



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

PREVENTING WELFARE FRAUD

Controlling Food Stamp Payment Errors

An Operational Review by the:

**Fraud, Waste, and Abuse
Prevention Division**



STATE OF OHIO
OFFICE OF THE AUDITOR

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Mr. Arnold Tompkins, Director
Ohio Department of Human Services
30 East Broad Street
Columbus, Ohio 43266-0423

Dear Director Tompkins:

Because of errors committed when issuing Food Stamps, Ohio has been and will continue to be subject to millions of dollars in federal sanctions unless its error rate is reduced. This report discusses the results of Ohio's efforts to reduce its Food Stamp error rate, identifies some underlying causes of Food Stamp payment errors and recommends actions ODHS can undertake to improve Food Stamp payment accuracy. Our review was conducted jointly with the U. S. Department of Agriculture's Office of the Inspector General.

Copies of this report are being sent to the President of the Senate, the Speaker of the House, the Senate Minority Leader, the House Minority Leader, members of the Senate Committee on Human Services and Aging, members of the House Subcommittee on Human Services, County Directors of Human Services, and other interested parties. Any questions concerning the content of the report should be directed to me at (614) 466-4483 or Richard Sheridan, Chief of our Fraud, Waste, and Abuse Prevention Division, at (614) 728-7125.



JIM PETRO
Auditor of State

EXECUTIVE SUMMARY

During Federal Fiscal Year (FFY) 1996, the State of Ohio issued about \$940 million dollars in Food Stamp benefits. For the second straight year, Ohio made more payment errors than any other large Food Stamp issuing state. In FFY 1996, about \$119 million (12.6 percent) of Ohio's Food Stamp dollars were issued in error, compared to the national average of 9.2 percent. Most errors resulted in overpayments, but some errors caused recipients to be denied benefits that they were entitled to receive.

Because of high error rates during FFYs 1992 through 1996, Ohio was sanctioned \$24.4 million and has pledged to "reinvest" almost \$10 million of these and prior sanctions to reduce its error rate. Although Ohio's error rate has decreased over the last several years, the rate remains above the national average and places Ohio at risk for additional sanctions.

The Auditor of State (AOS) initiated this review in conjunction with the U.S. Department of Agriculture's (USDA) Office of the Inspector General to assess the results of the error reduction efforts and assist the Ohio Department of Human Services (ODHS) in determining the underlying causes of Food Stamp errors. The AOS' review shows:

- ODHS' error reduction strategy focused in part on reducing error rates in the eight metro counties that account for about 80 percent of the Food Stamp dollars issued state-wide. This strategy produced mixed results as some counties improved their payment accuracy while others did not. ODHS has taken several positive steps to further reduce errors. It is encouraging county use of "best practices" that it identified through reviews of county Food Stamp operations. Holding counties accountable for Food Stamp error rates, which ODHS plans to do in the state and county partnership agreements that are being negotiated as part of Ohio Works First, is another encouraging step.*
- A second ODHS strategy was to enhance the Client Registry Information System - Enhanced (CRIS-E), an automated system used to help county caseworkers determine an applicant's eligibility for public assistance benefits; however, counties are not taking full advantage of the CRIS-E enhancements. In addition, CRIS-E does not contain current rules and thus cannot be depended upon to make correct eligibility and benefit determinations. The error risks posed by the lack of updates and basic edits in CRIS-E are exacerbated because county caseworkers are not receiving clear and consistent information about policy changes, and as a result, do not understand the correct application of that policy.*

In addition to continuing with error reduction steps already underway, ODHS should (1) Support full use of the enhancements built into CRIS-E, (2) Ensure that CRIS-E is updated to reflect current policy with regard to eligibility and benefit determination requirements, (3) Build edits into CRIS-E to help caseworkers avoid errors, and (4) Improve county case worker understanding of Food Stamp policy.

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ABBREVIATIONS

AOS	Auditor of State
CDHS	County Department of Human Services
CRIS-E	Client Registry Information System - Enhanced
FCS	Food and Consumer Services
FFY	Federal Fiscal Year
IEVS	Income and Eligibility Verification System
ODHS	Ohio Department of Human Services
OHSDA	Ohio Human Services Directors Association
QMB	Qualified Medicare Beneficiary
TANF	Temporary Assistance to Needy Families
USDA	United States Department of Agriculture

BACKGROUND

The Food Stamp Program is designed to help low-income households obtain a more nutritious diet by increasing their food purchasing power. Households are entitled to monthly Food Stamp allotments based upon the household size and net income. USDA pays the full cost of the Food Stamps and at least 50 percent of the administrative costs. States pay the remaining administrative costs.

States are responsible for administering the program, which includes operating a performance reporting system to measure eligibility and payment accuracy. Components of the system include quality control and management evaluation reviews, development and implementation of corrective action plans for reducing error rates, and reporting on program performance. USDA relies on the quality control system to ensure the accuracy of eligibility determinations and to control program waste. States can receive up to 60 percent of their costs of administering the program provided their error rate is below a certain percentage. States are liable for improperly issued benefits when their error rates exceed the national average.

To measure payment accuracy, each state develops a sampling plan that must be approved by USDA's Office of Food and Consumer Services (FCS). This plan identifies how that state will select cases for quality assurance reviews. Reviews are completed by state personnel, based upon federal guidelines, and include a review of the physical case files, recipient interviews, third-party collateral contacts to verify the accuracy of the recipient statements, and a review of the electronic case file and budgets created within state computer systems. Each state's error rate is compared against the average national error rate with funding penalties for poor performance and enhanced funding for above average performance. To ensure the accuracy of each state's quality reviews, FCS re-reviews a sample of cases. An arbitration system exists to resolve cases where FCS and the state disagree.

