

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

COST-EFFECTIVENESS OF SAVE



JUNE GIBBS BROWN
Inspector General

NOVEMBER 1995
OEI-07-91-01230

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EXECUTIVE SUMMARY

PURPOSE

To determine if the Systematic Alien Verification for Entitlements (SAVE) is cost-effective in verifying the immigration status of aliens applying for Aid to Families with Dependent Children (AFDC) and Medicaid.

BACKGROUND

The Immigration Reform and Control Act of 1986 (Public Law 99-603) established the SAVE program. SAVE is designed to assist eligibility workers in preventing illegal aliens (noncitizens who are in the United States illegally or by reason of their immigration status) from receiving federally subsidized cash and medical benefits. However, this legislation permits States to request a waiver if they can demonstrate that either SAVE is not cost-effective for them or their alternative verification system is as effective.

The Administration for Children and Families (ACF) requested this study. According to ACF, very few guidelines or criteria must be met to be granted a waiver. Since the inception of SAVE, nine States have been granted either full or partial waivers by ACF and the Health Care Financing Administration (HCFA). As part of our analysis, we reviewed these waiver requests.

We selected statistically valid samples of case files that had been matched between the Immigration and Naturalization Service (INS) and States' records. We then did a case file review in the four sample States (California, Florida, Illinois, and Texas) on those records the States were able to locate. These States represented almost 70 percent of the estimated 2.06 million undocumented alien population in the 1980 census, which was the last year aliens were identified in the survey. The Census Bureau estimates this population was between 3.5 and 4.0 million in 1994. In addition, we interviewed States' staff on how they use SAVE and reviewed their SAVE procedures and administrative costs. A companion report "*Review of the SAVE System's Processes*" (OEI-07-91-01231) addresses deficiencies in INS and States' systems.

FINDINGS

We Are Unable To Determine The Cost-Effectiveness Of The SAVE Program.

- The INS could not isolate those records that apply only to the AFDC and Medicaid alien populations.
- States could not locate all sample beneficiary case files.
- Case file documentation was not adequate to determine if SAVE was instrumental in States' determination of eligibility based upon immigration status.

- States lack consistency and completeness in documenting SAVE administrative costs.

However, the SAVE Program Has Value in Identifying Ineligible Aliens.

- Cost avoidance cases were identified in each State.
- SAVE assisted eligibility workers not trained in reviewing INS documents as review of documents is required to determine the alien's immigration status. Further, eligibility workers cannot establish the authenticity of all documents without INS verification.
- State and county officials cited deterrence as a factor in illegal aliens not applying for benefits. However, it was difficult to determine the overall deterrent effect of SAVE.

GUIDELINES FOR EVALUATING WAIVER REQUESTS

Based on the data we found and the results of our review, we cannot complete a cost benefit analysis and believe that until INS and States address weaknesses in the systems, such a cost benefit analysis will not be possible. (See companion report "Review of the SAVE System's Processes" which addresses the system's weaknesses and recommendations for improvements.) In the meantime we believe there may be more requests from States to obtain waivers. Based on our review, we believe there are a number of areas ACF and HCFA should be especially attentive to in reviewing those waivers.

- ***Completeness of Systems***

Review each State's plan to ensure that the proposed alternative covers all steps of the process, including verification of involvement with INS for at least the secondary verification process, and the hearings and appeals process.

- ***Primary Verification***

If the SAVE primary verification process is eliminated, review the individual State's plan for reviewing and verifying alien documentation and staff changes to accomplish this objective.

- ***Documentation Supporting the State's Estimated Savings***

Review each State's definition of savings, how calculated, and method of projecting these savings.

- ***Costs of Administering the SAVE and Alternative Systems***

Assure that agency instructions are followed in documenting SAVE (and alternative systems) administrative costs.

