to meet the recent increase in demand, Oregon cut funding to the JOBS employment and training program, which is part of TANF, and prioritized services to the most job-ready families.

Figure 5: TANF Participants July 2003-July 2012



Oregon's Eligibility and Reporting Criteria

Categorical Eligibility

Federal law, regulations, and waivers provide states with various policy options to adapt their programs to meet the needs of their low-income populations. For example, under the SNAP program, States can simplify procedures by implementing categorical eligibility. In order to become categorically eligible for SNAP, individuals must already have been determined eligible for another public assistance program that considers income. For example, households receiving TANF benefits or individuals receiving Social Security's Supplemental Security Income (SSI) benefits are automatically eligible for SNAP, as both programs use income to determine eligibility. In these instances, normal SNAP requirements to consider the value of vehicles, savings accounts, and other assets are eliminated.

Some states, including Oregon, have implemented "broad-based" categorical eligibility requirements. In these states, a household does not need to be receiving TANF cash benefits to qualify for SNAP. Instead, a household with income below the state-determined threshold for broad-based categorical eligibility, which is much higher than income limits under traditional SNAP eligibility, can qualify for a nominal benefit or service funded through TANF. For example, a qualifying household could receive a pamphlet or a referral to a toll-free hotline. Since these nominal benefits or services were paid for with federal TANF funds, a household receiving them automatically qualifies for SNAP under broad-based categorical eligibility.

In Oregon the income limit under broad-based categorical eligibility is set at 185% of the federal poverty level, which is higher than many other states, and higher than the traditional SNAP limit of 130%. This means that a family of four can have $3,554 in monthly income under broad-based categorical eligibility, compared to $2,422 under traditional eligibility.

Additionally, under traditional eligibility, households may not have more than $2,000 in assets. However, for households determined categorically eligible, there is no limit on significant assets such as large lump-sum payments for lottery winnings or retirement payouts. According to DHS, approximately 97% of all SNAP recipients are categorically eligible.

Simplified Reporting

Under the SNAP program, states can also opt to simplify household reporting requirements. Federal law normally requires that households certified for SNAP report changes in income, assets, or household composition every four to six months. Under the Simplified Reporting System, which Oregon adopted, states can certify households for 12 months, with a six month reporting period. Simplified Reporting regulations forbid a state to act on most voluntarily reported changes that would reduce a household's benefits.

However, some states have asked for, and received, waivers to let them act on all changes reported during this time. Oregon has not requested a waiver and therefore is only required to act on changes that would increase benefits. As a result, 98% of SNAP participants are not required to report changes during the certification period that could otherwise reduce benefits, such as an increase in income or assets.

Transitional Benefits

Under the TANF and SNAP programs, states can offer transitional benefits to help support families as they move off cash assistance. Under this option, which Oregon adopted, households otherwise not eligible for TANF because of earned income may continue to receive SNAP benefits at the same level for up to five months, during which time they are not subject to reporting requirements. Individuals may also be eligible for the Post-TANF program, which provides families a monthly grant of $50 for up to one year.

Medicaid Waiver

For the Medicaid program, States can apply for a waiver from the federal government that allows them to test new or existing approaches. For example, Oregon's waiver allows certain individuals to be certified for medical coverage for 12 months and retain that coverage during this period even if they become employed or receive other income or assets.

Assumed Eligibility

For the Medicaid program, States also have flexibility in how they administer programs for the aged, blind, and disabled. Oregon has chosen to become a SSI criteria state. As such, Oregonians are automatically eligible for Medicaid as long as they receive SSI. Furthermore, any change in income or assets reported by the individual does not affect their Medicaid coverage until SSI benefits are stopped.

Caseworkers Determine Eligibility

Applicants for Medicaid, SNAP, and TANF apply for benefits at the OHA statewide processing center, or one of the 71 DHS Self Sufficiency offices, 33 Aging and People with Disabilities offices, or 18 Area Agencies on Aging offices located around the state. Caseworkers in these offices evaluate applications to determine eligibility and ensure that the correct level of benefits is authorized. This can be challenging since eligibility rules and income tests for the three programs differ from one another. In addition, many of the policy options such as categorical eligibility affect whether certain income or assets are reviewed, or whether household changes are reported and considered.

Caseworkers are also expected to verify the accuracy and completeness of the personal information applicants provide. Federal regulations require that most applicants provide an SSN for Medicaid, SNAP, and TANF, which must be verified through the Social Security Administration. In most cases, an individual without a valid SSN is not eligible for benefits in any of the three programs. If an individual does not have an SSN, caseworkers are generally required to provide information to help them apply for one. Applicants for an SSN may temporarily receive benefits.

In addition to establishing initial program eligibility, caseworkers have a responsibility to ensure recipients remain eligible. Each program requires periodic eligibility determinations. In addition, certain events, such as a recipient's death or incarceration, should be reported to the caseworker.

Office of Payment Accuracy and Recovery

The Office of Payment Accuracy and Recovery (OPAR) is a DHS and OHA shared service with the mission of ensuring client and provider payment accuracy through identification, investigation, and recovery of improper payments. The OPAR Data Match Unit performs procedures to ensure ineligible individuals do not continue to receive benefits. These procedures occur after a caseworker has determined eligibility. The unit focuses on four situations that may disqualify someone from receiving benefits: death, incarceration, benefit claims in multiple states, and incorrect wage reporting.

The Medicaid Management Information System (MMIS) was designed to automatically start the recovery process for inappropriate payments made to Managed Care organizations after the date the case should have been closed. However, MMIS only recovers the previous six months of payments. Any payments made before the six month timeframe are identified by OPAR and handled manually by OHA staff. Additionally, all SNAP and TANF recipient overpayments are handled manually. For these programs, the reason for closure and the composition of the group receiving benefits are key factors in determining whether an overpayment occurred and how it will be recovered.

OPAR handles most recovery efforts through its Overpayment Recovery Unit. In some situations OPAR cannot close a case and the case is referred back to the caseworker for investigation and processing. If the caseworker determines an overpayment occurred, the caseworker closes the case and refers it back to the OPAR for recovery.

Audit Results

To identify potentially ineligible recipients, we compared Medicaid, SNAP, and TANF participant data to other data sets. We found matches to deceased and incarcerated individuals. The case information we reviewed for these individuals indicated improper payments were made. The Medicaid payments went to providers and managed care organizations, while the SNAP and TANF payments went directly to individuals.

We also found matches to lottery winners, PERS retirees, and DHS and OHA employees. We reviewed case files for recipients with the largest cash payments, thinking they would likely be ineligible for public assistance. However, we learned that most were eligible because of Oregon's decisions about client eligibility and reporting requirements.

We also found misunderstanding and disagreement in both the central and field offices about the verification steps occurring in field offices, as well as federal verification requirements. While caseworkers indicated their awareness and concerns about fraudulent applicants, we also observed a need for better information, training, resources, and tools to identify ineligible applicants and detect keying errors and improper payments.

Federal law prohibited us from using SSNs for living individuals and limited our access to income information reported to the Oregon Employment Department and the Oregon Department of Revenue. Consequently, the questionable payments we identified are likely understated in comparison to what we would have found if we had access to additional data sources.

Payments for Individuals Reported as Dead

Because government benefit programs are vulnerable to improper payments made to or on behalf of individuals reported as dead, procedures are needed to identify deceased beneficiaries in a timely manner. This includes comparisons to the SSA Death Master File and SSN validations to help identify recipients who have died or individuals who may be obtaining benefits using the SSNs of deceased persons.

We matched Medicaid, SNAP, and TANF data to the SSA Death Master File. This file, which is updated weekly, contains the SSN, name, date of birth, and date of death for over 85 million people. Although SSA indicates the Death Master File may not be 100% complete or accurate, in testimony before Congress in 2012, their Office of Inspector General reported that 99% of the approximate 1.3 million annual entries made to the Death Master File are accurate. Furthermore, for the SNAP program, matching recipients to the Death Master File is a federal requirement.

For Medicaid, SNAP, and TANF combined, we identified about 1,000 individuals whose SSN matched a death record SSN and were listed as receiving public assistance benefits. The percentage of reportedly deceased individuals with payments to or on their behalf was about .01% of the recipient population for each program. Although this percentage is small, the state has access to data and tools that would help identify these individuals. Some of these payments began earlier than 2000, but DHS and OHA could only provide us with a complete record of payments back to that year.

