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**IMPLEMENTATION OF THE STATE  
LEGALIZATION IMPACT ASSISTANCE  
GRANTS UNDER THE IMMIGRATION  
REFORM AND CONTROL ACT OF 1986**

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*STATE OF CALIFORNIA*

**OFFICE OF INSPECTOR GENERAL**  
**OFFICE OF ANALYSIS AND INSPECTIONS**

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DECEMBER 1989

## OFFICE OF INSPECTOR GENERAL

The mission of the Office of Inspector General (OIG) is to promote the efficiency, effectiveness, and integrity of programs in the United States Department of Health and Human Services (HHS). It does this by developing methods to detect and prevent fraud, waste, and abuse. Created by statute in 1976, the Inspector General keeps both the Secretary and the Congress fully and currently informed about programs or management problems and recommends corrective action. The OIG performs its mission by conducting audits, investigations, and inspections with approximately 1,300 staff strategically located around the country.

## OFFICE OF ANALYSIS AND INSPECTIONS

This report is produced by the Office of Analysis and Inspections (OAI), one of the three major offices within the OIG. The other two are the Office of Audit and the Office of Investigations. Inspections are conducted in accordance with professional standards developed by OAI. These inspections are typically short-term studies designed to determine program effectiveness, efficiency, and vulnerability to fraud or abuse.

This study was conducted to determine the effectiveness of California's implementation of State Legalization Impact Assistance Grants funds awarded under the Immigration Reform and Control Act of 1986.

The report was prepared under the direction of Don McLaughlin, the Regional Inspector General of Region VII, Office of Analysis and Inspections. Participating in this project were the following people:

### **Kansas City**

Hugh Owens, *Project Leader*  
Raymond Balandron  
James Wolf  
Alicia Smith

### **San Francisco**

Apryl Williams

### **Headquarters**

Albert J. Nace  
Debra Robinson

### **New York**

Lucille M. Cop

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***STATE OF CALIFORNIA***

**Richard P. Kusserow  
INSPECTOR GENERAL**

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## **EXECUTIVE SUMMARY**

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### **PURPOSE**

The purpose of this inspection was to determine how effectively California implemented the State Legalization Impact Assistance Grants (SLIAG) program, to identify potential problems early in the process, and to identify good practices which all States could share.

### **BACKGROUND**

The SLIAG program was established under the Immigration Reform and Control Act (IRCA) of 1986 to reduce the financial burden of providing public assistance, public health assistance, and educational services to eligible legalized aliens. In Fiscal Year (FY) 1988, \$928.5 million in program funds were allocated to States, and funds will continue to be allocated through FY 1991. These funds also cover administrative costs for implementing SLIAG at the State and local levels. Payments are made for public assistance activities generally available to all needy individuals and public health assistance services offered under the States' public health programs. The payments also cover educational services designed to assist eligible legalized aliens to attain a satisfactory level of performance in school and to achieve English language proficiency and citizenship skills necessary to become permanent residents. The Family Support Administration (FSA) is responsible for administering the program.

Because SLIAG was a new program, FSA realized that problems would surface early in its implementation. In addition to the normal difficulties encountered in creating new processes and procedures, FSA recognized that SLIAG would have unique problems. Some of these issues include the diversity of programs which SLIAG encompasses, cultural and language barriers associated with the service population, maintaining confidentiality of information, and the extremely short time frames for the grant award process.

### **METHODOLOGY**

In response to the anticipated difficulties with implementing SLIAG, FSA requested that the Office of Inspector General (OIG) conduct reviews in 10 States to determine the progress of States' implementing this program. The FSA selected nine States and the District of Columbia because of the variety of programs they offered, the number of eligible legalized aliens in the population, or the amount of the grant award. The nine States are Arizona, California, Colorado, Florida, Illinois, Massachusetts, New York, Texas, and Washington.

Interviews based on structured discussion guides for each major program area, as well as documentation furnished by FSA and State and local officials, built the base of information for this report. This report represents the review conducted in the State of California and reports on its implementation of the SLIAG program as of August 1988.

Both FSA and California were committed to identifying problems and developing innovative and effective solutions for them. Immediately following our on-site visits, FSA was given an outline of the State concerns identified in this report.

***FINDING: Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program.***

- The FSA held several national conferences beginning in 1987 to share information with States on SLIAG legislation, the implications for States, the application process, and the documentation of costs.
- The FSA also provided States with “Question and Answer” issuances and demographic data from the Immigration and Naturalization Service (INS).

***FINDING: California established a structure to identify organizational and program needs.***

- The Department of Social Services, the grantee agency, assigned public assistance coordination to its Refugee and Immigration Programs Branch. Both the Department of Health Services and the State Department of Education established IRCA units to handle SLIAG-related functions.
- The State has used advocacy groups, along with State and local governmental work groups, to help implement the SLIAG program in California. These arrangements have helped cross-pollinate ideas through reports of planning and progress. Also, these arrangements have aided different methods for estimating program costs.
- The Health and Welfare Agency, designated by the Governor as the single point of contact and lead agency to implement the SLIAG program, served as part of the State’s IRCA Working Advisory Group. The Group was established to resolve policy and regulatory issues and ensure that the various State departments comply with IRCA/SLIAG policies.

***FINDING: California also took steps to document expenditures and control disbursements.***

- The State Department of Education conducted workshops for school officials to acquaint them with the various INS cards. The purpose of the workshops was to show the officials how these cards can be used to identify eligible legalized aliens for the SLIAG-funded education programs.

- The State told the counties that in order to be reimbursed for services rendered retroactive to October 1987 there must be supporting documentation for these services.
- The county agencies visited during the inspection were, in many cases, capturing information on eligible legalized aliens retroactive to 1987.

Nevertheless, there are some funds control vulnerabilities.

***FINDING: Public health assistance programs need definitive guidelines from the State on how to identify eligible legalized aliens.***

***FINDING: The FSA's policy of denying payment for services rendered by community-based organizations and qualified designated entities prior to the State's application approval date caused difficulties for the State.***

***FINDING: Conflicting interpretations of the term "public charge" has caused uncertainties for aliens as to what services they are entitled to receive without fear of deportation.***

***FINDING: State guidelines are needed to determine allowable costs in public health assistance and education programs.***

As mentioned earlier, FSA and California have already initiated action on some of the recommendations made in this report. Steps have been taken by FSA to provide States with more specific, formal guidelines for identifying and documenting actual program and administrative costs. However, additional actions are necessary in other areas on the part of FSA and California.

***RECOMMENDATION: The State should issue directives to the counties to ensure greater consistency in documenting the status of eligible legalized aliens for public health services.***

***RECOMMENDATION: The FSA should analyze the effect of its policy to deny retroactive payment to community-based organizations and qualified designated entities for services rendered in good faith, and consider whether a modification to its position would be warranted.***

***RECOMMENDATION: The FSA and the INS should further clarify what is meant by "public charge" and widely disseminate this information to the aliens who have raised concerns about their resident status.***

***RECOMMENDATION: The State should develop a methodology to identify allowable public health assistance program costs.***

***RECOMMENDATION: The State should develop guidelines for all providers of educational services identifying allowable costs for SLIAG purposes.***

## **COMMENTS**

The FSA and the State of California both commented on the draft report. They generally agreed with our findings and recommendations. Both indicated that steps have been taken to improve implementation of SLIAG. Their comments are included verbatim as Appendices B and C.

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## **INTRODUCTION**

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### **PURPOSE**

The Family Support Administration (FSA) requested that the Office of Inspector General (OIG) conduct an inspection in nine States and the District of Columbia to determine how effectively the States implemented the State Legalization Impact Assistance Grants (SLIAG) program awarded under the Immigration Reform and Control Act (IRCA) of 1986. The inspection included reviewing mechanisms in place to identify these funds and determining whether present or projected policies and procedures adhere to FSA guidelines. The FSA also was interested in identifying potential problems early in the process and good practices which all States could share. This report presents the results of the inspection pertaining to the State of California.

### **BACKGROUND**

Under IRCA, eligible legalized aliens may apply for permanent residency within a 1-year period after they are first eligible (i.e., by the 31st month after they receive temporary resident status).

This new population will increase the demand for State public assistance and public health assistance services significantly. It will also increase the demand for State educational services as these new residents obtain English language and civic skills needed to become U.S. citizens.

To help States defray many of the costs of providing public assistance, public health assistance, and educational services to eligible legalized aliens, IRCA authorized \$1 billion each year from Fiscal Years (FY) 1988 through 1991 for SLIAG grants, less an amount identified as the "Federal offset." With few exceptions, eligible legalized aliens are ineligible for federally funded public assistance programs such as Aid to Families with Dependent Children (AFDC), food stamps, and Medicaid. The "Federal offset" is the estimated cost to the Federal Government of providing these services or benefits to those few legalized aliens who are eligible for them. In FY 1988, the law allocated \$928.5 million to States.

To receive SLIAG funds, States must apply to the FSA Division of State Legalization Assistance, which is responsible for approving applications and administering the program. The application must be approved in total for a State to receive any SLIAG funds. The FSA also provides States with technical assistance on policy issues and on the methods used to determine costs and verify actual costs.

The basic requirement for States to claim reimbursement is that costs must be allowable, reasonable, and allocable. State public assistance and public health assistance programs must be the same ones available to the general public. States cannot create new programs in these areas specifically for eligible legalized aliens. However, States may create new or additional education programs for the eligible legalized alien population. States may also claim reimbursement for program administrative and SLIAG administrative costs.

Reimbursement for public assistance and public health assistance is limited to the amount of State and local funds expended for SLIAG-related costs. The maximum SLIAG reimbursement for educational services is an average of \$500 per year per eligible legalized alien. Determination of program administrative costs is made in accordance with the final regulation at 45 CFR 402.22.

The FSA is responsible for administering the program. Because SLIAG was a new program, FSA realized that problems would surface early in its implementation. In addition to the normal difficulties encountered in creating new processes and procedures, FSA recognized that SLIAG would have unique problems. Some of these issues include the diversity of programs which SLIAG encompasses, cultural and language barriers associated with the service population, maintaining confidentiality of information, and the extremely short time frames for the grant award process.

## **METHODOLOGY**

The FSA selected nine States and the District of Columbia for the inspection because of the variety of programs offered, the number of eligible legalized aliens in the population, or the amount of the grant. The nine States are Arizona, California, Colorado, Florida, Illinois, Massachusetts, New York, Texas, and Washington. This report reviews implementation of the SLIAG program in the State of California as of August 1988.

Prior to conducting the inspection, the OIG developed structured discussion guides for each major program activity at the State and local levels. In the State of California, we held interviews in Sacramento with appropriate staff. This included the single point of contact and representatives from public assistance, public health assistance, and education. In addition, we interviewed appropriate staff in three counties: Los Angeles, Orange, and Santa Clara. According to 1987 data from the California Department of Finance, the four most populous counties with eligible legalized aliens were Los Angeles (64%), Orange (8%), San Diego (5%), and Santa Clara (2.5%). For purposes of reviewing different geographical areas in the State, two counties in the south were selected (Los Angeles and Orange) and one county in the north (Santa Clara). Providers of health and education services also were interviewed. The purpose of the local contacts was to obtain information from local governing bodies as to their planned implementation of the SLIAG program. In California, SLIAG-funded programs will be county-administered as is the case with their other programs.