For Federal Fiscal Years 1995 and 1996, Ohio's error rate was the highest among the seven largest Food Stamp issuing states. During the preceding two years, Ohio had the second highest error rate. Each month Ohio issues about \$80 million in Food Stamps to about one million households statewide. In 1996, for every \$100 worth of Food Stamps distributed, about \$11 was issued to ineligible households, while other households were under issued by about \$3. Ohio accumulated \$73.9 million in sanctions between FFYs 1992-1996 because its error rate exceeded the national average.

PURPOSE, SCOPE AND METHODOLOGY

This review was a joint effort between USDA's Office of the Inspector General and the Auditor of State. The report discusses Ohio's efforts to reduce its Food Stamp error rates, identifies some underlying causes of Food Stamp payment errors and contains recommendations to the Ohio Department of Human Services aimed at improving Food Stamp payment accuracy.

Information contained in this report is based on the following work:

- At the federal level, AOS and USDA staff reviewed FCS' policies and procedures and interviewed FCS officials responsible for overseeing the Food Stamp program.
- AOS and USDA staff reviewed ODHS' Food Stamp policies and procedures and interviewed state, district, and county personnel about controls over issuing benefits, the application of federal quality controls, Ohio's efforts to reduce payment error rates, and underlying causes of payment errors.
- To determine if ODHS' Client Registry Information System-Enhanced (CRIS-E) affected Ohio's error rate, AOS staff interviewed programming staff within ODHS; district office reviewers; and administrators, supervisors, and caseworkers in two counties. Interviews were also conducted with quality control reviewers in the counties.
- AOS staff discussed Ohio's error rate with the Ohio Human Services Directors Association and the Ohio County Commissioners Association and obtained their views on probable causes of the high error rates and what it would take to reduce such errors.

The work was performed from May 1997 through September 1997 at USDA's Food and Consumer Services Regional Office in Chicago Illinois; ODHS headquarters in Columbus Ohio; the Cleveland and Columbus District Offices; and the Franklin County and Summit County Departments of Human Services. A draft of this report was provided to ODHS for comment on December 2, 1997. A response had not been received as of the date the report was issued.

RESULTS

States accumulate penalties when their Food Stamp error rate exceeds the national average. As previously noted, Ohio leads the nation's larger states in Food Stamp eligibility errors. As a result, it accumulated about \$73.9 million in sanctions for its error rates during FFY's 1992 through 1996. FCS agreed to waive \$49.5 million of the sanction and ODHS agreed to reinvest \$5 million of the remaining \$24.4 million in Food Stamp error reduction efforts before September 30, 1998. Ohio intends to use this money to fund a performance-based incentive program at the county level that is tied to an extensive case review effort called the Top Error Element Review. The remaining \$19.4 million will be spread equally over FFYs 1999-2003 and will include built-in performance incentives which would waive sanctions in any year Ohio's error rate is equal to or below the national average. If Ohio's error rate is one percent or more below the national average, FCS will waive \$1 million for each of the remaining fiscal years under the agreement. If, however, for any year during the agreement, the error rate exceeds the national average by more than one percent, Ohio will have to spend \$3.9 million on error reduction activities. If Ohio's error rate exceeds the national average by one percent or less, their liability is reduced to 65 percent, or about \$ 2.5 million. All reinvested sanction dollars must be applied to error reduction activities.

Ohio faced similar sanctions for its performance during FFYs 1988-1991. In January 1993, FCS and

Ohio, along with 24 other states, agreed to settle their outstanding sanctions by reinvesting settlement amounts into program initiatives designed to reduce errors. Ohio agreed to spend about \$4.3 million through June 30, 1998. Through September 1997, ODHS reports that it spent \$3.9 million of the \$4.3 million it pledged to spend on error reduction initiatives under the reinvestment plan.

Ohio's goal is to reduce its error rate below the national average, thereby qualifying the state for additional funding. States may receive federal reimbursement for up to 60 percent of the costs to administer the program if their error rate drops below 6 percent. For every tenth of a percent below 6 percent, states may receive a 1 percent increase in their administrative cost reimbursements. Ohio is currently reimbursed for 50 percent of its administrative costs, which in FFY 1997 totaled about \$168 million.

Although Ohio's error rates have decreased over the last several years, the rates remain above the national average and continue to place Ohio at risk for additional sanctions. Table 1 compares Ohio's error rate with the national average over the last four federal fiscal years. The Table shows that the 1.8 percentage point drop in Ohio's Food Stamp error rate was almost matched by a 1.6 percentage point drop in the national rate.

Table 1: Comparison of Ohio's Food Stamp Error Rates with the National Average

Error Type ¹	FFY 1993		FFY 1994		FFY 1995		FFY 1996	
	Agency Caused	Client Caused	Agency Caused	Client Caused	Agency Caused	Client Caused	Agency Caused	Client Caused
Error Rate	6.7 %	7.7 %	7.1 %	7.4 %	4.6 %	10.0 %	5.8 %	6.8 %
Ohio Total Rate	14.4 %		14.5 %		14.6 %		12.6 %	
National Avg. Rate	10.8 %		10.3 %		9.7 %		9.2 %	

¹ Payment errors are classified as either client (recipient) caused or agency caused. Client errors occur when a recipient fails to notify the county department of human services (CDHS) of a change in circumstances such as income, shelter cost, address or residency, or household composition, that would have changed the benefit allotment. The error is not dependent on whether it was intentional or unintentional on the part of the client. Agency errors occur when the CDHS is aware of a change in circumstance that would affect benefit allotment but fails to respond appropriately. A CDHS must make changes that take effect within a 35-day administrative period. Thus, agency-caused errors occur when the agency fails to respond timely or responds incorrectly. The error rate reflects the dollar value of benefit errors and includes both overpayments as well as benefits that were inappropriately denied.

