

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				12/22/14 (Complete) – 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				5/28/15 (Complete) – OFR convened the workgroup and has developed and implemented performance metrics.
2	In Process	DSHS continually works to improve the tools and methodology it uses to detect	DSHS OFA	10/31 /2016				10/26/15 (In Process) – OFA is lead on this grant. Grant work continues, and will remain active through October 2016.

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		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						
3	In Process	DSHS will update procedures to require staff to manually check the SSA cross-match at eligibility review and mid-certification review.	DSHS	3/31/2015 4/1/2016				10/26/15 (In Process) – DSHS staff currently check the SSA database at application and mid-certification review. Updated procedures are on hold as work focuses on implementation of an updated IT solution which will eliminate the manual SSA database check.
3	Complete	DSHS will check the Department of Health vital statistic data and limit adverse action letters to only those whose death notice could not be confirmed by vital statistics.	DSHS	3/31/2015				2/27/15 (Complete) – Process change implemented. DSHS staff check DOH data, and send adverse action letters only to 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				7/7/15 (Complete) – 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 more timely, 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	DSHS	6/30/2015				5/26/15 (Complete) – DSHS now receives and works the DOH death file each quarter.

Issue/ Rec	Status	Action Steps	Lead Agency	Due Date	Current Resources?	Budget Impact?	Legislation Required?	Notes
		discontinuing benefits to deceased individuals.						
3	Complete	DSHS will change the way staff receive deceased client notifications, allowing them to take immediate action.	DSHS	10/31/2015				10/10/15 (Complete) – DSHS changed the way staff receive deceased client notifications, and staff are immediately taking appropriate action.
3	In Process	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				2/23/15 (In Process) – 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.
3	In Process	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				10/26/15 (In Process) – New EBT vendor has been named, DSHS will begin work with the vendor in January 2017.
4	In Process	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	1/31/2017				10/26/15 (In Process) – New EBT vendor has been named, DSHS will begin work with the vendor in January 2017.
4	In Process	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	6/30/2017				10/26/15 (In Process) – Work in process
4	Complete	DSHS will investigate individuals receiving eight or more replacement cards within a 12-month period.	DSHS	6/30/2015 6/30/2017				7/24/2015 (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

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								identified; the replacement cards are one indicator of potential fraud.
5	In Process	DSHS will develop and implement reports that document the OFA's cost-effective use of state resources.	DSHS	6/30/2015 8/01/2016				11/20/2015 work in process
5	Complete	DSHS will pursue directing or adding more resources to the activity.	DSHS	9/30/2015				Complete - OFA hired three new Intake Investigator 2 staff to help process and investigate fraud complaints.