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## **CALIFORNIA'S ORGANIZATIONAL STRUCTURE**

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The governor has designated the Health and Welfare Agency as the single point of contact and lead agency to implement the SLIAG program. The agency is responsible for a number of tasks including preparing the annual application for SLIAG funds; recommending SLIAG funding allocations for specific programs; coordinating budget policy with appropriate State agencies, the Legislature, and pertinent Federal agencies; and serving as part of the IRCA Working Advisory Group to resolve policy and regulatory issues and ensure that various State departments are in compliance with IRCA/SLIAG policies.

In California, the three program components administering the SLIAG program are the Department of Social Services, responsible for public assistance; the Department of Health Services, responsible for public health assistance; and the State Department of Education, responsible for education activities. Each agency will request funds from the grantee agency, which is the Department of Social Services.

### ***The Department of Social Services***

The Department of Social Services is responsible for State administrative functions associated with effectively implementing public assistance programs to be funded by SLIAG. The Department of Social Services, headed by a director, has eight divisions. The SLIAG functions will reside in the Welfare Program Division. Within this division, the Refugee and Immigration Programs Branch will be primarily responsible for coordinating and administering the SLIAG program at the State level. Additional staff will be responsible for the grantee agency's activities associated with coordinating and administering SLIAG funds.

### ***Department of Health Services***

The Department of Health Services is responsible at the State level for coordinating and administering health programs to be funded by SLIAG. Department functions associated with SLIAG will be data processing, budgets, accounting, legal services, and contract management. An IRCA Coordination Unit has been established within the Department of Health Services to oversee the functions associated with the SLIAG program.

### ***State Department of Education***

Responsibility for administering youth and adult SLIAG-related educational programs resides in the State Department of Education's IRCA Unit. The IRCA Unit is located in the Department's Youth, Adult and Alternative Educational Services Division. The Chancellor's Office of the California Community Colleges will share responsibility with the State Department of Education in management and technical assistance as they relate to community colleges.

**The IRCA Unit provides grants to local educational agencies, community colleges, community-based organizations, qualified designated entities, and other public and private non-profit organizations to deliver educational services to be funded by SLIAG.**

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## FINDINGS AND RECOMMENDATIONS

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Both FSA and California were committed to identifying problems and developing innovative and effective solutions for them. Immediately following our on-site visits, FSA was given an outline of the State concerns identified in this report.

***FINDING: Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program.***

- The FSA held several national conferences beginning in 1987 to share information with States on SLIAG legislation, the implications for States, the application process, and the documentation of costs.
- The FSA also provided States with “Question and Answer” issuances and demographic data from the Immigration and Naturalization Service (INS).

***FINDING: California established a structure to identify organizational and program needs.***

- The Department of Social Services, the grantee agency, assigned public assistance coordination to its Refugee and Immigration Programs Branch. Both the Department of Health Services and the State Department of Education established IRCA units to handle SLIAG-related functions.
- The State has used advocacy groups, along with State and local governmental work groups, to help implement the SLIAG program in California. These arrangements have helped cross-pollinate ideas through reports of planning and progress. Also, these arrangements have aided different methods for estimating program costs.
- The Health and Welfare Agency, designated by the governor as the single point of contact and lead agency to implement the SLIAG program, served as part of the State’s IRCA Working Advisory Group. The Group was established to resolve policy and regulatory issues and ensure that the various State departments comply with IRCA/SLIAG statutory and regulatory requirements.

***FINDING: California also took steps to document expenditures and control disbursements.***

- The State Department of Education conducted workshops for educational service providers to acquaint them with the various INS cards. The purpose of the

workshops was to show the officials how these cards can be used to identify eligible legalized aliens for the SLIAG-funded education programs.

- The State told the counties that in order to be reimbursed for services rendered retroactive to October 1987 there must be supporting documentation for these services.
- The county agencies visited during the inspection were, in many cases, capturing information on eligible legalized aliens retroactive to 1987.

Nevertheless, there are some funds control vulnerabilities. Findings and recommendations concerning these vulnerabilities follow under major topic areas.

## **PUBLIC ASSISTANCE**

### ***Assistance or Service Activities***

State public assistance services to be funded include General Assistance, AFDC-U (unemployed parent), Supplemental Security Income/State Supplemental Program, food stamps, Medi-Cal, and other programs as indicated in the State's approved application for SLIAG funding. No new programs have been added due to the availability of SLIAG funding. All other services will be furnished directly by the counties.

In Los Angeles County, about 5,000 new Medi-Cal cases are established each month, but only a small number of these are eligible legalized aliens. The Orange County Medi-Cal program takes care of patients up through age 17. The Indigent Medical Services program handles patients age 21 through age 64. The Orange County Medical Services program takes care of patients 18 to 21 for emergencies only. For general relief, a declarative statement on residency is acceptable. The State has indicated to the counties that the costs attributable to eligibility workers can be claimed as a SLIAG cost. In Santa Clara County, the county directly provides all services.

### ***Documentation of Eligible Legalized Alien Status***

The normal intake process will be used to document eligible legalized alien status. The question will be asked, "Are you a citizen?" A photocopy of the INS form I-688 (Temporary Resident Card) will be made. The counties can retroactively claim SLIAG-related costs if they can document the services rendered.

In Los Angeles County, eligible legalized alien information will be on-line using specific codes. For General Assistance, the data is computerized. A manual reporting system is used

for sending monthly reports to the Finance Department. The application process also asks for the place of birth. Follow-up is made if the responses are questionable. For example, when an applicant is shown to be born in a foreign country but indicates U.S. citizenship, the case would require further review.

In Orange County, Social Security numbers are obtained on all family members. These numbers are validated with the Social Security Administration in Baltimore twice a year. The county began identifying IRCA eligibility data in January 1988. County procedures require identifying eligible legalized alien status by photocopying the I-688 (Temporary Resident Card) and I-688A (Employment Authorization Card).

In Santa Clara County, applicants are asked if they are a U.S. citizen. Verification, since October 1987, has been made using the I-688 (Temporary Resident Card), which is maintained in the applicant's record.

### ***Program Costs***

The State indicated that if the counties want to be reimbursed retroactive to October 1987, they must have supporting documentation for services rendered to eligible legalized aliens. Claim forms have been provided to counties to claim actual costs. A ledger will be prepared for each program at the State level (e.g., food stamps or General Assistance).

Counties can claim actual costs by identifying the time and related costs of providing specified services to the eligible population. A specific code AA (Amnesty-Alien) is used to identify services rendered to this population group.

### ***Administrative Costs***

At the State level, time sheets are used to identify personnel costs. Other costs are determined by direct costing of supplies and equipment to SLIAG. Indirect costs are determined by the State Cost Allocation Plan.

In Los Angeles County, the cost allocation method is used in the middle month of each quarter to allocate costs to programs. Only the caseworkers complete time sheets. All other costs are put into support of the caseworkers. No direct charge is made for administration. Orange County has its own cost allocation method. Santa Clara County computes administrative costs as 60 percent of the cost of services rendered.

### ***Drawdown of Funds and Cash Balances***

The Department of Social Services is responsible for drawdown of Federal funds. Briefly, the agency prepares funding requests for all three departments—Department of Social Services,

Department of Health Services, and State Department of Education. Funding requests are made no sooner than three days before they are needed. The request goes to the fiscal agent (Bank of America). Once received, the fiscal agent sends funds to the State treasurer's office for transmission to the State controller's office. If, for some reason, a large cash balance was discovered in the periodic reports to the State, subsequent SLIAG payments would be reduced.

## **PUBLIC HEALTH ASSISTANCE**

### ***Assistance or Service Activities***

Within the Department of Health Services, public health services and treatment programs cover tuberculosis/leprosy, sexually transmitted diseases, laboratory support, immunizations, perinatal services, family planning, child health and disability prevention, and IRCA subvention. IRCA subvention includes a variety of public health services not specific to other available programs. Public health/public assistance includes California Children's Services and the Adolescent Family Life Program. Public assistance includes the Medically Indigent Services Program, the County Medical Services Program, and primary care clinics.

No new programs have been added for FY 1988 because of SLIAG funding. Environmental health and foster care services have been added for FY 1989. Those services provided directly by the Department of Health Services include laboratory services, immunizations (the State purchases the serum but the counties administer it), Children's Services (although this is split with the counties), Family Planning, and Child Health and Disability Prevention. The State contracts with primary care clinics to render some primary health care.

In Los Angeles County, three services are contracted out. These are obstetrical clinics, trauma care services, and emergency room services. Orange County health services include Indigent Medical Services for persons age 21 through age 64, which the county took over from the State several years ago. Santa Clara County offers similar services.

### ***Documentation of Eligible Legalized Alien Status***

For purposes of filing the SLIAG application, certain public health programs are classified as public assistance. This requires identifying individual eligible legalized aliens in order to document costs. The pertinent INS card will be requested for verification purposes. The counties have been requesting this information since October 1987. The policy is to ask for the applicant's status after the service has been rendered. Various methods of identifying eligible legalized aliens have been adopted by the State, which are (1) actual head count (which is the most difficult to obtain), (2) random sample of the universe, or (3) sample of service area or users.



Los Angeles County found that sampling eligible legalized aliens would identify more SLIAG costs than using their system to count individuals. Samples of inpatients were taken on two occasions. The sample data was obtained from bi-lingual staff going to the homes of the persons who had been in the hospital. In this setting these individuals were more likely to indicate their alien status than in the hospital environment. This County indicated this gave a more accurate count of those persons using SLIAG funded services. In Orange County, additional staff have been added to identify the eligible legalized alien population. The I-688, Temporary Resident Card or I-688A, Employment Authorization Card issued by INS will identify the eligible legalized alien patients by an alien registration number beginning with A9. In Santa Clara County, formalized procedures have not yet been established.

***FINDING: Public health assistance programs need definitive guidelines from the State on how to identify eligible legalized aliens.***

Both Los Angeles and Orange Counties believe the State's approach to verifying eligible legalized alien status is fragmented. To date, only two State programs have indicated the documentation needed to verify eligible legalized alien status. The Adolescent Family Life Program will accept either a facsimile of the I-688, Temporary Resident Card or I-688A, Employment Authorization Card. The Community-Based Perinatal Services will accept any one of the following three pieces of identification: (a) a facsimile of the I-688, Temporary Resident Card or I-688A, Employment Authorization Card, (b) the amnesty application form or receipt for application fee, or (c) the number on the INS card or receipt. This process causes more administrative workloads because of the inconsistencies in obtaining eligible legalized alien verification.

***RECOMMENDATION: The State should issue directives to the counties to ensure greater consistency in documenting the status of eligible legalized aliens for public health services.***

### ***Program Costs***

The State indicated that counties can use either the actual expenditures, sample method, or population ratio method to identify costs for public health assistance services. For those public health services that are considered public assistance for SLIAG reimbursement purposes, the counties must track actual costs of services rendered to eligible legalized aliens.

Los Angeles County staff indicated they had not received instructions from the State on how to determine allowable program costs. The county will capture whatever cost information the State requests. Orange County is also waiting for State instructions. Once guidelines have been issued, the county intends to negotiate with the State on methods of determining ratios and samples. Santa Clara County, not having any State instructions, does not know what costs to claim or how to document these costs.

### ***Administrative Costs***

At the State level, staff uses time sheets daily to record SLIAG-related activities. These time sheets are used to apportion costs by program. These costs are reported on the HCFA-64 quarterly expenditure report form. The administrative cost center includes salary, fringe benefits, and a percentage of operating and equipment costs. The indirect cost rate is 25 percent as determined under the Cost Allocation Plan pertinent to public health.