ODHS managers attribute the error rate drop between 1995 and 1996 to the success of activities aimed at reducing error rates and an overall reduction in the caseloads of county caseworkers. Fewer cases per caseworker meant that caseworkers could spend more time managing individual cases, thus reducing the possibility of errors. Preliminary estimates indicate that Ohio's error rates dropped again in 1997, which ODHS managers attribute primarily to a federal waiver that went into effect in January 1997.

Table 2 shows the dollar amount of Food Stamps that were issued in error during the 1993 through 1996 time period. The drop in dollars issued in error occurred because error rates declined and because the total amount of Food Stamps issued declined.

Table 2: Ohio Food Stamp Dollars Issued and Dollars Issued in Error

	FFY 1993 (millions)	FFY 1994 (millions)	FFY 1995 (millions)	FFY 1996 (millions)
Total Issued	\$1,104.0	\$1,080.3	\$1,023.0	\$942.6
Dollar Errors	\$159.0	\$156.6	\$149.4	\$118.8

Error Reduction Initiatives Focused on Metro Counties and CRIS-E Enhancements

Ohio's strategy to reduce its error rates included, among other things, corrective action teams in eight metropolitan counties and enhancements to the state-wide public assistance computer system (CRIS-E). The state focused attention on the metro counties because they tended to have higher error rates and accounted for about 80 percent of the Food Stamp dollars distributed in the state.

Ohio's Metro County Strategy to Reduce Errors Produced Mixed Results

Ohio's metro county strategy produced mixed results. Table 3 shows how error rates changed in the metro counties between Federal Fiscal Year 1993 and 1997. Five of the Metro Counties (Franklin, Hamilton, Mahoning, Montgomery, and Stark) reduced their error rates over this period, while three counties (Cuyahoga, Lucas, and Summit) showed increased error rates. ODHS cautions against placing too much emphasis on individual county results because the results are based on relatively small samples (ranging from about 35 to 175 cases, depending on each county's caseload). According to the ODHS Quality Assurance Bureau Chief, the county error rates are accurate within plus or minus 6 percentage points.

Table 3: Food Stamp Error Rate Changes in Ohio's Metro Counties

County	FFY 93 Error Rate (percent)			FFY 97 Error Rate ¹ (percent)			Dollar Value of Errors (1997 in millions)
	Error Type			Error Type			
	Total	Agency	Client	Total	Agency	Client	
Cuyahoga	12.3	3.9	8.4	14.7	4.2	10.5	\$22.4
Franklin	14.8	6.0	8.8	10.2	2.4	7.8	\$6.9
Hamilton	16.1	10.3	5.8	9.7	7.2	2.5	\$5.9
Lucas	17.7	7.4	10.3	20.8	6.4	14.4	\$9.9
Mahoning	14.7	5.7	9.0	3.9	1.7	2.2	\$1.0
Montgomery	16.5	8.1	8.4	8.6	7.8	0.8	\$3.0
Stark	9.1	6.7	2.4	6.3	4.7	1.6	\$1.4
Summit	19.7	10.7	9.0	21.6	12.7	8.9	\$9.1
Ohio Overall	14.4	6.7	7.7	11.2	5.1	6.1	\$83.8

¹ FFY 1997 data is through August 1997

Source: Ohio Department of Human Services, Quality Assurance Bureau

In 1996, AOS staff contacted the Mahoning CDHS Director to discuss the reasons for that county's error rate reduction. The Director attributed the error rate decrease to the Mahoning CDHS's use of time studies to develop work standards for county caseworkers. He said this effort helped change workers' attitudes about quality, led to more in-depth training in areas where they had been struggling, and gave managers a tool to manage staff. After this study, Mahoning County also cut staff by nearly 18 percent. The CDHS also established an internal review unit that the Director said helped them identify training needs faster and focus their work on error reduction. Since that time, similar time studies have been initiated in the Franklin, Hamilton, and Cuyahoga CDHS's. These studies, initiated in 1996 and 1997, have not yet progressed to the point where it is possible to determine whether similar improvements will occur in those counties.

AOS staff also contacted officials in the Summit CDHS to discuss the reasons for that county's lack of improvement. According to a Summit CDHS official, their error rate increased during this period

because of the county's conversion to CRIS-E (which resulted in more errors as workers learned the new system), a hiring freeze, increases in client errors, and changes in caseloads that resulted in fewer supervisory reviews.

The following discusses the results of several metro county projects that were funded, at least in part, by reinvestment dollars. ODHS stated that it is unable to identify the costs of individual initiatives because of changes it implemented in its cost allocation methodology and because some staff worked on multiple projects.

