

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

AFDC PAYMENTS AFTER DEATH



JUNE GIBBS BROWN
Inspector General

NOVEMBER 1994
OEI-04-91-00040

OFFICE OF INSPECTOR GENERAL

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services' (HHS) programs as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by three OIG operating components: the Office of Audit Services, the Office of Investigations, and the Office of Evaluation and Inspections. The OIG also informs the Secretary of HHS of program and management problems and recommends courses to correct them.

OFFICE OF AUDIT SERVICES

The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the Department.

OFFICE OF INVESTIGATIONS

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil money penalties. The OI also oversees State Medicaid fraud control units which investigate and prosecute fraud and patient abuse in the Medicaid program.

OFFICE OF EVALUATION AND INSPECTIONS

The OIG's Office of Evaluation and Inspections (OEI) conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the Department, the Congress, and the public. The findings and recommendations contained in these inspection reports generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs.

OEI's Atlanta Regional Office prepared this report under the direction of Jesse J. Flowers, Regional Inspector General and Christopher Koehler, Deputy Regional Inspector General. Principal OEI staff included:

ATLANTA REGION

Joe Townsel, *Project Leader*
Betty Apt, *Team Leader*
Jacqueline Andrews

HEADQUARTERS

Wm. Mark Krushat, Sc.D.
Linda Moscoe
Ann O'Connor

EXECUTIVE SUMMARY

PURPOSE

To determine if AFDC assistance is improperly paid on behalf of deceased persons.

BACKGROUND

Responding to Congressional concern, in 1988 the General Accounting Office (GAO) reviewed the possibility that public assistance benefits might be improperly continued after a recipient's death. The GAO concluded that Aid to Families with Dependent Children (AFDC) and other public assistance may have continued for up to 2 years or more after the death of some recipients.

METHODOLOGY

To determine if States were still issuing AFDC benefits after death, we analyzed a probe sample of 54 cases with dates of death in 1992. We identified the 54 cases by matching Social Security numbers for State public assistance cases with numbers that Social Security Administration files showed to have been assigned to deceased persons. We then matched the date of death for sample cases with the date that States terminated public assistance.

FINDING

NO AFDC ASSISTANCE WAS PAID ON BEHALF OF DECEASED PERSONS IN OUR PROBE SAMPLE

None of the deceased persons in our probe sample were receiving AFDC at the time of their death. Therefore, no improper AFDC payments were made.

CONCLUSION

Based on our limited analysis of a probe sample, we could not conclusively show whether or not public assistance payments were being made on behalf of deceased AFDC recipients. However, we believe the universe of AFDC recipient deaths is too small to warrant further review. We therefore closed our inspection.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	
INTRODUCTION	1
FINDING	
• No AFDC Payments Made to Deceased Persons in Our Probe Sample	3
CONCLUSION	4

INTRODUCTION

PURPOSE

To determine if AFDC assistance is improperly paid on behalf of deceased persons.

BACKGROUND

During the 1980s, Congress became concerned that federally-funded public assistance benefits may be improperly continued after a recipient's death. In 1988, Congress asked the General Accounting Office (GAO) to determine if federally-funded benefits were paid on behalf of deceased recipients. GAO concluded that Aid to Families with Dependent Children (AFDC), Food Stamps, and General Assistance may have continued for up to 2 years or more after the death of some recipients. That finding was based on a review of 229 cases in Maryland, Pennsylvania, and the District of Columbia. Although GAO was unable to get complete information on the majority of sampled cases, the agency estimated that about \$72,000 in public assistance benefits were paid after recorded dates of death of sampled recipients.

Of the three public assistance programs GAO reviewed, AFDC is the only one financed and managed by the Department of Health and Human Services (HHS). Medicaid was not included in the GAO review, but it is also a federally-funded assistance program. Both AFDC and Medicaid are funded jointly by HHS and States.

AFDC agencies are responsible for terminating benefits to any recipient who dies. Local caseworkers normally become aware of a death through sources such as funeral directors and surviving family members. If, however, a death of a recipient does not become known to local AFDC agencies, improper AFDC benefits would likely continue.

States currently match public assistance records with some Social Security Administration (SSA) files, such as the Number Identification file. However, a match is not made with SSA death records because of an SSA agreement with many States prohibiting redisclosure of death information those States provide SSA. States are required to verify applicants' Social Security numbers (SSNs) with SSA before issuing initial public assistance payments. After eligibility is established, States submit SSNs to SSA every 6 months to verify Social Security benefits received by a public assistance recipient.