In Los Angeles County, no procedures are yet in place to identify administrative costs. A possible sampling of employee services is being considered. Orange County uses time sheets to record administrative time allocated to programs. Administrative costs are computed as a ratio of SLIAG costs to total costs. The Orange County Health Department's indirect cost rate is 18 percent. Santa Clara County captures administrative costs in relation to time spent on programs.

### ***Drawdown of Funds and Cash Balances***

All requests for SLIAG funding would be made with the Department of Social Services, the grantee agency. Up to a 25 percent advance can be made to a primary care clinic or small county. The cash advance will be reduced as claims are submitted for reimbursement. Claims for reimbursement will be applied against the cash advance. It is unlikely that large cash balances would occur. However, if large cash balances were noted, the State's Audit and Investigations unit would be alerted.

Interagency transfer of funds is not done at the county level. In Los Angeles County, SLIAG funds would go to the treasurer-tax collector and then to the auditor-controller for eventual transfer to the health services fund. All SLIAG funds will go into one ledger account. The State has not yet issued any guidelines on this procedure. Large cash balances would not occur because all services are paid for by reimbursement. Orange County Health Department staff are not aware of any procedures for the transfer of SLIAG funds from the State to the county. Cash balances probably would not occur. In addition, Santa Clara County staff indicate that cash balances probably would not occur.

## **EDUCATION**

### ***Assistance or Service Activities***

Services rendered are adult education and kindergarten through grade 12. Technical assistance will be furnished to educational institutions by the State Department of Education and the Chancellor's Office of the California Community Colleges. No new programs have been added due to the availability of SLIAG funding. The community-based organizations and qualified designated entities will provide some of the educational functions.

Educational services are rendered through grants with various facilities around the State. Services rendered are English as a Second Language classes and citizenship skills classes.

### ***Documentation of Eligible Legalized Alien Status***

Identifying eligible legalized alien status will be incorporated into the normal enrollment process. The State has held workshops for educational service providers on obtaining this information. The workshops for kindergarten through grade 12 acquainted educational service providers with the various INS cards and how to use them for identification purposes. For adults, the interview process is used. The applicant is asked, "Have you applied for the amnesty program?" At the present time, no statewide record-keeping system exists for determining who are the eligible legalized aliens who qualify for educational programs under SLIAG. The inspection revealed that the educational facilities are asking for the I-688, Temporary Resident Card or I-688A, Employment Authorization Card, or are utilizing the INS's fee receipt which reflects the "A" number assigned to each eligible legalized alien.

Several community colleges and secondary schools were visited as part of this inspection. At one college serving Orange County, approximately 10,000-11,000 persons are enrolled in English as a Second Language classes, and approximately 2,500 are eligible legalized aliens. One of the requirements of the SLIAG program is that eligible legalized aliens be in U.S. schools for less than 3 complete years. At this college, information is obtained on whether an eligible legalized alien was in that school for less than 3 complete years. However, information is not obtained as to whether they attended any other schools.

### ***Program Costs***

The State is developing guidelines for determining actual program costs. Notices have gone out to all providers to document costs retroactively from October 1987 through June 1988. Providers must have had a grant in place by May 13, 1988, to be reimbursed from that date forward. The accounting system will be modified to add another fund account to record program costs. The amount reimbursable under SLIAG is capped at \$500 per eligible legalized alien per year. Each provider or school entity must keep a separate accounting of these funds.

A visit to a local community college in Orange County revealed that the State made its definition of allowable costs very restrictive. The college had received an award letter dated May 1, 1988, for the period October 1, 1987, through June 30, 1988. Costs considered allowable were (1) essential staff development for personnel providing instruction to eligible legalized alien students, (2) required supplementary record-keeping/documentation costs, and (3) supplementary educational services necessary to enable eligible legalized alien adults to attain permanent residency status and naturalization. However, a revised award letter dated July 14, 1988, was received that sharply reduced the allowable costs. This letter stated that only costs associated with assessment and evaluation would be currently allowable for FY 1987-88.

### ***Administrative Costs***

The SLIAG provisions limit State educational agency administrative costs to 1.5 percent of total SLIAG educational costs. Time sheets will be used to capture time spent on the SLIAG program. Three SLIAG-related education positions are funded by the State Department of Education and are not charged to the SLIAG program.

The State Department of Education is using a provisional indirect cost rate of 34 percent of payroll costs, which goes back to 1979 and was updated in 1983. The community colleges use a 10 percent rate, provisional since 1981. An Orange County community college has no guidelines from the State to determine administrative costs. No time sheets are used to determine staff time devoted to SLIAG activities. The college will develop its own methodology for determining administrative costs for SLIAG purposes.

In other areas reviewed in California, schools were improvising methods for claiming administrative costs. Most were using time sheets as the generally accepted manner of determining administrative costs. One secondary school is planning to use school procedures for determining administrative costs through identifying instructor hours and the number of eligible legalized aliens receiving instruction. An apportionment will be used to record administrative costs.

For the school year 1987-1988, an elementary school plans to have school personnel reconstruct how much time they spent on SLIAG programs from calendars, notes, etc. This would include time spent on the application process.

### ***Drawdown of Funds and Cash Balances***

The Department of Social Services, as the grantee agency, would handle all drawdown activities. The State permits cash advances of up to 25 percent of estimated costs. The State requires the community-based organizations to be bonded for the amount of the SLIAG advance. When providers submit their quarterly reports on actual costs, any excess cash balances would be detected. The State would request a refund or make an adjustment.

## **CROSSCUTTING ISSUES**

According to final regulations published March 10, 1988, States had to submit the FY 1988 application no later than May 16, 1988. Revisions to the application had to be submitted by July 1, 1988, and the FY 1989 application had to be submitted no later than July 15, 1988. Applications were to contain brief descriptions of the State's programs or services, estimates of the State's SLIAG-related costs for each program or activity for that particular fiscal year (including information on the number of eligible legalized aliens residing in the State), and a brief explanation of the methodology used to estimate these costs.

***FINDING: The FSA's policy of denying payments for services rendered by community-based organizations and qualified designated entities prior to the State's application approval date caused difficulties for the State.***

Some community-based organizations and qualified designated entities have provided health and educational services to eligible legalized aliens with the understanding they would be reimbursed for these services by the State. The FSA interpreted that services rendered prior to the approved application date could not be reimbursed. This has placed a financial burden on these providers, who have rendered the service but may not get paid for it.

***RECOMMENDATION: The FSA should analyze the effect of its policy to deny retroactive payment to community-based organizations and qualified designated entities for services rendered in good faith, and determine whether a modification to its position would be warranted.***

***FINDING: Conflicting interpretations of the term "public charge" has caused uncertainties for aliens as to what services they are entitled to receive without fear of deportation.***

Another situation causing concern to the State is the definition of "public charge." Some people are afraid to identify themselves as aliens for fear of being considered a public charge. Some qualified designated entities are telling aliens not to apply for SLIAG-related programs for the same reason. The situation has caused uncertainties for aliens regarding benefits they may be entitled to and if accepting these benefits would subject them to possible deportation.

***RECOMMENDATION: The FSA and the INS should further clarify what is meant by "public charge" and widely disseminate this information to the aliens who have raised concerns about their resident status.***

***FINDING: State guidelines are needed to determine allowable costs in public health assistance and education programs.***

Los Angeles County Department of Health Services staff indicated they have not received instructions from the Department of Health Services on how to determine allowable program costs. The county will capture whatever cost information the State requests. Orange County Health Care Agency staff are also waiting for State instructions. Once guidelines have been issued by the State, Orange County staff intend to negotiate with the State on methods of determining ratios and samples. Santa Clara County, without State instructions, does not know what costs to claim or how to document these costs.

***RECOMMENDATION: The State should develop a methodology to identify allowable public health assistance program costs.***

Although the State Department of Education is developing guidelines for determining allowable educational program costs, a secondary school indicated that no instructions have

been received from the State Department of Education on determining costs. An elementary school revealed that it did have information from the State as to allowable costs. They were referencing a State publication entitled "California State Education Plan for State Legalization Impact Assistance Grants." Other schools visited indicated that either they had no State guidelines or they were awaiting receipt of guidelines. In the case of one community college a standard community college accounting manual was used.

***RECOMMENDATION: The State should develop guidelines for all providers of educational services indentifying allowable costs for SLIAG purposes.***

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## OIG RESPONSE TO COMMENTS

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The FSA and the State of California both commented on the draft report.

### *The FSA*

The FSA has generally agreed with the OIG report findings and recommendations. The FSA has taken a number of steps to improve implementation of the SLIAG program including clarifying program policies and procedures. We have modified certain aspects of the report based on the comments received from FSA.

The FSA questioned the statement that the new population would significantly increase public assistance and public health assistance services. Early estimates indicated that large numbers of aliens would qualify to access the SLIAG program. The report recognized that information obtained during the review determined that substantial increases in workloads and expenditures could occur in these program areas as well as in education. However, we understand from recent discussions with States' officials that demand for services nationally is falling behind earlier projections.

The draft report states that "For purpose of filing the SLIAG application, certain public health programs are classified as public assistance."

The FSA replied that they see this primarily as an issue of cost identification and that they will work with the States to develop methods of documenting costs which are consistent with FSA's responsibilities as stewards of public funds. We believe that FSA's actions to identify alternative methods is responsive to the needs of the program.

We continue to believe that a strict interpretation which permits public health costs to be claimed only for specific eligible legalized aliens is burdensome to the States and, in many cases, would require considerable revisions to the States' system or statutory requirements. However, we do agree that FSA's use of alternative systems, such as the Cost Documentation System and a revised population ratio method system which reflects usage, would be a positive effort to enhance cost effectiveness without requiring States to develop new systems or make considerable revisions to present systems. The population ratio method could be revised to consider not only eligible legalized aliens in the service population but also use of those services by the eligible legalized alien population based on information already obtained from program experience. Where appropriate, other alternatives might be used which would produce a more efficient system for the States and address congressional intent that the States would not be required to establish new or elaborate systems.

The FSA made numerous comments to identify certain matters of fact, policy, or procedures. We have included these comments verbatim in Appendix B.

### ***The State of California***

The State has generally agreed with the OIG report findings and recommendations. Their comments are included verbatim in Appendix C. The comments clarified the State's organizational structure used to administer the SLIAG program as well as the report's description of the State's drawdown of funds and the handling of cash balances. Since the time of the on-site review, the State has taken significant steps to effectively implement the SLIAG program through procedural and system changes.



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**APPENDIX A**

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***GOOD PRACTICES***

A number of practices have been identified that other States could share.

1. The State has used advocacy groups, along with State and local governmental work groups, to help implement the SLIAG program in California. These arrangements have helped cross-pollinate ideas through reports of planning and progress. Also, these arrangements have aided different methods for estimating program costs.
2. The State Department of Education conducted workshops with school officials to acquaint them with the various INS cards. The purpose of the workshops was to show the officials how these cards can be used to identify eligible legalized aliens for the SLIAG-funded education programs.
3. The State has taken steps to establish an organization that will help administer the SLIAG program. The Department of Social Services assigned coordinating public assistance to the Refugee and Immigration Programs Branch. The Department of Health Services established a separate IRCA Coordination Unit. The State Department of Education has established an IRCA unit in the Youth, Adult and Alternative Educational Services Division.