Since Social Security death records are public information, it is possible for an individual to use a deceased person's SSN and assume that person's identity. In some cases we reviewed, both the name and SSN the recipient used matched a deceased individual, indicating potential identity theft. In other cases, only the deceased's social security number matched. For example, an individual who applied for benefits in 2007 using only a deceased person's SSN, was still using the invalid SSN to receive benefits in 2012. While instances such as these indicate potential identity theft, we also found SSNs matching a death record because of caseworker typing errors.

The largest questionable dollar amount was paid to Medicaid managed care organizations. Approximately $5.3 million in payments to managed care organizations were made on behalf of 586 reportedly deceased individuals. This total is for all Medicaid payments made after the date of death or January 2001, whichever was more recent, through April 2012. To learn more about the cause for the matches, we reviewed 29 Medicaid cases in more detail. We found 10 of the 29 cases had improper payments totaling about $76,200. In some cases, the deceased individual and the program recipient may have been the same person, but the death was not quickly identified and payments continued. For example, one Medicaid client died on May 4, 2007. However, payments totaling approximately $16,700 continued until 2011 when a caseworker discovered the death had occurred. The caseworker closed the case as of July 18, 2011, but because a date of death was never entered into the system, overpayments were never recovered. In other instances, the date of death was recorded correctly in the system, but not all payments were recouped. According to agency management, as part of their normal business process, an overpayment for 1 of the 10 cases has been recovered in the amount of $2,674.

Upon review of the remaining 19 Medicaid cases, we found 12 were the result of keying errors in which the incorrect SSN was typed into the system and subsequently matched a SSN belonging to a deceased individual. We also categorized 7 cases as questionable and turned the results over to OHA for further review. In four cases, OHA found incorrect SSN's were entered into the system. In two cases, OHA determined there was an error in SSA records. In the other case, OHA determined the client was deceased and payments issued were later recouped.

For SNAP, 543 individuals with a deceased person's SSN received benefits totaling about $1.5 million. This total includes all payments made after the date of death or January 2000, whichever was more recent, through March

2012. We reviewed 30 cases in more detail and found 7 of the 30 SNAP cases had improper payments totaling $13,760. In one case, an individual used an invalid SSN to obtain benefits for five years. In another case, an individual had an incorrect SSN entered into the system that DHS corrected after we brought it to their attention. However, upon further review we found the individual was claiming children in the household who had since moved to another state. Because the client fell under the Simplified Reporting System, she was not required to report the change when it first occurred. As a result, the overpayment did not begin until 4 months later when the client reached the end of the certification period. After reviewing the seven cases, DHS management agreed that payments for four were improper. For the remaining three, they agreed that although payments went out after the individual died, no overpayment occurred because the funds were deposited onto an EBT card and the card was never used.

Of the 23 remaining cases, we found 12 were questionable and turned them over to DHS for further review. Seven cases appeared to be non-citizens who used an invalid SSN to apply for benefits. DHS determined the non-citizen applicants were receiving benefits for other qualifying household members, and not themselves. Further, the agency found that one non-citizen did not report earned income, which resulted in an overpayment totaling $4,412. In three cases, DHS re-verified the SSN and found it to be valid. In one case, payments were deposited onto an EBT card, however the card was never used. In one case DHS found the surviving spouse did not report the death of her husband as they were in the Simplified Reporting System and not required to report changes in household composition. As a result, payments went out after the date of death. In the remaining 11 cases, we found keying errors, which were confirmed by DHS.

For the TANF program, computer system coding issues limited our data matching efforts. Despite this limitation, we identified 41 individuals who matched a death record and had payments made after the date of death or January 2000, whichever was more recent, through March 2012. We turned over our data match results to DHS for further review. Upon review of the 41, DHS staff identified four cases with improper payments totaling $6,446. In one case, the client was using an invalid SSN and did not report income correctly. In three cases, individuals were undocumented non-citizens applying for benefits for themselves and used an SSN belonging to a deceased individual. The matches for the remaining 37cases were due to not coding an individual as deceased timely, keying errors, or instances in which ineligible non-citizens used a deceased individual's SSN. Since none of the ineligible individuals were included in the benefit groups, however, no additional overpayments were found.

Additionally, we matched data for clients receiving in-home care to SSA death records. This match was also limited by the coding issues mentioned above. However, we identified 34 individuals whose SSNs matched an SSA death record. These 34 matches were turned over to DHS for further review. According to DHS management, all matches resulted from caseworker keying errors or occurred because new cases were not opened for surviving spouses. DHS management reported all corrections have been made and eligibility was re-determined. No overpayments were identified.

Since SSNs are the basis for verifying employment related income and other eligibility information, it is important that they be accurate. Although DHS staff did not identify improper payments in these cases the use of invalid SSNs, use of invalid SSNs increases the potential for overpayments to occur.

Payments to Incarcerated Individuals

Individuals incarcerated in a correctional institution are not eligible for Medicaid, SNAP, or TANF benefits. We matched information on Oregon Department of Corrections inmates incarcerated between July 2010 and June 2012 to Medicaid, SNAP, and TANF records. For the Medicaid program, we found 163 inmates received coverage totaling about $296,900 in payments to managed care organizations, from their date of incarceration through June 2012. We reviewed 16 individuals in more detail and found while some cases had been identified by the OPAR data match team, many were not caught and remained open. For example, one individual was incarcerated from November 2011 through June 2012, during which time 51 Medicaid payments were paid on his behalf totaling over $16,000. Upon review of the 16 cases, OHA management found errors in 14, including the example above, and was reviewing the remaining 147 to determine the extent of improper payments.

For SNAP, we found 219 inmates incarcerated for at least 30 days received improper payments totaling about $101,411 through March 2012. Of the 219 we identified, sixteen inmates received five or more payments totaling about $20,600. Additionally, one inmate, who did not receive SNAP benefits himself, was counted as a household member in a benefit group receiving payments. Since the incarcerated individual was counted, benefits paid totaled about $6,300 instead of the estimated allowable amount of $4,400. The incorrect payments were continuing to this benefit group as of June 2012. We discovered this individual through our case file review. Since our match was between incarcerated individuals and heads of household, any incarcerated individual appearing only in the benefit group would not be identified. Thus, there could be more incarcerated individuals in other benefit groups that we did not identify.

Among the TANF matches, we found two inmates received benefit payments while incarcerated, totaling approximately $4,400 through March 2012. According to DHS management, they discovered one individual was incarcerated, but did not promptly act on the information. The OPAR data match team stopped the inappropriate payments for the other inmate approximately five months after he entered prison.

Payments to Lottery Winners

Public assistance benefits are intended to help low-income families meet critical needs while they work towards becoming self-supporting. While some lottery winnings are substantial and would reduce the need for public assistance, they are not considered income under various eligibility and reporting methods. For example, under rules for Oregon's Medicaid waiver, individuals are not required to report income and asset changes for up to 12 months after the initial eligibility determination. Similarly, SNAP recipients who are determined to be categorically eligible, or qualify for simplified reporting, would not need to report the winnings.

We matched individuals with more than $5,000 in Oregon Lottery winnings from July 2010 to June 2012 to recipients of Medicaid, SNAP, and TANF benefits. For the Medicaid program, we found 112 individuals received coverage after their lottery claim date. Figure 6 shows the breakdown of the 112 individuals and their winnings:

Figure 6: Lottery and Medicaid Matches

Total Lottery Winnings	Count
>$200,000	2
80,000-199,999	0
60,000-79,999	1
40,000-59,999	3
20,000-39,999	12
10,000-19,999	41
>$5,000-9,999	53
Total	112

Of the 112, nine won $30,000 or more and received Medicaid benefits totaling about $79,300. We reviewed the case files for these nine individuals. We questioned the payments for all nine and turned them over to OHA. One of the nine won three times, collected over $200,000, and continued to receive Medicaid coverage costing about $43,300 through June 2012. According to OHA management, this individual did have improper payments totaling $43,300, but the determination was unrelated to their lottery winnings. OHA reviewed the remaining eight cases. One individual was required to report the winnings and did, after which his benefits were terminated. Four individuals were not required to report the winnings because they were receiving Medicaid benefits for which assets such as lottery winnings are not considered during the 12-month period following eligibility determination.

The remaining three individuals were required to report the lottery winnings, but according to OHA management, if they spent the winnings down below the asset limit in the month of receipt, they would still be eligible. OHA would need to conduct further research to determine if the $10,833 in payments were improper.

