

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**STATE INCOME AND ELIGIBILITY  
VERIFICATION SYSTEMS (IEVS)**

**Summary of Literature**



**JUNE GIBBS BROWN**  
Inspector General

**OCTOBER 1994**  
**OEI-06-92-00082**



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## ***PREFACE***

The purpose of this report is to provide a reference resource regarding literature published about computer matching and State Income and Eligibility Verification Systems (IEVS).

The Income and Eligibility Verification System was established by Congress under the 1984 Deficit Reduction Act to reduce errors in determining eligibility and benefit levels in the Food Stamp, Aid to Families with Dependent Children, and Medicaid programs. The implementing regulations require State agencies to compare income reported by program applicants and recipients with income from several data sources: 1) Internal Revenue Service data on interest, dividends, and other types of unearned income; 2) Social Security Administration data for Retirement, Survivors, and Disability Insurance benefits, Supplemental Security Insurance benefits, and annual earnings; and 3) State quarterly wage reports and unemployment insurance benefits. States are required to complete follow up within 45 days on at least 80 percent of all IEVS information received on applicants and information targeted (selected) for review on recipients.

In our previous studies of IEVS systems, we found that State IEVS practices and levels of matching success and efficiency varied considerably. Nevertheless, the most promising approach to improving the cost effectiveness of matching systems seems to be through the initiative and experimentation conducted by individual States. For this reason, we decided to compile what information we had gathered regarding computer matching and IEVS into an easy to read reference document and share it among the States and Federal agencies. By doing this, we hope to stimulate discussions and understanding within and between State and Federal agencies as they exchange views and attempt to improve computerized eligibility verification.

This is one of two reference resources on IEVS. The companion report, IEVS State Profiles, provides detailed information regarding IEVS programs operated within each State.

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# INTRODUCTION

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## PURPOSE

This report provides a summary of known literature related to State implementation or operation of State Income and Eligibility Verification Systems (IEVS).

## BACKGROUND AND METHODOLOGY

The Income and Eligibility Verification System was established by Congress under the 1984 Deficit Reduction Act to reduce errors in determining eligibility and benefit levels in the Food Stamp, Aid to Families with Dependent Children, and Medicaid programs. The implementing regulations require State agencies to compare income reported by program applicants and recipients with income from several data sources: 1) Internal Revenue Service data on interest, dividends, and other types of unearned income; 2) Social Security Administration (SSA) data for Retirement, Survivors, and Disability Insurance benefits, Supplemental Security Insurance benefits, and annual earnings; and 3) State quarterly wage reports and unemployment insurance benefits. States are required to complete follow up within 45 days on at least 80 percent of all match information received on applicants and information targeted (selected) for review on recipients.

During the course of conducting our most recent IEVS review (Reforms are Needed in State Income and Eligibility Verification Systems (OEI-06-92-00080)), we reviewed a significant amount of literature related to IEVS implementation or computerized eligibility verification we believe could be beneficial as a reference tool for Federal and State agencies responsible for IEVS oversight. During our discussions with States, we found most State IEVS coordinators (a generic term we use to describe the person designated in the State as overseeing or integrally involved in State IEVS processes) interested in any information we were able to gather about IEVS. This information is valuable as it provides an overview in chronological order (most recent first) of reviews conducted by Federal agencies.

The literature summaries contain the major findings and recommendations of the selected studies or reports pertaining to the implementation of or processes related to IEVS. Also included are various reports concerning vulnerabilities or issues of concern related to either computer matching processes or Federal databases involved in computer matching.

We hope this report provides readers with a better understanding of how IEVS operates and the areas of controversy and concern arising from its implementation.

*Following are the summaries of the reports reviewed. Reports are grouped by the agency preparing the study and begin with the most recent studies by the agency.*

## ABBREVIATION LIST

<b>ACS</b>	Automated certification system
<b>AFDC</b>	Aid to Families with Dependent Children
<b>BEER</b>	SSA's Beneficiary Earnings Exchange Record
<b>BENDEX</b>	SSA's Beneficiary Data Exchange
<b>CSE</b>	Child Support Enforcement
<b>COLA</b>	Cost of Living Allowance (annual adjustment)
<b>DA</b>	U.S. Department of Agriculture
<b>FAMIS</b>	Financial Assistance Management Information System
<b>FNS</b>	Food and Nutrition Service (Department of Agriculture)
<b>FS</b>	Food Stamp Program
<b>FTMS</b>	SSA's File Transfer Management System
<b>FY</b>	Fiscal Year
<b>HHS</b>	U.S. Department of Health and Human Services
<b>IEVS</b>	Income Eligibility Verification System
<b>IRS</b>	Internal Revenue Service
<b>OIG</b>	Office of Inspector General (HHS or DA)
<b>SAVE</b>	Systematic Alien Verification for Entitlement Programs
<b>SDX</b>	SSA's State Data Exchange
<b>SSA</b>	Social Security Administration or Act
<b>SSN</b>	Social security number
<b>SVES</b>	State Verification and Exchange System (SSA)
<b>SWICA</b>	State Wage Information Collection Agency
<b>UI</b>	Unemployment Insurance
<b>WTPY</b>	SSA's Wire Third Party Query System

<p><b>TITLE</b></p>	<p><b><i>State Census of Income and Eligibility Verification System (IEVS) Procedures, Contract Number 53-3198-8-95 (5), Mathematica Policy Research, Inc., Princeton, Washington, D. C., March 1992.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>To be eligible for Food Stamp program benefits, a household's income and assets must fall below specified levels. If a person applying for food stamps provides incorrect information at the time of application, or if later changes in a household member's circumstances are not reported, it is possible for households which are actually ineligible for the program to receive benefits or to receive an incorrect amount of benefits. To decrease the number of incorrect payments under the Food Stamp program, AFDC, and Medicaid programs, Congress required State Income and Eligibility Verification Systems (IEVS). The purpose of this study was to identify, develop, and test exemplary and cost-effective targeting strategies so FNS can provide information and technical assistance to State Food Stamp agencies on how to implement cost-effective strategies. The following findings are from the State targeting identification phase of this study. A report on IEVS cost effectiveness has been prepared, but has not yet been released by the Food and Nutrition Service.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● <b>MATCHING</b></li> </ul> <p><i>There are six data sources mandated by Food Stamp program regulations:</i></p> <p><b><u>State Wage Information Collection Agency (SWICA) Data:</u></b> The data consist of wage information that employers, whose employees are covered by Unemployment Insurance, must report to the State wage each quarter. The data is three to six months old when the matches are conducted.</p> <p><b><u>Unemployment Insurance (UI) Monthly Benefit Data:</u></b> The data consist of information on monthly benefits provided to Unemployment Insurance benefit recipients. They are one month old when the matches are conducted.</p> <p><b><u>Beneficiary Earnings Exchange Record (BEER) Data:</u></b> The data consist of annual earnings information compiled from information on the IRS Form W-2. Data is up to 18 months old when the matches are conducted.</p> <p><b><u>Beneficiary Earnings Exchange (BENDEX) Title II Data:</u></b> The data consist of monthly information on Old Age, Survivors, and Disability Insurance (OASDI) benefits, and other benefits provided under Title II of the Social Security Act. They are, at most, two months old when the matches are conducted.</p>

State Data Exchange (SDX) Data: The data consist of monthly information on Supplemental Security Insurance (SSI) benefits and are accessed through the State Data Exchange system. The data is, at most, one week old when received by the states.

Internal Revenue Service (IRS) Data: The data consist of annual unearned income information, such as information on interest and dividends, compiled by the IRS from the tax Form 1099. The data on the previous tax year are available to the states in late summer of the current year.

At the time of this study, all 51 states conducted matches with all of these databases, except for the BEER and BENDEX files; three states were not currently matching with the BEER file, and one state was not matching with the BENDEX file. In addition to the above, the IEVS matches, over half the States conduct matches with other databases, i.e., Division of Motor Vehicles, vital statistics, Worker's Compensation, and welfare files.

- **TARGETING**

Targeting is the selection of a subset of matched cases for follow up. The purpose of targeting is to increase the cost-effectiveness of IEVS computer matching. Most of the States (46) have implemented a targeting strategy for at least one of the mandated databases; 39 target matched cases from at least three databases. The targeting strategies employed by the States vary by database:

SWICA Match. 36 States target cases from the SWICA match. The most common targeting strategy employed by the States focuses on the size of any discrepancy found between reported earnings and earnings on the wage file; that is, follow up is performed only for cases in which the earnings on the SWICA file differ from the earnings reported by the client by an amount greater than a specified amount.

UI Match. 23 States target the UI match. The most commonly used targeting strategy for the UI matched cases is to use a discrepancy threshold. Follow up activities are performed only for cases for which the discrepancy between the reported UI benefit amount and the amount on the UI file is greater than a specified amount, or there is a discrepancy or change in the amount of benefits.

BEER Match. Most of the data is not unique to the BEER file - more up-to-date information can be obtained from the SWICA file for in-State employers. The most common targeting strategy used by the States for the BEER match is to examine only data unique to the BEER file.

**BENDEX Match.** 21 States have implemented targeting strategies for the BENDEX Title II data. 17 States use a discrepancy between reported benefit amounts and those listed on the BENDEX file.

**SDX Match.** 15 States target the matches from this database. 12 of the 15 States use a discrepancy between reported SSI benefits and those on the SDX file.

**IRS Match.** 42 of the 46 States target the IRS match. The strategy for the IRS match is to follow up on a case only if the amounts of one or more of the unearned income types on the IRS file are above a tolerance threshold. This match only examines the information on the IRS file and does not examine client reported information on unearned income. The IRS data is quite old when the States receive the matched information. A State would need to have a fairly extensive benefit history file in order to be able to compare reported unearned income information from the same time period to which the IRS data refers, to the information on the IRS file. Because of this, States typically focus targeting strategies, using only the information from IRS.

- FOLLOW UP.

**Verification.** Follow up activities include verifying both the client-reported information used in the computer match and the information on the external database. In most cases, the eligibility worker assigned to a case performs the verification activities. Several States (13) have instructed workers to prioritize the order in which they perform verification on cases designated for follow up for at least one of the mandated databases.

**Monitoring.** Federal regulations require that the States complete follow up procedures within 45 days of the receipt of the matched information. In every State, there is a monitoring process to determine whether cases designated for follow up have been resolved for at least some of the mandated databases. There is a substantial variation in the degree and complexity of the monitoring process across the States. Estimates of how many cases are followed up in the 45 day time period varied widely from State to State. Most State respondents thought that follow up procedures are completed within 45 days for two-thirds to three-fourths of the cases designated for follow up.

**Reporting.** 36 States produce reports that describe the results of the follow up process, or the status of actions taken on matched cases. Most of these reports are produced through an automated process at the State office.



	<ul style="list-style-type: none"> <li>● PERCEIVED COST-EFFECTIVENESS.</li> </ul> <p>A majority of respondents feel that the SWICA, UI, BENDEX, and SDX matches are cost-effective. These matches were seen as providing relevant, timely information and are easy to conduct. Six respondents felt that the BEER wage match was cost-effective; 23 felt that the IRS unearned income match was cost-effective. Respondents commented that the data in these files are too old to be of much use. Several respondents did note that the unique information on the BEER and IRS files can be useful.</p>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The report gives no recommendations.</p>
<p><b>TITLE</b></p>	<p><i>Profiles of States' Food Stamp Program Operations: Update--Appendix, Contract Number 53-3198-0-65, Research and Evaluation Associates, Inc., Washington, D. C., January 1991.</i></p>
<p><b>BACKGROUND</b></p>	<p>This report (an appendix) consists of tables presenting descriptions of State operations in fiscal year 1990 for all 50 states, the District of Columbia, Guam, and the Virgin Islands. The tables are presented by area in the following order: state summary, automated certification and cases management system, computer matching, benefit issuance, monthly reporting, employment and training, and claims collection.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>The following is a listing of the tables presented.</p> <ul style="list-style-type: none"> <li>● State summaries consist of the following: program organization, average monthly caseload overlap between food stamps and public assistance, benefit issuance, local offices, percent of local offices providing services, translation availability, multiservice offices/integrated functions, reducing barriers to participation, outreach activities for targeted subgroups, administration of outreach activities, volunteer workers involved in program operations, administrative responsibility for volunteer activities, temporary/nonceiling workers involved in program operations, nutrition education, and fair hearings.</li> <li>● The automated certification and case management system area consists of the following: system history and source, processing hardware and terminal usage, system updates, software updates and function automation, database modifications, States without automated case systems, how data is stored on the database, household eligibility data available on databases, case management capabilities, historical data</li> </ul>

available on databases, eligibility determination and system capabilities, benefit calculation system capabilities, data entry, update functions, access and use of terminals, automated output, notices printed by the system, integration with other assistance programs, and changes planned.