AGENCY COMMENTS AND OIG RESPONSE

The ACF commented that they hoped the OIG could have provided a more definitive response concerning the cost-effectiveness of SAVE. They recognized, however, that this was not possible because of the reasons stated in the report.

The INS did not provide written comments to the report, but verbally indicated concurrence with the findings and recommendations.

The ACF's comments in their entirety are included in Appendix C.

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INTRODUCTION

PURPOSE

To determine if the Systematic Alien Verification for Entitlements (SAVE) system is cost-effective in verifying the immigration status of aliens applying for Aid to Families with Dependent Children (AFDC) and Medicaid.

BACKGROUND

The Immigration Reform and Control Act of 1986 (Public Law 99-603), hereafter referred to as the Act, provides for the establishment and implementation of a cost-effective system to verify the status of aliens applying for federally funded benefits. The SAVE system is designed to assist eligibility workers in preventing illegal aliens (noncitizens who are in the United States illegally or by reason of their immigration status) from receiving federally subsidized cash and medical benefits. The Immigration and Naturalization Service (INS) administers SAVE as an information service for States and does not make determinations on any alien's eligibility for a specific federal benefit. The Act mandates the following programs use SAVE in verifying alien documentation: Food Stamp Program; Housing Assistance Programs; Unemployment Compensation; Title IV Educational Assistance; AFDC; the Medicaid Program; and certain Territorial Assistance Programs.

Federal Regulations, 45 CFR 233.50, specify that to be eligible for federal cash or medical assistance an individual must be a United States citizen, an alien lawfully admitted for permanent residence, or an alien otherwise permanently residing in the U.S. under color of law (PRUCOL). PRUCOL refers to aliens residing in the U.S. whose presence is known and tolerated by authorities, although they have not become permanent resident aliens.

The Martin Marietta Corporation contracts with INS to store and provide electronic access to the SAVE Alien Status Verification Index, a data base containing more than 28 million records representing aliens. When an alien applies for the federally funded programs listed above, an eligibility worker is required to verify the alien's status by initially querying the automated SAVE system (primary verification). This process is used to authenticate the alien registration number listed on the applicant's immigration documents. When accessed by the user through a touch-tone or computerized system, the INS, through the Alien Status Verification Index, will respond within three to five seconds of the query providing the alien's status.

If the INS is unable to establish the alien's immigration status, an "Institute Secondary Verification" message is sent to the State. Also, if there is missing information or a problem is identified on INS's data base, then an "Institute" message is sent to the State. These messages can indicate a potential problem in the identification of alien immigration status which may signify that the alien is ineligible to receive benefits. The eligibility worker is then required to send copies of immigration documents and a Document Verification Request (Form G-845) to an INS District Office for manual

review of the immigration status (secondary verification). The INS staff examines the document and conducts automated and manual validation searches to determine the immigration status of the alien. The INS procedures indicate that it will respond to the submitting agency within 10 working days. Results from the primary and secondary verifications are used by eligibility workers to determine whether an alien is eligible to receive benefits.

The INS maintains records of disclosure on all alien registration numbers checked through the SAVE data base. The INS maintains and discloses these records in accordance with the Privacy Act and the Freedom of Information Act.

The INS issued a public notice in the Federal Register in September 1987 (amended in February 1989) concerning INS procedures for verifying an alien's immigration status for various federal benefit programs. This notice also stated that each overseeing agency, which is the Department of Health and Human Services (HHS) for AFDC and Medicaid, must develop its own regulations. Due to disagreement between ACF and the Health Care Financing Administration (HCFA), regulations were never issued. In lieu of regulations, ACF and HCFA are using the statute and guideline instructions to the States to administer the SAVE program.

INS Projected Savings Due to SAVE

The INS operating instructions to the States (September 1989) estimated that between \$2.5 and \$3 billion in claims from unentitled aliens could be avoided each year as a result of SAVE. While INS maintains projected savings provided by the States, this information is not published since States use various definitions of cost avoidance.