OHA staff reviewed the remaining 103 cases and, according to OHA management, found 20 individuals that were required to report their winnings. These 20 received payments totaling $90,264 in Medicaid disability and TANF related medical benefits. For these individuals, if the lottery winnings were spent below the asset limit in the month of receipt, the individuals would still be eligible.

For SNAP, we found 251 individuals continued to receive benefits after winning the lottery. Figure 7 shows the breakdown of the 251 individuals and their winnings:

Figure 7: Lottery and SNAP Matches

Total Lottery Winnings	Count
>$900,000	1
200,000-899,999	0
80,000-199,999	5
60,000-79,999	4
40,000-59,999	7
20,000-39,999	30
10,000-19,999	88
>$5,000-9,999	116
Total	251

Of these, 20 individuals continued to receive benefits after winning $30,000 or more. These individuals received SNAP benefits totaling $49,502. One person continued receiving benefits after winning more than $900,000. Another won twice, and had combined winnings totaling about $150,000. According to DHS management, all 20 individuals who received $30,000 or more were categorically eligible and therefore not required to report their winnings. This is because any lump sum payments, including lottery winnings, are considered assets, which are not considered under categorical eligibility rules.

For TANF, we found eight individuals received benefit payments totaling approximately $13,300 after winning the lottery. Their winnings ranged from $8,000 to $75,000. We reviewed case files for all eight and questioned benefit payments totaling about $9,700 to three individuals who won $8,000, $10,000 and $22,000 respectively. According to DHS management, the individual who won $8,000 was determined by his caseworker to be making progress on his case plan. As such, the allowable asset limit increased from $2,500 to $10,000, and therefore, the lottery winnings did not need to be disclosed. DHS explained the $10,000 winner won prior to applying for TANF and therefore might have been eligible for TANF if she spent her winnings before applying. DHS management also explained the individual who won $22,000 was receiving Post-TANF benefits at the time, which are provided to former TANF recipients who are transitioning off of TANF. In these cases, assets are not required to be reported and therefore, the lottery winning would not affect eligibility.

Payments Made to Individuals Receiving Retirement Benefits

We matched PERS payments from July 2010 to June 2012 to Medicaid, SNAP, and TANF recipients. For the Medicaid program, we found 1,309 individuals received Medicaid coverage after receiving lump-sum or monthly retirement payments. Figure 8 shows the breakdown of total PERS benefits received during Fiscal Years 2011 and 2012 for the 1,309 individuals.

Figure 8: PERS and Medicaid Matches

FY 11-12 Total PERS Income	Count
>$400,000	1
200,000-399,999	0
100,000-199,999	8
90,000-99,999	4
70,000-89,999	16
50,000-69,999	42
30,001-49,999	93
<$30,000	1,145
Total	1,309

We reviewed the ten cases with the highest PERS totals and questioned Medicaid benefit payments for eight individuals totaling approximately $78,000. This included one individual who continued receiving Medicaid coverage for at least 16 months after receiving more than $400,000 in a PERS lump sum payment. All ten cases were referred to OHA for further review. According to OHA management, all but one individual was eligible for Medicaid because they were assumed eligible or qualified for other reasons. For example, the individual who received over $400,000, as well as three others, were assumed eligible because they received SSI income. Since they received SSI income, they automatically qualified for Medicaid even if the PERS payments would have disqualified them from SSI. The individual who received over $400,000 also received SNAP benefits because of their categorical eligibility due to SSI. Unless the Social Security Administration stopped the SSI benefit, Medicaid and SNAP benefits would continue. Thus, we brought to OHA and DHS management's attention the need to notify SSA in circumstances such as these. However, SNAP program staff reported to us they do not have a requirement or responsibility to report to SSA, and thought they were actually prohibited from doing so. DHS management subsequently reviewed this issue further, and learned they could disclose this information to SSA.

As another example of how individuals could have lump sum payments and still qualify for Medicaid, two individuals set up income cap trusts where they deposited the lump sum payments. Cash and assets placed in these trusts are not considered for Medicaid eligibility.

For SNAP, we found 1,034 individuals obtained benefits after receiving lump-sum or monthly retirement payments. Figure 9 shows the breakdown of total PERS benefits received during fiscal years 2011 and 2012 for the 1,034 individuals. We focused our review on ten individuals who received the highest retirement payments. While we found one individual was denied benefits after reporting the retirement payments, we questioned $25,000 in SNAP payments made to the remaining nine.

Figure 9: PERS and SNAP Matches

FY 11-12 Total PERS Income	Count
>$400,000	1
200,000-399,999	0
100,000-199,999	6
90,000-99,999	3
70,000-89,999	12
50,000-69,999	14
30,001-49,999	60
<$30,000	938
Total	1,034

According to DHS management, they reviewed the nine cases we questioned and determined that all nine individuals were categorically eligible and therefore a lump sum payment would not be considered during eligibility determinations. Further, since all nine were also in the Simplified Reporting System, they may not have been required to report their monthly retirement income payments. Using match information we provided, OPAR reviewed the remaining 1,024 cases and identified 124 individuals with possible overpayments totaling about $219,000. However, OPAR officials noted additional work was needed to determine actual overpayment amounts. They also told us 881 individuals were categorically eligible and either reported the income, or were not required to report the income and therefore had no overpayments. They further determined the remaining 19 individuals were eligible and had not received overpayments.

We also found 30 individuals with a lump sum or monthly retirement payment who received TANF assistance. We selected the ten highest PERS payments for further review and found all but one appeared to meet eligibility requirements. In these cases, payments went to relatives who applied for benefits on behalf of the children they cared for. In the remaining case, the individual had monthly retirement payments in excess of $1,400 that were not reported to the caseworker. Since these PERS payments would have made the individual ineligible, we found improper TANF payments totaling $6,300.

Using the match information we provided, OPAR also reviewed the 20 TANF cases we did not select and found that three had possible or known overpayments totaling about $19,000. Of the remaining 17 cases, two were under the income limit and one individual reported the payment and the case was closed. Fourteen qualified for benefits because they applied for children they were caring for or because they were an SSI recipient, for which assets are not counted.

Payments Involving DHS and OHA Employees

We matched DHS and OHA employees who received income during fiscal year 2012 to records of Medicaid, SNAP, and TANF beneficiaries. For all three programs, we identified DHS or OHA employees who received benefits.

For the Medicaid program, we identified 43 employees who earned $30,000 or more. We reviewed case information for 9 of these employees and questioned some of the payments made. We provided our data matches, including the 9 we reviewed, to DHS and OHA management. After reviewing the 43 cases, OHA management found 34 were eligible because they were either temporary employees who were not covered by employer provided insurance, or they were enrolled in programs that allowed employer provided insurance. For example, five employees were receiving disability-related benefits from a program which allows disabled individuals to work and receive benefits. However, management also told us eighteen of the 34 had payment errors because their employer sponsored insurance was either not coded timely, or at all, into the Medicaid Management Information System. Although these employees were still eligible for Medicaid, their employer sponsored insurance should have been the primary insurance billed with the remainder paid by Medicaid.

OHA management also reported nine of the 43 employees were ineligible for benefits for at least a portion of the time period we questioned, resulting in Medicaid overpayments totaling $38,352. Of the nine, two would have still been eligible for Medicaid, but because of caseworker errors, they received benefits for periods longer than appropriate. The remaining seven employees were ineligible for benefits once they became employed. However, in some cases individuals did not report their employment and in other cases the reported information was not handled appropriately resulting in continued benefit payments.

For SNAP, we identified 586 individuals employed by DHS or OHA during fiscal year 2012 who received benefits. We reviewed ten with the highest incomes and largest benefit amounts and found all were consistent with rules relating household composition or participation in other assistance programs. For example, TANF clients can continue receiving SNAP benefits as they transition off of public assistance, regardless of their income. We found one individual who earned about $5,000 per month and received over $300 per month in SNAP benefits. Because this individual had transitional benefits, according to DHS policy, he was eligible for SNAP benefits for 5 months at the same rate he received prior to returning to work.

For TANF, we reviewed ten of 57 cases for individuals who were employed by DHS or OHA during fiscal year 2012 and found all ten appeared appropriate. The cases for some were closed promptly when the individuals no longer met eligibility requirements. The others participated in a Post-TANF program that provides parents a monthly grant of $50 to assist in transitioning off TANF after gaining employment.

Eligibility Procedures Need Improvement

We found that DHS and OHA could improve application processes, as well as processes to ensure clients receiving benefits remain eligible. DHS and OHA could also better utilize available tools to help identify fraud. In addition, caseworkers need more training, guidance, and tools to help them meet the demands of higher caseloads.