All of these IRCA coordinating units have developed the expertise necessary to implement the program at the State level. Since California administers many of its programs at the county level, these coordinating units will be the focal point at the State level for interaction regarding SLIAG implementation. The Department of Social Services is the grantee agency for the SLIAG functions at the State level.

4. The Health and Welfare Agency, designated by the Governor as the single point of contact and lead agency to implement the SLIAG program, served as part of the State's IRCA Working Advisory Group. The Group was established to resolve policy and regulatory issues and ensure the various State departments comply with IRCA/SLIAG policies.

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**APPENDIX B**

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***FAMILY SUPPORT ADMINISTRATION COMMENTS***

## Memorandum

Date: August 10, 1989

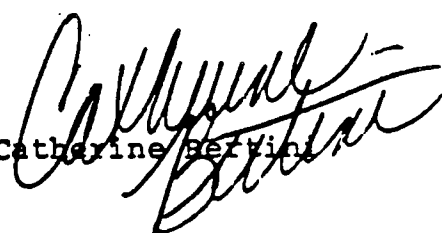
From: Acting Assistant Secretary  
for Family Support

Subject: OIG Draft Report: Implementation of the State Legalization  
Impact Assistance Grants Under the Immigration Reform and  
Control Act of 1986 - California (OAI-07-88-00442)

To: Richard P. Kusserow  
Inspector General

Attached are the Family Support Administration comments on the above draft report. Many of our comments are technical in nature due to the complexity of the legislation and the fact that the SLIAG program was very new at the time of the review.

We appreciate the assistance and cooperation we have received from you in response to our request to conduct this round of reviews of the SLIAG program. The reports we received are very useful to us in understanding how States are implementing the program.



Catherine Bertin

Attachment

**OIG DRAFT REPORT:**  
**Implementation of the State Legalization Impact Assistance**  
**Grants**  
**Under the Immigration Reform and Control Act of 1986 -**  
**State of California**

The Family Support Administration's comments are divided into three sections: Comments on background information and other narrative material that does not relate directly to the draft report's findings, comments on the findings, and responses to the draft report's recommendations.

**Narrative:**

Page 1 (Background) -- The draft report says, "This new population will increase the demand for State public assistance and public health assistance services significantly." The draft report isn't clear whose conclusion this is or upon what data and analysis the conclusion is based. The final report should clarify these points.

In the course of implementing SLIAG, we have discovered that neither State and local public health programs nor, with few exceptions, public assistance programs, inquire about legal status. This suggests that at least some aliens were using these services before legalization and that newly legalized aliens do not represent a "new population" for public assistance and public health assistance services. Preliminary cost data from States suggests that newly legalized aliens are accessing public assistance services at rates far lower than the general population. There are indications that a backlog of public health needs existed and was identified during the medical examinations required of all applicants for legalizations. However, there is no data to suggest that, other than this temporary bulge in demand for public health services, newly legalized aliens will generate a significant increase in demand for public health assistance or public assistance services.

Page 2 (Background) -- The draft report says, "States must develop a method acceptable to FSA for determining administrative costs." We note that several methods for determining the share of administrative costs in ongoing programs that are allocable to SLIAG and which are acceptable a priori are specified in the regulation at 45 CFR 402.22(b). The process of determining SLIAG administrative costs (those costs incurred in administering the SLIAG grant itself), like all costs associated with administering HHS grants, is governed by 45 CFR Parts 74 and 92 and relevant OMB circulars.

Public Assistance:

Page 5 (Assistance or Service Activities) -- The draft report states, "State public assistance services to be funded by SLIAG include General Assistance, AFDC-U (unemployed parent), Supplemental Security Income/State Supplemental Program, food stamps, and Medi-Cal. No new programs have been added due to the availability of SLIAG funding. The only program for which the Department of Social Services provides direct assistance is the adoption program. The State will contract out for child abuse studies. All other services will be furnished directly by the counties." It is important to note that all programs of public assistance must meet three criteria. First they must be generally available to the population of the State. Secondly, they must be means-tested. Lastly, they must provide for the subsistence or health of the individual. The requirement that the programs be generally available would preclude the State from developing any programs for "eligible legalized aliens". Additionally, it is not clear what is meant by child abuse studies. The statute and regulation would preclude the State from developing or conducting studies on behalf of "eligible legalized aliens". The final report should make these points clear.

Page 5 (Assistance or Service Activities) -- The draft report states, "The State has indicated to the counties that the costs attributable to eligibility workers can be claimed as a SLIAG cost." The final report should note that acceptable methods for determining SLIAG and program administrative costs are outlined in Federal regulation. The regulation at 45 CFR 402.22 discussed several methods for determining SLIAG and program administrative costs in ongoing programs. This section of the regulation also permits use of other methods for determining program administrative costs that will document that these costs are "allowable, allocable to SLIAG, and reasonable."

Page 6 (Program Costs) -- The draft report says that "The State will not go below the program level to identify these costs for SLIAG funding purposes." We cannot determine from the description what is meant by this statement. We request that the final report provide clarification.

Page 7 (Administrative Costs) -- The draft report identifies several methods being used by the State and the counties to determine administrative costs. The final report should note that acceptable methods for determining SLIAG administrative costs are outlined in the regulation at 45 CFR 402.22, and the process of determining SLIAG administrative costs, like all costs associated with administering HHS grants, is governed by 45 CFR Parts 74 and 92 and relevant OMB circulars.

Public Health Assistance.

Page 7 (Assistance or Service Activities) -- The draft report lists California Children's Services and Adolescent Family Life Program as Public health/public assistance. The final report should note that since the OIG program review, the State has resubmitted the California Children's Services program under public assistance, and the Adolescent Family Life Program under public health assistance.

Page 8 (Documentation of Eligible Legalized Alien Status) -- The draft report states that "For purposes of filing the SLIAG application, certain public health programs are classified as public assistance." By statute and regulation, all programs and activities which fit under the regulatory definition of public assistance or public health assistance must be categorized accordingly. The definitions of public assistance and public health assistance are based directly on section 204 of the Immigration Reform and Control Act of 1986 (IRCA) which created SLIAG.

The public assistance/public health assistance categorization issue is primarily one of cost documentation requirements, not the allowability of costs associated with any particular health program. Under our regulation, States are allowed to use a single ratio of the number of ELAs in the service population to the total service population to establish actual costs for public health assistance programs, as defined for SLIAG. Implicit in this method is the assumption that eligible legalized aliens will access programs in the same frequency and at the same cost as the general population. We do not believe this assumption to be appropriate for medical assistance programs that provide treatment to needy individuals. To the contrary, the information that we have to date indicates that allowing use of the population ratio method for these programs generally would overstate costs, dramatically in some cases. We have indicated to States that we would allow use of the population ratio method for any program for which there is an empirical basis to indicate that doing so would not overstate costs.

Furthermore, we realize that many public assistance and public health programs do not routinely collect information on immigration status but we have found that many do collect social security numbers. That is why we funded and devoted substantial staff resources to developing a system that matches the social security numbers of program participants with those of newly legalized aliens. This system gives States information on the number of newly legalized aliens participating in a program and the cost of services to them. It is now available and allows States to establish costs for FY 1988 as well as current and future years. Recently, we sent State SLIAG Single Points of Contact suggestions for other possible methods for establishing

costs. None of these alternative methods requires setting up new administrative mechanisms or checking status of all program participants.

Page 8 (Documentation of Eligible Legalized Alien Status) -- The draft report further states that, "Los Angeles County found that sampling eligible legalized aliens would identify more SLIAG costs than using their system to count individuals. Samples of inpatients were taken on two occasions. In the opinion of the county, this resulted in a more accurate method of determining costs. This method is under review by the State." It is unclear to us how taking a sample of inpatients would yield better results than counting actuals. The regulation allows costs for public assistance programs to be established by (1) establishing costs associated with identified eligible legalized aliens, (2) using a statistically valid sample of the program's caseload, or (3) "any other reliable method of cost calculation, subject to Federal review" (45 CFR 402.21). We have made available to States a Cost Documentation System, initiated by HHS, which will enable them to establish costs based on a blind match of social security numbers of program participants. We have worked with States to develop other alternative methods that do not involve inquiring into the immigration status of any individual. We have distributed information on these alternative methods to States.

Page 9 (Program Costs) -- The draft report states, "Los Angeles County staff indicated they had not received instructions from the State on how to determine allowable program costs. The county will capture whatever cost information the state requests. Orange County is also waiting for State instructions. Once guidelines have been issued, the county intends to negotiate with the State on methods of determining ratios and samples. Santa Clara County, not having any State instructions, does not know what costs to claim or how to document these costs." The final report should note that acceptable methods for determining SLIAG and program administrative costs are outlined in Federal regulation. The regulation at 45 CFR 402.22 permits use of other methods for determining program administrative costs that will document that these costs are "allowable, allocable to SLIAG, and reasonable."

Page 10 (Drawdown of Funds and Cash Balances) -- The draft report states that "Up to a 25 percent advance can be made to a primary care clinic or small county. Since payment is made by reimbursement, it is unlikely that large cash balances would occur." These two statements appear to be contradictory. We request that the final report clarify whether payment is limited to reimbursement.



Education:

Page 11 and 12 (Administrative Costs) -- The draft report indicated that "An Orange County community college has no guidelines from the State to determine administrative costs." Another section under Education, the draft report cited, "In other areas reviewed in California, schools were improvising methods for claiming administrative costs." The final report should note that acceptable methods for determining SLIAG and program administrative costs are outlined in Federal regulation at 45 CFR 402.22.

Page 12 (Crosscutting Issues) -- The draft report states, "According to final regulations published March 10, 1988, States had to submit the FY 1988 application no later than May 16, 1988. Revisions to the application had to be submitted by July 1, 1988, and the FY 1989 application had to be submitted no later than July 15, 1988. Applications were to contain brief descriptions of the State's programs or services, estimates of the State's SLIAG-related costs for each program or activity for that particular fiscal year (including information on the number of eligible legalized aliens residing in the State), and a brief explanation of the methodology used to estimate these costs." We request that the final report clarify what are the pertinent issues the draft report wants to address in this paragraph.

Findings (page 4):

**Finding:** Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program.

**Comment:** Since the OIG's onsite visits in August 1988, we have continued to provide assistance to States. We have conducted several more workshops and meetings to assist states in implementation. In October 1988, we issued a compendium incorporating the extensive formal guidance previously provided to States on methods of cost documentation. We also have provided assistance to individual States in the form of correspondence, telephone consultation, and onsite technical assistance. We are in the process of conducting initial program reviews of the major States, including California, which we visited in April 1989. We request that the final report reflect this continuing dialogue with States.

**Finding:** California established a structure to identify organizational and program needs.

**Comment:** It is not clear from the description of these steps that the statute and regulation limit use of SLIAG funds for

public assistance and public health assistance to activities that are "generally available." This means that States may not use SLIAG funds to set up public assistance or public health programs specifically for "eligible legalized aliens." The final report should make clear how this requirement relates to the State actions featured in the draft report.

### RECOMMENDATIONS

#### FINDING:

The FSA's policy of denying payments for services rendered by community-based organizations and qualified designated entities prior to the State's application approval date caused difficulties for the State.

#### RECOMMENDATION:

The FSA should analyze the effect of its policy to deny retroactive payment to community-based organizations and qualified designated entities for services rendered in good faith, and determine whether a modification to its position would be warranted.