HHS/Office of Inspector General (OIG) and Department of Agriculture OIG Studies

A study conducted by the HHS/OIG, "Alien Verification for Entitlements", February 1988 (OAI-86-02-00003) and a Department of Agriculture OIG study, "Cost-Effectiveness of the Food Stamp Program", September 1992 (Audit No. 27013-47-Te) found that State officials believed SAVE was not cost-effective. In both studies conclusions were largely based on perceptions, however, and actual case files were not reviewed to determine savings that could be identified to SAVE.

Waiver Requests

While all States, the District of Columbia, and territories are required by the Act to participate in SAVE for the AFDC and Medicaid programs, section 121(c)(4)(B) of the Act permits a State to apply for a waiver if it can demonstrate that the costs of administering SAVE exceed estimated savings. The Secretary of HHS may also grant a waiver if the State has an alternative, equally effective, and timely system for verification of immigration status with comparable hearing and appeal rights as those provided under the Act. Nine States have been granted full or partial waivers (See Table 1 on the following page.) However, other than the statutory requirements, there are very few requirements or guidelines that must be met for a State to be granted a waiver.

Table 1

STATES WITH FULL OR PARTIAL SAVE WAIVERS ¹			
STATES	FULL	PARTIAL	DATE WAIVER APPROVED
California		X ²	08-30-94
District of Columbia		X ³	11-07-91
Hawaii	X		11-23-93
Maine	X		12-28-94
Michigan	X		03-04-92
Minnesota	X		08-11-92
Washington	X		11-04-93
Mississippi		X	Not Available
Montana		X	04-10-90

¹ The waivers apply to both AFDC and Medicaid for all of the States.

² California was granted a waiver from performing secondary verifications on refugees for 12 months if the primary verification does not result in identifying alien status.

³ The District of Columbia has been granted a waiver similar to California's but for six months.

Partial waivers can also be granted to States whose small volume of SAVE primary queries would not make it cost-effective. In this case, States bypass the primary query and all contacts with INS are for secondary verifications.

New York State has previously sought a waiver from HHS based on the results of the Department of Agriculture's OIG study. The HHS did not grant a waiver based on that study because the State had not furnished information which showed SAVE was not cost-effective or that the State had an alternate system which was as effective and timely as SAVE.

METHODOLOGY

We selected a purposive sample of four States for review (California, Florida, Illinois, and Texas). For details on how we selected the sample, see Appendix A. These States represent almost 70 percent of the estimated 2.06 million undocumented alien population in the 1980 census, which was the last year aliens were identified in the survey. The Census Bureau estimates this population was between 3.5 and 4.0 million

in 1994. We also obtained SAVE program administrative costs for AFDC and Medicaid in Fiscal Year (FY) 1992, and the volume of primary verifications and secondary referrals. The sample States rank above other States in one or more categories of undocumented aliens, costs, and verification activity.

We requested INS to provide all record information on their SAVE data base with an "Institute Secondary Verification" message during the study period (September 1 through November 30, 1993) for aliens who applied for AFDC and Medicaid benefits. From these records, we selected a statistically valid sample and requested each State to match them against their records. Since California is county-administered, we selected a statistically valid sample of six counties based on the volume of queries to the SAVE system during our study period. The sample counties selected were Fresno, Los Angeles, Orange, Riverside, San Bernardino, and San Francisco. Alien records were then selected from each county.

We reviewed the case file documentation to determine if SAVE identified aliens who were not eligible for benefits. We also discussed SAVE program policy and operation, financial information, and case files with 75 State and county staff in the four sample States. Staff at the State level included program supervisors and analysts, systems and fiscal analysts, eligibility specialists, finance and accounting managers, field operations staff, quality control program managers, budget analysts, and program policy specialists. County staff included program managers and analysts, social service program managers, program specialists, an auditing chief, a quality review supervisor, and a program coordinator.