In interviews with nine caseworkers at three field offices, some caseworkers expressed a general concern that more could be done to screen out ineligible recipients. One told us he was aware that some clients did not have valid SSNs and the process used to determine eligibility seemed to be based on the honor system. Some caseworkers we interviewed indicated that it was too easy to get benefits.

Caseworkers also told us their caseloads are so large that adequate oversight is essentially impossible. Caseworkers have approximately 150 to 500 cases depending on their level of responsibility and conduct up to 20 new intakes per week. Given this workload, process improvements are needed to help caseworkers complete initial eligibility determinations and redeterminations. One such improvement would be to provide caseworkers with timely reports of SSN match discrepancies, which would help them identify higher risk cases for further investigation.

Better initial SSN verification processes are needed

Federal law generally requires that each member of a benefit group have a SSN that can be used for data matching to ensure applicants are eligible for public assistance. The best way to prevent inappropriate payments is to identify potentially ineligible applicants when they first apply. Real-time verification of SSNs would alert caseworkers to situations in which applicants are using another individual's SSN.

We learned caseworkers could access SSA's real-time, online verification system that offers immediate results for an inquiry requesting verification of an applicant's SSN. About two years ago, a committee was formed to incorporate this SSA system into verification procedures at DHS and OHA. Because the committee has yet to complete the necessary requirements with SSA, this real-time verification system is not available to caseworkers. One SSA official asked us to encourage Oregon to finish the necessary steps so that caseworkers can begin using this system.

In lieu of real-time access, we found caseworkers were using a cumbersome verification process that limits their ability to timely detect invalid SSNs or SSNs that belong to someone other than the applicant. Further, we noted that caseworkers did not clearly understand the purpose, source, and significance of the specific computer screens they access during the eligibility determination process. In general, we found caseworkers also lacked a consistent understanding and knowledge of available resources, tools, and agency policies and procedures concerning client SSN verification.

For example, some employees apparently did not know which specific computer screens access SSA for SSN verification. Out of the nine caseworkers we interviewed, only two were able to readily identify the screen used to request SSN verification from SSA. Further, even when caseworkers use the correct screen, a response to the verification request can take up to two days and the system does not have an alert to notify caseworkers when verification results are available. Some caseworkers created their own reminder systems, but with increasing caseloads, finding time to follow-up on verification requests is challenging. As a result, a client's use of an invalid SSN and inappropriate payments could go undetected until at least the recertification date, which occurs months later. Better guidance and automated tools for caseworkers could help them effectively meet increasing demands.

Although federal regulations do not allow SNAP benefits to be delayed or denied pending SSN verification, benefit payments can be limited to the first 30 to 60 days under certain circumstances. When we asked caseworkers about these requirements, we received inconsistent answers. Some caseworkers told us they understood that although benefits cannot be delayed or denied for SSN verification, they were able to limit the certification to the first 30 to 60 days. Others, however, did not understand they had the ability to limit the certification pending verification of client information such as SSN. If certification is limited, benefits are automatically discontinued if eligibility requirements are not met within the specified period. If a full certification is granted, the system will not automatically discontinue benefits for lack of eligibility verification. Rather, the caseworkers must remember to follow-up.

Further, DHS does not perform initial verification for recipients on SSI who are deemed to be categorically eligible for food benefits. Instead, DHS relies upon SSA for verification. This does not appear to be an effective strategy for ensuring eligibility. For example, SSA only conducts eligibility redeterminations every one to six years. Additionally, audits conducted by the SSA Office of the Inspector General in 2009 and 2011 found a significant number of SSI applicants failed to report vehicle and real property assets that would have disqualified them for SSI. If individuals receive income or assets between redeterminations that would make them ineligible for SSI, they may also be ineligible for SNAP. However, DHS would consider them eligible as long as they still receive SSI.

Better methods needed to ensure continued client eligibility

In addition to the initial SSN verification processes that caseworkers perform, DHS/OHA personnel told us they upload client information to the SSA every two weeks. DHS receives a file back with SSN discrepancies, such as when an SSN entered does not match the name on record, or the SSN belongs to an individual who is deceased. Although federal regulations do not require this report, DHS officials developed this process to help identify discrepancies. However, when we asked about how the report was used, central office managers told us that field office personnel cannot easily access the reports and the report information is not useful or reliable.

OPAR performs other periodic data matches. In January 2012 OPAR's Data Match Team began focusing on four situations that disqualify or could disqualify a claimant from receiving benefits: the claimant's death, incarceration, claims in multiple states, and incorrect wage reporting. For example, the OHA State Plan, which describes how Oregon will administer the Medicaid program, contains a provision to draft data sharing agreements with bordering states in the future to ensure individuals do not receive benefits in multiple states. We also learned OPAR uses wage data from the Employment Department to identify potentially ineligible individuals based on income. OPAR also recently began receiving an annual report of 1099 income from the IRS, but the report only includes some 1099 income such as lottery and casino winnings, and excludes income such as self-employment.

Although OPAR performs computerized analyses to detect ineligible claimants, important national data is excluded from the matches. For example, we found the unit is not matching to the Social Security Administration Death Master File to verify that benefits were not issued to deceased individuals. Instead, the unit matches recipient data to Oregon's Vital Statistics data, which is limited to recent deaths occurring in Oregon. Thus, if a recipient died in a state other than Oregon, or if a recipient is using the SSN of an individual that died years ago, OPAR may not know. In addition, OPAR is not matching to the SSA Prisoner Verification system. Instead, OPAR staff matches only to Oregon Department of Corrections and county jail data. Thus, incarcerated individuals in other states who may be receiving benefits from Oregon are excluded.

Central office needs to provide caseworkers with better tools and clear guidance

The initial SSN verification process could be greatly improved by implementing SSA's real-time, on-line, verification system. In addition, central office management needs to provide caseworkers with clear guidance that complies with federal regulations and sufficient training on the guidance. Several employees we spoke to believe their training was insufficient, with a few describing it as learning from experience. One indicated that learning is difficult due to frequent changes in policies and processes.

We also found central office personnel were not always aware when guidance existed. For example, the mainframe system used for managing cases contains a multitude of screens that caseworkers are expected to navigate during an initial eligibility determination and for any follow-up thereafter. When we asked a SNAP manager at the central office if there was a reference guide for navigating the screens, we were told one did not exist. However, during our research, we found a document that contained the names of the screens, directions for navigating the screens, and instructions on the correct use of each screen.

At times, central office personnel were unclear about federal requirements. For example, a policy analyst told us DHS and OHA policy allows the use of pay stubs for SSN verification. When we referred the analyst to federal regulations requiring verification of the SSN through SSA directly, the analyst disagreed stating that the use of other documentary evidence was sufficient verification. In follow-up discussions, we noted that although regulations allow documentary evidence, such as a paystub, to initially confirm the SSN reported by the recipient, federal regulations stipulate the agency must verify the SSN validity through submission to SSA.

We also learned caseworkers are trained that if a client is already listed in the mainframe system, they are to assume the SSN is verified and no further verification is necessary. However, our audit results revealed that the SSNs showing in the mainframe system are not always valid for multiple reasons, including typing errors and possible identity theft. As a result, benefit payments to individuals using an invalid SSN are left undetected.

We asked a branch manager if there was a reference guide that highlighted the processes caseworkers are required to complete at intake, such as collecting and verifying SSNs. The manager told us that one did not exist, but thought such guidance would be very helpful for caseworkers.

Other States Apply More Rigorous Eligibility and Reporting Options

We found Oregon's eligibility criteria place it among the least restrictive states in the nation for SNAP. In addition, Oregon has chosen to implement optional eligibility criteria and reporting methods for SNAP, Medicaid, and TANF that allow many individuals to be eligible for one or more of the three programs and remain eligible despite financial and other changes in circumstances such as winning the lottery, receiving lump sum retirement payouts, or having a change in household members that could affect eligibility.

For the SNAP program, we reviewed how Broad-based Categorical Eligibility and the Simplified Reporting System are implemented across all 50 States (see figure 10). We found Oregon was one of six states to implement Broad-based Categorical Eligibility using a percentage of the federal poverty level higher than 130% while also opting to review only some changes in income. In Oregon, those with incomes below 185% of the federal poverty level are eligible for SNAP. Although there are many states that have chosen a percentage higher than 130%, the other states have opted to act on all changes. This means the individual is required to report all changes to income and other circumstances affecting eligibility, such as household composition, so that the state can re-determine eligibility and revise benefit amounts, if necessary. In contrast, in Oregon, once an individual is determined categorically eligible, cash payments such as lottery winnings and lump sum retirement payments are considered assets rather than income, and do not have to be reported.