#### RESPONSE:

Since the OIG inspection, this issue has been resolved. State was informed that there is no federal prohibition against entering into a contract or other legal instrument with providers of community-based primary care or educational services with the effective date of the contract, or amendment to an existing contract, predating the date of execution of the agreement. Such an agreement would be acceptable provided that the execution of such an agreement were permissible under State or, if applicable, local law. However, nothing in Federal law or regulation requires that a State or local government assume costs of private providers who serve ELAs. We further advised the State that costs incurred under such contracts would be allowable under SLIAG only if they met all applicable regulatory and statutory criteria. In particular, we cautioned that costs under such contracts will have to be fully documented and would have to be reasonable, allowable and allocable to SLIAG. State was further informed that documentation of all costs under contracts voluntarily and belatedly entered into by State or local governments meet the standards outlined in the regulation at 45 CFR 402.21.

**FINDING:** Conflicting interpretations of the term "public charge" has caused uncertainties for aliens as to what services they are entitled to receive without fear of deportation.

**RECOMMENDATION:** The FSA and the INS should further clarify what is meant by "public charge" and widely disseminate this information to the aliens who have raised concerns about their resident status.

**RESPONSE:** Under IRCA and the Immigration and Nationality Act, the INS alone is responsible for determining whether individuals are likely to become public charges. FSA cannot establish policy on this issue. Nor can FSA disseminate information directly to the alien population. INS is precluded by IRCA from providing names and addresses of eligible legalized aliens to outside agencies.

However, we agree that it is important that all concerned know INS policy on the public charge issue. INS representatives have made presentations at virtually all of our workshops and conferences. At these meetings, States have been able to ask questions and receive direct information from the INS. We have communicated to States all information provided to us by INS on this and other pertinent issues, and will continue our policy of disseminating any relevant information that we receive.

The Department also has indicated its support for a legislative change to allow States to use a small portion of their SLIAG grants to inform temporary residents of the requirements for adjustment to lawful permanent resident status and of the rights and responsibilities of lawful temporary residents. Such use is not permitted under current law.

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**APPENDIX C**

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***CALIFORNIA'S COMMENTS***



HEALTH and WELFARE AGENCY

OFFICE OF THE SECRETARY  
1600 NINTH STREET, ROOM 450  
Sacramento, California 95814  
(916) 445-6951

SEP 27 1989

Richard P. Kusserow, Inspector General  
Office of Analysis & Inspection  
HHS Office of Inspector General  
Cohen Building, Room 5660  
330 Independence Avenue  
Washington, DC 20201

Dear Mr. Kusserow:

Pursuant to your request and subsequent discussion with Mr. Hugh Owens of your staff, I am submitting the enclosed comments which constitute California's response to your draft inspection report, "Implementation of the State Legalization Assistance Grants Under the Immigration Reform and Control Act of 1986 - State of California."

It was a pleasure to work with your staff who were thoroughly professional and well organized in their review of a broad scope of issues and procedures affecting California's implementation of IRCA. If I may be of any further assistance to you in the review of your draft or the explication of our comments, please do not hesitate to telephone me at (916) 445-0196.

Sincerely,

A handwritten signature in cursive script that reads "Richard A. Epstein".

RICHARD A. EPSTEIN  
Special Assistant

Enclosure

cc: Hugh R. Owens ✓  
Kansas City, MO

Norman L. Thompson  
DHHS

**Memorandum**

To: Richard Epstein

Date: 6/27/89

From: Richard L. Stiles, Manager  
Amnesty Education Office (formerly the IRCA Unit)

Subject: Education Response to Office of Inspector General  
Draft Report

The following is the Department's response to the draft inspection report "Implementation of the State Legalization Impact Assistance Grants Under the Immigration Reform and Control Act of 1986 - State of California". The comments include correction of erroneous facts and actions taken by the Department subsequent to the August 1988 conclusion of the report study period.

- 1) The report should indicate the report study period on the cover page and as part of the executive summary. It would be appropriate to insert the time period in the last sentence of page 1. It should be mentioned again in page 2 of the report under Methodology.
- 2) The Department of Education has renamed the IRCA Unit the Amnesty Education Office and it is located in the Department's Curriculum and Instructional Leadership Branch. The Deputy Superintendent is James R. Smith. The specific division is the Migrant and Amnesty Education Division, with John R. Schaeffer as Division Director. I recommend inserting on page 4, third line - At the time of this study - before the second sentence beginning with "The IRCA Unit".
- 3) The Amnesty Education Office provides grants to local educational agencies. Therefore, substitute the word "grant" for "contract" in the first line of the second paragraph on page 3 and all other places the word contract is used.
- 4) The Department conducted workshops for all educational service providers. The word "school officials" used under the first bullet on page 5, tends to imply only public agencies. Since California's educational system consists of a coalition of private and public providers, I recommend

substituting the term "educational service providers" for "school officials" here and throughout the report.

3) The report states on page 10 under the heading - Documentation of Eligible Legalized Alien Status - "At the present time, no statewide record-keeping system exists for determining who are eligible legalized aliens who qualify for programs under SLIAG. Although it is correct that there was no data management system utilized by the educational service providers during the study report period, the IRCA Pre-enrollment Instrument was being reviewed by various state agencies. The pre-enrollment appraisal, developed by the Comprehensive Adult Student Assessment System (CASAS), was ready for distribution by late fall. The CASAS project conducted workshops throughout the state to provide training in the use of the instrument. Agencies were provided with free materials and ongoing technical assistance. The pre-enrollment appraisal process provides information on students' educational history, salient demographic characteristics, and data supporting temporary residency status. In addition, potential students are educationally appraised to determine their ability to speak and understand English and knowledge of the history and government of the United States. The data collection form clearly identifies the A number of the student and whether the student is adjusting as a pre-82 or SAW.

4) The section, Program Costs, on page 11, the second paragraph of the report states that "the State made its definition of allowable costs very restrictive." It needs to be clarified why these costs were narrowly defined. For FY 1987-88, there was no budget language governing allowable costs. The Governor's State of the State Address for Budget Year 1988-89 offered guidelines for allowable costs that only identified assessment as an allowable cost above the service hours provided multiplied by the statewide average revenue limit for k-12 adult education programs computed on an hourly basis. Therefore, the original approval letter was superceded by this directive from the Administration. Agencies were sent a second letter that advised them of the allowable costs. This paragraph is also confusing because it only discusses allowable costs in terms of ancillary costs. It does not mention that all instructional costs incurred by eligible newly legalized persons are reimburseable by multiplying the service hours by the statewide average revenue limit for k-12 adult education programs computed on an hourly basis. For 1987-88, agencies were able to claim \$2.49 per instructional hour.

5) The bottom paragraph of page 11 discusses administrative costs. This section is misleading because it discusses state operations budget and local

provider administrative costs as if they were governed by the same proviso. In fact, only the state operations budget is limited to 1.5% of the total educational costs. Local educational providers have no such limitation. The California State Department of Education School Accounting Manual clearly defines budget classifications and allowable expenditures. All public agencies should be familiar with this document.

6) The second paragraph of page 13 correctly detailed the major problem faced by community-based organization and qualified designated entities that provided health and educational services in "good faith" to eligible legalized aliens in 1987 prior to the approval of their application. The issue was finally resolved in late fall, permitting the Department to correctly reimburse these agencies for costs incurred between October 1 and May 31. However, the delay in receipt of funds caused serious cash flow problems to private non-profit providers who had limited resources.

7) The executive summary, page iii, indicated that state guidelines are needed to determine allowable costs in public health assistance and education programs. I support this finding, however, stronger emphasis should be placed on the fact that California was the only state to offer educational programs in 1987. There were no final regulations from INS, and SLIAG legislation was still being defined and interpreted. By December, agencies were provided with guidelines for claiming allowable costs. The Department conducted several regional workshops with providers to explain how to claim allowable costs. The Department focused particularly on private non-profit agencies, offering 10 regional workshops within a two-month period. The Department will publish a Program Operations Manual on or before October 31, 1989 to further assist providers. I have no quarrel with the finding but argue that more clarification of the situation is needed.

This finding is further discussed on page 13 of the report. In the last paragraph, they mention that Orange County staff are waiting for state instructions. It further states that "once guidelines have been issued by the State, Orange County staff intend to negotiate with the State on methods of determining ratios and samples. The paragraph does not indicate if Orange County staff are from public health assistance or education programs. Educational service providers already have an accountability data management system in place, the IRCA Pre-Enrollment Appraisal. Therefore, they do not need to negotiate with the State on methods of determining ratios and samples.



MEMORANDUM

To: Richard Epstein  
Special Assistant - IRCA  
Health and Welfare Agency  
1600 Ninth Street, Room 450  
Sacramento, CA 95814

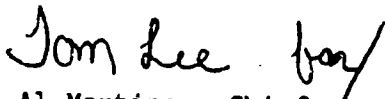
Date: June 28, 1989

Subject: Office of Inspector  
General (OIG)  
Report on the  
Implementation of  
SLIAG

From: Department of Social Services

Attached are the Department of Social Services' (DSS) comments/suggestions to the OIG report. Our overall concern with the report is the OIG's understanding of the roles and responsibilities of DSS under the State Legalization Impact Assistance Grant (SLIAG). We hope that these suggestions will clarify the roles and responsibilities of DSS in administering and managing the SLIAG program.

If you have any questions, please do not hesitate to contact Ana Lissa Muniz of my staff at 4-1568.



Al Martinez, Chief  
Immigration and Resettlement  
Management Bureau

## Comments/Suggestions

### California's Organizational Structure

- p.3 We recommend the following language on the second paragraph.

In California, the State Department of Social Services (SDSS), the State Department of Mental Health (SDMH), and the State Department of Housing and Community Development (SDHCD), are responsible for some public assistance programs; the State Department of Health Services (SDHS) is responsible for all public health and other public assistance programs; and the State Department of Education (SDOE) is responsible for education. Each agency will request funds from the Grantee Agency, which is the SDSS.

### State Department of Social Services

- p.3 We suggest the following language for the third paragraph.

The State Department of Social Services (SDSS) is responsible for administering (Grantee Agency) and complying with SLIAG functions at the State level. The SDSS, headed by a director, has eight divisions. The State Legalization Impact Assistance Grant (SLIAG) functions will reside in the Welfare Program Division. Within this division, the Immigration and Resettlement Management Bureau has been assigned the dual responsibility of functioning as the Grantee Agency, which includes coordinating data collection, preparing reports to the Federal and State Government, disseminating information to other Immigration Reform and Control Act (IRCA)/SLIAG Departments; and program administration/management of related public assistance services to eligible legalized aliens.

### Public Assistance

- p.5 The programs mentioned in the sixth paragraph do not include all the activities/services funded under public assistance. In addition, the adoption program and the child abuse studies are not funded or approved activities in the SLIAG Federal Application.

### Drawdown of Funds and Cash Balances

- p.7 The third paragraph on the drawdown process is not accurately described. The attached flow chart clearly illustrates the drawdown process in California. The following is a brief statement on the drawdown process: The SDSS is responsible for the Grant Management activities which include the drawdown of Federal funds.