- The computer matching section includes the following: name, access method, and date operational; special, non-routine matches performed; systems used for applicant (front-end) and recipient (on-going) matching; reports provided to the local offices; changes planned in the computer matching system; system update and turnaround time; general system information; databases accessed; system initiation, turnaround time, identifiers used; type of data retrieved; type of matching; reporting to local offices; using discrepancies for follow up in applicant (front-end) matching; using discrepancies for follow up in recipient (on-going) matching; outcome measures in applicant matching (average monthly numbers); and outcome measures in recipient matching (average monthly numbers).
- Benefit issuance is as follows: types of issuance systems used, factors determining use of issuance systems, authorization document systems, use of contract agents for authorization document systems, direct access systems, direct mail issuance, alternative issuance systems (electronic benefits transfer and cash-out), administrative costs, issuance and inventory losses, inventory storage and reporting, types of losses, use of issuance controls, changes planned.
- Monthly reporting is as follows: monthly reporting status, percentage of cases required to report, public assistance cases required to report, non-public assistance cases required to report, ranking of reasons for selecting categories required to report and time required to implement changes, mailing the monthly reporting forms, reporting cycle, number of days from mailout, actions usually taken on incomplete reports, time allowances on monthly reporting actions, worker specialization, percent of non public assistance cases (mentally retarded and non-mentally retarded) by certification periods, percent of public assistance cases (mentally retarded and non-mentally retarded) by certification periods, client reporting patterns (percentages), effects and opinions of monthly reporting, ranking of drawbacks to monthly reporting, changes planned, and data required on monthly reporting forms.
- Employment and training is as follows: subcontracted services, participation criteria, participation, program components, administrative responsibility, categorical exemptions, individual exemptions, reporting and tracking, follow up procedures by service providers to track participant progress, other follow up procedures, reimbursement, support services, fiscal year 1990 federal expenditures and actual participant costs, program coordination, and changes planned.

	<ul style="list-style-type: none"> <li>● Claims collection is as follows: organizational structure, integration with other assistance programs, staffing and staff training, summary reports, time limits for processing claims, and claim referrals - identification of overissuances, claims investigation, use of investigation methods, prioritizing claims investigation, characteristics that increase likelihood of investigation, claim establishment, collection of payments, follow up for delinquent claims, alternative collections, selection of cases for alternative collection, suspension of claims, termination of claims - policies and responsible staff, termination of claims.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● There are no recommendations.</li> </ul>
<p><b>TITLE</b></p>	<p><i>Synthesis Report, Contract Number 53-3198-5-51, Abt Associates, Inc., Cambridge, Massachusetts, November 1990.</i></p>
<p><b>BACKGROUND</b></p>	<p>Authorized by Federal law, the Food Stamp program provides benefits to nearly 20 million people. Using a common set of national guidelines and regulations, States operate the Food Stamp program. However, these general rules leave considerable discretion to the States resulting in operating procedures which vary between States, sometimes narrowly, sometimes broadly. The Food Stamp Program Operations Study (FSPOS) was initiated to fill some existing gaps in the information routinely available to the Food and Nutrition Service (particularly, to provide descriptive information about selected areas of States' program operations). The program operations study was conducted in three phases. The first consisted of a State census in six operational areas (automated certification systems; computer matching; monthly reporting; claims collection; quality control; and job search); the second consisted of surveys of local agencies in two of the program operations areas, computer matching and claims collection; and the third consisted of building on the first two phases by providing in-depth assessments of specific aspects of program operations.</p> <p>The rationale for this current report is the perceived need to summarize more analytically the information gathered from the study, and to synthesize the study information around management issues of current or potential concern within the Food Stamp program. The report assesses the adequacy of currently available information for each of the issues presented in terms of the data needed to make a reasonably informed decision among the competing alternatives; a summary of the available research in light of those data needs; and suggested future research priorities based on the shortfall between the needed data and available research.</p>

Covering 19 key management issues in five of the program operations study areas (job search was not covered as it is no longer pertinent to Food Stamp program operations), the data are mainly descriptive in nature. As such, they are limited from providing a sense of the relative effectiveness of the different options in terms of meeting program goals (as this would be dependent on estimates of the benefits and costs associated with different options and are not available through the studies). These studies are a first step in the process of decision-making on key management issues. Throughout the report, where particularly appropriate and necessary, the need for additional data collection to measure the benefits and costs of alternative policies is identified.

For each issue identified, a key question was how to handle efficiently the increased automation which has penetrated all areas of program operations. Given the rate at which computer systems are increasing in power and sophistication, automation's potential will become an increasingly important part of Food Stamp program operations.

The program operations study was conducted by Mathematica Policy Research, Inc., and its subcontractors, Abt Associates, Inc., and the Urban Institute.

**MAJOR FINDINGS**

**Computer Matching**

- The Supplemental Security Income (SSI) and Social Security benefit records may be overutilized since they return little on the investment of time and effort.
- Department of Motor Vehicles (DMV), real estate, and National Disqualification Reporting Network (DRIPS) records, have relatively strong returns, but are underutilized.
- The most important weakness in research, relative to the utility of databases used in computer matching, is the incomplete coverage of the full range of databases as they are used for both the applicant and recipient matching; particularly, there is little evidence of the utility of databases used in recipient matching.
- There is a lack of clarity on the relative worth of adding large numbers of databases to a system, whatever the resource constraints.
- Interstate matching, while uncommon, especially online, may increase dramatically in the future.
- Pre-selection is relatively uncommon, though its precise extent is unclear.
- Almost all hits are followed up on in some manner, with prioritization of follow up on hits relatively uncommon.

### Claims Collection

- All States use specialized staff in the claims collection process.
- Almost all States have specialized staff of both claims/collection and fraud/investigation types.
- Later stages in the claims collection process are most likely to involve specialized staff located at the State level.
- Centralization of the claims collection process is fairly high and tends to increase at later stages of the collection process.
- The claims collection process is particularly high in State-administered programs.
- The cost-effectiveness of using specialized staff, of centralizing the claims collection responsibilities, and of different methods of specialization and centralization is unclear.
- Almost all States have some level of automation of the claims collection process, and most of these are automated at both the State and local level.
- Little is known about costs of automating claims collection or the relative cost-effectiveness of different automation options within claims collection.
- There is a widespread usage of a number of different management techniques within the claims collection process, with the most common being staff training and the use of tracking and flagging systems, usually automated, for individual claims.
- Little is known about the benefits and costs of the different management techniques or the relative usefulness of different ways to implement them within the claims collection process.
- True measures of claims collection success are not available.
- No data are currently available on the relative cost-effectiveness of different procedures used in claims suspension and termination.

### Monthly Reporting

- Many States have adopted efficiency strategies, especially selective reporting.
- There is an absence of solid quantitative estimates of monthly reporting's effect on errors.

- Reasonably good baseline information exists on the amount of eligibility worker time devoted to monthly reporting.
- There is some limited information about three policies which might limit eligibility worker time - automation, making clerical staff responsible for some monthly reporting functions, and assigning longer certification periods to monthly reporting cases.
- There are no solid estimates as to how large a reduction in eligibility worker time can be achieved with each strategy and no details on how best to achieve the reductions.
- There is a complete absence of information about whether time-saving strategies can be implemented without sacrificing monthly reporting's ability to control errors.

#### **Automated Certification Systems (ACS)**

- Adaptation of existing systems is a fairly common practice (though the frequency of adaptation may have increased in the recent past).
- Adaptation appears to be most successful in small and medium-sized States with relatively uncomplicated bureaucracies and computer systems.
- Hindering successful adaptation are the need to interface with specialized systems in other programs and limited State computer capacity.
- Adaptation, generally, appears less costly than new development.
- A number of automated features, beyond those required by the Food and Nutrition Service's Model Plan, are being used in State certification systems.
- The extent of the use of any of the automated features is unknown.
- Most new automated features are ad hoc responses to staff problems and were apparently facilitated by flexible, advanced computer systems.
- Costs and tradeoffs for developing new automated features is unknown.
- Eligibility workers play a substantial role in preparing data for entry into the system.
- Eligibility workers may increasingly be responsible for actually inputting the data, especially where they have their own terminals.
- Most certification systems have ways of alerting eligibility workers about special problems.

- The extent of alert screen usage is unclear.
- There are a number of factors which influence the relative efficiency of different ways of configuring information input/output, although little data is available on any of these factors.
- Large amounts of data, which could replace information in case folders, are currently stored in most certification systems.
- The extent to which automated data has actually replaced case folder information is unclear and limited only to the extent of legal considerations.
- The key factors affecting the desirability of automation (other than legal considerations) appears to be the concrete benefits of such automation as well as managerial philosophy about privacy/security and the need for hardcopy backups.
- There is little credible quantitative data on the benefits of certification systems; there is more qualitative data available.
- The most important perceived benefit of automated certification systems appears to be the increased reliability of program operations, saving staff time, and reducing errors.
- It appears that States that pursue automation aggressively in one area are likely to do so in other areas as well, but the program operations study suggests that many States do not automate all areas at the same pace.

#### **Quality Control (QC)**

- The QC system is currently being used by many States to serve management purposes and that use of the system for these purposes could be substantially expanded.
- The current system has important limitations when compared to the features a management information system (MIS) should ideally have to assist State managers.
- There is a lack of clarity on whether the existing quality control system provides an appropriate basis for serving States' management purposes.
- There appears to be no relationship between variation in quality control procedures and the official, regressed error rate estimates indicating that the effects of procedural differences are corrected by Federal re-reviews.

	<ul style="list-style-type: none"> <li>● There is essentially no data available concerning the costs of controlling quality control procedures.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Consider systematic review of existing data systems to develop an inventory of cost and benefit measures to use as particular issues arise for key areas of operations.</li> <li>● The most important focus for future research might be estimating the benefits and costs of different automation options and different management approaches.</li> </ul> <p><b>Research Needs:</b></p> <p><u>Computer Matching</u></p> <ul style="list-style-type: none"> <li>● cost-effectiveness analysis of specific databases used in computer matching, especially those used in recipient matching;</li> <li>● usefulness of computer matching beyond detecting errors and achieving the consequent benefit savings (e.g., employee morale, improvement of delivery of client services, and deterrent to misreporting by clients);</li> <li>● how to link qualitative benefits with benefit savings when considering the overall utility of a database;</li> <li>● how the marginal cost and benefits of using a database change as the number of databases in use increases;</li> <li>● cost-effectiveness study of interstate matching;</li> <li>● obtaining data for comparing the benefits and cost of pre-selection versus uniform matching, as well as the benefits and costs of different strategies for pre-selection; and</li> <li>● assessing the general cost-effectiveness of prioritization and the relative cost-effectiveness of prioritization of different databases.</li> </ul> <p><u>Claims Collection</u></p> <ul style="list-style-type: none"> <li>● studying the costs and benefits of using specialized staff and of allocating claims collection responsibility at different levels of the Food Stamp program;</li> <li>● examining the benefits associated with claims collection automation;</li> <li>● examining the benefits and the associated costs for management techniques; and</li> <li>● obtaining reliable data on the overall success rate of claims collection, as well as on success rates for various steps within the claims process.</li> </ul>



Monthly Reporting research requires an examination of the effect of monthly reporting on errors.

Automated Certification

- gathering data that will allow the relative cost of adapting existing systems and creating new ones to be evaluated in varying situations;
- a systematic inventory of the innovative automated features being used, or planned for use, by States;
- gathering data on the different factors that influence the relative efficiency of information input/output, especially as related to the eligibility workers;
- examining how automated data is replacing case folder data in local agencies;
- gathering data on perceived automated certification system benefits more broadly and systematically;
- using some intermediate or proxy empirical measures to determine the extent to which the perceived benefits are actually occurring; and
- developing a detailed understanding of both the possible and necessary linkages between the automated certification systems and the systems and procedures used in computer matching, claims collection, and monthly reporting.

Quality Control

- defining more precisely the State management purposes that might, or should, be served by a quality control system, and
- examining State variation in quality control procedures and arriving at solid, quantitative estimates of their effects on error rates, both State-reported and regressed.

<b>TITLE</b>	<i><b>Computer Matching: A Review of Exemplary State Practices, Contract Number 53-3198-5-51, The Urban Institute, Washington, D. C., November 1990.</b></i>
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<b>BACKGROUND</b>	The Food and Nutrition Service sponsored an examination of computer matching systems and five other areas of Food Stamp program operations (automated certification systems, claims collection, monthly reporting, quality control, and job search activities). The results of these five other topic areas are presented in companion reports. This study was conducted by
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Mathematica Policy Research, Inc., and its subcontractors, Abt Associates, Inc., and the Urban Institute.

This report describes the findings from the third of the three phase study of computer matching systems. The first phase consisted of structured telephone interviews with Food Stamp agency staff conducted in 53 States (including Guam, the Virgin Islands, and the District of Columbia). The second phase involved telephone interviews with the staff of a national sample of 191 local level Food Stamp agencies. This study, the third phase, was based on site visits to six States with computer systems thought to be exemplary in certain respects.