Oregon has also implemented the Simplified Reporting System in such a way that individuals are only required to report changes in income when their household income exceeds 130% of the Federal Poverty Limit. If the household was over 130% when they qualified for benefits, which could occur when an individual is found to be categorically eligible, there is no requirement to report changes. Other changes, such as changes in household composition, employment status, or assets, do not need to be reported.

The following chart compares Oregon's options for categorical eligibility and the Simplified Reporting System to other states.

Figure 10: Oregon's options for Categorical Eligibility and Simplified Reporting System compared to other states

	Broad-based Categorical Eligibility (BBCE)		SNAP Simplified Reporting System	
State	Sets asset limit	Income Limit % of Federal Poverty Level	Act on all changes	Act on some changes
Oregon		**185%**		✓
Michigan	✓	200%		✓
Tennessee	*BBCE Not Offered*		✓	
Maine		185%	✓	
Kentucky		130%	✓	
Mississippi		130%	✓	
Alabama		130%		✓
Louisiana		130%		✓
West Virginia		130%	✓	
New Mexico		165%		✓
South Carolina		130%		✓
Arkansas	*BBCE Not Offered*		✓	
New York		130%		✓
Ohio		130%	✓	
Georgia		130%		✓
North Carolina		200%		✓
Rhode Island		185%	✓	
Washington		200%	✓	
District of Columbia		200%	✓	
Oklahoma		130%		✓
Florida		200%		✓
Missouri	*BBCE Not Offered*			✓
Arizona		200%	✓	
Vermont		185%	✓	
Texas	✓	165%	✓	
Idaho	✓	130%		✓
Pennsylvania	✓	160%	✓	
Wisconsin		200%	✓	
Indiana	*BBCE Not Offered*		✓	
Illinois		130%	✓	
Massachusetts		130%		✓
Delaware		200%	✓	
Connecticut		185%	✓	
Montana		200%	✓	
Hawaii		200%		✓
Iowa		160%	✓	
Nevada		200%	✓	
South Dakota	*BBCE Not Offered*			✓
Alaska	*BBCE Not Offered*		✓	
Maryland		200%	✓	
Utah	*BBCE Not Offered*		✓	
Kansas	*BBCE Not Offered*		✓	
Virginia	*BBCE Not Offered*		✓	
Nebraska	✓	200%	✓	
North Dakota		200%		✓
Minnesota		165%	✓	
California		130%	*SRS Not Offered*	
Colorado		130%		✓
New Hampshire		185%	✓	
New Jersey		185%	✓	
Wyoming	*BBCE Not Offered*		✓	

Grey highlighting indicates a state acts on some changes in the Simplified Reporting System and has an income limit greater than 130% of the Federal Poverty Level.

Selling Oregon Trail Cards for Cash Could Remain Undetected

In Oregon, SNAP recipients are provided a debit card, called the Oregon Trail card, or more commonly referred to as the EBT card, to access their benefits at certain establishments, such as grocery stores. During our interviews with staff at various levels, we were told some recipients sell their cards for less than their value to obtain cash to buy disallowed items. Recipients provide their personal identification number to buyers who then spend down the card. After waiting a few days, recipients report the card as lost or stolen, at which point DHS deactivates the card and issues a new one to the recipient.

We analyzed data regarding the number of Oregon Trail cards issued to individuals from 2009-2012. DHS staff explained that debit cards are intended to last at least two years. However, we identified approximately 37,300 individuals who received five or more cards during a three-year period. Some individuals received as many as 25 to 30 cards. With a monthly benefit amount of $200 for a single person, 100 cards could represent $20,000 in stolen benefits.

The issue of food stamp trafficking is a national problem. While legislation has been proposed to address this issue in the future, current federal regulations do not allow states to limit the number of debit cards issued to clients who frequently request replacement cards. However, we identified a practice used in North Carolina that could be implemented in the meantime to discourage multiple replacement card requests. From July 2011 to May 2012, North Carolina mailed 1,144 letters to households with four or more card replacements in a 12-month period. The letters were customized to each household and included the number of cards ordered, the timeframe for replacements, and a warning of possible investigation. After mailing the letters, only 121 of those households continued to report lost or stolen cards. According to DHS management, the agency recently began sending similar letters to persons with six or more replacement card requests in a 12-month period. In the future, DHS could follow-up to identify which households continue to have large numbers of replacement cards, and initiate investigations in those instances.

In addition, we were told DHS already conducts investigations of individuals who have requested multiple replacement cards. However, the investigators who do this work have not had access to reports that could help them identify suspect individuals.

Impediment to Audit Completion

Government Auditing Standards require that we report circumstances that interfere with the completion of our audits. In particular, we are required to report data limitations and constraints when our access to records is restricted.

Our audit methodology involved matching public assistance recipient records with the SSA Death Master File and other state data systems to identify potentially fraudulent or ineligible recipients for further analysis. We intended to use the SSA database that includes SSNs for both living and deceased individuals, but we learned that access to living individuals was prohibited by the 1974 Federal Privacy Act. This Act also limits the use of SSNs to the specific purposes described to the individual when the SSN was requested. Thus, for example, we could not use the SSNs of PERS recipients for matching purposes, since the retirees did not know their SSN information could be used for that purpose. Further, our access to federal wage data from the Oregon Employment Department and income tax records from the Oregon Department of Revenue was limited by provisions in the Federal Privacy Act and the Computer Matching Privacy Protection Act.

Because we could not use SSA's data on all living individuals, we do not know how many recipients may be using the SSN of another living individual. In addition, since we could not use the SSN for living individuals in our other data sets without the individuals' permission, we were required to change our data matching methodology. Instead, we matched on names and birth dates. As a result, our data matching efforts were more likely to produce false matches due to identical names and dates of birth. Also, individuals who may be using more than one name, or may have used variations of the same name, may have gone undetected during the matching process.

Without access to SSN information, state auditors are hampered in their ability to identify potential fraud and to protect citizens whose identities have been stolen. In response to these data limitations, the Secretary of State proposed legislation in 2013 to require state agencies to notify individuals who provide their SSN of its possible use for auditing purposes. In addition, the Audits Division will notify state and federal auditors of this limitation to encourage federal legislative change.

Recommendations

We recommend that DHS and OHA management work with the Legislature and Governor to:

- Consider changes to Oregon's public assistance eligibility and reporting options, balancing accessibility for the neediest with the most prudent use of public resources.
- Reconsider the state's Medicaid Waiver provision that exempts new income and assets from review during a 12 month medical certification.

We further recommend that DHS and OHA management:

- Take the necessary steps to gain access to the SSA's real-time, online SSN verification system and implement its use statewide.
- Require initial verification and continual monitoring procedures for categorically eligible recipients. Promptly notify SSA of any information that may disqualify an individual from receiving SSI benefits.
- Provide caseworkers with clear policies, procedures and guidance on eligibility verification processes that comply with federal regulations.
- Provide caseworkers with regular training on verification processes and provide them with appropriate guidance.
- Ensure program managers are provided adequate training on federal requirements for their programs.

We also recommend the DHS/OHA Office of Payment Accuracy and Recovery:

- Obtain access to and use the SSA Death Master File as the primary data source for matching to death records.
- Use the SSA Prisoner Verification System the agency has access to as part of its information exchange agreement with the SSA.
- Work with the Oregon State Lottery and other state agencies to obtain access to client information that can affect eligibility, such as unearned income through winnings, and retirement payments.
- Continue work to identify recipients with large numbers of reportedly lost or stolen cards and implement a process for follow-up and possible investigation.
- Review remaining matches and take necessary action to recover overpayments through collection efforts up to and including prosecution.

Objectives, Scope and Methodology

The objective of our audit was to conduct computer data matching that compared public assistance records for Medicaid, SNAP, and TANF against various other records to identify potentially fraudulent recipients and recommend ways to prevent improper payments.

To achieve our objective, we reviewed applicable laws and regulations, agency policy manuals and related guidance. We also reviewed public assistance programs in other states and audits conducted of them.

We interviewed personnel in the DHS and OHA central offices, personnel from three district field offices, and individuals from other states.