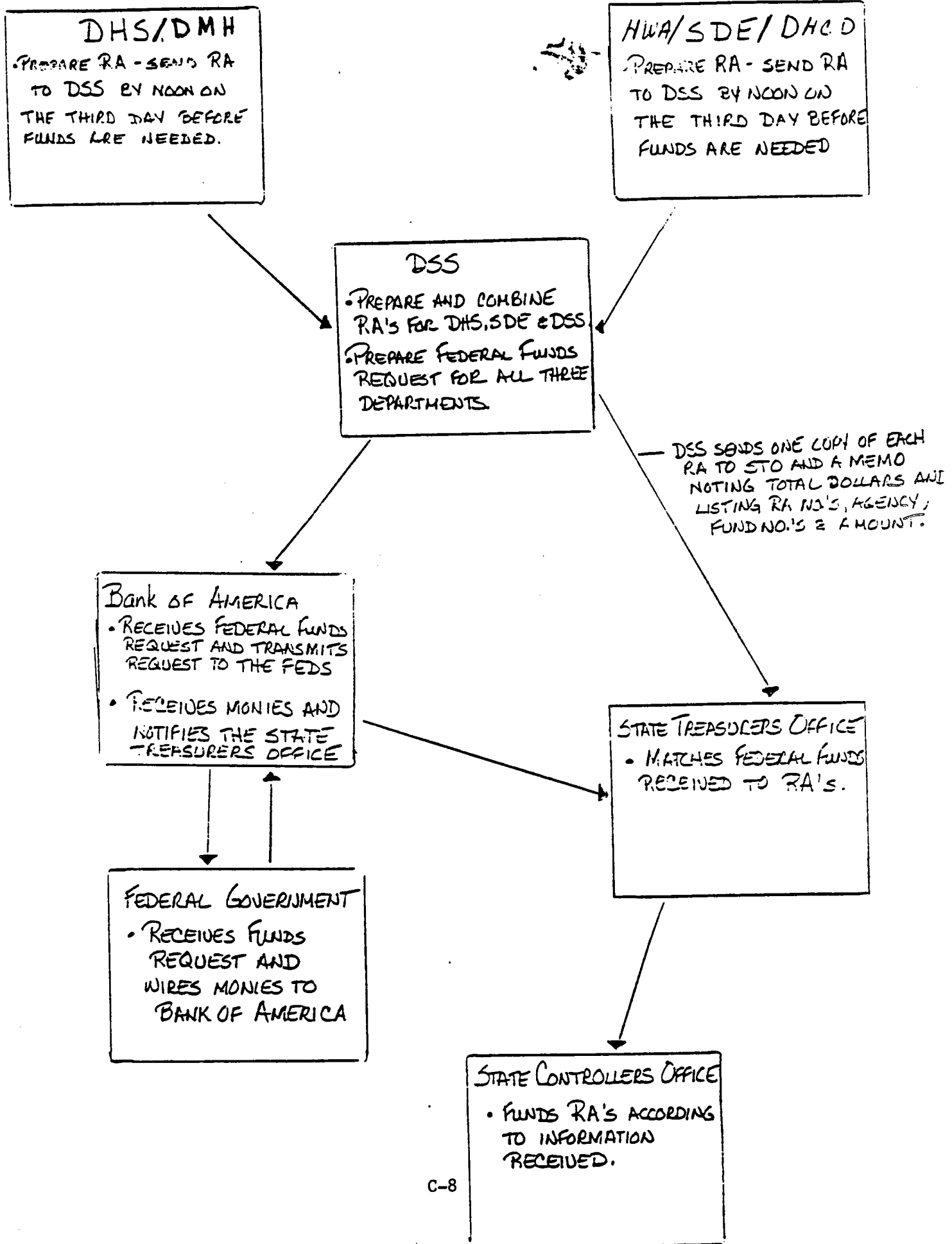
The SDSS developed and executed a Memorandum of Understanding with each Department to ensure the timely drawdown of IRCA/SLIAG Federal funds and to delineate each others' roles and responsibilities.

### Good Practices

- p.15 The statement on number three does not include the SDSS' role and responsibility as a Grantee Agency. (For additional comments, refer to our second paragraph on Page 1.)

# SLIAG Drawdown of Funds Flow chart

ATTACHMENT 2




**Memorandum**

To : Richard Epstein  
Special Assistant to the Secretary  
Health and Welfare Agency  
1600 Ninth Street

Date : July 5, 1989

Subject: Comments on Draft  
DHHS Inspector  
General Report on  
the SLIAG Program  
In California Dated  
May 1989

From : Peter Abbott, M.D., Chief  
County Health Services Branch  
8/523 5-1161



The following responses are provided on the Draft DHHS Inspector General (IG) report entitled "Implementation of the State Legalization Assistance Grants under the Immigration Reform and Control Act of 1986 - State of California".

DHHS IG Finding (Pg. 8):

**Public health assistance programs need definitive guidelines from the State on how to identify eligible legalized aliens.**

Response:

In the year that has elapsed between the IG visit and the publication of their report, California has made significant strides in establishing financial reporting systems responsive to federal requirements. All local government agencies claiming SLIAG reimbursement for public health and public health assistance costs associated with providing services to eligible legalized aliens (ELA's) based on documentation or statistically valid sampling have been provided with the Family Support Administration's (FSA) guidance on the documentation of ELAs contained in Module 3 of the FSA publication entitled "State Legalization Impact Assistance Grants - Establishing and Reporting Actual Costs" (DHHS SLIAG manual). Additional guidance was promulgated on a program by program basis (for example, see attached "MISP" Counties LIMA Guidelines - Fiscal Year 1988-89") to meet unique situations.

All agencies have been advised to maintain photocopies of the cited information. When this is not possible, they have been advised to annotate their files that such documentation was in fact viewed in each instance and to record the INS alien registration number from the documentation that was viewed.

We are aware that this documentation requirement may result in an understatement of the costs associated with serving ELA's or discourage ELA's from utilizing available services because of the uncertainties and confusion surrounding the "public charge" issue. However, we see no other option given the DHHS requirement.

DHHS IG finding (Pg. 13):

**State guidelines are needed to determine allowable costs of public health assistance and education programs.**

**Response:**

Guidance on allowable SLIAG costs contained in Modules 5 and 8 of the DHHS SLIAG Manual has been made available to local government public health assistance programs seeking SLIAG reimbursement. As indicated above, additional guidance was promulgated on a program by program basis (see attachment).

We also note that the report states on page 7 that the Department of Health Services documents administrative costs using time sheets. This was the case during State fiscal year 1987-88. Beginning 7/1/88 the Department began directly allocating staff resources to SLIAG administration functions, allowing associated personnel services and operation expense costs to be directly captured by its automated accounting system. We expect to use this system throughout the remainder of the SLIAG grant.

We appreciate the opportunity to comment on the draft report. If you have any questions, please call Mike Rodrian at 5-1161.

Attachment

cc: Darrell Doty  
Audits Coordinator  
Accounting Section  
8/1160

MISP COUNTIES  
LIMA GUIDELINES

Fiscal Year 1988-89

These guidelines are for the State Department of Health Services (DHS) Legalized Indigent Medical Assistance Program (LIMA). LIMA is the State's program for reimbursing counties for unreimbursed health care services paid for or provided to persons eligible under Section 17000, Welfare and Institutions Code (WIC) and who have become legalized residents under provisions of the Federal Immigration Reform and Control Act of 1986 (IRCA). These guidelines cover only LIMA expenditures for the period July 1, 1988 through June 30, 1989. For additional information, please contact Gary Miller at (916) 445-0188.

PURPOSE, ALLOWABLE USES OF LIMA FUNDS

LIMA funds, which are provided to the State through the federal government's State Legalization Impact Assistance Grant (SLIAG) program, are intended to reimburse counties for actual unreimbursed costs of health care services provided to IRCA-legalized persons who are eligible for services under Section 17000 WIC. SLIAG funds are subject to these restrictions:

- o SLIAG funds may be used only for programs or activities which are generally available to the citizens of the State. Scope of services for IRCA legalized persons must be identical to services provided to other program recipients.
- o Unreimbursed costs are actual costs after all applicable revenue and reimbursements have been subtracted. Claims may include direct unreimbursed administrative costs and eligibility costs.
- o Counties must account for the differences between costs of services and charges for services if charge data is the basis for computing all or a portion of the LIMA Cost Report. In most instances provider charges exceed costs; LIMA can only pay for actual costs. Counties are required to explain their method of ascertaining costs, in relation to charges; generally, a ratio is applied to charges to determine costs. For further details, please see reporting form instructions.
- o In order to be SLIAG reimbursable, services must be provided only to persons who meet all existing program requirements, including share of cost.
- o LIMA funds may be used to reimburse eligibility determination and administrative costs, as well as for costs of providing health care services. (See next two

sections for more detailed eligibility information).

- o Administrative costs must be determined in accordance with allowable federal regulation set forth in 45 CFR Part 74 and Part 402. Indirect Costs must be determined in accordance with A-87 guidelines as established by the Division of Local Government and Fiscal Affairs of the State Controller's Office.
- o Administrative costs related directly to the medical care of IRCA legalized persons should be built into patient costs. LIMA administrative costs should include those costs that are directly related to the administration of SLIAG Grant Funds, i.e., planning, consulting, record keeping, data collection and cost report preparation.
- o LIMA funds cannot be used to reimburse costs of an abortion unless the abortion is required to save the mother's life.
- o LIMA funds cannot be used to pay IRCA-legalization application fees or fees for the medical examination required for IRCA legalization.
- o Costs reimbursed under these guidelines are for health services (including administrative costs, and eligibility determinations) provided between July 1, 1988 and June 30, 1989. The method of accounting used must be consistent from year to year of claiming.
- o Costs claimed shall meet applicable federal regulations pertaining to the implementation of Section 204 of Public Law 99-603.

#### SLIAG ELIGIBILITY REQUIREMENTS:

- o Counties receiving SLIAG funds are responsible for identifying and documenting the IRCA-legalized status of persons whose health expenses are claimed for LIMA reimbursement. The only certain proof that a person is IRCA legalized is the Lawful Temporary Status card I-688 (green card.) If the I-688 is unavailable, the Employment Authorization card I-688A (red card) provides indication that the person has applied for legalization and paid the application fee. However, a small percentage of persons receiving the I-688A card do not receive their lawful temporary resident status and the I-688 card. Another indication that the person has applied for legalization is the Immigration and Naturalization Service computer printed document verifying payment of fees required for application for temporary resident status.
- o Counties should retain copies of documentation used to establish eligibility.



- o The effective date of legal status will be the date that an individual filed his or her application and paid the required fee. It is important for providers to check the issue date and the expiration date of any documentation provided to ensure that the person who received services did so on or after July 1, 1988 and had IRCA legal status on or before that date of service.

IRCA-LEGALIZED PERSONS AND CATEGORIES OF HEALTH SERVICES ELIGIBLE FOR LIMA REIMBURSEMENT ARE AS FOLLOWS:

- o Unreimbursed county costs of health care services regularly provided to IRCA-legalized persons eligible for services under Section 17000 (WIC) in the county, (including MISP).
- o Unreimbursed county costs of providing non-pregnancy related health care to IRCA legalized pregnant women who are Medi-Cal beneficiaries for pregnancy related services only.
- o Unreimbursed county costs of providing non-emergency health care to IRCA legalized AFDC linked persons, who are Medi-Cal beneficiaries for emergency services only.
- o County administrative and eligibility costs associated with providing health services to IRCA-legalized persons eligible under Section 17000 (WIC).

