

## Cabinet Agencies' Performance Audit Action Item(s) & Status

### Electronic Benefit Transfer Cards

(See also [cabinet agency response](#) for full context to Washington State Auditor's Office (SAO) [report](#), November 2014)

Agencies included in the performance audit: the Department of Social and Health Services (DSHS).

#### SAO Findings Summary:

1. Reviewing employer-reported wages would enable DSHS to identify recoverable benefits.
2. Broadening its data analysis to identify more clients with high out-of-state card use, and requesting they contact DSHS to explain why this is so, would enable DSHS to stop benefits to more ineligible clients.
3. More comprehensive cross-checks with the Social Security Administration would enable DSHS to discontinue benefits to some deceased clients sooner.
4. DSHS can take another step that could potentially further reduce the number of replacements.
5. DSHS should hire more Office of Fraud and Accountability (OFA) investigators.
6. DSHS should empower OFA to further strengthen DSHS policies and procedures that prevent ineligible program participation.
7. DSHS should measure outcomes associated with two types of OFA investigations to assure cost-effective use of these resources.

#### SAO Recommendations (Rec):

1. Recommend DSHS:
  - a. Complete its investigation of the clients identified during the audit who had income that exceeded or likely exceeded eligibility limits.
  - b. Review employer-reported wages submitted to the Employment Security Department for all program participants quarterly. Contact employers and conduct other investigative work to confirm overpayments. Submit referrals to the Office of Financial Recovery, which can establish benefit deductions for current clients and other types of payment recovery plans for former clients.
  - c. Establish performance metrics for its overpayment recovery efforts, including those related to clients with high quarterly incomes. Use these measures to focus recovery efforts where it is most cost-effective. In assessing cost-effectiveness, consider that DSHS can keep 20 percent to 35 percent of the Supplemental Nutrition Assistance Program (SNAP) benefits it recovers (if caused by client error) and 50 percent of the TANF benefits.
2. Recommend DSHS:
  - a. Revise its computer filters to identify all clients who had 65 percent or more of their EBT card use out of state for two months. DSHS should immediately run these revised computer filters as it receives the weekly EBT transaction data from the bank.
  - b. Send automated requests for contact to all households that have 65 percent or more of their card spending out of state for two consecutive months.
  - c. After providing a 10-day notice as required by SNAP program rules, discontinue benefits to those who do not respond to the requested contact, and to those whose response indicates they moved out of state.
3. Recommend DSHS:
  - a. Obtain the Social Security Master Death file to identify deaths that its current cross-matches are not finding. The Master Death file costs \$7,245 in the first year and \$2,730 annually thereafter.

- b. First check vital statistics maintained by the state Department of Health to confirm the accuracy of the death notices it receives from the Social Security Administration for clients who lived alone. Limit the 10-day adverse action letters to those whose death notice could not be confirmed by the DOH check.
- c. Obtain permission from USDA to sweep SNAP benefits immediately upon death when the deceased client lived alone. If it cannot obtain this permission, adopt the Oregon practice of immediately deactivating these benefit cards. Start exploring both possibilities with potential future EBT card vendors to identify those capable of accommodating these safeguards.
- 4. Recommend DSHS:
  - a. Require clients who are not mentally ill and have requested eight or more replacement cards during a 12-month period to meet with caseworkers and explain why, before they are mailed another replacement. Over time, as clients change their behavior, lower this number to four replacement cards.
  - b. Immediately conduct a FRED investigation of clients who received more than eight replacement cards in a 12-month period but won't explain why, or have explanations that indicate cards have been misused.
- 5. Recommend DSHS:
  - a. Hire more OFA investigators to help keep up with the increase in program beneficiaries.
  - b. Use the added OFA investigators to support the audit's recommended data analysis to identify more ineligible program participants or overpayments to participants.
  - c. Empower OFA to further strengthen DSHS policies and procedures that prevent ineligible program participation.
  - d. Measure the outcomes associated with the two types of OFA investigations to assure cost effective use of OFA resources.

The table below shows the current status of action items the agency initiated to address issues identified in the performance audit report. Please see the [cabinet agency response](#) for additional context and any additional steps already taken.

For an explanation of the columns below, [see the legend](#).

Issue / Rec	Status	Action Steps	Lead Agency	Due Date	Current Resources?	Budget Impact?	Legislation Required?	Notes
1	Complete	OFA will review and process all appropriate overpayment cases provided by the SAO.	DSHS	12/31/2014				<b>12/22/14 (Complete)</b> – OFA has investigated all cases and established overpayments as appropriate.
1	Complete	OFR will convene a Client Overpayment Metric Work Group with a goal of developing and implementing performance metrics.	DSHS	5/31/2015				<b>5/28/15 (Complete)</b> – OFR convened the workgroup and has developed and implemented performance metrics.