The primary purpose for this review was to collect information that would be useful to other States in developing or enhancing their own computer matching efforts and to provide the Food and Nutrition Service with a detailed understanding of the administrative responses to recent Federal regulations and the obstacles encountered in attempting to comply with the Federal regulations on computer matching. It should be noted that the first phase interviews were conducted prior to the implementation date of the Income Eligibility Verification Systems (IEVS) regulations. The second phase interviews documented additional systems created by State or local agencies in response to the new regulations implemented October 1, 1986.

The six States selected to participate were Illinois, New Jersey, South Dakota, Utah, Wisconsin, and Wyoming. State respondents include the person responsible for computer matching at the State level; computer processing professionals; quality control staff; overpayment collection staff; State fraud staff; and any other persons whose work activities affected, or were affected by, computer matching. Local respondents included office managers, income maintenance supervisors, income maintenance workers, local fraud and quality control staff, and, as appropriate, clerical staff and others involved in the computer matching activities.

**MAJOR FINDINGS**

**Issues Facing State Agencies**

- Computer matching activities in the study States were highly integrated with other public assistance case processing tasks:
  - 1) Computer matching the Food Stamp program is virtually inseparable from highly integrated matching for AFDC and Medicaid programs.
  - 2) Basic computer matching tasks done by workers are very similar.
  - 3) States are concerned over the increasing difficulty when regulations for the Food Stamp program, AFDC, and Medicaid differ, even in minor ways.

- 4) The overall trend of increasing automation for case processing functions within State Human Service agencies makes it increasingly important that Federal policymakers in different agencies understand the integration of the match process and the costs imposed on State agencies by instituting rapid policy changes.
- The technical knowledge of professional staff ultimately seems to make the difference between an average computer matching system and the development of exemplary practices:
    - 1) Skills apparently required of the individual with overall responsibility for computer matching include familiarity with local operations, knowledge of the departments within the public assistance agency and the functions of each, the ability to manage people, knowledge of computers, and the vision to see all the component parts of the whole process. It is also important that these match coordinators be included in the network of State computer matching professionals that has evolved and can be considered a major impetus for system exchange among States.
    - 2) Effectiveness of computer matching depends critically on the effective use of technical personnel.
    - 3) States need to consider both their agency needs for data management and their internal technical capacity when deciding which types of computer matching systems to utilize. [Exemplary States designate not only computer matching coordinators at the State level but specialized workers or units at the local level who must remain current on computer matching details.]
  - The structure of States' client databases has important implications for matching, especially in the exchange of systems between States.
    - States must also consider the non-trivial costs associated with exchanges of computer matching systems between States (e.g., locating an appropriate system to adopt and, then, reprogramming it to meet the particular matching needs required by the State).
  - States generally encounter difficulties with external data sources for three reasons: the incompatibility of identifiers used by agencies to match clients; inconsistencies in the time period covered by the various source data information, and difficulties encountered by local staff in attempting to verify match information.
  - The choice of external data sources used by States range from the conservative (limited to those sources required by current regulations) to the more aggressive (matching on as many existing databases as possible).

- The Food Stamp program managers stated that the unemployment insurance and wage data were the most effective.
- Pertinent data is easily accessible to both eligibility and quality control (QC) staff through computer matching.
  - Quality control reviewers should be trained to use and coordinate with computer matching systems. (Quality control becomes the final check to ensure hits generated by matching are properly followed up and thus, becomes an important tool to help maintain the integrity of the computer matching system.)
  - It remains unknown as to whether computer matching actually increases the potential for errors as workers are inundated with additional responsibilities or whether it contributes to a reduction in the Food Stamp program error rate by providing workers with greater access to data for validation purposes.

#### **Potentially Effective Management Practices**

- Public assistance agencies should pursue establishing source agency contacts without waiting for legislation to ease doing so.
- States should continue to examine and develop alternative ways of reducing the amount of information workers must review while, at the same time, maintaining the positive benefits resulting from matching.
  - Screening out information not useful has been largely based on common sense decisions. (None of the States had conducted empirical studies to determine the relative cost effectiveness of their targeting activities; yet, all performed such activities.)
- Tolerances are used less often than directly targeting out certain data items and field experiences of the eligibility workers play a role in the setting of the tolerance levels.
- Meeting IRS security and disclosure requirements is costly and burdensome, especially in States where matching involves some manual transfer of paper output:
  - 1) States have had to dedicate up to 50 percent of staff time to comply with IRS regulations.
  - 2) With local office workers responsible for maintaining the requirements within the local office, a local level security liaison must often be assigned within each office receiving IRS data.

	<ul style="list-style-type: none"> <li>● States can designate a permanent matching coordinator to ensure the system's staying technologically current, to respond to environmental changes made when matching occurs, and to ensure the quality of the follow up effort.</li> <li>● Development of local staff capabilities is essential for computer matching to become an integral part of the Food Stamp program.</li> <li>● The success of computer matching largely depends on the follow up efforts of local workers. States can establish methods to monitor how well, to what extent, and how timely workers perform their assigned computer matching follow up activities.</li> <li>● Data can be aggregated to provide useful management information concerning those practices which may be either exemplary or in need of particular attention.</li> </ul>
<b>MAJOR RECOMMENDATIONS</b>	<p>The report gives no recommendations.</p>
<b>TITLE</b>	<p><i>State and Local Computer Matching Operations, Contract Number 53-3198-5-51, The Urban Institute, Washington, D. C., November 1990.</i></p>
<b>BACKGROUND</b>	<p>This report describes the findings from the <u>second</u> of the three phase Food Stamp Program Operations Study of computer matching systems. The first phase consisted of structured telephone interviews with Food Stamp agency staff conducted in 53 States (including Guam, the Virgin Islands, and the District of Columbia). The second phase involved telephone interviews with the staff of a national sample of 191 local level Food Stamp program agencies (of which 172 completed the survey). This study, the second phase, was designed to fill a critical gap identified from phase one - that of computer matching activities at the local agency level.</p> <p>In this phase, a sample of 191 local Food Stamp agencies was drawn from a universe of approximately 2,900 local agencies. The population of local Food Stamp agencies nationally was stratified by State. On average, two local Food Stamp agencies were chosen in each State with minimal local variation among State agencies, and five local Food Stamp agencies were chosen in each State with substantial local variation. Respondents in the local level interviews were extremely knowledgeable about local matching procedures and operations, while the State level interviewees were more familiar with regulations and policy aspects of computer matching of Food Stamp program clients.</p>

	<p>The primary purpose for this report was to document the extent of computer matching in local Food Stamp programs. This included identifying which systems are used for what purposes; how key matching procedures are carried out for systems considered to be more useful; and examining certain aspects of computer matching that are of particular policy interest. More specifically, the type of information collected dealt with system documentation, tracking and monitoring, and data availability process, policies, and activities.</p> <p>It should be noted that the first phase interviews were conducted prior to the implementation date of the Income Eligibility Verification Systems (IEVS) regulations. The second phase interviews documented additional systems created by State or local agencies in response to the new regulations implemented October 1, 1986.</p>
<p><b>MAJOR FINDINGS</b></p>	<p><b>Extent of Computer Matching in Local Food Stamp agencies</b></p> <ul style="list-style-type: none"> <li>● 325 distinct computer matching systems are used in the 172 Food Stamp agencies; this averages to four or five different systems per office.</li> <li>● Only one Food Stamp agency reported no computer matching for Food Stamp recipients.</li> <li>● No front-end matching was done in 26 percent of the local Food Stamp agencies.</li> <li>● Only one Food Stamp agency did not conduct ongoing matching.</li> <li>● The most common data sources used by the local offices for matching are unemployment insurance files (33 percent of all Food Stamp agencies); wage records (32 percent); Supplemental Security Insurance (SSI) benefits (19 percent); Social Security (SSA) benefits (15 percent); and AFDC files (12 percent).</li> <li>● 12 percent of the local Food Stamp agencies have developed local computer matching systems (which usually link local property, tax, or school records).</li> <li>● 12 percent of the systems used are for front-end matching only; 43 percent are for ongoing matching; and 46 percent are for both front-end and ongoing matching.</li> </ul> <p><b>Characteristics of Effective Matching Systems</b></p> <ul style="list-style-type: none"> <li>● Online systems are preferred over batch systems for front-end matching.</li> <li>● There is an indication that online systems are becoming increasingly important for ongoing matching.</li> </ul>

- Local staff have primary responsibility for initiating front-end matching, regardless of whether the matching is online or batch.
- Matches are more likely to be performed more frequently by the more effective systems.
  - 1) 90 percent of the effective front-end online systems are used for immediate or daily matching.
  - 2) 44 percent of the effective front-end batch systems are used for daily or weekly matching.
  - 3) More than half of the effective ongoing batch systems are used for monthly matching.
- Some effective systems (about 30 percent) prioritize follow up activities, targeting certain cases with discrepancies.
  - 1) For front-end matching, expedited service cases with discrepant information are often reviewed before other applicants.
  - 2) For ongoing matching, priority is given to active cases, cases with relatively high benefit levels, and cases with recent employment or earnings identified.

#### **Key Operational Issues Related to Matching**

- Variation exists among the local offices as to their definitions of what constitutes a "hit" for follow up purposes: about half the matching systems use the standard discrepancy definition; about half use a broader definition (e.g., any case with any information in the matched database); and a few systems use narrower definitions based on case prioritization policies.
- About 16 percent of all Food Stamp agencies do not pursue discrepancies if the case is inactive when the match information is received.
- Nearly all Food Stamp agencies take some action on discrepancies within the required 30 days.
- The most common methods for reconciling discrepancies are through reviews of the case file or application forms; telephone calls to the applicant or recipient; in-office interviews with the applicant or recipient; home visits; and contacts with a third party (e.g., employers).
- The vast majority of the identified discrepancies can be resolved by reviewing the case file.

	<ul style="list-style-type: none"> <li>• The majority of Food Stamp agencies routinely record computer matching information in hardcopy case records; about 20 percent also enter information about computer matching onto an automated case record certification system.</li> <li>• The primary concern about implementation of the new IEVS regulations was over the increasing workload of eligibility staff.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The report gives no recommendations.</p>
<p><b>TITLE</b></p>	<p><i><u>Preventing Fraud and Abuse in the Food Stamp Program: The Use of Computer Assisted Verification of Applicant-Reported Information, Contract Number 53-3198-6-69, Abt Associates, Inc., Washington, D. C., February 1988.</u></i></p>
<p><b>BACKGROUND</b></p>	<p>This review assessed how the computerized systems verifying application-reported information have been utilized in nine sites. The applicant matching was to evaluate the effectiveness of computer verification of applicant information for information such as unreported income.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>The discrepancies identified through applicant matching were relatively low. Nearly six percent of screened applicants were found to have a discrepancy between applicant-reported information and the data available from an external source. Over three percent of the total number of applicants lead to a change in benefits, 2.3 percent received reduced benefits, and one percent had their eligibility denied altogether. Even though this overpayment error was low, these errors could have been detected at the time of application. Once the mechanism is put in place to do computer verifications, it is very inexpensive to screen applicants against the available data sources. The labor required to do the matching is quite minimal, an average of about six minutes per application.</p> <p>Applicant matching improved the morale of eligibility workers by helping them establish the integrity of case determination.</p> <p>The availability of information about individual applicants was seen to improve the delivery of services to clients. The information allows eligibility workers to more easily meet case disposition deadlines and documentation requirements. The information can identify alternative sources of income. The computerized databases can be a way to save applicant's time by</p>



	<p>obviating the necessity for an applicant to locate and bring in the verification themselves.</p> <p>The matching can deter misreporting of income and/or resources.</p>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● That offices that are not now doing applicant matching, and have the necessary computer network available, should consider designing and implementing the necessary systems and procedures.</li> <li>● Those offices that are now doing applicant matching should consider expanding operations to include more data sources.</li> </ul>
<p><b>TITLE</b></p>	<p><i>Report on the Census of State Operations: Computer Matching, Contract Number 53-3198-5-51, Urban Institute, Washington, D. C., February 1987.</i></p>
<p><b>BACKGROUND</b></p>	<p>The State agencies responsible for administering the Food Stamp program and other assistance programs have been developing increasingly sophisticated computer systems to support program operations, particularly for using computer matching activities to corroborate client information or to detect discrepancies in information. Federal funding incentives encourage the development of new systems, and concerns about certification error rates have prompted agencies to examine the increased automation of certification calculations and decisions as a way to prevent errors. For the Food Stamp program, computer matching has three purposes - 1) verifying eligibility and benefits amounts, 2) investigating payment errors, and 3) substantiating information to be used in prosecutions. Essentially, computer matching is a match across data files, followed by the full range of subsequent follow up activities.</p> <p>The primary purpose of the census interviews on computer matching was to develop a clear, descriptive profile of State level or State directed computer matching activities and to address the considerable variation among States. Specifically, the topics covered in the computer matching census included the types of matching being conducted; the techniques used in performing matches; the information or direction provided to local Food Stamp agencies for follow up; and the tracking procedures employed by State Food Stamp agencies. This would be done in terms of integration, with matching done by other public assistance programs; the types of databases used; the methods used to conduct matches; and the frequency of matches. The intent was to also address the variation among States in terms of post matching activities, such as requirements for reports, case prioritization, and the level and type of</p>