METHODOLOGY

To identify the number of deceased people to whom States potentially were still issuing AFDC benefits, we first identified all States sending verification queries to SSA. Then, we randomly selected 12 States from that group of States. The 12 States submitted 1.5 million recipient queries to SSA in November 1992. Of the 1.5 million

queries, SSA identified 25,686 SSNs which had been assigned to persons shown in SSA's files to be deceased. SSA provided us the dates of death for those persons. We calculated the number of months between November 1992 and the reported dates of death for the 25,686 cases, and decided to initially focus on cases in which death occurred in August 1992. We selected this 3-month timeframe (August to November) assuming that within 3 months, State AFDC agencies should have taken administrative action to discontinue public assistance to the deceased individual. The subgroup of August death cases, from the 12 sample States, consisted of 5,620 cases.

To determine if AFDC payments were in fact being issued on behalf of deceased recipients, we conducted a probe sample of the 5,620 death cases. For the probe, we randomly selected 55 cases in 3 of the 12 sample States. The three States we selected were New Jersey (20 cases), California (20 cases), and Florida (15 cases--all the death cases identified in the State). We selected the three States based on the average volume of SSN queries they submitted during a 6-month period, from September 1991 through February 1992. Specifically, we selected New Jersey and Florida because they submitted the most queries, and California because it ranked near the middle of the 12 States. Those 3 States had a total of 2,381 death cases in August 1992.

We asked AFDC agencies in the three selected States to review their files and tell us what kind of assistance the deceased individuals had received and when that assistance was terminated. We reduced our probe sample from 55 to 54 cases because the New Jersey agency had no record of 1 case. We then matched the date of death with the date public assistance was terminated to ascertain if any improper payments were made.

We used the results of the probe sample to determine if a complete study was warranted. If our probe sample had shown improper AFDC payments were issued on behalf of deceased persons, we would have continued our analysis to determine the amount of benefits being paid improperly nationwide.

In addition to discussions with officials in New Jersey, California, and Florida, we interviewed officials in three other States and four local AFDC agencies about the potential for AFDC payments continuing after death, and how those deaths usually become known to AFDC agencies.

This inspection was conducted in accordance with the *Quality Standard for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDING

NO AFDC ASSISTANCE WAS PAID ON BEHALF OF ANY DECEASED PERSONS IN OUR PROBE SAMPLE

None of the 54 deceased persons in our probe sample were receiving AFDC at the time of their deaths. Although the computer match of State and SSA records included both young and old people who received public assistance, the vast majority of recipients in our sample of deceased recipients turned out to be of advanced age--not children or young parents who typically would receive AFDC. To illustrate, the average age of our sample members was 76. Only four people were under age 50, and their ages ranged from 32 to 41.

State and local officials we interviewed said the incidence of mortality among AFDC recipients is quite low. They said that when such deaths do occur, AFDC staff usually learn of the deaths timely. Therefore, payments rarely continue after the death. To illustrate, survivors and funeral directors have an incentive to report deaths because some States pay burial benefits. Also, when an AFDC payee dies, survivors frequently report the death in order to have a new AFDC payee selected. The survivors assuming responsibility for deceased recipients' children need the AFDC check issued in their names. Since banks and stores usually will not cash checks without identification, it is difficult for someone other than a payee to cash AFDC checks. Also, post offices sometimes return checks addressed to a deceased person. At least one State identifies deaths of AFDC recipients through periodic computer matches with its bureau of vital statistics.

It is true that State agencies did not close all 54 cases during the month of death. Ten were closed one or more months after death, one 12 months after death. Therefore, it is possible that States could have continued some public assistance other than AFDC on behalf of some deceased persons. For example, prior to their deaths, all 54 deceased persons had received SSI-related Medicaid. Five of the 54 had also received food stamps. However, it is unlikely that States actually continued such benefits after the death of any of our probe sampled recipients.

First, the States closed all five food stamp cases during the month of death. Second, Medicaid funds are spent only when claims for medical services are filed. Therefore, an agency's failure to close a Medicaid case during the month of death does not necessarily result in an overpayment.

CONCLUSION

Based on our limited analysis of a probe sample, we could not conclusively show whether or not public assistance payments were being made on behalf of deceased AFDC recipients. However, not even one family in our probe sample was found to have received such payments. Furthermore, the universe of AFDC deaths is so small that widespread payments after death are unlikely. We believe that if payments occur after death, the frequency is not significant enough to continue with a full inspection, which would require research on a significantly larger number of cases. Such research is particularly labor intensive and costly since the computer match with SSA does not distinguish between AFDC and other types of public assistance cases. We are, therefore, closing our inspection without further review.