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2	Complete	<p>DSHS continually works to improve the tools and methodology it uses to detect and prevent ineligible program participation. The USDA recently recognized the department's effectiveness in detecting EBT card trafficking on social media and e-commerce sites by awarding it a \$751,000 grant to step up these efforts and provide more timely law enforcement response in these cases. The grant was awarded in October 2014 and activities will continue through October 2016</p>	DSHS OFA	10/2016				<p><b>10/26/15 (In Process)</b> – OFA is lead on this grant. Grant work continues, and will remain active through October 2016.</p> <p><b>7/2017 update:</b> 2a) DSHS was unable to determine a strong and direct correlation between clients using 65 percent or more of their benefits out-of-state and a change in residency. Using a filter that does not control for border towns, from where clients are likely to travel to bordering state to shop, would likely trigger unnecessary and potentially inappropriate reviews by DSHS staff.</p> <p>DSHS' practices include out-of-state use alerts that advise staff of cases that indicate a client may no longer live in Washington. DSHS uses several filters to reduce generating low-risk alerts. These filters eliminate alerts on closed cases, transactions occurring in border stores where clients frequently shop and transactions that indicate an out-of-state visit of fewer than 30 days.</p> <p>DSHS also established a unit to manage the Public Assistance Reporting Information System (PARIS) interface in May 2013. This interface allows federal and state government agencies (including DSHS) to access and share information about public assistance benefit applicants and recipients with the goal of identifying, stopping and preventing the receipt of benefits in multiple states. <b>(No additional action planned.)</b></p>

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								<p>2b) If DSHS implemented the recommendation to send automated requests for contact, Washington could incur monetary penalties related to increased case and procedural errors due to incorrectly terminating SNAP cases. It would also increase the administrative staffing costs for SNAP and Temporary Assistance to Needy Families (TANF). <b>(No additional action planned.)</b></p> <p>2c) If DSHS implemented the recommendation to discontinue benefits to those who do not respond to the request for contact, Washington could incur monetary penalties related to more case and procedural errors associated with incorrectly terminated SNAP cases. It would also increase the administrative staffing costs for SNAP and TANF. <b>(No additional action planned.)</b></p>
3	Complete	DSHS will update procedures to require staff to manually check the SSA cross-match at eligibility review and mid-certification review.	DSHS	<del>3/31/2015</del> 4/1/2016				<p><b>10/26/15 (Update)</b> – DSHS staff currently check the SSA database at application and mid-certification review.</p> <p><b>4/1/16 Note:</b> Work is focusing on implementing an updated IT solution which will eliminate the manual SSA database check. If the implementation is successful, procedures will be updated.</p>
3	Complete	DSHS will check the Department of Health vital statistic data and limit adverse action letters to only those whose death notice	DSHS	3/31/2015				<p><b>2/27/15 (Complete)</b> – Process change implemented. DSHS staff check DOH data, and send adverse action letters only to</p>

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		could not be confirmed by vital statistics.						those whose death notice could not be confirmed by vital statistics.
3	Complete	DSHS will pursue an additional ongoing cross-match with SSA to ensure it has current death data.	DSHS	3/31/2015				<b>7/7/15 (Complete)</b> – DSHS decided not to pursue the one time cross match with SSA given the success of ongoing data matches with DOH. This vital statistics data is timelier, more accurate, and more useful than the SSA data.
3	Complete	DSHS will pursue a quarterly Department of Health-verified death file for the purpose of discontinuing benefits to deceased individuals.	DSHS	6/30/2015				<b>5/26/15 (Complete)</b> – DSHS now receives and works the DOH death file each quarter.
3	Complete	DSHS will change the way staff receive deceased client notifications, allowing them to take immediate action.	DSHS	10/31/2015				<b>10/10/15 (Complete)</b> – DSHS changed the way staff receive deceased client notifications, and staff are immediately taking appropriate action.
3	Complete	If the USDA grants permission to immediately recover benefits following the death of an individual who lived alone, DSHS will develop a manual process to do this.	DSHS	3/31/2015				<b>2/23/15</b> – USDA granted DSHS permission to recover benefits immediately following the death of an individual who lived alone. DSHS currently has and is utilizing the manual process to expunge benefits. DSHS was notified it has been granted an indefinite waiver allowing the agency to expunge SNAP benefits upon confirmation of the death of an individual who live alone. DSHS is using a manual process to expunge these benefits. The EBT unit submitted an IT request to automate notification of the need to expunge benefits after a single head of household is deceased and their case has been closed by a worker.