	<p>information reported to the local agency as a result of the State-directed matching.</p> <p>However, the availability of comprehensive and systematic information on the characteristics and capabilities of State-level or State-generated computer matching functions now in use directly impacts future policy decisions at the Federal level. To collect such information, the Food and Nutrition Service (FNS) sponsored an examination of computer matching and five other areas of Food Stamp program operations (automated certification systems, claims collection, monthly reporting, quality control, and job search activities). The results of these five other topic areas were presented in companion reports. This study, the Food Stamp Program Operations Study (FSPOS), was conducted by Mathematica Policy Research, Inc., and its subcontractors, Abt Associates, Inc., and the Urban Institute.</p> <p>This report on the <u>first</u> of three phases of data collection and analysis, a census of State agencies, was based on structured telephone interviews with Food Stamp agency staff conducted in 53 States (including Guam, the Virgin Islands, and the District of Columbia). The primary purpose for this first report was to construct a systematic profile of all State-generated computer matching functions currently being undertaken by the States and to present the data collected in a structured format that allowed examination of the systems on the basis of clearly defined system dimensions. It should be noted that the first phase interviews were conducted prior to the implementation date of the Income Eligibility Verification Systems (IEVS) regulations.</p>
<p><b>MAJOR FINDINGS</b></p>	<p><b>Extent of Computer Matching in the Food Stamp Program</b></p> <ul style="list-style-type: none"> <li>● In the Food Stamp program there are 248 distinct computer matching systems in use nationwide.</li> <li>● The major characteristics of the systems are twofold:             <ol style="list-style-type: none"> <li>1) the purpose (to perform either front-end verification of information on applicants versus ongoing verification of information on recipients) and</li> <li>2) the method by which an agency accesses and uses the external data files (batch or online access).</li> </ol> </li> <li>● The majority of the systems are used for ongoing matching; 43% are exclusively ongoing; and 42% are both front-end and ongoing).</li> <li>● The majority of the systems (78%) have batch access; 21% have online access.</li> </ul>

- The two primary sources of data are unemployment insurance files (accessed by 77 systems) and wage files (accessed by 72 systems).
- Nearly all the computer matching systems are used by several programs, in addition to the Food Stamp program, administered by State welfare agencies:
  - 1) 88% are used by the Food Stamp and AFDC programs.
  - 2) 69% are used by the Food Stamp and Medicaid programs.
  - 3) 26% are used by the Food Stamp, AFDC, and Medicaid programs.

#### **State Roles and Policies on Computer Matching**

- All States and territories, except Ohio, conduct regular computer matching on the Food Stamp program caseload.
- 23% of the States and territories have 1-3 different matching systems; 57% have 4-6; and 19% have 7 or more unique computer matching systems.
- 91% of the States conduct front-end matching on applicants; 98% conduct ongoing matching on active Food Stamp program cases.
- Unemployment insurance files are the primary data source for matching by 91% of the States; employer wage files are used by 85% of the States; SSI benefits are matched by 64%; and Social Security benefits are matched by 60%.
- Computer matching routinely involves activities at both the State and local levels. The actual initiation of the match may occur at the local offices; online computer access to at least one computer matching system exists in 26 of the States.
- 23 States require local offices to submit some reports on matching, but few States require local offices to submit information about matching from all systems.
- 30 States report special matching using at least one type of special match (e.g., State direct test matches using in-State files from other programs, the various data files of neighboring jurisdiction, or matching against Federally generated databases).
- Most respondents felt the wage and unemployment insurance matches were the most effective in terms of reducing the number of erroneous certifications, but expressed concerns about the time lag for reporting to the source agency and the subsequent problems related to the currency of the information in the databases matched against.

	<ul style="list-style-type: none"> <li>● Respondents found three aspects of computer matching the most burdensome:             <ol style="list-style-type: none"> <li>1) the requirement to match on employer wage-reporting data, Internal Revenue Service (IRS) data on unearned income, and SSA earned wage data (BEER);</li> <li>2) the requirement to conduct matching on all Food Stamp clients; and</li> <li>3) the requirement that 100% of all hits be followed up within 30 days.</li> </ol> </li> </ul> <p><b>State Computer Matching Typologies</b></p> <ul style="list-style-type: none"> <li>● Four dimensions form the basis for the typologies - mode of access; range of databases; intensity of State policies; and maturity of matching operations. These represent critical differences among States in their approaches toward computer matching.</li> <li>● About half the States limit their matching to the primary sources of data (unemployment insurance, wage, Social Security Administration (SSA), and files internal to the welfare/Food Stamp agency); the other half also match against some other external databases (e.g., Department of Motor Vehicles, banks, tax agencies).</li> <li>● There are indications that frequent ongoing matching is conducted in lieu of actual front-end matching which might allow for examination of the different frequencies if ongoing matching and the operational tradeoffs between actual front-end matching and routine matching of the entire caseload each month.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The report gives no recommendations.</p>
<p><b>TITLE</b></p>	<p><i>Report on the Census of State Operations: Automated Certification Systems, Contract Number 53-3198-5-51, Mathematica Policy Research, Inc., Princeton, New Jersey, February 1987.</i></p>
<p><b>BACKGROUND</b></p>	<p>The Food and Nutrition Service (FNS) sponsored an examination of automated certification systems and five other areas of Food Stamp program operations (computer matching, claims collection, monthly reporting, QC, and job search activities). The results of these five other topic areas are presented in companion reports.</p>

	<p>The primary purpose for this report was to construct a systematic descriptive profile of certification systems now in use and to distinguish the types of systems that might provide a basis in later analyses for associating different system approaches with differences in the cost-effectiveness of the systems. The description of system characteristics was developed in terms of four broad functions - data base content, system input methods and staff roles, eligibility determinations and benefit calculations, and system outputs. This report presents summary data on these four functions of system operations, constructs a system typology, and then concludes with information on the direction of future system enhancements or changes planned by the agencies covered in the census.</p>
<p><b>MAJOR FINDINGS</b></p>	<p><b>Data Base Content of Certification Systems</b></p> <ul style="list-style-type: none"> <li>● Almost all agencies record reported gross earnings and unearned income in household records.</li> <li>● 34 of 58 agencies maintain data on gross earnings and unearned income by the individual, rather than lumping those data together for an entire household.</li> <li>● Information on self-employment income as a distinct element is maintained by 36 systems, about half of which break this income down into revenue and expenses.</li> <li>● 40 systems capture reported housing costs, whether or not an excess shelter deduction will be taken; reported utility costs are systematically recorded in 38 systems.</li> <li>● 45 agencies maintain some type of historical household data that can be accessed by eligibility staff, and 34 of these provide display terminals for online inquiry to historical data. However, about half of those maintaining historical data limit those files to issuance-related information and most maintain a year or more's worth of information with 30 maintaining 3 or more years of history.</li> </ul> <p><b>System Input: Methods and Staff Roles</b></p> <ul style="list-style-type: none"> <li>● 44 of 58 agencies require eligibility workers to complete input forms or combined worksheet/input forms.</li> <li>● 14 agencies have systems where application data can be entered directly.</li> <li>● 24 agencies have essentially been able to eliminate the use of manual worksheets to calculate benefits.</li> <li>● Online data entry and editing are nearly universal (51 of 58 agencies). 31 of the 51 agencies also update household records online.</li> </ul>

- Of those agencies performing online updating, approximately 20 have data entry staff, rather than eligibility workers, initiate the automated eligibility processing and file updating; thus, only about 10 agencies have true interactive eligibility processing at the disposal of eligibility staff.
- 37 agencies use combined FS/AFDC applications, but only 25 have integrated the input of the program data into a single process.

#### **Eligibility and Benefit Calculation Functions**

- 40 of the 48 States and 5 of the 10 local agencies have the capacity to perform automated eligibility tests for at least gross and net income.
- 48 of 53 systems can perform benefit calculations.
- 13 systems perform eligibility tests in terms of the status of individuals (e.g., work registration and student); 21 systems perform eligibility tests in terms of resource limits.
- 48 of 58 systems can calculate net income and excess shelter deductions based on the input of reported gross earnings and housing and utility costs.
- About half of the systems can retrieve AFDC benefits automatically for food stamps certification purposes.
- In 19 systems, the majority of eligibility processing is performed by the system; however, this is not true in all circumstances. Workers must, at times, input manually determined results; in 9 of these agencies, true overrides are possible in which eligibility workers can examine the results derived by the system and replace them with the results they have derived manually.
- Only 7 agencies have implemented features which require workers routinely to examine the eligibility and benefit results produced by the certification system and to input an approval to trigger issuance.

#### **System Output: Case Management, Monitoring, and Issuance**

A variety of system features are used to provide alerts or flags to eligibility staff:

- Most systems' databases include flags to indicate the work registration status of individuals and, when necessary, the fact that an individual has been disqualified for a program violation.
- 26 systems maintain flags that indicate outstanding verification requirements.

- Only 7 systems provide flags to prevent inappropriate switches between utility allowances, based on a standard versus an actual cost.
- 37 certification databases provide some indication of outstanding claims against a household.
- 47 agencies use system reports to eligibility workers to provide reports on certifications due (usually monthly).
- 42 agencies use system reports to provide computer match results.
- 30 systems are able to provide overall caseload reports on outstanding transaction entry errors.
- Most (50) agencies use their systems to print monthly report forms, and most can generate notices of certification period expiration (42) and monthly reporting filing warnings (37).
- 33 systems can produce automated notices of certification action.

**Anticipated Systems Changes**

- 45 of the 58 systems are planned for enhancement; 36 of these were scheduled for completion by the end of 1987.
- 11 agencies will implement completely new certification systems; five of these will be adaptations of the system used by Alaska (already adopted by North Dakota and Mississippi).
- Planned enhancements will make automated eligibility determinations and benefit calculations nearly universal for the State agencies.
- Generally, older systems are more likely to be replaced; 8 of 22 implemented before 1980 will be replaced, with only 3 of 36 dating after 1980 slated for complete replacement.

**MAJOR  
RECOMMENDATIONS**

The report gives no recommendations.

<p><b>TITLE</b></p>	<p><b><i>Cost Effectiveness of Food Stamp Program Use of Immigration and Naturalization Service Systematic Alien Verification for Entitlement System, Food and Nutrition Service, Audit Report 27013-47-Te, OIG Southwest Region, Temple, Texas, September 1992.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>An audit was done on the Immigration and Naturalization Service (INS) Systematic Alien Verification for Entitlement (SAVE) system by State agency to detect illegal aliens who apply for Food Stamp benefits. A State can request a waiver from using the alien verification system, if their verification can be done in a more cost effective way.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>The alien verification system was not cost effective when used by State agencies to detect illegal alien applicants applying for Food Stamp benefits. The number of illegal aliens who were detected by the system was so few the State could not provide numbers. It takes 12 months before a refugee appears in the alien verification system.</p> <p>Illegal aliens rarely apply for benefits. It is more cost effective for States to continue using their procedures to detect illegal aliens applying for benefits.</p>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Stop funding alien verification system administrative costs for the Food Stamp program, because the system is not cost effective.</li> <li>● Cancel requirements for New York and Massachusetts to implement the system.</li> <li>● Grant waivers requested by States without making costly or impossible demands for data on the State agency.</li> </ul>
<p><b>TITLE</b></p>	<p><b><i>Computer Match of Federal Employees, Food and Nutrition Service, Audit Report 27006-1-Te, OIG Southwest Region, Temple, Texas, March 1991.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>The review was to detect Food Stamp program participants who received Federal income which was not reported to a State agency.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● The audit determined that 807 Food stamp recipients were overissued. Of the 807, 501 were considered to be potential intentional program violations caused by the recipients' failure to report Federal income. The</li> </ul>



	<p>remaining 306 food stamp coupon overissuances were caused by either the recipients not reporting income correctly or a State agency not applying the reported income correctly.</p> <ul style="list-style-type: none"> <li>Overissuances of food coupons went undetected because a match of IEVS with Federal employees was not required and, during the eligibility process, the recipients did not correctly report income and/or the State agency misapplied the income during the Food Stamp application/recertification process.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>The State agency is to determine which Federal information sources would be the most effective and efficient for verifying Federal employee and retiree income.</li> <li>Utilize those agencies that provide the most effective sources of Federal employee and retiree income.</li> </ul>
<p><b>TITLE</b></p>	<p><i><b>New Jersey Department of Human Services--New Jersey Wage Match--Trenton, New Jersey, Food and Nutrition Service, Audit Report 27019-41-Hy, OIG Northeast Region, Hyattsville, Maryland, September 1990.</b></i></p>
<p><b>BACKGROUND</b></p>	<p>The review was to detect improper participation or incorrect benefit levels, by identifying recipients who received income which was not reported to the New Jersey Department of Human Services. The match involved New Jersey Food stamp program recipient information being matched against the U.S. Office of Personnel Management (OPM) information on Federal employees and retirees. A match was also run against New York's information on earned income and unemployment benefit income.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>There were 130 cases identified where income was not reported to, or properly utilized by New Jersey, and 44 instances in which at least one recipient participated in two cases simultaneously. Ninety-five were considered potential intentional program violations, and 35 resulted from the recipient's failure to report income accurately or New Jersey's failure to utilize the reported income correctly.</li> <li>Overissuances were caused by individuals not reporting or incorrectly reporting income and/or the State not correctly utilizing the income during the certification process.</li> </ul>