We utilized Medicaid benefit data we received from OHA for fiscal years 2011 and 2012. Additionally, we received data for individuals who were on the active master files for SNAP and TANF, as well as In-home care providers as of February 22, 2012.

We requested Medicaid, SNAP, and TANF payment information for our matches to determine if payments occurred after a date of death, incarceration date, lottery payout date, retirement payment date, or paycheck date. Payment information was available from January 2000 to March 2012. In some instances, we were able to identify more recent payments up through October 2012 by using DHS/OHA online systems. Additionally, some of the results reported by DHS/OHA may extend beyond the date ranges used by our office. We also received payment data from June 2001 to May 2012 for individuals who reportedly received in-home care after a date of death. Additionally, we received data on the number of EBT cards by individual from 2009-2012.

In addition to data requested from DHS, we also obtained the SSA Death Master File, which included deaths from 1936 through November 30, 2011; Oregon Department of Corrections inmate data from July 2010 to May 2012; Lottery Winners receiving $5,000 or more from July 2010 to June 2012; individuals receiving Public Employees Retirement benefit payments from July 2010 to June 2012; and Oregon State Payroll data from July 2011 to June 2012.

We assessed the data we obtained for reliability and sufficiency. We verified that we received all data we requested. We also evaluated the data for validity and reasonableness, and tested for duplicate and missing data. Furthermore, we compared a sample of data records to case files maintained by the agency to ensure the computer data was accurate. As a result of these procedures, we determined the data to be sufficiently reliable for our audit purposes.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Oregon Department of Human Services
Office of the Director
Oregon Health Authority
John A. Kitzhaber, MD, Governor
500 Summer St. NE
Salem, OR 97301

May 7, 2013

Gary Blackmer, Director
Oregon Audits Division
255 Capitol Street N.E., Suite 500
Salem, Oregon 97301

Re: Department of Human Services and Oregon Health Authority Response to the Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States

Dear Mr. Blackmer:

Thank you for the opportunity to respond to the draft audit entitled, Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States. The Department of Human Services (DHS) and Oregon Health Authority (OHA) have reviewed and are providing an Executive Summary, which responds to the issues addressed in this draft on an issue-by-issue basis.

Please feel free to contact Dave Lyda, Chief Audit Officer for DHS and OHA if you have any questions regarding this response.

Sincerely,

Jim Scherzinger
DHS Chief Operating Officer

Suzanne Hoffman
OHA Chief Operating Officer

cc: Erinn Kelley-Siel, DHS Director
Bruce Goldberg, M.D., OHA Director
Dave Lyda, DHS/OHA Chief Audit Officer

EXECUTIVE SUMMARY

PUBLIC ASSISTANCE:

IMPROVE ELIGIBILITY PROCEDURES AND CONSIDER APPROACHES OF OTHER STATES

This audit compared five data sets to records of people receiving benefits under three federal programs: Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).

These programs weave together to form Oregon's safety net. During the recent recession and over the past several years, the Legislature and two governors have made strategic policy choices designed to strengthen that net and keep families stable until they can get back on their feet.

The periods covered in the audit varied but most were for the fiscal years 2011 and 2012. Over those two years, the combined benefits administered were $11.7 billion. The three programs served 1.4 million Oregonians for those two years. The audit found inappropriate benefits totaling about $2.8 million, approximately 0.02 percent of the combined costs of the program over the two years.

For the purposes of this audit, the Secretary of State used five data sets to compare records of people receiving benefits under Medicaid, SNAP and TANF.

- Social Security death records;
- Oregon Lottery winners;
- State prisoners;
- PERS retirees; and
- DHS/OHA employees.

The audit found 5,018 record matches across the five categories. A matched record does not mean an incorrect benefit. DHS/OHA review determined that the information presented in the audit would not have changed the benefits for about 3,200 matches based on current law and policy. Another 600 of the death record matches found the person on the record and the actual benefit recipient were not the same person, and subsequent analysis would not have changed the benefits. Miscoding of the Social Security number (SSN) in the computer system was the most common reason for this occurrence.

In about 1,200 of the 5,018 matches, the people appear ineligible and may have received a benefit they should not have received. This is about 0.09 percent of the combined enrollment of the three programs.

The agencies continue to strive for the greatest accuracy. This audit pointed out a few areas where changes in policy or practice could enhance accuracy even further.

DHS and OHA are addressing issues of practice and training that led to the incorrect benefits being delivered. We either have implemented or will implement 10 of the Secretary of State's recommendations that will help improve accuracy. For example, planning for real-time online verification of Social Security numbers was under way before the audit began; it will be implemented July 1, 2013. Additionally, beginning in October 2013, Oregonians can apply for Medicaid through an online system that will verify income and eligibility immediately, reducing human error. We will also improve our processes to identify deceased or incarcerated individuals.

The audit also looks at policies developed by the Legislature and Governor's office to provide public services to Oregonians living in poverty and protect our most vulnerable citizens. Under statute and through policy, DHS and OHA have streamlined the eligibility processes and reduced unnecessary bureaucratic barriers that slow critical services to people in need and create waste and inefficiency in the system.

This has been a successful strategy as evidenced by how low-income Oregonians fared during the recent recession compared to other states.

Since 2008, the number of people receiving SNAP has increased by 68 percent. Despite the record-level caseloads, Oregon made process improvements that reduces the wait time for food benefits from more than one week to same day or next day service for most participants.

Since 2008, the number of people receiving Medicaid has increased by 42 percent and overall accuracy rates have held steady or improved.

During the recession, the children's uninsurance rate dropped from 12.3 percent to 7.2 percent, providing financial stability to the families of more than 100,000 children. From 2009-2011, Oregon was one of the top two states for reducing the number of children without coverage.

Also during the recession, SNAP was a key factor in holding the state's food insecurity rate steady.

Now that these policies are in place and have proven to be effective, it is time to close the large lump-sum loopholes in a way that allows Oregon to continue providing services to our state's most vulnerable people effectively and efficiently without letting people who can support themselves slip through.

For SNAP, DHS will apply for a waiver from the federal Food and Nutrition Services that will allow Oregon to consider substantial lottery winnings or retirement earnings as income, making households ineligible to receive SNAP food benefits until income eligibility requirements are met. The current draft of the Farm Bill under consideration by the U.S. House of Representatives contains a provision that ends SNAP benefits for people with substantial lottery or gambling wins.

For Medicaid, the implementation of elements of the Affordable Care Act (ACA) that take effect in January 2014 will make important changes to most programs without state action. Lump-sum income from sources such as taxable retirement benefits or winnings from lottery and gambling will be counted as income. Over-income persons would not qualify for most programs.

For those programs that are not affected by the ACA, OHA will submit a waiver request to CMS seeking exceptions in order to count lottery winnings, retirement accounts and other large sums as income, and to be reported to our program.

The tables below summarize the findings.

NUMBER OF MATCHES						
	Death	**Incarceration**	**Lottery**	**Employees**	**PERS***	**Total**
Same person, eligible for benefits						
Medicaid	6	2	88	16	1,226	1,338
SNAP	6		251	586	910	1,753
TANF	1		8	57	26	92
Total	13	2	347	659	2,162	3,183
Not same person, recipient eligible						
Medicaid	264					264
SNAP	275					275
TANF	36					36
In-home	34					34
Total	609					609
Incorrect benefits						
Medicaid	316	161	24	27	83	611
SNAP	262	219			124	605
TANF	4	2			4	10
Total	582	382	24	27	211	1,226
TOTALS	1,204	384	371	686	2,373	5,018

*PERS Medicaid totals are estimates based on a sample

AMOUNT OF BENEFITS In Thousands						
	Death	Incarceration	Lottery	Employees	PERS*	Total
Same person, eligible for benefits						
Medicaid	$103	-	$414	$15	$20,783	$21,315
SNAP	24		484	1,139	1,102	2,748
TANF	2		13	84	72	172
Total	128	-	912	1,238	21,957	24,236
Not same person, recipient eligible						
Medicaid	4,645					4,645
SNAP	1,327					1,327
TANF	278					278
In-home	1,251					1,251
Total	7,502					7,502
Incorrect benefits						
Medicaid	600	297	144	73	1,138	2,252
SNAP	151	101			219	472
TANF	6	4			25	35
Total	758	403	144	73	1,381	2,759
TOTALS	$8,388	$403	$1,056	$1,311	$23,339	$34,497

*PERS Medicaid totals are estimates based on a sample

ACCURACY OF ELIGIBILITY DETERMINATIONS

After generating the match results, the Secretary of State further examined a sample to determine the significance of the results. The auditors also shared the full set of matches with OHA and DHS. In areas where the Secretary of State found a potential inappropriate payment, we examined the matches to ascertain whether the new information would change the original eligibility determination. This section contains our preliminary results.