**Metropolitan
County Reviews**

The Metro County Improvement Project was designed on the premise that error reduction could be achieved in Ohio's Food Stamp program by examining the basic operational and management processes in each of the metropolitan counties. One objective of the project was to identify barriers and weaknesses underlying poor performance and make recommendations for improving that performance. Another objective was to identify "best practices" in place in counties with low error rates. The AOS reviewed the three reports on the results of the Metropolitan County Reviews that had been completed at the time of our review. Each report identified a need for improved caseworker interviewing skills, improved policy training and dissemination (especially when integrated with CRIS-E), and improved knowledge and application of the Early Detection and Prevention program, a program designed to help prevent fraudulent claims at the time of application. Because the reviews were only recently completed, it is too soon to determine the impact of these reviews on error rate reduction; however, we believe based on results of our own work that the recommendations made in the reports, if properly implemented, should help reduce Ohio's Food Stamp error rate.

Internal Reviews

Assisted by ODHS' Quality Assurance Bureau, seven metropolitan counties created internal quality control units in 1994 to help lower error rates. Originally funded under the Reinvestment Plan, the counties now fund these efforts. The AOS reviewed the activities of the Summit and Franklin County units. Both units planned to review 8,000 cases per year. In State Fiscal Year 1995 (July 1994 to June 1995), ODHS allocated about \$3.3 million to assist these counties with review efforts and other smaller projects.

The Summit County unit made home visits and did detailed case file reviews that mirrored the federal quality control reviews. One of its objectives was to reduce "client" errors -- errors that are recipient-caused as, for example, when a recipient fails to report a change in income. In FFY 1994 when the reviews began, client errors comprised 40 percent of this county's errors, and rose to nearly 78 percent in FFY 1995 before falling to about 41 percent in FFY 1997. The Summit County unit reviewed about 600 cases per year -- an

average of about seven cases per caseworker.

The Franklin County unit did case file reviews only. The intent of these reviews was to overcome agency-caused errors. In 1994 when reviews began, agency errors comprised nearly 68 percent of this county's errors and fell to about 26 percent in 1995 before rising to about 56 percent in 1996. In FFY 1997, agency errors comprised about 24 percent of all errors. The Franklin County unit reviewed about 6,000 cases per year -- an average of about 24 cases per caseworker.

A comparison of the two approaches and the changes in overall error rates for these two counties as shown in Table 3 suggests that focusing on agency error, which a county has more control over, may be more beneficial over the long-term. Likewise, a larger sample size lends itself more readily to identifying training needs, identifying trends in types of errors, and as an objective performance evaluation tool.

**Find & Fix
Project**

The Find and Fix Project was a case review effort that took place in 51 non-metro counties and was coordinated by the ODHS district offices. This review focused on the most common agency errors made when processing Food Stamp cases with reported earned income. CDHS's were required to fix those errors that were identified and prepare a corrective action plan that focused on error prevention. Almost 5,200 cases were reviewed under this project during State Fiscal Year 1995 (July 1994 through June 1995). For the same approximate period, Ohio's error rate increased by 0.25 percentage points (to 14.7 percent for FFY 1995), and earned income errors remained Ohio's top error element. The Find and Fix Project was rolled into the Desk Review Project in March 1996.

Desk Reviews

This project required the 24 largest counties to review the payment accuracy of all Food Stamp earned income cases. ODHS estimated the cost of this project to be \$1.8 million. CDHS staff were required to reverify any income certification over 60 days old and make necessary adjustments to ensure earned income cases were accurate. The district offices then re-reviewed a sample of the cases and gave feedback to the counties on the accuracy and thoroughness of the reviews. Counties performing above a 90 percent benchmark set by ODHS were relieved from doing case reviews while those performing below this criterion were required to review each earned income Food Stamp case within 5 days of reapplication on an ongoing basis.

It is too early to determine the effect on error rates for counties that have continued the desk reviews. The Director in one CDHS that met the 90 percent benchmark chose to continue desk reviews to help caseworkers avoid

payment errors and assist supervisors in working with caseworkers who were struggling with Food Stamp accuracy.

CRIS-E Enhancements Not Fully Utilized

The second leg of ODHS' strategy to reduce errors was based on building aids into CRIS-E that would help caseworkers avoid errors when using CRIS-E to determine benefits and enter changes in recipient data. ODHS estimates that it spent about \$300,000 of its reinvestment dollars on CRIS-E enhancements, which reflects about 20 to 25 percent of total enhancement costs. The balance of the costs were charged to cash assistance programs and Medicaid. Following are examples of CRIS-E computer system enhancements funded by reinvestment plan dollars.

Ongoing Change Driver

ODHS designed this driver primarily to assist new caseworkers who needed to update a CRIS-E case file, but who lacked enough experience to know exactly where to go to make the necessary changes. Using the driver allows a caseworker to go through all the mandatory screens normally found in a reapplication without changing the certification periods. However, this tool is seldom used and officials at ODHS are unsure why it is not used. In January 1996, FCS reported that only two of Ohio's 88 counties used the driver 10 times or more during a one-month period. FCS also reported that there had been no formal assessment of why the driver was not being used or how it could be modified to make it attractive to more users. According to the ODHS programmer who developed this driver, caseworkers still do not use this driver despite three attempts to market the driver to CDHS staff since January 1996.

Supervisory Review Driver

ODHS created this driver to facilitate supervisory review of caseworker eligibility determinations. The intent was to encourage and increase supervisory oversight at the county level. ODHS reported that during April 1997 the supervisory review driver was used for 7,916 reviews by CDHS's and the five ODHS district offices. On average, this is about 85 reviews per county per month. Given that about 432,000 Ohio households were receiving benefits at that time, the driver was being used to review about 1.8 percent of the total caseload. Usage of the driver varied greatly among the CDHS's -- ranging from zero cases per reviewer to 141 cases per reviewer. ODHS reported that supervisors in smaller CDHS's used the driver more than supervisors in larger CDHS's. During April 1997, the three largest CDHS's used the driver an average of 15 times while three small CDHS's used the driver an average of 124 times. Three county level supervisors told AOS staff they do not use the driver because it does not allow them to choose the order of the review elements and the standard format does not meet their individual needs.