	<ul style="list-style-type: none"> <li>● Overissuances went undetected because the Food and Nutrition Service did not require State agencies to match Federal wage and retirement income records or other States' income records with Food Stamp income records.</li> <li>● The local offices are not properly calculating the Federal retirement pension check amounts.</li> <li>● The State's Food Stamp recipient records identification system was not identifying where the same social security number was being used in two households collecting food coupons.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>Recommendations to the New Jersey Department of Human Services include:</p> <ul style="list-style-type: none"> <li>● Making an overissuance determination for the 130 cases identified and establishing claims to recover the overissuances (including the development of a plan to monitor the State agency's actions ensuring that disqualifications from the Food Stamp are imposed);</li> <li>● Requesting the use of Federal employee and retiree income information and other States' income information in their ongoing IEVS income and benefit amount verification process;</li> <li>● Developing and implementing written procedures for the local offices to follow to ensure that Federal retirement pensions are accurately included as Food Stamp income; and</li> <li>● Determining the instances of dual participation and recovering the identified overissuances (including the development of a plan to monitor the State agency's actions ensuring that disqualifications from the Food Stamp program are imposed and revising their system to better preclude dual participation).</li> </ul>
<p><b>TITLE</b></p>	<p><i>New York City Wage Match--New York, New York, Food and Nutrition Service, Audit Report 27019-40-Hy, OIG Northeast Region, Hyattsville, Maryland, September 1990.</i></p>
<p><b>BACKGROUND</b></p>	<p>The report was the result of a computer match between Federal wage and retirement income records of the Office of Personnel Management and the Food stamp program recipient income reported to the project area in New York City, New York. The objective was to detect improper participation,</p>

	<p>both fraudulent and at the incorrect benefit level, by identifying recipients who receive Federal income which was not reported.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>Of the 174 cases identified, 102 were referred to the Inspector General's Office of Investigations for further analysis. The remaining 72 overissuances were caused by either the recipient's failure to report income correctly or the State agency's failure to utilize the reported income correctly.</p> <p>The Food and Nutrition Service does not require State agencies to match Federal wage and retirement income records with Food stamp program files.</p>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The State agency is to:</p> <ul style="list-style-type: none"> <li>● Require the Human Resources Administration to make an overissuance determination for the cases identified and establish claims to recover the overissuances (including the development of a plan to monitor the State agency's actions to ensure that disqualifications from the Food Stamp program are imposed) and</li> <li>● Consider exercising its authority to request the use of Office of Personnel Management Federal employee and retiree income information in its ongoing IEVS income and benefit amount verification process.</li> </ul>
<p><b>TITLE</b></p>	<p><i>Food Stamp Program--Implementation of Income and Eligibility Verification System Nationwide, Food and Nutrition Service, Audit Report 27013-45-Te, OIG Southwest Region, Temple, Texas, March 1990.</i></p>
<p><b>BACKGROUND</b></p>	<p>This report summarized a review of the implementation of IEVS in the Food Stamp program during fiscal years 1987 and 1988. The scope of this review included program operations in 33 States, as well as, the administration of the program by 5 regional offices of the Food and Nutrition Service.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Several States are not in full compliance with IEVS requirements. Some are not conducting the required matches, and those that are fail to follow up on match information within the required time frames;</li> <li>● State agencies are using various methods and approaches for targeting follow up in the absence of final Federal regulations; and</li> <li>● A few States are obtaining useful financial information from Federal sources other than those required.</li> </ul>

<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Require Food and Nutrition Service regional offices to strengthen efforts to ensure State compliance by following up and enforcing sanctions;</li> <li>● Determine what, if any, additional measures are needed to ensure that States comply with the required time frame for follow up on match information;</li> <li>● Provide States with written guidelines on targeting that defines uniform limits or the elements to be included in the States' plans for targeting; and</li> <li>● Require regional offices to review States' targeting plans.</li> </ul>
<p><b>TITLE</b></p>	<p><i>Implementation of Income and Eligibility Verification System--Texas Department of Human Services, Food and Nutrition Service, Audit Report 27013-46-Te, OIG Southwest Region, Temple, Texas, February 1990.</i></p>
<p><b>BACKGROUND</b></p>	<p>This report reviews the Texas Department of Human Services' effectiveness in administering the Food Stamp program as it relates to the implementation of the Income and Eligibility Verification System. The objectives were to determine if adequate controls had been specified at the State agency and to determine the extent to which States are complying with IEVS program regulations.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● The State agency's income and eligibility verification system was not providing for all mandatory matches. The State agency was not matching with the IRS.</li> <li>● The State agency is not clearing matches within the required 45-day limit, a backlog exists.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● The State agency is required to reemphasize efforts to eliminate the backlog.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>Computer Matching of Food Stamp Participation Records with Federal Personnel Records Detected Overissuances, Food and Nutrition Service, Audit Report 27019-41-Te, OIG Southwest Region, Temple, Texas, October 1989.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>The objective of the audit was to detect Food Stamp program participants that received Federal income which was not reported to the State agency. The computer match was done on retirement benefit records of the Office of Personnel Management and the U.S. Postal Service with the Oklahoma Department of Human Services, the Texas Department of Human Services, and Louisiana Department of Health and Human Resources, Orleans Parish.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>The matches identified the overissuances of 197 Food Stamp coupons totaling \$145,655. Overissuances of Food Stamp coupons were caused by individuals not reporting, or incorrectly reporting income and/or the State agencies misapplying the income during the application process. The State agencies are not required to computer match Federal income records with Food Stamp program files; so, the overissuances went undetected.</p>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The Oklahoma Department of Human Services, Texas Department of Human Services, and Louisiana Department of Health and Human Resources are to make overissuance determinations for the cases identified and establish claims for overissuances, where appropriate. Where intentional program violations are confirmed, ensure disqualifications from the Food Stamp program.</p>
<p><b>TITLE</b></p>	<p><b><i>Food Stamp Program--South Carolina Department of Social Services--Error Reduction, Food and Nutrition Service, Audit Report 27555-4-At, OIG Southeast Region, Atlanta, Georgia, May 1989.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>The Department of Agriculture's Office of Inspector General conducted an audit of the Food Stamp program administered by the South Carolina Department of Social Services. The audit was to evaluate the adequacy and implementation of the State agency's actions to reduce certification errors and manage claims. The State agency's payment error rates were the highest in the Nation in fiscal year (FY) 1986 and second highest in FYs 1987 and 1988.</p>

<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Certification error rate reduction initiatives had not been successful because eligibility workers were not using IEVS income information to verify household eligibility and benefit levels. The State agency had a backlog of claim referrals pending overissuance and fraud determinations estimated at about \$4.6 million.</li> <li>● The eligibility workers were not using income verification data either to verify household eligibility and benefit levels or to promptly process IEVS information.</li> <li>● The State agency's backlog of claims jeopardizes error reduction efforts and collections. The State agency was not putting priority on claim referrals, which resulted in a statewide backlog of about 10,100 potential claims, estimated at about \$4.6 million pending overissuance and fraud determinations.</li> <li>● The State agency was not accurately accounting for enhanced-funded fraud control costs. Further, time studies did not take into account time spent by fraud control workers on Food Stamp certification activities.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>Federal oversight agencies should:</p> <ul style="list-style-type: none"> <li>● Provide assistance to the State agency to develop effective error reduction initiatives and to ensure implementation of the initiatives by county offices.</li> </ul> <p>The State agency should:</p> <ul style="list-style-type: none"> <li>● Provide additional training and guidance to eligibility workers on the proper uses of the IEVS and enforce administrative controls.</li> <li>● Develop and implement a plan to reduce the backlog of claim referrals and monitor the implementation.</li> <li>● Determine if fiscal adjustments are appropriate, as a result of the inaccurate cost allocation procedures used to claim enhanced-funded reimbursement for fraud control.</li> <li>● Revise its cost allocation procedures to accurately account for costs of enhanced-funded fraud control activities.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>Food Stamp Program--Alabama Department of Human Resources--Error Reduction, Food and Nutrition Service, Audit Report 27555-3-At, OIG Southeast Region, Atlanta, Georgia, May 1989.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>Alabama Department of Human Resources administers the Food Stamp program through local offices in 67 counties where applicable staff determine the eligibility and the amount of benefits issued to participating households. The FNS funds the total cost of Food Stamps; 50 percent of the State agencies' administrative costs and 75 percent of its fraud control expenses are also reimbursed. The State agencies' average monthly caseloads in FY 1987 (of 161,000 households) included over 457,000 family members. The FNS requires State agencies to develop statewide and local level corrective action plans that address overissuance causal factors disclosed by quality control findings and deficiencies cited by audits, investigations, FNS and State agency program evaluations, and other sources. This audit's objective was to evaluate the adequacy and implementation of the State agency's action plan for reducing certification errors and managing claims.</p> <p>Administrative controls over the development and implementation of the action plans, as well as the accounting for enhanced-funded fraud control costs, were evaluated through a review of Food and Nutrition Service and State agency program policies and procedures, analysis of management evaluation reviews, evaluation of quality control findings, assessment of action plans, review of recipient case files, tests of accounting records, and interviews with responsible program officials. Primarily directed at fiscal year (FY) 1988 program operations, with emphasis on corrective action planning based on FY 1987 quality control findings, other periods were included as deemed necessary.</p> <p>The audit was conducted in several locations, including the Food and Nutrition Service's Atlanta regional office, Montgomery Department of Human Resources, and county offices of Jefferson, Montgomery, Baldwin, Escambia, Madison, and Mobile.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● The State agencies' corrective action plans did not target eligibility factors and household characteristics with high error-prone ratings and did not address longstanding problem areas.</li> <li>● The State agency did not adequately use the quality control review analysis and findings reported by management reviews and other sources when developing the corrective action plan.</li> <li>● Eligibility workers were not using the income information to verify household eligibility and benefit levels. This lack of use was because of ineffective or unenforced State agency and county controls.</li> </ul>

	<ul style="list-style-type: none"><li>● The social security numbers (SSNs) of 6.5 percent of the State agencies' recipients were not recorded in the automated Food Stamp system. Yet, the SSNs were generally in the case files and simply had not been entered into the system. Such lack of SSNs precluded computer matches to verify income for those residents statewide.</li><li>● The State agency did not take prompt action to establish claims for overissued food stamps, resulting in a statewide backlog of about 87,000 potential claims estimated, at about \$18.3 million pending overissuance and fraud determinations. This was because the responsible claims workers were assigned other duties.</li><li>● The State agency overclaimed reimbursement, at the enhanced-funded fraud control rate, for claims workers. This was a result of 1) the State agency not having an effective cost allocation system accounting for time claims workers spent on established intentional program violation cases, 2) not allocating claims workers' costs in accordance with the fraud control plan, 3) not adjusting cost accounting records when claims workers were assigned other duties, and 4) restricting enhanced-funding claims to time workers spent on intentional program violations.</li></ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"><li>● Determine whether fiscal adjustments and recoveries are appropriate for the over-claimed administrative cost cited by the State agency. If so, require the State agency to determine the amounts of improper claims for each year and make the necessary adjustments.</li></ul> <p>Recommendations specific to the State agency to:</p> <ol style="list-style-type: none"><li>1) Include in the action plan development process high error-prone eligibility factors and households identified by quality control analysis, as well as known deficiencies and those identified by program reviews;</li><li>2) Provide training and written guidance to eligibility workers and supervisors on the proper uses of the IEVS, and improve administrative controls to assure that the workers promptly process IEVS information;</li><li>3) Develop and implement a specific plan to timely work claim referrals and to eliminate the current referral backlog; and</li><li>4) Establish a system to accurately allocate to enhanced-funded fraud control activities only those costs attributable specifically to claims development and collection of specific cases, and to monitor county office compliance with cost accounting procedures.</li></ol>