DOCUMENTING HEALTH CARE COSTS

LIMA payments are based on unreimbursed costs of services to IRCA-eligible recipients of services under Section 17000 (WIC). Counties will therefore want to document these costs by recording the following:

- o Patient identifier-- name, county number, Social Security number (if any), etc. Please obtain patients' Social Security number (SSN) whenever possible. These SSN's may be useful in the future for claiming unreimbursed costs.
- o Date, location, unreimbursed cost of the service provided.
- o Method of verifying the patient's IRCA status. Preferred methods: photographic or xeroxed copy of both sides of Form I-688 (temporary resident) or Form I-551 (resident alien) or other document verifying the individual's immigrant status, and/or notation in case or program files showing the person's Alien Registration Number ("A" number), the effective date, and expiration dates of the documents, and date(s) the individual received services. Not recommended: self-declaration of immigrant status.

Counties may document the number of IRCA-reimbursable units (visits, inpatient days, and eligibility determinations) either by actual record or by use of a statistically valid sample. If the latter is used, the statistical sampling method must conform to federal guidelines, and any revisions or modifications by Department of Health and Human Services as indicated in "MODULE 13", SLIAG Guidelines, attached. The Department should be given an explanation of the sampling technique used. Audit exceptions resulting from use of a sampling method must be borne by the county.

The costs of IRCA-reimbursable units may be documented either by reporting actual costs/units of services or by determining an average cost per unit of services. Costs may be computed based on the actual costs associated with specific LIMA patients or on the average cost of service in a program or activity. Average costs must provide a reasonable measure of actual costs. Averaged costs should not exceed the total cost of services associated with LIMA patients.

In arriving at county unreimbursed LIMA costs, the county must reduce medical care costs by any revenues and reimbursements received by or on behalf of an IRCA legalized person, e.g., Medi-Cal reimbursements, Medicare, third party reimbursements, share of costs payments, fees, or other payments.

#### LIMA ON AB8/MISP SCHEDULES

LIMA funds paid to the county for the 1988-89 fiscal year must be reported both on MISP and AB 8 portions of the 1988/89 Estimated Actual and Actual Financial Data Reports. For the 1988/89 Plan and Budget, if estimated LIMA costs and revenues/reimbursements are known, these should also be included. LIMA costs claimed are shown as expenditures; LIMA payments received from the State and reimbursements from patients and third party payers are shown as revenue. Details about MISP and AB 8 budget schedules can be found in guidelines for the FY 1988-89 County Health Services Plan and Budget Update.

#### APPLICATION FOR LIMA FUNDS AND STANDARD AGREEMENT

In order to receive LIMA funds, a county must enter into a LIMA Agreement for 1988-89 LIMA funds, and complete and submit the appropriate cost report forms to the Department on a timely basis.

The LIMA Agreement must be signed by the chairperson, Board of Supervisors, or designee.

**MISP COUNTIES**  
**GENERAL INSTRUCTIONS FOR COMPLETING THE LIMA COST REPORT FORMS**  
**FISCAL YEAR 1988/89**

The MISP/LIMA Cost Report is designed to claim LIMA unreimbursed costs for the period July 1, 1988 through June 30, 1989 on a quarterly basis. Please submit separate reports for each quarter. The quarterly reports are necessary to pay LIMA funds to the county and are due to the County Health Service Branch as indicated below:

Quarter Ending September 30, 1988	- Due March 15, 1989
Quarter Ending December 31, 1988	- Due March 15, 1989
Quarter Ending March 31, 1989	- Due May 15, 1989
Quarter Ending June 30, 1989	- Due August 15, 1989

This report form is also designed for use as your Actual Final State Fiscal Year Cost Report for the period July 1, 1988 through June 30, 1989. This report is due no later than March 31, 1990 and is a cumulative report of costs previously reported in the quarterly reports and any additional costs not previously reported. This report will be used to make a final settlement of LIMA funds. Please read the following instructions and the LIMA guidelines prior to completing the form.

Section A -- Enter the name of the County.

Section B -- Please indicate the quarter being reported or if it is the Actual Final State Fiscal Year Cost Report. Check the appropriate reporting period(s).

Section C -- This section provides cost and utilization data. Please report costs for services provided on dates within the reporting period. The following persons or categories of health services are eligible for LIMA reimbursements.

- o Unreimbursed costs of health care services regularly provided to IRCA-legalized persons eligible for services under Section 17000 (WIC) in the county, (including MISP).
- o Unreimbursed county costs of providing non-pregnancy related medical care to IRCA legalized pregnant women, who are Medi-Cal beneficiaries for pregnancy related services only.
- o Unreimbursed county costs of providing non-emergency health care to IRCA legalized AFDC linked persons, who are Medi-Cal beneficiaries for emergency services only.

Column 1 -- Enter the total number of Patient Days, Visits, and Section 17000/MISP Eligibility Determinations for the period covered by the report.

Column 2 -- If you are reporting costs ONLY (not charges) skip to column 4, otherwise, enter the charges per day and/or visit. Weighted average charges per unit of service are acceptable. If used, please explain how the weighted average charges were determined.

Column 3 -- If you completed column 2 (charges are reported) you must enter the necessary ratio in order to reduce charges to costs. Please explain how these ratio(s) were determined.

Column 4 -- If you completed columns 2 and 3, multiply them and enter the results. If you are starting in this column with costs, it should be noted that weighted average costs per unit of service is acceptable. If weighted average costs are used, please explain how the amount was determined.

Note: Administrative costs related to direct medical care should be built into the cost amount in this column. An example of administrative costs for this column would be hospital or clinic administration.

Column 5 -- If applicable, multiply column 1 (units of services) by column 4 (costs per unit of service) and enter the results. Enter the costs for administration of LIMA in this column.

Note: LIMA Administrative costs reported in this column should include the costs of administering the LIMA program and must not duplicate administrative costs reported in column 4.

Column 6 -- Report all REVENUES and REIMBURSEMENTS received (Medi-Cal, CMSP, third party or share of costs, etc.), for services, MISP eligibility determination and LIMA administrative costs claimed in Column 5.

Column 7 -- Subtract column 6 from 5 and enter the results. This column should represent the unreimbursed county costs of providing medical care to persons legalized pursuant to the Immigration Reform and Control Act (IRCA) for: 1) indigents; 2) MISP eligibility determinations; 3) the unreimbursed County cost of LIMA administration.

Section D -- This section indicates how the data disclosed in Column 1 are documented. Indicate if the data are based on complete case specific records or based on a valid statistical sample.

Section E -- Enter for each category, the number of legalized indigents served and indicate with a check mark if it is an unduplicated or duplicated count.

Section F -- This section provides for the following:

Line 1: The summary of the net costs previously reported to the Department, (enter a zero for first quarter of the State Fiscal Year).

Line 2: The current costs being reported to the Department from column 7.

Line 3: The total costs reported to date for the state fiscal year.

Section G -- The person responsible for preparing and submitting the report must sign and date the report as indicated.

Section H -- Only the Actual Final State Fiscal Year Cost Report must be signed and dated by the County Auditor/Controller. This report is due not later than March 31, 1990.

Section I -- Complete the questions in this section and explain the methodology and assumptions used in completing this Cost Report. Completeness of this section is required for the approval of the cost report and disbursement of LIMA funds. Therefore please be as specific as possible in answering the questions in this section.

MISP COUNTIES

FISCAL YEAR 1988/89

LEGALIZED INDIGENT MEDICAL ASSISTANCE (LIMA) COSTS REPORT

(REV. 01/26/89)

B. REPORTING PERIOD: (Check the appropriate lines)

- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: SEPTEMBER 30, 1988 - Due March 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: DECEMBER 31, 1988 - Due March 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: MARCH 31, 1989 - Due May 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: JUNE 30, 1989 - Due August 15, 1989
- FINAL STATE F.Y. REPORT FOR THE PERIOD: JULY 1, 1988 THROUGH JUNE 30, 1989 - Due March 31, 1990

C. FISCAL DATA		COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	D. BASIS OF REPORT
LIMA ELIGIBLE SERVICES PROVIDED TO INDIGENTS LEGALIZED PURSUANT TO IRCA	NUMBER OF PATIENT DAYS, VISITS, or ELIG. DETER.	CHARGES PER DAY/VISIT	RATIO COSTS TO CHARGES	COSTS PER DAYS, VISITS, OR ELIG. DETER.	TOTAL COUNTY COSTS OF PROVIDING SERVICES TO IRCA	TOTAL REVENUES OR REIMBURSEMENTS RECEIVED BY COUNTY FOR COSTS REPORTED IN COLUMN 5	UNREIMBURSED LIMA COSTS CLAIMED (NET COUNTY COSTS) (COL. 5 - 6)		(Check the appropriate box)
IRCA M/C BENEFICIARIES NON-EMERGENCY COSTS				(COL. 2 X 3)					Statistical Sample Case Specific
IRCA M/C BENEFICIARIES NON PREG RELATED COSTS				(COL. 2 X 3)					Statistical Sample Case Specific
SECT. 17000/MISP IRCA IMPATIENT SERVICES				(COL. 2 X 3)	(COL. 1 X 4)				Statistical Sample Case Specific
SECT. 17000/MISP IRCA OUTPATIENT SERVICES				(COL. 2 X 3)	(COL. 1 X 4)				Statistical Sample Case Specific
SECT. 17000/MISP IRCA EMERGENCY SERVICES				(COL. 2 X 3)	(COL. 1 X 4)				Statistical Sample Case Specific
SECT. 17000/MISP IRCA MISP ELIGIBILITY COSTS				(COL. 2 X 3)	(COL. 1 X 4)				Statistical Sample Case Specific
COUNTY ADMINISTRATION OF LIMA									Statistical Sample Case Specific
TOTAL									Statistical Sample Case Specific

E. NUMBER OF IRCA 17000/MISP ELIGIBLES SERVED:  UNDUPLICATED COUNT  DUPLICATED COUNT

NUMBER OF IRCA-AFDC BENEFICIARIES RECEIVING NON-EMERGENCY SERVICES:  UNDUPLICATED COUNT  DUPLICATED COUNT

NUMBER OF IRCA-MEDI-CAL BENEFICIARIES, PREGNANT WOMEN RECEIVING NON-PREGNANCY SERVICES:  UNDUPLICATED COUNT  DUPLICATED COUNT

F. SUMMARY OF COSTS

1. TOTAL LIMA COSTS CLAIMED IN PREVIOUS 1988/89 QUARTER(S) \_\_\_\_\_

2. TOTAL CLAIMED THIS REPORT \_\_\_\_\_

3. TOTAL LIMA COSTS CLAIMED FOR THE PERIOD JULY 1, 1988 THROUGH JUNE 30, 1989 TO DATE \_\_\_\_\_

G. I hereby certify that the net costs reported represent the actual unreimbursed costs incurred by our county in providing medical care to indigents legalized pursuant to Immigration Reform and Control Act (IRCA) and that the county has on file documentation to support such unreimbursed costs.

REPORT PREPARED BY \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_ DATE PREPARED \_\_\_\_\_

H. CERTIFICATION BY COUNTY AUDITOR CONTROLLER (REQUIRED ON FINAL REPORT ONLY)

I hereby certify that the Total Unreimbursed Lima Cost Claimed above is supported by Official County Records and is accurate to the best of my knowledge.