**Address Change
Driver**

ODHS created this driver to assist caseworkers in gathering the information necessary to make budgetary changes when an entire household moves from one location to another. The driver is intended for use each time a household move occurs. Caseworkers currently use the driver about 40 percent of the time they alter the address screen within CRIS-E. ODHS has accepted this level of usage because it knows that some changes to the address screen, such as changing phone numbers or mailing addresses, do not require use of the Address Change Driver. However, ODHS has not measured how often an address screen change involved a household move, so it cannot be sure it is receiving the maximum benefit from this enhancement. ODHS plans to monitor how often the driver is used and will notify counties of low usages.

Federal Waiver May Help Lower 1997 Error Rates

Based upon preliminary data through August 1997, Ohio's FFY 1997 error rate will be about 1.75 percentage points lower than the 1996 rate. The impact of the drop on possible federal sanctions will not be known until a national average has been determined. A commensurate drop in the national average would negate any possible reduction in federal sanctions.

ODHS attributes much of the 1997 decrease to a federal waiver it received that affects how changes in earned income are reported. The state is responsible for errors that occur when a recipient fails to report income changes. Previously, recipients were required to report any monthly change in earned income over \$25 -- an amount that can be reached by working just a few extra hours a month. Under the waiver, most recipients are required to report only changes in pay rates and employment status (e.g. part time to full time). In the case of self-employed individuals, the reporting threshold increased from \$25 to \$80. ODHS believes that error rates are decreasing because recipients find it easier to comply with the new reporting requirements.

In exchange for obtaining this waiver, ODHS agreed to make quarterly recertifications of the eligibility of Food Stamp recipients with earned income. Previously, recertifications occurred every 6 months for recipients who received Aid to Dependent Children benefits, and every 12 months for Food Stamp only recipients. This change also helped lower error rates because it decreased the window of opportunity for errors. Quality Assurance reviews ignore any changes occurring 35 days prior to the review month to allow for administrative processing time frames. ODHS believes these changes will help Ohio keep error rates down and eventually meet the federal guidelines for enhanced funding.

New Partnership Agreements Could Further Help Lower Error Rates

The Ohio Works First program, which became effective October 1, 1997, will bring about a new relationship between the state and 88 counties that administer public assistance. A key ingredient

of the relationship is the partnership agreements that the state intends to develop with each county. Under the partnership concept, counties will have the latitude to tailor their services to meet the unique needs of their clients, while operating with a common mission, purpose, and core set of activities. ODHS plans to phase in the implementation of partnership agreements over a two-year period. It expects six counties to enter into agreements by January 1, 1998, followed by eight more counties by April 1, 1998, and seven more by July 1, 1998. ODHS expects that all 88 counties will be operating under agreements by January 2000.

As part of Ohio Works First, counties that exceed standards for various desired performance outcomes will be eligible for incentives, just as counties that fail to meet standards will be subject to sanctions. As an incentive, counties can retain a proportion of cost savings from reductions in benefit expenditures. Counties will also share in the costs of any federal sanctions -- each county's share of a federal sanction will be based on its caseload and performance.

In a September 1997 report¹, the AOS supported the inclusion of Food Stamp error rates as a performance outcome in partnership agreements. The reasoning for this position was that managers manage according to what they are held accountable for. And, because the U.S. Department of Agriculture holds states responsible for Food Stamp error rates, it seems logical to pass along part of this responsibility to the counties, who are responsible for making benefit determinations.

ODHS appears to agree with the AOS' position. In its Ohio Works First plan, issued on October 7, 1997, ODHS stated

ODHS expects that incentives and sanctions will play a pivotal role in influencing county behavior in the new welfare environment. Each county that is operating under a Partnership Agreement will negotiate performance standards which they are expected to meet or exceed. Counties that meet and exceed these standards will receive incentive funds, based on the extent to which they exceed the standards. The outcomes that county social service agencies are expected to achieve may include, but are not limited to, the all-family and two-parent family work participation rates, out-of-wedlock birth rate, and FOOD STAMP PAYMENT ACCURACY (emphasis added).

Policy Changes Not Programmed Into CRIS-E Increases The Potential For Error

To correctly determine eligibility and benefits, CRIS-E needs to contain the most current policy and rules. In those instances where CRIS-E has not been programmed with the most recent changes, ODHS relies on caseworkers to override system decisions regarding eligibility and benefit

¹ "Building Accurate Benefit Determinations into Welfare Reform"; AOS/FWAP-98-01P; September 18, 1997.

determination. This is known as the fiat process. The fiat process is used to pass assistance groups that have failed, to fail assistance groups that have passed, to create or delete assistance groups, and to add or delete individuals from an existing assistance group. Examples of where the lack of programming changes in CRIS-E increases the potential for error include:

- In an effort to simplify eligibility determinations, federal welfare reform allows Temporary Assistance to Needy Families (TANF)² recipients to automatically qualify for Food Stamps. This complicates county determinations for Food Stamp eligibility. Counties will be required to use two sets of criteria for determining Food Stamp eligibility -- one for TANF applicants and one for Food Stamp only applicants. This increases the potential for errors, particularly for clients who move on and off TANF. As of September 1997, ODHS was still working to modify CRIS-E to respond to the different Food Stamp eligibility requirements.
- The Personal Responsibility and Work Opportunity Reconciliation Act (7 U.S.C. §2017), implemented in October 1996, prohibits an increase in Food Stamp benefits when a household's income is reduced because of a penalty imposed under a federal, state, or local means-tested public assistance program for failure to perform a required action. This rule was implemented on October 1, 1996, and ODHS planned for CRIS-E to support the policy change by December 1, 1996. As of August 1997, CRIS-E had not been modified and a fiat was necessary to fully implement the policy. ODHS removed the need to fiat the case in May 1997, but caseworkers were still required to intervene to ensure proper benefits. Having caseworkers intervene in an automated system can increase the potential for error especially since cash sanctions frequently occur. In Franklin County, for example, 9,531 cash sanctions were taken against recipients who failed to meet work program (Job Opportunity and Basic Skills) or child support compliance requirements in 1996.
- As discussed above, Ohio requested, and FCS approved, a federal waiver that altered recipient reporting requirements on Food Stamp cases with earned income. As a prerequisite for obtaining this waiver, ODHS agreed to recertify earned income cases every three months. ODHS re-programmed CRIS-E to schedule three-month certifications in June 1996. AOS staff reviewed 21 cases in which a recipient had new employment after June 1996 and identified two instances in which CRIS-E failed to schedule the recertifications on three-month intervals. When recertifications are not scheduled as agreed under the federal waiver, ODHS risks increasing its error rate if those cases appear in the quality control sample. A description of the two instances identified by AOS staff follows:
 - Recipient A reapplied for Food Stamp benefits on May 16, 1997, at which

² The TANF program replaced the Aid to Dependent Children program.

time the next Food Stamp certification was scheduled for no later than November 30, 1997. The recipient started employment on June 27, 1997, and the employment was entered into CRIS-E on July 1, 1997. A reapplication for benefits was completed on July 7, 1997; however the certification period remained November 30, 1997 (5 months).

- Recipient B reapplied for Food Stamp benefits on October 3, 1996, with the next certification scheduled for no later than April 30, 1997. On October 31, 1996, a CDHS caseworker entered employment into the CRIS-E system, but CRIS-E did not change the certification period. On November 19, 1996 another reapplication was completed with no change in certification (5 months). On April 7, 1997 another reapplication was completed that properly set the certification end-date to July 31, 1997.

When contacted about this problem, an ODHS official told us they were aware that there were problems with CRIS-E assigning the correct certification periods. ODHS management told AOS staff they were addressing this problem and may rely on the Ongoing Change Driver as a solution. We sent the above examples to ODHS to use in seeking a solution.

CRIS-E Lacks Edits To Assist Caseworkers

An effective eligibility and benefit determination system such as CRIS-E should limit data entry errors by users. However, CRIS-E lacks edits to control some basic caseworker mistakes. Edits are simple computer tests that check the validity of data entered by the user and prompt the user to make corrections when appropriate. For example, a common error occurs when caseworkers remove a household member without checking to see if that person is paying the shelter costs. If not checked, then all shelter expenses related to the deleted individual are also removed, leaving the approved budget without any shelter costs. If the address screen contained a field for the rent amount, an edit could be created to avoid this error. The edit could test the rent amount entered on the address screen with the rent amount entered on the shelter screen and prompt the caseworker to remove all the rent or attribute the rent formerly paid by the deleted individual to someone remaining in the home. A list of other common errors and potential edits to correct them is located at Appendix I.

Policy Changes Not Adequately Communicated To Counties

ODHS relies on caseworkers to make correct benefit determinations. This becomes particularly important when CRIS-E does not support current regulations and policies. When caseworkers lack up-to-date knowledge of current policy, they cannot identify situations in which CRIS-E is not returning the proper benefit determination.

ODHS attempts to provide policy updates to caseworkers through periodic training, policy transmittals, and CRIS-E bulletins. In its 1995 State Agency Operations Review, FCS cited ODHS for failing to ensure adequate training for caseworkers, hearing officers, and quality assurance staff

as required by federal regulations [7 CFR § 272.4(d)]. This report noted that, even when these responsibilities are delegated to the district and county levels, ODHS must ensure that the minimum training requirements are provided to district and county employees, or must monitor the district and county offices to ensure compliance. As yet, ODHS has neither defined the minimum requirements nor monitored district and county curriculum for compliance. Corrective actions meant to respond to FCS citations have not been placed into operation, and three of the largest metropolitan counties have cut training staff within the last year because of budgetary constraints.

County level staff in two counties, results of the ODHS' Metro County reviews, and the Ohio Human Services Directors Association (OHSDA) support the need to improve policy knowledge at the county caseworker level. County caseworkers made the following observations.

- Most training on new policies is given during the Quarterly Income Maintenance district meetings through the ODHS district offices. County line staff stated they do not attend such meetings, but rather senior managers and administrators attend because space is limited and other administrative topics are covered. Caseworkers stated they often do not receive summaries of policy updates from the managers who attend the meetings.
- In the absence of policy updates from those who attended training, caseworkers relied on ODHS policy transmittals or occasional CRIS-E bulletins. Caseworkers in one county we visited stated that policy transmittals were very technical and difficult to understand. They also noted that they do not have enough time to read all the transmittals, although some supervisors discussed policy changes at unit staff meetings. This process was both good and bad. Caseworkers told AOS staff that while these discussions were valuable, supervisors sometimes had their own interpretations of the policy, which led to inconsistency and confusion among staff. Other caseworkers stated that they did not receive all the transmittals, and therefore, did not know that the rules had changed or had to rely on their supervisor or another caseworker for guidance. ODHS management and the Ohio Human Services Directors Association (OHSDA) reported finding similar problems.
- County workers who did attend training were not always pleased with the quality of training. County staff said that while some district office policy staff were very knowledgeable, they were ineffective trainers in a formal setting. County staff cited examples of when district trainers read handouts without taking follow-up questions to ensure the material was understood. ODHS management confirmed such experiences.