<p><b>TITLE</b></p>	<p><b><i>Reforms are needed in State Income and Eligibility Verification Systems (IEVS), OEI-06-92-00080, Washington, D.C., July 1994.</i></b></p>
	<p>Verifying information supplied by AFDC, Medicaid, or Food Stamp applicants and recipients with other sources through computer matching helps States better identify individuals not eligible for public assistance or receiving incorrect benefit payments. The Deficit Reduction Act of 1984 expanded matching requirement's by requiring State Income and Eligibility Verification Systems (IEVS), under which States are required to routinely match AFDC, Medicaid, and Food Stamp applicant and recipient-supplied information, against several other data sources: Internal Revenue Service (IRS) data on interest, dividends, and other types of unearned income; Social Security Administration (SSA) data concerning Retirement, Survivors, and Disability Insurance benefits, Supplemental Security Insurance (SSI) benefits, and annual earnings; and State wage reports and unemployment insurance benefits. States must complete follow up within 45 days on at least 80 percent of all IEVS-supplied information on applicants and on selected (targeted) information for review on recipients.</p> <p>The purpose of this study was to assess the current status of States' IEVS. The review consisted of interviews and a survey of State officials knowledgeable about their State's IEVS process. To supplement the interviews, the Office of Inspector General (OIG) conducted onsite visits to five States and one local office in each of these States. Additionally, the OIG reviewed State documentation of IEVS procedures, State-supplied IEVS statistics, and Federal IEVS regulations.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Several States are not utilizing all required IEVS sources of information concerning applicants and recipients.</li> <li>● The majority of States report one or more IEVS matches are not cost effective. Yet, such conclusions are based, not on cost-benefit studies, but on program experience or speculation as, to date, little guidance has been provided States on how to conduct cost-benefit analyses.</li> <li>● While the majority of States report reliability and accuracy problems with the data from one or more IEVS matches, no specific match was consistently perceived as a problem area by a majority of States.</li> <li>● States want more flexibility implementing IEVS requirements to accommodate internal State pressures such as changing workloads, staffing, and program priorities. Such flexibility would also extend to determining which IEVS matches to conduct, when to conduct those, and how quickly to follow up on match results.</li> </ul>

	<ul style="list-style-type: none"> <li>● Variations in waiver authority, among the three involved programs, and application of authority further limit State flexibility and weaken coordination among Federal programs.</li> <li>● While 37 States report IEVS could be made more efficient, 28 report they lack the resources to support these efforts.</li> <li>● States want access to additional Federal data they report would be useful (e.g., Veterans Administration benefits, Federal employee salaries and pensions, U.S. Savings Bond holdings, and State death records maintained by the Social Security Administration).</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● The Administration for Children and Families (ACF) and the Health Care Financing Administration (HCFA) should use appropriate mechanisms to address IEVS issues by examining existing IEVS requirements in each agency; addressing the need for, and degree of flexibility to be afforded States concerning IEVS; identifying specific areas in which coordination between the involved oversight agencies can be improved, resources can be consolidated or more effectively utilized to monitor IEVS, and procedures streamlined to minimize duplication of effort and contradictions among Federal agencies' IEVS policies; and engaging outside, involved parties to the fullest extent possible as IEVS issues and requirements are debated.</li> <li>● The ACF should continue to seek a rule change to allow the AFDC program an equivalent degree of flexibility as that currently available to the Food Stamp program regarding IEVS.</li> <li>● The HCFA should seek regulatory changes for the Medicaid program, to provide IEVS flexibility equivalent to that sought by ACF for AFDC.</li> <li>● The ACF and HCFA should inform State public assistance agencies of their willingness to work with them to strengthen automated eligibility verification activity.</li> </ul>
<p><b>TITLE</b></p>	<p><i>AFDC Pre-Eligibility Verification Measures), OEI-04-91-00100, Washington, D.C., August 1993.</i></p>
<p><b>BACKGROUND</b></p>	<p>Although States must follow Title IV-A regulations for determining AFDC eligibility, administrative procedures vary between States. Generally, regulations require the applicant to complete an application which includes information verified by caseworkers, who determine eligibility and the amount of financial assistance. Such verification activities include client interviews, examination of documents, verification from third-party sources,</p>

and computer matches with State and Federal agencies to document provided information such as wages and unearned income.

However, inappropriate payments can occur through both agency and client (applicant and recipient) errors. Concern over inappropriate payments led the Administration for Children and Families (ACF) to require States to operate a quality control (QC) program through which examination of a statistically valid sample of cases determines the accuracy of payments and eligibility decisions. Also, Section 605 of the 1988 Family Support Act (P.L. 100-485) requires States to establish pre-eligibility fraud detection measures as a condition of State plan approval. It further requires State agencies to annually evaluate the effectiveness of these measures and to provide a written report of their evaluations to ACF.

The purpose of this study was to determine how the fraud detection measures, required by the 1988 Family Support Act, affected States' pre-eligibility verification activities to prevent inappropriate AFDC decisions. Each of the 50 States and the District of Columbia were surveyed, using a standardized questionnaire. As needed, telephone interviews were also conducted with State AFDC staff for clarification of, and elaboration on their initial questionnaire responses. Staff from ACF and the American Public Welfare Association were also interviewed.

**MAJOR FINDINGS**

Principally, ACF's regulations allow States to comply with the legislative requirements without actually improving their pre-eligibility systems. The regulations contain a major disconnect between regulations which prescribe no specific pre-eligibility activities and evaluation reporting requirements that focus only on measuring the effectiveness of fraud investigative units. More importantly, the current reporting requirements fail to provide ACF the information needed to make management judgments concerning the effectiveness of specific pre-eligibility measures.

- The Act had little effect on State activities for preventing inappropriate AFDC payments. This was a direct result of ACF's implementing regulations being broadly written, allowing States to use their existing pre-eligibility verification as fraud detection measures.
- States did not routinely utilize third-party sources or investigative staff as available verification measures because of limited resources and concern that it would delay application processing.
- Some States did not perform their required evaluation of their pre-eligibility verification measures, because it required too much time to track measures and the requirements focused only on measuring effectiveness of fraud investigative units.
- The required format for the evaluation of effectiveness was not applicable to pre-eligibility measures most used by States, such as computer matches.

<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The OIG directed these recommendations to the Administration for Children and Families:</p> <ul style="list-style-type: none"> <li>● Revise the evaluation reporting requirements of States to make them more applicable to all commonly used types of pre-eligibility verification measures, not just fraud investigative units;</li> <li>● Require States to periodically evaluate their pre-eligibility programs and report the results to ACF, and to ensure that States do so;</li> <li>● Conduct or sponsor independent evaluations of State pre-eligibility programs; and</li> <li>● Provide States with information on effective pre-eligibility verification measures reported to ACF in States' evaluation reports.</li> </ul>
<p><b>TITLE</b></p>	<p><i><b>The Income and Eligibility Verification System (IEVS): A Time for Reform?, OEI-01-90-00510, Washington, D.C., July 1989.</b></i></p>
<p><b>BACKGROUND</b></p>	<p>Several Federal agencies and a national organization representing State welfare agencies have examined aspects of States' implementation of IEVS. This report analyzes 10 studies to synthesize their findings and recommendations and to offer conclusion for Federal officials and others considering future directions for IEVS. The analysis of the 10 reports was supplemented with discussions with Federal and State welfare officials concerning IEVS.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Several of the studies identified major problems with the States' implementation of IEVS including inaccurate, duplicative, untimely, or inaccessible information in Federal databases; highly prescriptive or unclear or inconsistent Federal requirements; and insufficient staff and inadequate computer resources limiting the administrative capacity of many States.</li> <li>● Regarding Federal databases and requirements: the usefulness of the databases should be improved, and requirements of the States should be modified (i.e., more flexibility, more specificity, better coordination between agencies).</li> <li>● In visiting three States, problems with Federal databases, Federal requirements, and insufficient resources still appear to hinder effort to operate IEVS.</li> </ul>

<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The findings warrant further examination of IEVS. The OIG will undertake further study addressing the effectiveness of particular matches and, additionally, the Departments of Health and Human Services (DHHS) and Agriculture (DA) may well consider a basic reexamination of IEVS, to address ways in which the Federal government could give States more flexibility and, at the same time, hold them more accountable for results; the Federal databases may be made more useful; and additional Federal data made available to States.</p>
<p><b>TITLE</b></p>	<p><i>Improving the Social Security Administration's Automated Data Exchange Process, OAI-05-89-00820, Washington, D.C., December 1989.</i></p>
<p><b>BACKGROUND</b></p>	<p>This study assessed experiences of State and local welfare offices with the data exchange systems of the Social Security Administration (SSA). State welfare officials in all 50 States and the District of Columbia were contacted, as were local welfare officials in 11 States.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Many welfare agencies consider SSA data questionable.</li> <li>● Welfare officials would like access to certain additional information through SSA data files.</li> <li>● SSA's communications with State officials on data exchange issues need improvement.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>SSA should:</p> <ul style="list-style-type: none"> <li>● Take steps to provide welfare agencies with information that is correct;</li> <li>● Continue to expand the types of data provided to welfare agencies;</li> <li>● Establish a network with welfare agencies for ongoing communications; and</li> <li>● Involve welfare agencies in resolving problems and in long-range planning on data exchange issues.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>The Beneficiary and Earnings Data Exchange System: Its Use and Potential, P-01-86-00063, Washington, D.C., December 1985.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>This inspection examined States' experiences with the Beneficiary and Earnings Data Exchange system (BENDEX) and identified problems and issues associated with the operation of the system. The inspection was based primarily on discussions with selected State and county officials involved with BENDEX and with staff from the district offices of the SSA in 16 States.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● A number of problems (SSA and State) limit the usefulness of the BENDEX system: timeliness, completeness, and/or accuracy of the data and insufficient communication between State agencies and SSA;</li> <li>● State eligibility workers rely upon SSA district offices more than on BENDEX when verifying information on SSA benefits;</li> <li>● States find BENDEX useful, primarily, as a postcertification verification tool for recipients. It is of minimal usefulness during the application process because the data are seldom received soon enough;</li> <li>● Nearly all States have little interest in SSA's Beneficiary Earnings Exchange Record (BEER), the BENDEX tape on reported wages, because the information it contains is too old.</li> <li>● Many States are trying to encourage greater use of BENDEX by local welfare offices through (1) preparing and disseminating discrepancy reports, (2) reformatting SSA BENDEX data, and (3) sending the data to local offices according to regular schedules.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Ensure that BENDEX is working properly to provide States accurate, timely, and complete information;</li> <li>● Expand the information contained in BENDEX based on a users' requirement analysis undertaken by a Federal-State task force;</li> <li>● Improve the technical assistance provided to the States in using BENDEX; and</li> <li>● Ensure that BENDEX is incorporated and operating effectively in States' automated welfare management systems.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>Fiscal Year (FY) 1989 Income and Eligibility Verification System (IEVS) Performance Review Report, March 1990.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>During fiscal year (FY) 1989, the Health Care Financing Administration (HCFA) reviewed the operation of IEVS in the Medicaid program of 17 States.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● States continue to make significant progress in implementing IEVS; however, they are either not strictly adhering to the Federal regulations or are not documenting their compliance. Specifically, States are not matching information on applicants against all required data sources, are not developing targeting plans for all IEVS match data, are not meeting required timeframes for following up on matches, and are not establishing recordkeeping and data management systems sufficient for reviewing the effectiveness of IEVS.</li> <li>● The States' major concerns with implementation are:             <ol style="list-style-type: none"> <li>1) Required timeframes for processing match information;</li> <li>2) Usefulness and duplication of Federal data;</li> <li>3) Costs of IEVS relative to the benefits;</li> <li>4) Lack of Federal instructions for recordkeeping and reporting; and</li> <li>5) Lack of coordination among Federal agencies.</li> </ol> </li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Encourage cooperation among Federal agencies in addressing IEVS problems through continued participation in the interagency work group;</li> <li>● Delay further State evaluations until FY 1991, so that States have time to comply with new requirements for recordkeeping and reporting and to review the effectiveness of the matches; and</li> <li>● Emphasize the importance of targeting and disseminate information on best practices based on States' experiences.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>FY 1988 Income and Eligibility Verification System (IEVS) Performance Review Report, February 1989.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>During fiscal year 1988, the Health Care Financing Administration reviewed the implementation of IEVS in the Medicaid programs of 18 States. The primary objectives of the review were to assess compliance with IEVS requirements and the cost-effectiveness of the required matches.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● The States identified major concerns about IEVS, including the short timeframes required for processing match information, the limited usefulness of some Federal data, the costs of IEVS relative to its benefits, the costs of changes required to meet safeguarding requirements for IRS data, and the lack of Federal instructions for recordkeeping and reporting.</li> <li>● Although States have made significant progress in implementing IEVS, several major compliance problems exist, such as States not conducting matches against all required databases, not completing follow up on match information within the required time frames, and not collecting performance data for assessing the costs and benefits of IEVS matches.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Issue guidelines and instructions to the States that clarify the requirements for recordkeeping and data reporting;</li> <li>● Support an independent study of the costs and benefits of IEVS data matches that would include developing model targeting methodologies; and</li> <li>● Evaluate the usefulness of the required data matches in order to recommend changes in legislation and/or regulations.</li> </ul>