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3	Complete	DSHS will work with the new EBT vendor (expected to begin work in January 2017) to automate this recovery of benefits.	DSHS	7/31/2017				<p><b>10/26/15 (In Process)</b> – New EBT vendor has been named, DSHS will begin work with the vendor in January 2017.</p> <p><b>06/01/17 Update</b> – CSD submitted a n AWR to automate the expungement process for single households when the case is closed as being deceased</p>
4	Complete	The new EBT vendor will be named in 2015 and undergo several months of orientation before officially beginning work by January 2017. DSHS will work with the new vendor to withhold excessive EBT replacement cards.	DSHS	<del>1/17</del> <del>12/17</del> <del>8/18</del> <del>8/19</del> 1/20				<p><b>10/26/15 (In Process)</b> – New EBT vendor has been named, DSHS will begin work with the vendor in January 2017.</p> <p><b>3/13/17 Update</b> – CSD is conducting cost analysis on the IT cost associated with making the system changes.</p> <p><b>04/30/17 Update</b> – CSD received cost analysis on IT costs associated with system changes. CSD Food Policy team is writing a brief for the CSD Director regarding the cost analysis and workload information for her decision on whether or not to move forward with this initiative.</p> <p><b>12/08/17 Update</b> – After further discussion and analysis, CSD is moving forward with implementing this policy. Due to IT workload and competing priorities, the earliest CSD anticipates IT can make these changes is July 1, 2019. CSD Plans on submitting the AWR in May 2018 after drafting high-level policies and procedures.</p> <p><b>05/30/18 Update</b> – CSD has not submitted the AWR. CSD assigned a project manager to this effort and is seeking representatives from other divisions/administrations (such as DPI and OFA) to form a workgroup. The workgroup will meet to determine the</p>

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								<p>specifics of what will be included in the AWR. CSD anticipates having an AWR submitted by the end of August 2018.</p> <p><b>09/10/18 Update</b> – The workgroup continues to meet to develop the policy and procedures. CSD submitted the AWR to IT and presented at the July 2018 Triage meeting. The IT request is tracked as #449696 and is awaiting assignment to business analyst.</p> <p><b>03/07/19 Update</b> – The workgroup was convened with representatives from DPI and OFA. The workgroup developed two options that were presented to the CSD Leadership Team on 01/16/19. The CSD LT provided some suggested edits to the recommendations. They also asked the workgroup to pull data based on the recommended procedures to see how many cases would hit the automatic algorithm for a FRED referral. Once the data analysis is complete and we have a better understanding of the potential workload and impact, the project manager will reconvene the workgroup to revise the options to present back to CSD LT.</p> <p><b>10/31/19 Update</b> – Upon further discussion, CSD determined withholding replacement EBT cards is both unnecessarily costly and ineffective in preventing fraud. CSD Operations, Food Programs and Policy and OFA recommends an automated process to</p>

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								<p>review a client’s EBT card request history for a rolling 12 month period. During this period if a client request an eighth card replacement, Barcode will review the EBT transaction history for potential fraud parameters. The parameters are scored and prioritized. Barcode will create a FRED referral along with the total prioritization value. Barcode will not submit another referral if there is an active FRED referral but will still score and retain the historical data. OFA would review the case and determine appropriate action. OFA will review their scoring parameters to ensure quality referrals are generated and work closely with Barcode to amend when necessary</p> <p><b>01/06/20 Complete</b> - CSD Director sent an Excessive EBT Card Replacement memo to all CSD staff communicating the new process and the reason. Beginning January 6, 2020, Barcode will automatically create FRED referrals for a client’s eighth EBT replacement request within a rolling 12 month period (based on the scoring in the aforementioned briefing paper).</p>
4	Complete	DSHS will require clients who have requested eight or more EBT replacement cards within a 12-month period to meet with a DSHS caseworker before they are issued another card.	DSHS	<del>6/30/2017</del> 7/31/17 1/20				<p><b>10/26/15 (In Process)</b> – Work in process  <b>05/30/18 Update</b> – Due date TBD upon completion of action item immediately above.</p> <p><b>3/7/19 Update</b> – Due date is to TBD upon completion of action item immediately above.</p>



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								<b>01/06/20 Complete</b> - CSD Director sent an Excessive EBT Card Replacement memo to all CSD staff communicating the new process and the reason. Beginning January 6, 2020, Barcode will automatically create FRED referrals for a client's eighth EBT replacement request within a rolling 12 month period (based on the scoring in the aforementioned briefing paper).
4	Complete	DSHS will investigate individuals receiving eight or more replacement cards within a 12-month period.	DSHS	<del>6/30/2015</del> -6/30/2017				<b>7/24/2015</b> (Complete) OFA analyzed the list of clients with 10 or more replacement cards in a year and worked the referrals into current fraud work on the clients identified; the replacement cards are one indicator of potential fraud.
5	Complete	DSHS will develop and implement reports that document the OFA's cost-effective use of state resources.	DSHS	<del>6/30/2015</del> 8/01/2016 7/31/17				<b>11/20/2015</b> work in process <b>01/01/17 Complete and Ongoing</b> - DSHS has implemented monthly data reporting on both criminal and FRED investigations. These measures track fraud referrals by source, completed and unassigned FRED investigations, criminal cases assigned and awaiting assignment, identified overpayments and prosecutions from the criminal investigations, disqualifications from EBT cases and their cost savings. Previous work identified a cost savings of \$2.43 per each dollar spent on a FRED investigation. Actual cost avoidance is pending an IT solution that is expected to be installed in the next six months depending on Barcode priorities. A CI time study is currently in process and will assess the cost effectiveness of criminal investigations that

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								result in an overpayment and/or criminal prosecution.
5	Complete	DSHS will pursue directing or adding more resources to the activity.	DSHS	9/30/2015				<b>Complete</b> - OFA hired three new Intake Investigator 2 staff to help process and investigate fraud complaints.