The three ODHS Metro County Reports reviewed by the AOS all identified policy training as an issue during their interviews with caseworkers. Also, many of the caseworker units did not have up-to-date manuals. Each report recommended the county focus on improving policy distribution and/or classroom training and promoting more frequent unit staff meetings that would include policy discussions. OHSDA conveyed similar concerns about policy distribution in Ohio. According to members of this group, public policy is very complex, and policy manuals and policy transmittals

are extremely technical. They want public policy information that is clear, concise, consistent, and timely with cost-effective training to match.

One opportunity to improve the delivery of training is to make increased use of ODHS' teleconferencing system. ODHS' fiber-optic teleconference system, which is connected to 80 of the 88 counties, was funded by the USDA to improve Food Stamp payment accuracy through improved training. However, the policy training offered via the teleconference system was terminated in early 1997 following the movement of the CRIS-E training centers back to Management Information Services. The Auditor of State is currently working with ODHS and the counties to develop a series of training modules for county caseworkers that would be delivered over ODHS' teleconferencing system. The training focuses on preventing fraud and other erroneous payments of Food Stamps as well as other forms of public assistance.

A second option, which is perhaps more appropriate for the long term, would be to build tutorials into CRIS-E. According to an ODHS official, the State of Mississippi has policy training built into their CRIS-E based system. They have training modules that outline new policy on-line. The caseworker views a story-board depicting a case situation, and based upon the new policy, the caseworker would decide how the case should be processed. The results are automatically sent to the supervisor, and the system maintains records of caseworker performance on each module. A similar system in Ohio could provide for uniform policy dissemination and training thereby improving Food Stamp payment accuracy.

CONCLUSIONS

Ohio's Food Stamp error rates decreased in 1996 and although final results are not yet available, ODHS believes the error rate will decrease again in FFY 1997. Despite the decreases, error rates remain higher than the national average and place Ohio at risk for additional federal sanctions.

To reduce error rates and avoid future federal sanctions, ODHS focused in part on reducing error rates in the eight metro counties. These initiatives had mixed success. Some metro counties, such as Mahoning and Montgomery reported sizable decreases in error rates from 1993 to 1997. In contrast, Summit and Lucas Counties had increases in error rates and had error rates over 20 percent in 1997. An objective of ODHS' Metro County Reviews was to examine Food Stamp programs in individual counties, identify weaknesses and best practices, and recommend improvements. Recommendations from the Metro County Reviews are in the beginning stages of being implemented but, we believe, offer opportunities for future reductions in error rates. The Federal waiver implemented by ODHS in June 1996 and holding counties accountable for Food Stamp error rates in Ohio Works First partnership agreements should also help lower error rates.

A second leg of ODHS' error reduction strategy was to enhance the benefit determination capabilities of CRIS-E through the development of "drivers" that could be used by county workers to input and review recipient data. Counties do not appear to be taking full advantage of three of these drivers --the ongoing change driver, the supervisory review driver and the address change

driver.

The risk of Food Stamp errors is further increased because CRIS-E has not been updated to incorporate current policy for determining Food Stamp eligibility. CRIS-E also lacks edits that could help caseworkers avoid inputting erroneous information. Some potential edits are described in Appendix I.

In the absence of a fully functional CRIS-E, it is critical that county caseworkers understand current Food Stamp rules and policies because they may be called upon to override CRIS-E decisions, via fiats, to ensure that correct benefits are issued. Based on feedback from county caseworkers, the results of ODHS' Metro County Reviews, and the opinion of the OHSDA, county caseworkers are not receiving clear and timely information about policy changes and guidance on implementing the changes.

RECOMMENDATIONS

The following recommendations to ODHS are intended to address some of the underlying causes of Food Stamp errors. Implementing these recommendations should help to lower Ohio's error rate and ensure correct eligibility and

benefit determinations.

To help further reduce Food Stamp error rates, ODHS should:

- (1) Support full use of the enhancements built into CRIS-E to reduce Food Stamp errors. This support should include (a) determining why the ongoing change, supervisory review, and address change drivers may not be fully used by counties; (b) modifying the drivers if necessary to make them useful; and (c) supporting county use of the drivers through appropriate training and monitoring.
- (2) Ensure that CRIS-E is updated to reflect current policy with regard to eligibility and benefit determination requirements.
- (3) Build edits into CRIS-E to help caseworkers avoid errors. Some potential edits are contained in Appendix I. As edits are developed, ODHS should support their use through appropriate training for counties.
- (4) Improve county case worker understanding of Food Stamp policy. Two options to accomplish this are to utilize ODHS' video teleconferencing capabilities to provide training to county caseworkers and to build tutorials into CRIS-E. ODHS should also assess what might be done to improve the clarity and readability of policy transmittals and other written materials that are used to communicate policy changes to county workers.

Appendix I Potential CRIS-E Edits

Listed below are potential edits the Auditor of State believes, if implemented, could reduce the number of Food Stamp errors.