<p><b>TITLE</b></p>	<p><b><i>FY 1987 Income and Eligibility Verification System (IEVS) Effectiveness Review Report, April 1988.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>This report summarized the Health Care Financing Administration's review of the implementation of IEVS in the Medicaid program during fiscal year 1987. The report was based on information (1) for all States, which was summarized in compliance assessments and monthly reports prepared by the regional HCFA offices, and (2) for 20 States, which were selected for a special data collection initiative.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Performance data from the States on the costs and savings of IEVS are extremely limited, and "a significant number" of States did not provide HCFA with all the performance data it requested. However, HCFA reports estimated savings in the Medicaid program of more than \$20 million for the six-month review period in 7 of the 20 States reviewed.</li> <li>● IEVS is fully operational for the Medicaid program in only 18 of 53 States and territories reviewed by HCFA; "virtually all" States have implemented IEVS to at least a minimal degree.</li> <li>● Several factors limit more efficient operation of IEVS, including the following: the failure of some States to match information from all categories of clients with all the required data sources; some Federal data being too old to be useful; technical problems with SSA and IRS, including the safeguarding requirements for the IRS data; and unreasonable time frames for following up on match information.</li> <li>● In the absence of regulations implementing the 1986 Omnibus Budget Reconciliation Act, many States are not targeting follow up of IEVS match information to those areas likely to be most productive.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Assess further the available data to determine the potential for savings from IEVS;</li> <li>● Publish, as soon as possible, regulations or guidelines on targeting match data for follow up;</li> <li>● Resolve those operational and policy factors impeding the efficient operation of IEVS, and clarify policy in writing; and</li> <li>● Examine the feasibility of requiring data reporting in order to measure the costs and benefits of IEVS.</li> </ul>

<p><b>TITLE</b></p>	<p><b><i>Evaluation of Income and Eligibility Verification Systems. Final Report for the Office of Assistant Secretary for Management and Budget, U.S. Department of Health and Human Services, Jack Martin &amp; Co. (Contract No. 100-86-0035) September 15, 1987.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>This evaluation assessed IEVS implementation and operation in five States in late 1986 and early 1987. The States--New Jersey, Oklahoma, Tennessee, Vermont, and Wisconsin--were selected because they were relatively advanced in implementing the systems and procedures required by IEVS.</p> <p>The objectives of the evaluation were to (1) document the status of IEVS, including factors that facilitated or inhibited implementation; (2) assess the cost-effectiveness of the various matches using available State data; and (3) provide recommendations for conducting subsequent evaluations and for improving program performance.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● The States have not fully implemented IEVS in terms of (1) executing all required matches with all the required data exchange sources and (2) reporting the results to local public assistance offices for disposition.</li> <li>● For those matches that have been implemented, the States have little information on program performance (i.e., outcomes and costs). Therefore, no assessment of the cost-effectiveness of the required matches is possible in these States.</li> <li>● The limited available data and anecdotal information suggests that IEVS is important for reducing erroneous payments, deterring clients from misreporting income, and boosting the confidence of eligibility workers in their decisions.</li> <li>● Anecdotal information from these States suggests that the substantial effort required by local public assistance offices to resolve match results creates the widespread perception among State and local office staff that IEVS is burdensome and not cost-effective, despite its important benefits.</li> <li>● The effort and costs involved with IEVS are influenced by the number of matches conducted, the quality of the data received from the required matches, the volume of match information referred to local offices for disposition, and the procedures followed by the State and local offices in processing the information received.</li> </ul>

**MAJOR  
RECOMMENDATIONS**

- The Federal and State governments should work together to develop program performance measures and mechanisms for collecting and reporting information on match outcomes.
- The Federal government should examine the time standards imposed on the States for disposition of match information.
- A brief survey of all States should be conducted to determine the nature and extent of performance data available nationwide and to gather estimates of the time involved in certain matching and processing activities.
- Federal efforts to evaluate IEVS and to further its technical development should be supported through a task order mechanism.

<p><b>TITLE</b></p>	<p><b><i>Computer Matching--Quality of Decisions and Supporting Analyses Little Affected by 1988 Act. Briefing Report to the Chairman, Subcommittee on Information, Justice, Transportation and Agriculture, Committee on Government Operations, House of Representatives, GAO/PEMD94-2, October 1993.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>The chairman of the Subcommittee on Information, Justice, Transportation and Agriculture of the House Committee on Government Operations was concerned about how agencies have implemented the Computer Matching and Privacy Protection Act of 1988. In response, the General Accounting Office (GAO) identified 71 computer matching programs at 14 Federal agencies, involving 447 matching agreements. The GAO reviewed 277 in detail. Specifically examined were those elements required under the act. The GAO also examined the cost-benefit analyses included in the agreements and assessed the quality of the analyses. Included as part of the review were interviews with 54 officials from the involved agencies to gather information on how the computer matches were processed, approved, and reviewed.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● Agencies are using substantially different methodologies to identify and calculate costs and benefits. (the Office of Management and Budget has yet to issue specific guidelines on conducting cost-benefit analyses for the computer matching act which generally became effective January 1, 1990.)</li> <li>● Agencies are not providing full, earnest reviews of proposed matches to Data Integrity Boards (DIBs).</li> <li>● Most DIBs meet less often than quarterly, usually on an ad hoc basis, and tend to route correspondence to approve or review matching agreements.</li> <li>● Boards generally approved matches lacking adequate analyses and having severe methodological flaws and lack of documentation. In 27% of the agreements reviewed, agencies made no attempt to estimate either the costs or benefits of the computer matches before approving them; in an additional 14%, only costs or benefits were estimated.</li> <li>● Federal agencies accepted States' claims in computer matching agreements at face value; agencies did not collect and maintain supporting documentation for States' cost-benefit analyses. Further, for those analyses conducted, where both costs and benefits were estimated, not all reasonable costs and benefits were considered, inadequate analyses were provided to support savings claims, and no effort was made after the match to validate estimates. Additionally, any available documentation often failed to show how costs and benefits were calculated or the time period for expected savings. Also, the agencies did not discount the value of money over time and rarely</li> </ul>

	<p>estimated the most significant costs, such as collections and recovery of overpayments.</p> <ul style="list-style-type: none"> <li>• All 14 of the agencies that participate in computer matching programs have established the required DIBs. However, the established boards have not disapproved any matches because of the act's cost-benefit requirements, even when those analyses were deficient or, as in the case of two matches in one State, clearly wrong.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>Recommendations direct the Office of Management and Budget to:</p> <ul style="list-style-type: none"> <li>• Expedite the publication of minimum standard criteria for cost-benefit analyses and specify which cost and benefit elements must be included; and</li> <li>• Instruct agencies to establish procedures to track costs concurrently and measure costs and benefits retrospectively to determine whether benefits are actually achieved.</li> </ul>
<p><b>TITLE</b></p>	<p><i>Welfare Benefits--States Need Social Security's Death Data to Avoid Payment Error or Fraud. Report to the Secretary of Health and Human Services, GAO/HRD-91-73, April 1991.</i></p>
<p><b>BACKGROUND</b></p>	<p>Both the Federal and State governments spend billions of dollars in welfare benefits through State-administered programs such as AFDC, Food Stamp, Medicaid, and State general assistance programs. When beneficiaries die, benefit payments related to that individual should be terminated.</p> <p>The social security number (SSN) is a unique identifier that is used to link data files for determining benefit program eligibility. States are required to submit the SSN of welfare applicants and recipients to the SSA for verification. The Social Security Administration (SSA) has an opportunity to help States quickly identify beneficiaries who may have died, but whose deaths may not have been reported to the State welfare agencies. Further, SSA is required to collect and maintain death information, and is authorized to share such information with State agencies. However, when verifying SSNs for States, SSA does not tell the requesting State agency whether it has recorded dates of death for the people assigned the numbers.</p> <p>The objectives for this review were 1) to determine whether SSA had dates of death recorded in its files for SSNs verified for States; 2) whether benefit payments were made after the recorded dates of death for the verified SSN; and 3) to determine the feasibility of using SSA's Enumeration Verification System to alert States to SSNs being verified for persons whose deaths were recorded in SSA files.</p>

	<p>SSA files were computer matched with State benefit payment files from Maryland, Pennsylvania, and the District of Columbia. Selected files were then followed-up to confirm the SSA's recorded deaths.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● For a 24-month benefit payment period, 2,950 cases indicated benefit payments were paid at least two months after the dates of death recorded in SSA files.</li> <li>● Using a judgement sample of 229 of these cases, State agencies confirmed the deaths of 86 and reported that 85 were alive. For the remaining 58, there was no information available to determine whether the people were alive or deceased.</li> <li>● For 34 of the 85 for which the States reported individuals alive, the States gave either no evidence or weak and inconclusive evidence to support the person receiving the benefits was, in fact, alive. Seven of the cases were incorrectly reported as dead in SSA's files, while three others were incorrect due to clerical errors in recording the persons' SSNs.</li> <li>● For at least 39 of the 86 confirmed death cases, the State reported that a relative was using the deceased person's SSN to receive benefits. 17 of the 86 cases resulted in relatively complete reports. Based on these, it is estimated that \$72,000 in welfare benefits were paid after the recorded dates of death in SSA's files.</li> <li>● State officials agreed that receiving such information from SSA would assist them in identifying false claims and benefit payments made under a deceased person's SSN as well as providing investigative leads for potential cases of fraud, waste, and abuse. Department of Agriculture and the Department of Health and Human Services' (DHHS) Office of Family Assistance also agreed that such data would be valuable.</li> <li>● In 1990, SSA advised that it would be relatively inexpensive to change existing systems to include death data as part of the IEVS reports to States. By 1991, SSA had in place a new system for verifying SSN that is replacing the Enumeration Verification System and three other systems currently in use. However, SSA has set no timetable as to when other States will be added to it. Further, SSA is not providing death data to the States through this system but is reviewing the issue.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● Modify the current SSN verification systems to routinely provide death information to States, for their use in processing welfare benefit claims and payments and</li> <li>● Publish and make available to the States appropriate instructions on accessing and using this information, including the need to verify SSA provided death information, and give people advance notice before initiating actions to stop, deny, or adjust payments.</li> </ul>

<b>TITLE</b>	<p><b><i>Computer Matching-Need for Guidelines on Data Collection and Analysis, Report to the Director, Office of Management and Budget, GAO/HRD-90-30, Washington, D.C., April 1990.</i></b></p>
<b>BACKGROUND</b>	<p>This review focused on the States' data collection and reporting systems for evaluating the cost-effectiveness of IEVS. The objectives were to determine if these systems allow Federal and State officials to assess whether IEVS is saving money, whether they provide State officials with sound information for targeting follow up activity on match information, and whether the IEVS data collection requirements conform with those of the Computer Matching and Privacy Protection Act of 1988 (Public Law (P.L.) 100-503).</p>
<b>MAJOR FINDINGS</b>	<ul style="list-style-type: none"> <li>● As of February 1990, none of the involved, responsible Federal agencies (Food and Nutrition (FNS), Administration for Children and Families (ACF), and Health Care Financing Administration (HCFA)) had issued final guidelines to the States on data collecting and reporting for the IEVS program. As a result, data have not been available to assess the savings resulting from IEVS, to develop informed targeting strategies for follow up on match information, or to provide the cost-benefit analyses required.</li> <li>● Regulations governing cost-effectiveness analyses were issued separately by Federal agencies contained varying requirements.</li> <li>● Requirements for data collection and reporting under IEVS need to be consistent with those required by the computer matching act.</li> </ul>
<b>MAJOR RECOMMENDATIONS</b>	<p>The Office of Management and Budget should work with the Food and Nutrition Service, the Administration for Children and Families, and the Health Care Financing Administration to develop uniform guidelines for data collection and reporting that will satisfy IEVS requirements and those of the Computer Matching and Privacy Protection Act of 1988.</p>

<p><b>TITLE</b></p>	<p><i>Medicaid--Some Recipients Neglect to Report U. S. Savings Bond Holdings. Report to the Chairman, Committee on Finance, United States Senate, and Chairman, Subcommittee on Health and the Environment, Committee on Energy and Commerce, House of Representatives, GAO/HRD-89-43, January 1989.</i></p>
<p><b>BACKGROUND</b></p>	<p>Generally, persons who receive Federal assistance under Medicaid, Aid to Families with Dependent Children (AFDC), and Supplemental Security Income (SSI) provisions are required to meet eligibility requirements of income and assets, including cash or other liquid assets or property other than personal residences and automobiles. Among assets that determine an individual's eligibility are U. S. savings bonds. Individuals with such bond holdings above State asset limitations for AFDC, SSI, and Medicaid are ineligible.</p> <p>The law requiring a State to have an IEVS for income verification processing includes comparing the income declared by program applicants and beneficiaries with information obtained from the IRS and the SSA. Information available from these agencies includes data on interest earned from redeeming of savings bonds and on bonds paying periodic interest. It does not, however, include the current (at time of application or redetermination) or face value of such bond holdings. Such information is only available from the Department of the Treasury.</p> <p>In a limited test in Massachusetts, Treasury matched a file of 29,213 Massachusetts Medicaid nursing home residents to identify recipients who own or had redeemed savings bonds. This match was further analyzed to identify those Medicaid recipients with outstanding bonds valued at \$2,000 or more (asset resource limit was \$2,000). If the bonds were redeemed and the cash disposed of within two years of an individual's Medicaid eligibility, the disposition could render the individual ineligible.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>● 143 nursing home residents had outstanding bonds worth about \$1.5 million, with individual holdings ranging from \$2,000 to over \$60,000.</li> <li>● Another 262 Medicaid recipients had redeemed \$2,000 or more in bonds or had a combination of outstanding and redeemed bonds totaling \$2,000 or more.</li> <li>● Of the 405 who owned and/or had redeemed bonds, 60 applications were reviewed to determine if the recipients had identified the bonds on their applications. Of the 49 records for which disclosure should have been made, 48 did not indicate any savings bond holdings or redemptions, and one identified some, but not all of the bond holdings. Consequently, 49 individuals of the 60 reviewed could be declared ineligible for filing a false or incomplete Medicaid application.</li> </ul>