Eligible for benefits

The largest of the three match categories were clients where the new information would not have changed the benefits they received. Most had incomes that were below program eligibility standards. Some had lump-sum payments that did not affect their eligibility under federal and state policy. About 3,200 of the 5,018 matches fell into this category.

PERS

Most PERS retirees in the audit had a monthly income low enough to qualify for public assistance. Thus the match information did not change the benefits for an estimated 2,162 retirees.

> Medicaid: 87 percent of the matched PERS retirees receive a monthly check of less than $1,500 and 78 percent were below $1,000. For SNAP, 91 percent of the matched PERS retires receive less than $1,500 monthly, and 84 percent get less than $1,000.
>
> A small percentage of the matches received lump-sum payments. For Medicaid, 54 retirees received lump sums. Of those, 67 percent received a lump sum of $30,000 or less. Six percent - or three people - received more than $100,000.
>
> SNAP: 96 retirees received a lump-sum payout. Of these, 60 percent received a lump sum of less than $30,000; 5 percent (five people) received $100,000 or more.

Under current federal law and policy, lump-sum retirement benefits from any source are not generally categorized as income. We do not agree with this policy.

LOTTERY WINNERS

Of the matches identified in the audit, 347 remained eligible for public benefits after receiving lottery winnings.

Under current federal law and policy, large lottery winnings are not generally categorized as income. We do not agree with this policy.

EMPLOYEES

Based on a combination of the Secretary of State's sample and our own review, 16 DHS/OHA employees appropriately received Medicaid benefits because they met eligibility standards and, if they had state-paid insurance, Medicaid was the secondary payer. The Secretary of State did not find any inappropriate benefits in its sample taken from the 586 employees that received SNAP benefits and the 57 that received TANF.

DECEASED INDIVIDUALS

Our review determined that 13 people in the death records match received appropriate benefits. In most cases, the date of death was wrong in the Social Security Administration (SSA) file.

Incorrect match, recipient still eligible

In approximately 600 of the 5,018 cases we examined, the deceased person in the SSA file was not the same as the person receiving benefit and our review found the recipient to be eligible. The most common cause of incorrect matches was the incorrect entry of the individual's Social Security number in the program's computer system. Also, for determining eligibility, all income for a household must be proven, even for people not receiving benefits. Our analysis found some invalid Social Security numbers for household members that did not affect the eligibility of the beneficiary. In addition, sometimes there was a failure to open a new case for some surviving spouses who would be eligible on their own. Finally, in five cases, the Social Security number was wrong on the SSA death file. These errors are a concern for control reasons, but they did not result in inappropriate payments.

Incorrect benefits

About 1,200 matches had a known or possible inappropriate payment, representing $2.8 million in benefits over the two-year period.

In some of these cases it appears DHS and OHA had information available, but did not act on it correctly, or did not take the appropriate action in a timely manner. In other cases, system limitations did not allow for timely and appropriate recovery of incorrect payments. In others, the department was not aware of information that would or could have affected benefit levels or eligibility. If DHS or OHA determine any type of fraud was involved, there will be an investigation and potential prosecution.

For benefits to be issued accurately many processes need to occur correctly. Client information needs to be collected and entered into the eligibility systems correctly. New information has to be gathered from recipients and other sources and acted on as appropriate under the policies of the specific program. Often this information needs to be verified for accuracy before acting. Most programs require timely notice to clients before implementing actions that negatively affect client benefits. In addition, client eligibility and benefit payment systems need to allow the efficient identification and correction of errors when they occur.

DEATH RECORD MATCHES

For Medicaid, 316 of the ineligible matches occurred with clients who had passed away and payments continued to service providers, including capitated payments to managed care organizations.

For SNAP there were 262 matches for people who were deceased. DHS has cancelled the benefits of all people identified. To date, DHS has fully recovered the benefits in 157 of the cases. The remaining cases are under review.

INCARCERATED INDIVIDUALS

Persons who became incarcerated during the period they were receiving benefits accounted for 382 of the ineligible matches. With rare exceptions, incarcerated individuals are not eligible for benefits of any kind.

LOTTERY WINNERS

There were 24 Medicaid recipients who appeared to be given incorrect benefits after receiving lottery winnings, largely because they were in a program that requires reporting and has an asset test.

EMPLOYED PERSONS

There were 27 employed persons who received inappropriate Medicaid benefits because their income exceeded limits or they had another source of health care coverage that should have been primary.

PERS

Our analysis estimates that 211 PERS retirees appeared to receive an inappropriate benefit. We are working through PERS to determine if inappropriate benefits occurred and are taking appropriate action. The Medicaid portion is based on a sample; the margin of error is plus or minus three retirees.

POLICY

As noted earlier, about 3,200 of the matches were with lottery winners, PERS retirees, and employee data sets. Our review determined that the information presented in the audit would not have changed recipient benefits.

This section briefly describes the history and eligibility requirements of the major programs where recipients still met the eligibility requirements. The requirements have been developed over many years and are a combination of federal laws and rules, state law, legislative budget decisions, and DHS/OHA rules. Federal and state legislation, especially in Medicaid, has and is still changing the requirements that existed at the time of this audit.

MEDICAID

From its inception, the Oregon Health Plan's (OHP) primary policy objective has been to make Medicaid available to as many eligible people living in poverty as possible. This goal was reinforced with the passage of HB 2116 in 2009, to create the Healthy Kids program and open coverage to more children. Since then, uninsurance rates for children have been dramatically reduced; many of those children obtained health insurance through the OHP.

HB 2116 reduced barriers to enrollment and improved retention of people on OHP. The Healthy Kids statute mandated a simplified and streamlined eligibility and redetermination process, and a 12-month rather than six-month eligibility period.

By implementing these changes and increasing enrollment, Oregon has received more than $60 million dollars in federal Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus dollars over the past three years.

The audit noted that some individuals are working or have higher assets/resources and are still on the OHP. This is correct. The state has made Medicaid available in some circumstances to some people even though they may have higher income levels than traditional Medicaid. These benefits mostly go to Oregonians with disabilities.

For example, loss of Medicaid coverage (including personal attendant services) has been identified as a major barrier for people with disabilities who want to work. Oregon made a policy choice to support individuals with disabilities in a way that would allow them to participate in the work force while maintaining their Medicaid coverage

Oregon's policy also allows the continuation of Medicaid for people for up to 12 months through the federal TANF transitional benefits. This covers individuals who become employed as part of their TANF case plan and allows a continued safety net for those families as they seek to become self-sufficient.

The audit also noted assumed Medicaid eligibility for Supplemental Security Income (SSI) clients. Oregon is a "SSI Criteria" state, which means that Oregon determines eligibility for Medicaid based on SSI criteria and Medicaid rules.

Under our current agreement with the federal government, as long as a client is receiving SSI, OHA may not stop their Medicaid benefit until the Social Security Administration discontinues the SSI benefit. At this time, income such as lottery winnings are considered lump-sum earnings, and according to federal policy, cannot be used to discontinue SSI benefits. Oregon could choose to no longer be a SSI Criteria State and instead become a 1634 state, which would put the eligibility determination decisions directly with SSA. There are a number of states that have done this, but they have been recently negatively affected when the SSA retroactively awarded benefits to individuals.

Another example of lump-sum earnings were from PERS retirees. While there were many who met the eligibility criteria because of their low incomes, there were some with sizable PERS earnings who deposited the funds into an income-cap trust. Given Oregon's policy choice to provide coverage for individuals up to 300 percent of SSI (225 percent of federal poverty level) for Medicaid long-term care supports and services as well as medical assistance, Oregon must allow income-cap trusts which then exempts it from being counted as income. While the state could choose not to cover individuals with incomes that high for long-term care supports and services, that would reduce the number of people who would be eligible for services by 85 percent. Up to this point, Oregon has chosen the balance of providing long-term care services to a broader group of individuals despite the fact that there are individuals with more resources/income available to them. As with lottery winnings, we will petition the federal government for flexibility in considering income-cap trusts as well as other "lump-sum" income.