We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

WE ARE UNABLE TO DETERMINE THE COST-EFFECTIVENESS OF THE SAVE PROGRAM.

We could not determine the estimated savings generated by SAVE for the following reasons:

- ***The INS could not isolate those records that apply only to the AFDC and Medicaid alien populations.***

We had requested that INS furnish us records only for AFDC and Medicaid applicants. However, we received a large number of Food Stamp records as part of this request.

- ***States could not locate all sample beneficiary case files.***

Of the 935 cases in our sample, States could locate only 698 (75 percent) of the sample.

As noted in our companion report "***Review of the SAVE System's Processes***" (OEI-07-91-01231), States were unable to consistently match and locate sample cases when an "Institute Secondary Verification" message was sent by INS. States had insufficient data available to reconcile their files with INS's data files as a result of inconsistent methods of designing and storing data information in their computer systems. States also lack sufficient matching points within their data records to identify alien case files in matches with the INS/SAVE data base.

Out of the 698 case files that the States did locate, we had to eliminate 430 cases, or 46 percent of the sample, because they were not AFDC or Medicaid eligible cases, which left us with just 29 percent of the cases (268) from which to identify potential cost savings cases.

Table 2 on the following page provides a breakdown of the sample and details the various categories where it was necessary to exclude cases.

- ***Case file documentation was not adequate to determine if SAVE was instrumental in States' determination of eligibility based upon immigration status.***

Of the 268 cases reviewed, in most instances we were unable to determine if SAVE was instrumental in the decision made by the State or county regarding immigration status due to lack of documentation in the case files.

Table 2

BREAKOUT OF STATE SAMPLE CASES					
	CA	FL	IL	TX	TOTAL
Original number in sample	335	200	200 ¹	200	935
Less Cases not found	69	20	47	101	237
Less Denied - alien had too much income or resources or failed to cooperate	26	37	10	25	98
Less Food Stamps	32	21	0	45	98
Less Emergency Restricted ²	53	15	29	3	100
Less Refugee Cases	20	19	0	0	39
Less Reference Only ² - payment on another case, but used as reference to the file	27	25	1	1	54
Less Cases not in Study Period	5	18	0	2	25
Less U.S. Citizens ²	3	0	0	2	5
Less Incomplete Cases	4	4	1	2	11
Remaining Cases Reviewed in the Inspection for Cost Avoidance					
AFDC/Medicaid	54	19	53	12	138
Medicaid Only	42	22	59	7	130
TOTALS	96	41	112	19	268
¹ Illinois' entire universe was 168 cases. We conducted a match using the State's entire universe to produce 200 cases required by the methodology for the review. However, only 168 cases out of the entire universe matched the INS data files.					
² SAVE used, but not necessary					

- **States lack consistency and completeness in documenting SAVE administrative costs.**

Both ACF and HCFA have issued instructions to the States as to the types of SAVE activities that qualify for Federal reimbursement.¹ (Effective April 1, 1994 the 100 percent reimbursement for AFDC was reduced to 50 percent.² Medicaid reimbursement remains at 100 percent.) In addition to direct costs, indirect costs must be documented through the use of an approved cost allocation method.

¹ AFDC Instructions: FSA-IM-87-16, November 3, 1987, and FSA-AT-91-22, July 22, 1991, and HCFA Instructions: Program Memorandum - Medicaid State Agencies, December 1987.

² Budget Reconciliation Act of 1993 (Public Law 103-66).

We found that States lack uniformity in the manner in which they document SAVE administrative costs.

California uses a cost allocation plan to designate costs for SAVE. Each county applies a time study to identify costs applicable to SAVE. Although staff from the State told us that all counties use SAVE, not all of them specifically report these costs. They also stated that one county's costs are greatly understated because of their use of time study methods to report costs. A State official told us, "We only claim these costs even though we know that actual SAVE costs are higher."