SIGNATURE OF AUDITOR CONTROLLER  
(or duly authorized representative  
with copy of official authorization attached)

DATE CERTIFIED \_\_\_\_\_

STATE USE ONLY

REVIEWED BY: \_\_\_\_\_ DATE \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE \_\_\_\_\_

PAYMENT AUTHORIZED BY: \_\_\_\_\_ DATE AUTHORIZED \_\_\_\_\_  
AMOUNT AUTHORIZED: \_\_\_\_\_

I. BACKUP MATERIAL (ATTACH ADDITIONAL PAGES TO ANSWER THE FOLLOWING QUESTIONS)

1. Document (explain) the method used in determining unreimbursed LIMA costs as indicated in Section D. Depending upon the box checked, please explain the method utilized; complete case specific data or valid statistical sample.
  - a. How was the sample drawn?
  - b. Please submit the sample questionnaire.
  - c. Does the Sample take into account these factors:
    - (1) Frequency
    - (2) Timing of sample
    - (3) Trends over time
    - (4) sample size in relation to service population
  - d. Are the methods used logical and result in a statistically valid sample?
  - e. What was the estimated costs in doing the sample?
2. Document (explain) the methodology used to identify eligibles for whom LIMA costs are claimed. In addition, indicate the type and location of the documentation which is available for audit purposes.
3. Please explain how charges and costs were determined.
4. If charges are reduced to costs by using the ratio method (Column 3); document how each ratio was determined.
5. If county administrative costs of LIMA are claimed (Column 5) which are not included in patient costs, please explain the type, amount, and method of determining different administrative cost components.
6. If revenues and reimbursements are not based on actual individual revenues or reimbursements for specific patients, please describe the method used to determine the amounts of revenue or reimbursements.
7. Document (explain) how the number of users (Reported in Section E) was determined.

MISP COUNTIES

FISCAL YEAR 1988/89

LEGALIZED INDIGENT MEDICAL ASSISTANCE (LIMA) COSTS REPORT

(REV. 01/26/89)

A. NAME OF COUNTY

B. REPORTING PERIOD: (Check the appropriate lines)

- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: SEPTEMBER 30, 1988 - Due March 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: DECEMBER 31, 1988 - Due March 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: MARCH 31, 1989 - Due May 15, 1989
- ACTUAL UNREIMBURSED LIMA COSTS FOR THE QUARTER ENDING: JUNE 30, 1989 - Due August 15, 1989
- FINAL STATE F.Y. REPORT FOR THE PERIOD: JULY 1, 1988 THROUGH JUNE 30, 1989 - Due March 31, 1990

LIMA ELIGIBLE SERVICES PROVIDED TO INDIGENTS LEGALIZED PURSUANT TO IRCA	COLUMN 1		COLUMN 2		COLUMN 3		COLUMN 4		COLUMN 5		COLUMN 6		COLUMN 7		D. BASIS OF REPORT
	NUMBER OF PATIENT DAYS, VISITS, or ELIG. DETER.	CHARGES PER DAY/VISIT	RATIO COSTS TO CHARGES	COSTS PER DAYS, VISITS, or ELIG. DETER.	TOTAL COUNTY COSTS OF PROVIDING SERVICES TO IRCA	TOTAL REVENUES OR REIMBURSEMENTS RECEIVED BY COUNTY FOR COSTS REPORTED IN COLUMN 5	UNREIMBURSED LIMA COSTS CLAIMED (NET COUNTY COSTS)	(COL. 5 - 6)	(Check the appropriate box)						
IRCA M/C BENEFICIARIES NON-EMERGENCY COSTS				(COL. 2 X 3)										Statistical Sample Case Specific	
IRCA M/C BENEFICIARIES NON PREG RELATED COSTS				(COL. 2 X 3)										Statistical Sample Case Specific	
SECT. 17000/MISP IRCA INPATIENT SERVICES				(COL. 2 X 3)		(COL. 1 X 4)								Statistical Sample Case Specific	
SECT. 17000/MISP IRCA OUTPATIENT SERVICES				(COL. 2 X 3)		(COL. 1 X 4)								Statistical Sample Case Specific	
SECT. 17000/MISP IRCA EMERGENCY SERVICES				(COL. 2 X 3)		(COL. 1 X 4)								Statistical Sample Case Specific	
SECT. 17000/MISP IRCA MISP ELIGIBILITY COSTS						(COL. 1 X 4)								Statistical Sample Case Specific	
COUNTY ADMINISTRATION OF LIMA														XXXXXXXXXXXXXXXXXXXX	
TOTAL														XXXXXXXXXXXXXXXXXXXX	

E. NUMBER OF IRCA 17000/MISP ELIGIBLES SERVED:  UNDUPLICATED COUNT  DUPLICATED COUNT

NUMBER OF IRCA-AFDC BENEFICIARIES RECEIVING NON-EMERGENCY SERVICES  UNDUPLICATED COUNT  DUPLICATED COUNT

NUMBER OF IRCA-MEDI-CAL BENEFICIARIES, PREGNANT WOMEN RECEIVING NON-PREGNANCY SERVICES  UNDUPLICATED COUNT  DUPLICATED COUNT



F. SUMMARY OF COSTS

1. TOTAL LIMA COSTS CLAIMED IN PREVIOUS 1988/89 QUARTER(S)

2. TOTAL CLAIMED THIS REPORT

3. TOTAL LIMA COSTS CLAIMED FOR THE PERIOD JULY 1, 1986 THROUGH JUNE 30, 1989 TO DATE

G. I hereby certify that the net costs reported represent the actual unreimbursed costs incurred by our county in providing medical care to indigents legalized pursuant to Immigration Reform and Control Act (IRCA) and that the county has on file documentation to support such unreimbursed costs.

REPORT PREPARED BY \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_ DATE PREPARED \_\_\_\_\_

H. CERTIFICATION BY COUNTY AUDITOR CONTROLLER (REQUIRED ON FINAL REPORT ONLY)

I hereby certify that the Total Unreimbursed Lima Cost Claimed above is supported by Official County Records and is accurate to the best of my knowledge.

SIGNATURE OF AUDITOR CONTROLLER

(or duly authorized representative with copy of official authorization attached)

DATE CERTIFIED \_\_\_\_\_

STATE USE ONLY

REVIEWED BY: \_\_\_\_\_ DATE \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE \_\_\_\_\_

PAYMENT AUTHORIZED BY: \_\_\_\_\_

AMOUNT AUTHORIZED: \_\_\_\_\_ DATE AUTHORIZED \_\_\_\_\_

I. BACKUP MATERIAL (ATTACH ADDITIONAL PAGES TO ANSWER THE FOLLOWING QUESTIONS)

1. Document (explain) the method used in determining unreimbursed LIMA costs as indicated in Section D. Depending upon the box checked, please explain the method utilized; complete case specific data or valid statistical sample.
  - a. How was the sample drawn?
  - b. Please submit the sample questionnaire.
  - c. Does the Sample take into account these factors:
    - (1) Frequency
    - (2) Timing of sample
    - (3) Trends over time
    - (4) sample size in relation to service population
  - d. Are the methods used logical and result in a statistically valid sample?
  - e. What was the estimated costs in doing the sample?
2. Document (explain) the methodology used to identify eligibles for whom LIMA costs are claimed. In addition, indicate the type and location of the documentation which is available for audit purposes.
3. Please explain how charges and costs were determined.
4. If charges are reduced to costs by using the ratio method (Column 3); document how each ratio was determined.
5. If county administrative costs of LIMA are claimed (Column 5) which are not included in patient costs, please explain the type, amount, and method of determining different administrative cost components.
6. If revenues and reimbursements are not based on actual individual revenues or reimbursements for specific patients, please describe the method used to determine the amounts of revenue or reimbursements.
7. Document (explain) how the number of users (Reported in Section E) was determined.

MISP COUNTIES

GENERAL INSTRUCTIONS FOR COMPLETING THE LIMA SUPPLEMENTAL DATA FORM  
FISCAL YEAR 1988-89

1. Fill in county name.
2. Check appropriate reporting period(s).
3. Section A. This portion of the LIMA Supplemental Data Form provides additional information on those services and costs included on Section C, lines 5, 6, and 7 of the LIMA Costs Report (Section 17000/MISP LIMA Inpatient Services, Outpatient services, and Emergency Services respectively). The intent of this table is to separate out those LIMA services and unreimbursed costs provided by county facilities and staff from those provided by non county facilities and staff. Note that the requested data is for "unreimbursed costs", (Column 7 from the LIMA Costs Report).

Column 1 Enter the number of LIMA days or visits provided by county facilities and staff to IRCA legalized residents on the inpatient, outpatient and emergency services lines as appropriate.

Column 2 Enter the unreimbursed cost per unit of service on each line as appropriate. NOTE that this can be calculated by dividing Column 3 by Column 1 for each line.

Column 3 Enter the total of unreimbursed costs incurred by county facilities and staff for each type of service.

Column's 4, 5, and 6

Enter comparable data for LIMA services and costs incurred by non county facilities and staff. Attach a narrative description of how these costs were identified and calculated.

Enter totals for all columns. Please ensure that the total unreimbursed costs incurred by county and non county providers sums to the total of column 7, lines 5, 6, and 7 of the LIMA Costs Report.

4. Section B

This portion of the LIMA Supplemental Data Form is designed to provide additional data on outpatient obstetrical services provided to IRCA legalized residents. The structure of the form recognizes that many IRCA residents will be covered by Medi-Cal for at least a portion of their prenatal and post partum care. Please distinguish between those individuals and costs whose entire pregnancy was partially covered by

Medi-Cal and the county, and those who were entirely funded by the county. Note also that we are asking for gross cost information as well as revenues from Medi-Cal and other sources in this portion.

- Column 1      Enter the number of pregnant women falling into each category for the reporting period.
- Column 2      Is the number of services or encounters provided?
- Column 3      Is the gross cost of the services provided during the reporting period?
- Column 4      Is this total gross cost of services provided?
- Column 5      Is this figure the amount of Medi-Cal payments received (billed)?
- Column 6      Is the amount of other revenues (e.g. patient payments, other third parties) received or billed indicated?
- Column 7      Is this figure the unreimbursed cost charge to LIMA for the reporting period?

COUNTY \_\_\_\_\_

REPORTING PERIOD:

JULY 1, 1988 THROUGH SEPTEMBER 30, 1988  
OCTOBER 1, 1988 THROUGH DECEMBER 31, 1988

JANUARY 1, 1989 THROUGH MARCH 31, 1989  
APRIL 1, 1989 THROUGH JUNE 30, 1989

A. SECTION 17000/MISP ONLY

CATEGORY	PROVIDED BY COUNTY FACILITIES AND STAFF		PROVIDED BY NON COUNTY FACILITIES AND STAFF			
	DAYS/VISITS	UNREIMBURSED COST PER	TOTAL UNREIMBURSED COSTS	DAYS/VISITS	UNREIMBURSED COST PER	TOTAL UNREIMBURSED COSTS
INPATIENT						
OUTPATIENT						
EMERGENCY SERVICES						
TOTALS						

B. OUTPATIENT PRENATAL AND POST PARTUM CARE ONLY

CATEGORY	# OF CLIENTS	# OF SERVICES	GROSS COSTS SERVICES	TOTAL GROSS COST	MEDI-CAL PAYMENTS	OTHER REVENUES RECEIVED	UNREIMBURSED COST-LIN
PARTLY COVERED BY M/C AND PARTLY 17000/MISP							
SECTION 17000/MISP							
TOTALS							

C. SUPPORTING NARRATIVE/METHODOLOGY

1. Describe how services and unreimbursed costs of noncounty facilities and staff were identified and calculated.
2. Describe how outpatient prenatal and post partum care was identified and separated between Medi-Cal and Section 17000 and partly covered.

PREPARED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ TELEPHONE NUMBER: \_\_\_\_\_ DATE PREPARED: \_\_\_\_\_