- 1. Problem:** CRIS-E allows more than 100 percent of the utility standard for households with more than one Food Stamp assistance group when heating/cooling expenses are shared.

Solution: Create an edit that will limit the total utility standard to 100 percent only when used.
- 2. Problem:** CRIS-E allows less than 100 percent of the utility standard even when there is no evidence that another adult is sharing expenses.

Solution: Create an edit that forces the utility standard to 100 percent by forcing caseworkers to enter the other adult in the home paying the expense. This ensures that the CRIS-E household mirrors the actual residents. If the heating/cooling expense is shared with someone outside the home, this can be added to the AEFSU (Shelter Subsidy) screen. This ensures that the electronic case file truly reflects the household situation versus allowing caseworkers to include information about others in the household or non-residents sharing expenses in the CLRC (Running Record Comments) only.
- 3. Problem:** CRIS-E allows individuals and all the shelter/utility expenses they paid to be deleted without passing those expenses to another household member. The Address Change Driver will not overcome this error type.

Solution: By altering the "Number of Rooms" field on the Case Information (AEICI) screen to "Total Rent/Mortgage For Home", it would be possible to create an edit warning the caseworker that expenses attributed to the household do not equal the amount listed on the shelter (AEFSC) screen. Although this does not address utilities, the error occurs when the caseworker does not consider that deleting an individual also deletes the related shelter expenses. Drawing attention to the shelter expense should also remind the caseworker to consider utility expenses. It would also be possible to add a second question for utilities directly on the AEFSC screen.
- 4. Problem:** Caseworkers open Qualified Medicare Beneficiary (QMB) Medicaid without entering the appropriate Medicare Expenses on the AEFMC (Medical Coverage) screen within CRIS-E. This affects Food Stamps and Medicaid.

By not completing the AEFMC screen, these expenses which almost always exceed the \$35 floor imposed by Food Stamp policy never get into the Food Stamp budget. In addition, the State's Buy-in Computer must have the Medicare claim number from the Medical Coverage screen to transmit to the federal government to establish the Medicare buy-in which allows the State to pay the Medicare premium and to allow the Social Security Administration to return premiums back to the recipients' allotments.

Solution: To establish a QMB assistance group, the caseworker must answer "Y" to the "Entitled to Part A?" and "QMB/SLMB Option" questions on the AEIDP (Disabled Person Screen). Yet, the CRIS-E system will not force the caseworker to complete the AEFMC (Medical Coverage) screen. There is a later question concerning insurance on the AEFMQ (Medical Questions) screen. Unfortunately, staff forget to answer "Y" and leave these expenses out. An edit forcing the completion of AEFMC when the QMB option is selected would begin to overcome this problem.

5. **Problem:** CRIS-E's method for informing the caseworker that the QMB buy-in has taken place is confusing and this allows Medicare expenses to remain in the Food Stamp budget after the recipient has stopped incurring such expenses.

Solution: The CRIS-E system receives data exchange information from the Social Security Administration showing the Medicare premiums are being paid by the State of Ohio. This is stored on the DEBB (Bendex Benefit) screen within the IEVS system. Many caseworkers continue to ignore IEVS information and many others do not understand that the alert which they received along with the IEVS match was conveying Medicare buy-in information rather than monthly income information from the Social Security Administration. An edit could test the AEFMC coding for payee against the Medicare payee coding on DEBB. This would warn staff when the recipient is shown as the AEFMC payee the DEBB screen shows code 360 for State of Ohio. This also works the other way where AEFMC shows the State of Ohio and DEBB shows the recipient paying.

6. **Problem:** Casework staff have trouble with the AEIEI (Earned Income) screen, and they do not understand how CRIS-E is manipulating the information they are entering. In addition, the system will not show the amount of earnings it is using in the budgets unless the caseworker purposefully returns to the screen or stops to view the budgets. Many caseworkers neither return to the screen nor view budgets.

Solution: A potential edit for this problem might be a mini-driver for earned income. This would allow the financial portion of the needed information to be

entered differently than it currently is. Such a driver should show calculations and the final amount the CRIS-E system would be using in the budget. Many staff understand the manual calculation, but do not understand how CRIS-E is arriving at the amounts being used by the system. This would make this process clearer. In addition, it would offer staff the opportunity to indicate that the employment is new and current. This could be used to return an alert later warning the caseworker to go back and review new employment information. Another possibility directed at follow-up alerts is to offer the caseworker the opportunity to enter the number of days away they would like this reminder alert to come to them. This would allow them more control over when the alert arrived based on how often the recipient is paid and how much time will pass before enough paystubs have been accumulated to meet the Food Stamp regulations' verification requirement. There should be a 30 day maximum however. This is an important part of any edit in this area as a lack of follow up has been a major cause of error according the ODHS Quality Control staff. Likewise, earned income is the top error element in the State of Ohio.

7. **Problem:** Caseworkers fail to act when IEVS alerts show that the AEFMI (Unearned Income) screen income differs from the data exchange match. IEVS will return alerts for both under \$25 and over \$25. Yet, many staff ignore them because they have historically been repetitive. This can lead to errors in unearned income computations. These are Bendix Benefit matches.
- Solution:** IEVS alerts for Bendix Benefit matches that are more than 30 days old should be sent to the supervisor. The minimum time allowed for working an IEVS alert is 45 days (high alerts). This would help insure compliance with the IEVS requirements, but more importantly it would limit potential overpayments and federal quality control errors.



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CONTROLLING FOOD STAMP PAYMENT ERRORS

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Jill M. Burch
Clerk of the Bureau

Date: DEC 30 1997