	<ul style="list-style-type: none"> <li>• Treasury cannot release the identity of the 405 individuals with outstanding and/or redeemed bonds because of restrictions contained in the Privacy Act of 1974 on release of personal data.</li> <li>• IEVS does not provide a mechanism for obtaining information needed to verify the savings bond holdings of applicants for public assistance and thus, enables States from verifying bond holdings.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The report recommends a legislative proposal to amend IEVS requirements to expand information available to the States under IEVS. This amendment would require States under IEVS to include data files maintained by the Department of the Treasury on U. S. savings bond holdings and redemptions. Further, additional supporting legislation would enable the Treasury to make available information for the necessary computer matches.</p>
<p><b>TITLE</b></p>	<p><i>Welfare Eligibility--Deficit Reduction Act (DEFRA) Income Verification Issues. Fact Sheet for the Ranking Minority Member, Subcommittee on Oversight of Government Management, Committee on Governmental Affairs, United States Senate, GAO/HRD-87-79FS, May 1987.</i></p>
<p><b>BACKGROUND</b></p>	<p>This Fact Sheet summarizes data from a national survey of all States conducted by the General Accounting Office during the summer of 1986 to determine progress and problems in the States' early efforts to implement IEVS.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>The Fact Sheet identifies the following major concerns of the States with IEVS:</p> <ul style="list-style-type: none"> <li>• Additional funding is needed to develop and operate the DEFRA income verification systems;</li> <li>• The efficiency of States' automated systems for processing data from the Internal Revenue Service (IRS) and the Social Security Administration (SSA) is questionable;</li> <li>• The timeframes required by Federal regulations, for following up on information received from the Federal databases, are difficult to comply with;</li> <li>• The States' start-up and operating costs, to process and use tax data, might exceed the benefits in terms of dollars saved;</li> <li>• The usefulness of Federal tax data might be limited by its age and other considerations; and</li> </ul>

	<ul style="list-style-type: none"> <li>• Most States will need to change systems in order to meet the safeguarding requirements for Federal tax data.</li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The Fact Sheet gives no recommendations.</p>
<p><b>TITLE</b></p>	<p><i>Computer Matching--Assessing Its Costs and Benefits. Briefing Report to the Chairman, Subcommittee on Intergovernmental Relations and Human Resources, Committee on Government Operations, House of Representatives, GAO/PEMD-87-2, November 1986.</i></p>
<p><b>BACKGROUND</b></p>	<p>The Chairman of the House Subcommittee on the Intergovernmental Relations and Human Resources Subcommittee of the Committee on Government Operations requested a report concerning the methods used for assessing the costs and benefits of computer-matching projects.</p> <p>Increasing concern for the detection and prevention of fraud, waste, abuse, and error in government programs has stimulated the development of techniques using information technology to detect and prevent these problems. Such techniques include computer screening, front-end matching, and computer matching which is the identification of similarities or dissimilarities in data found in two or more computer files. Such identifications are often used to determine inappropriate payment of public benefits.</p> <p>Computer matching has raised the concern of whether particular matches actually achieve the cost savings or cost avoidance anticipated. Government agencies are not formally required to analyze for such cost and benefits. Further, in 1982, the Office of Management and Budget (OMB) eliminated cost-benefit analysis as a prerequisite to a match and streamlined reporting requirements. However, in 1983, OMB did develop a computer match checklist for agencies initiating matches subject to the Privacy Act to ensure compliance with the procedural regulations of the act. While it did include an item requesting an estimate of the likely costs and benefits of a match, it did not specify what factors, or how, such analysis should be conducted. Also, the President's Council on Integrity and Efficiency advocates conducting cost-benefit computer matching analysis and has provided some general guidance on how to perform such analyses.</p>
<p><b>MAJOR FINDINGS</b></p>	<ul style="list-style-type: none"> <li>• Three broad groups of entities potentially are involved in assessing the costs and benefits of a government computer match. These include:             <ol style="list-style-type: none"> <li>1) government or matching agency, the source agency, and the justice system;</li> </ol> </li> </ul>

- 2) clients or individuals with a specific relationship to the programs involved in the match; and
  - 3) the general population made up of the general public and subgroups with specific relationships tying them closely to the match.
- The major costs to matching and source agencies are the salary and fringe benefits of personnel involved in all phases of the match process.
  - The major benefits to the matching and source agencies are the recovery of overpayments and debts, the avoidance of future overpayments, improvements in program operations, deterrence, and law enforcement.
  - Overall, the review indicated that when agencies perform cost benefit analyses, there was not a full accounting of costs and benefits. Some agencies' analyses did not include all the costs and benefits to matching agencies that could reasonably be measured or estimated. Further, of those analyses of matches which extended over a lengthy period of time, none used discounting in evaluation of the analyses.
  - The information available was not adequate to support a sound decision about whether specific matches were, or might, be monetarily cost-beneficial.
  - The performance of more rigorous cost-benefit analyses could more firmly establish and monitor the magnitude of the benefits obtained for the resources expended.

**MAJOR RECOMMENDATIONS**

No recommendations were presented in this report.

**TITLE**

*Computer Matching--Factors Influencing the Agency Decision-making Process. Briefing Report to the Chairman, Subcommittee on Intergovernmental Relations and Human Resources, Committee on Government Operations, House of Representatives, GAO/PEMD-87-3BR, November 1986.*

**BACKGROUND**

The chairman of the Intergovernmental Relations and Human Resources Subcommittee of the Committee on Government Operations requested a review of the criteria used by Inspectors General in their determinations of whether a particular computer match should be conducted.

The objective in doing this review was to provide a general description of the computer match decision making process and the factors that are considered in making the decision to perform a match. During the initial interview process, information was gathered on approximately 40 match operations.

	<p>Of these, matches most likely to provide insights on cost-benefit methodology were further identified. An interview guide was used to determine how each match developed and the factors or issues considered in deciding to perform the match. The guide also collected information on the general practices, procedures, and processes applied to proposed matches. More than 90 officials from nine agencies were contacted. Analysis was restricted to a broad description of agency decision-making processes and related factors. Conducted as part of assessment concerning computer matching costs and benefits. (See <u>Computer Matching: Assessing Its Costs and Benefits.</u>)</p>
<p><b>MAJOR FINDINGS</b></p>	<p>A set of factors was identified as considerations in the match decision-making process. No agency documentation exists providing examples of specific criteria that had been, or could be, used by decision-makers for evaluating whether a proposed match should be considered.</p> <p>There is limited documentation on the computer-match decision making process.</p> <ul style="list-style-type: none"> <li>● Wide variation in the formality of procedures to structure the match decision-making process exists.</li> <li>● Three factors influence the decision to perform a match:             <ol style="list-style-type: none"> <li>1) the current climate or environment for encouraging computer matching (e.g., concern over fraud, abuse, and waste; technological developments; reports of successful matches; and key organizations recommending computer matching);</li> <li>2) the sources of the match initiatives (e.g., matches legislatively mandated; recommendations from oversight groups; requests from other agencies; and internal agency initiatives); and</li> <li>3) those factors concerning justification for a match and the agency's technical capability to implement it (e.g., automatic data processing resources; sufficient staff; cooperation among agencies; data quality and security; capacity to follow up on hits; compliance with applicable legislation and regulations; support and justification for implementing the match; rationale or reason underlying the match idea; cost versus benefit; relationship of proposed match to other matches; potential response to the match).</li> </ol> </li> </ul>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<p>The Briefing gives no recommendations.</p>

<b>TITLE</b>	<p><b><u>Better Wage-Matching Systems and Procedures Would Enhance Food Stamp Program Integrity. Report to the Secretary of Agriculture, GAO/RCED-84-112, September 11, 1984.</u></b></p>
<b>BACKGROUND</b>	<p>The effectiveness of State wage matching activities of five States' Food Stamp (FS) programs (Florida, Louisiana, New Jersey, New York, and Texas) was reviewed. These States were chosen because of their experience and because they represented those States with the most FS benefits issued in their respective service regions. Wage matching activities at the service's headquarters and at four of its seven regional offices were also reviewed. Specific review objectives were to identify opportunities to improve/-streamline procedures for efficiency; to determine if States were making adequate use of matching results; and to determine if service guidance to States provides adequate direction for implementing wage matching effectively.</p>
<b>MAJOR FINDINGS</b>	<ul style="list-style-type: none"> <li>● Wage match systems inadequately identify inappropriate payments for follow up.</li> <li>● States did not request matches for all members of a household who had received benefits.</li> <li>● The Food and Nutrition Service (FNS) did not establish uniform dollar limits or tolerances to help focus follow up on cases with significant potential for overpayment.</li> <li>● States need to make more effective use of computers for the matches.</li> <li>● Caseload coverage and dollar tolerance criteria for follow up work merit attention.</li> <li>● The Food and Nutrition Service should provide more guidance for implementing wage match systems. No specific guidance had been provided automated matching, caseload coverage, dollar tolerances (i.e., what should be considered in developing a good matching system).</li> <li>● Caseworkers had not received adequate training and guidance on how to perform the necessary follow up casework.</li> <li>● Either no action or inappropriate action was taken on most cases.</li> </ul>
<b>MAJOR RECOMMENDATIONS</b>	<ul style="list-style-type: none"> <li>● Direct the Food and Nutrition Service to provide guidance setting forth specific expectations regarding State follow up actions, including details on how wage match follow up work should be conducted, timeframes for</li> </ul>

completing follow up actions, and the necessary management controls to ensure accurate and timely follow up;

- Direct States to establish controls for monitoring accuracy, timeliness, and completion of local office follow up; and
- The Food and Nutrition Service should evaluate adequacy of State follow up activities as part of State level operations reviews and validations of management evaluation reviews.

<p><b>TITLE</b></p>	<p><b><i>American Public Welfare Association, After Implementation: State Experience with the Income and Eligibility Verification System (IEVS), Final Report, Washington, D.C., April 1989.</i></b></p>
<p><b>BACKGROUND</b></p>	<p>The National Council of State Human Service Administrators (NCSHSA) of the American Public Welfare Association surveyed 50 States in 1988. The purpose of the survey was to assess the implementation of IEVS and to identify problems that States were encountering in operating the system.</p>
<p><b>MAJOR FINDINGS</b></p>	<p>States think the concept of IEVS is useful, but they encounter major problems that limit the full implementation of its requirements. These problems include:</p> <ol style="list-style-type: none"> <li>1) Insufficient time for processing match information;</li> <li>2) Limited staff available to handle the increased workload;</li> <li>3) Difficulties in meeting security requirements for IRS data; and</li> <li>4) Unreliability of several Federal databases.</li> </ol>
<p><b>MAJOR RECOMMENDATIONS</b></p>	<ul style="list-style-type: none"> <li>● The IEVS matches should be optional (allowing States to match only those data sources that are reliable and cost-effective).</li> <li>● If all IEVS matches are not made optional, Federal statute and regulations should be changed to:             <ul style="list-style-type: none"> <li>- Make optional the requirement for States to match against the Social Security Administration's Beneficiary Earnings Exchange Record (BEER) data;</li> <li>- Permit targeting of match data for applicants as well as for recipients;</li> <li>- Allow States more flexibility for having systems that track the processing of matches;</li> <li>- Make optional the requirement for States to initiate matches during the application period;</li> <li>- Drop the requirement that States follow up on matches within 45 days; and</li> <li>- Make optional the requirement for States to develop standard computer matching formats.</li> </ul> </li> <li>● Federal agencies involved with IEVS should take the following nonregulatory actions:             <ul style="list-style-type: none"> <li>- Improve the reliability of the Federal data, provide more timely response to State match requests, revise security requirements for the</li> </ul> </li> </ul>

Internal Revenue Service data, provide States with access to other Federal data and with more advanced notice of software changes in Federal data files, and promote online computerized data exchange systems such as the Wire Third Party Query system being developed by the Social Security Administration;

- Improve interagency coordination through such actions as development of uniform regulations and appointment of Federal coordinators for IEVS;
- Revise the guidelines for the Federal quality control review process to clarify use of case data; and
- Undertake a thorough review of IEVS to determine whether or not current agency requirements are consistent with the goals envisioned for the system by Congress.



# APPENDIX A

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## INDEX OF DOCUMENTS

### FEDERAL GOVERNMENT SOURCES

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