Finally, the implementation of the Affordable Care Act (ACA) will make a number of significant changes to how income is counted for many of the Medicaid eligibility groups. The ACA changes were done in order to standardize and simplify very complex and variable eligibility and income standards that exist today. With the ACA, for most Medicaid groups, income will be counted using Modified Adjusted Gross Income (MAGI). Thus, with the implementation of the ACA, lump-sum income from sources such as taxable retirement benefits or winnings from lottery and gambling will be counted as income. If the person is over income, they would not qualify for Medicaid. However, the federal rules still won't require the immediate reporting of unearned income instead of reporting a change, such as lottery winnings, when the person comes up for redetermination. Under current federal law, lump-sum earnings deposited in an income-cap trust can't be counted as income for the Medicaid eligibility groups that are not subject to the MAGI income rules as noted above. We will submit a waiver to CMS to request exceptions be granted to be able to count winnings from lottery and gambling as income, and to be able to report unearned income to Medicaid.

SNAP

SNAP is a federal program and is the largest nutrition program administered by the U.S. Department of Agriculture. The program is designed to alleviate hunger and increase the ability of low-income families to purchase food. The federal government pays 100 percent of the program costs and half of the administrative costs.

To encourage participation, the federal government gives awards to states achieving high participation rates and penalizes states with high error rates. To facilitate program participation, the federal government allows states to adopt policies that facilitate program access. The two major policy options are broad-based categorical eligibility and a simplified reporting system.

Oregon adopted broad-based categorical eligibility in 2000 and simplified reporting in 2002. Prior to these changes, Oregon was ranked by the U.S. Department of Agriculture as the hungriest state in the country (1999), had a 66 percent participation rate (1999) and paid $467,000 in error-rate penalties (2002). These changes were part of a much broader effort to improve outreach and streamline the administration of SNAP. The effort included the establishment of the Oregon Hunger Task Force in 2001 (Oregon Statute 458.532). Oregon now has a 92 percent participation rate (2010), has paid no additional error-rate penalties, and has received $16.4 million in performance awards for improving participation, accuracy and timeliness (2006-2010).

Broad-based categorical eligibility

Oregon set its broad-based categorical eligibility at 185 percent of the federal poverty level with no asset test. Categorically eligible households still must meet all other non-financial eligibility factors to receive SNAP benefits. Almost all SNAP recipients are categorically eligible (97 percent). Even clients determined ineligible for SSI and TANF may still be categorically eligible for SNAP if their income is below 185 percent of the federal poverty level.

Regular SNAP is limited to households with incomes below 130 percent of the federal poverty level and assets below $2,000 (in some cases, $3,250).

Based on federal guidelines, lump sums generally are not considered income for SNAP. Lump sums become a resource that may be considered if the household is subject to an asset test. Because broad-based categorical eligibility has no asset test, lottery winners and lump-sum retirees may still be eligible for SNAP benefits if their income remains low. This is currently a national issue. Congress is seeking a solution that would permit action targeted to these relatively few situations without requiring states to dramatically overhaul their systems.

Oregon will be engaging with its Congressional delegation to explore options for exempting substantial lump sums from the federal guidelines for SNAP eligibility.

Simplified reporting system

Without simplified reporting, households must report all changes in composition, income and resources that may affect eligibility within 10 days of the change.

States using the simplified reporting option use a system that requires households to complete an interim change report at the six-month mark in each one-year eligibility period. It also requires households to report when income goes over 130 percent of the federal poverty level.

If the state finds out from another source that an eligibility-changing event occurred (e.g., through a match), it must verify the information, notify the household, and take action to change or end the benefits.

Almost all SNAP households are under simplified reporting (98 percent). If Oregon eliminated simplified reporting, more than 400,000 households would have to report all changes and case workers would have to examine each report to re-determine benefits. Without a change to broad-based categorical eligibility, the elimination of simplified reporting would not affect the reporting requirements for lottery winners or lump-sum retirees. Oregon will explore options for its simplified reporting system.

TANF

TANF is a federal program offering cash assistance, family stability and employment services to the poorest Oregonians to help them become self-supporting. Records matches showed the appropriate receipt of benefits under a few specific TANF programs designed to support poor children and families transitioning to work. Almost all matches were in two programs:

- Non-needy caretaker relative grant**:** This grant makes a payment for a child placed with a relative, non-parent caregiver when the parent is absent and the household income is less than 185 percent of the federal poverty level. These matches were largely retirees who receive assistance to care for needy children that are relatives. The alternative is to place a child with a foster parent, which is far more expensive.

- Post-TANF: This program paid $50 per month for 12 months when a parent became employed and the family was transitioning out of the TANF program. The intent of the program was to help newly employed families with the initial costs of starting a new job to increase their likelihood of retaining their job. This program was suspended in May 2012 due to state budget reductions.

RECOMMENDATIONS

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

DHS and OHA are improving public assistance eligibility systems to improve accuracy and reduce administrative costs. DHS and OHA are committed to working with the Legislature, the federal government, and our partners to adjust policies to help the neediest Oregonians in ways that are productive, minimize administrative cost and avoid using resources where they are not needed. DHS and OHA support Congressional efforts to end SNAP benefits for substantial lottery and gambling winnings and, where necessary, will apply for waivers that will allow us to count large lump sums from any source as income.

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

This would not address the issues raised of people receiving large lottery and retirement payments but remaining eligible for benefits. Additionally, as noted earlier, for most Medicaid programs, the ACA remedies the lump-sum loophole. For other programs, OHA will request a federal waiver.

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

The project to access the SSA real time system began well before the audit. It is now going through its federal review. The estimated implementation date is July 1, 2013.

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

DHS will work with SSA to determine the best method of reporting information that may affect eligibility for SSI, including ensuring that it is accepted. Current reporting is inconsistent across the state in part because local SSA offices vary in their desire to receive the information.

Provide caseworkers with clear policies, procedures and guidance on eligibility verification processes that comply with federal regulations.
Provide caseworkers with regular training on verification processes and provide them with appropriate guidance.
Ensure program managers are provided adequate training on federal requirements for their programs.

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

In the long run, current efforts to improve technology support systems and to work with the Legislature and federal government to rationalize eligibility determinations across programs will be far more productive. Current systems require caseworkers to perform convoluted tasks that increase costs and invite error.

We further recommend the DHS/OHA Office of Payment, Accuracy and Recovery (OPAR): Obtain access to and use the SSA Death Master File as the primary data source for matching to death records.

OPAR agrees to optimize use SSA Death Master File. OPAR uses Oregon's Vital Records data as its primary data source. Although the U.S. Office of Inspector General (OIG) indicated that at most 1 percent of the people in the SSA file were actually alive, the dates of death are not 99 percent accurate. We found 20 errors in the matches in this audit, an error rate of more than three percent. We, like the SSA itself, are required to verify any record in the SSA file before removing benefits, which we do through Vital Records data. The SSA file gives us access to out-of-state deaths and thus has value as a second source of information.

Use the SSA Prisoner Verification System the agency has access to as part of its information exchange agreement with the SSA.

DHS and OHA agree. OPAR's Data Match Unit has an aggressive process that has increased cost avoidance across all matches and programs from $300,000 per month in early 2010 to $1.1 million per month today. The unit will determine how best to incorporate the SSA Prisoner Verification System information into our current incarceration matching process.

Work with Oregon State Lottery and other state agencies to obtain access to client information that can affect eligibility, such as earned income through winnings and retirement payments.

DHA and OHA agree. OPAR will pursue the additional sources of client resource and income information highlighted in this report, such as the payment data from the Oregon Lottery and PERS.

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

DHS agrees. DHS created a central unit to replace lost or stolen cards in 2012 and to take actions to reduce the number of replacement cards and prevent misuse. So far the new process has reduced the issuance of replacement cards by 19 percent.

It is important to note that benefits are not stored on Oregon Trail cards. They reside in an account on a central computer, like a check card issued by a bank. Issuing a new card does not increase or duplicate benefits in any way. It gives access to the benefits in the person's central account.

Review remaining matches and take necessary action to recover overpayments through collection efforts up to and including prosecution.

DHA and OHA agree. OPAR has already taken action on the remaining matches following existing processes for overpayment recovery and prosecution.

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Deputy Director	William K. Garber, MPA, CGFM
Audit Manager	Sandra K. Hilton, CPA
Principal Auditor	Jamie N. Ralls, CFE, ACDA
Senior Auditor	Kyle A. Rossi
Staff Auditor	Michelle A. Short
Staff Auditor	Clint J. Fella, MBA, CFE

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phone: 503-986-2255

mail: Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

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