Florida includes salaries as direct costs, identified through random moment sampling. These costs are allocated between the various programs served by these workers. Indirect costs are allocated to SAVE through an allocation formula used by the State.

Illinois reported only contract costs for telecommunication services. No personnel expenses are included in these administrative costs.

Texas uses random moment sampling time studies to determine allocable costs to SAVE and other programs administered by its Department of Human Services. Most of the costs are allocated for the time that eligibility workers spend on SAVE since they are the biggest users of the system. Once the time has been identified, costs are allocated on the basis of object codes which identify the cost categories. Costs include such items as salaries, travel, building rental and upkeep, telephones, professional services, lease/purchase of furniture and equipment, supplies, computer software and equipment, and employee benefits.

Table 3 shows the documented SAVE administrative costs for both the AFDC and Medicaid programs for each of the four States for our study period.

Table 3

STATES' REPORTED SAVE ADMINISTRATIVE COSTS	
STATES	DOCUMENTED COSTS
California	\$1,258,664
Florida	41,405
Illinois	488
Texas	214,973

For FY 1993, 29 States documented AFDC/SAVE administrative costs and 17 States documented Medicaid/SAVE administrative costs. Documented administrative costs included \$1,771,101 for AFDC/SAVE and \$7,337,334 for Medicaid/SAVE for a total of \$9,108,435.

HOWEVER, THE SAVE PROGRAM HAS VALUE IN IDENTIFYING INELIGIBLE ALIENS

Our case file reviews and discussions with State and county officials indicated that the use of SAVE has value for accurately processing AFDC and Medicaid cases. Specific benefits include:

- *Cost avoidance cases were identified in each State.*

Cost avoidance is defined, for the purpose of this inspection, as program funds saved during the period of time an ineligible alien could have received benefits.

Based on this definition, 11 sample cases were identified out of 268 case files; SAVE permitted States to determine seven cases were illegal aliens filing for benefits, with an additional four cases recognized when they completed the process of developing the cases at our request. These cases resulted in benefit savings of \$56,199 for 5 AFDC cases and 6 Medicaid cases. Table 4 identifies the 11 cost avoidance cases for ineligible aliens who applied for AFDC or Medicaid benefits.

The INS instructions require that a secondary verification be completed prior to the delay, denial, reduction, or termination of a benefit to any alien applicant for reasons of immigration status. Therefore, we did not include cost savings unless a secondary verification had been completed. In some instances the States had not followed this procedure so we asked them to request a secondary verification in all instances where it appeared payment of benefits was questionable.

Appendix B gives the methodology used to calculate savings.

Table 4

COST AVOIDANCE CASES				
CALIFORNIA CASES REVIEWED = 96				
CO ¹	AFDC	MEDICAID	SAVINGS	ERROR
FR		X	\$3,361	Counterfeit document
FR		X	3,361	Counterfeit document
RI	X		13,150	Expired document
SF		X	3,361	Expired document
Total:	1	3	\$23,233	

¹ CA Counties: FR = Fresno RI = Riverside SF = San Francisco

COST AVOIDANCE CASES (CONT'D.)				
FLORIDA CASES REVIEWED = 41				
	AFDC	MEDICAID	SAVINGS	ERROR
		X	\$1,924	Expired document
	X		4,173	Counterfeit document
Total:	1	1	\$6,097	
ILLINOIS CASES REVIEWED = 112				
	AFDC	MEDICAID	SAVINGS	ERROR
	X		\$6,363	Eligible for work only
		X	1,537	Expired document
Total:	1	1	\$7,900	
TEXAS CASES REVIEWED = 19				
	AFDC	MEDICAID	SAVINGS	ERROR
	X		\$8,941	Expired document
	X		8,941	Expired & Altered Document
		X	1,087	Expired document
Total:	2	1	\$18,969	
Grand Total:	5	6	\$56,199	

- *SAVE assisted eligibility workers not trained in reviewing INS documents.*

In all four States the majority of staff who we interviewed in AFDC and Medicaid commented on the utility or intangible benefits of using SAVE.

In California, staff said that "SAVE is useful in detecting altered, forged documents. It is a security device to validate documents."

Staff in Florida stated that "SAVE is better than the prior process of verifying documents to INS."

Illinois staff responded that "SAVE identifies (alien) registration cards that were fake before the case went to pay. Prior to SAVE the case went to pay before the card could be authenticated."

In Texas staff told us that "SAVE provides a certain amount of protection, by using INS on all queries. Things have changed since 1988 (when SAVE was implemented). Now there are more cards; it is more complicated now."

- ***Deterrence a Factor in Aliens Not Applying for Benefits.***

Our review identified two cases in which aliens voluntarily revealed that their alien documents (Resident Alien Cards) were forgeries when the eligibility workers queried SAVE. One official stated that SAVE is criticized as being ineffective because few if any misrepresentations are found through this process. To the contrary, the official believes that such an outcome proves that SAVE works as a deterrent and that eliminating SAVE would be like "a person saying they are going to stop locking their home as no one has ever tried to get in."

States generally responded that deterrence cannot be accurately determined because aliens do not volunteer this information. Three of the four States also noted that it is difficult to determine because of the number of illegal aliens who are entitled to emergency restricted Medicaid benefits.

GUIDELINES FOR EVALUATING WAIVER REQUESTS

Based on the data we found and the results of our review, we cannot complete a cost benefit analysis and believe that until INS and States address weaknesses in the systems, such a cost benefit analysis will not be possible. (See companion report "Review of the SAVE System's Processes" which addresses the system's weaknesses and recommendations for improvements.) In the meantime, we believe there may be more requests from States to obtain waivers. In our review, we came across a number of areas we believe ACF and HCFA should be aware of in reviewing those waivers. Instead of making recommendations, we offer the following guidelines.

These guidelines address the major factors of cost-effectiveness and efficiency of SAVE and the States' alternative system. These guidelines cover:

Completeness of Systems

The ACF and HCFA should review the description of each State's proposal of an alternative system to SAVE to ensure that it includes every element essential to its success. The waiver request must detail how the State plans to verify alien status, and its involvement with INS through at least the secondary verification and hearings and appeals processes.

Primary Verification

The State may not have considered all areas when submitting a proposal for an alternative to SAVE. The ACF and HCFA should review the proposal to determine:

- If the SAVE automated primary verification process is replaced, what process will then exist? Will the alternative system be equally effective?
- If the SAVE primary verification process is eliminated, will every alien applicant have to be processed through the relatively costly and time consuming secondary verification process?
- Will the State need to decrease or increase staff? This should be fully explained.
- Will identification of counterfeit and forged documents be less effective? How will staff identify these documents?
- Will eligibility workers spend more time reviewing INS documents and the codes used to determine the alien's immigration status?

Documentation Supporting the State's Estimated Savings

The State should present documentation showing benefit payment savings. This material should be reviewed carefully to determine how the estimated savings were calculated. This review should include:

- Assuring that the estimated savings are counted for Medicaid as well as for AFDC when a savings amount is submitted by the State. If beneficiaries are eligible for AFDC, they would also be eligible for Medicaid.
- Reviewing the definition used by the State to determine what should be included as savings. Is the State counting savings that are based on submitted documentation only (at the time the primary verification is made) without submitting these documents for review through the INS district office and the secondary verification process?
- Assuring that the State is only counting savings due to alien immigration status, and not for denial because of excess income and resources or failure to cooperate.
- Reviewing the methodology the State presents to estimate projected savings. Determine if the State used a statistically valid sample, how the projection was calculated, and the resulting confidence level of the reported savings.

Costs of Administering the SAVE and Alternative Systems

The State should submit full documentation that shows SAVE administrative expenditures.

- Assure that the time period over which the costs are being reported matches the same time period over which estimated savings have been identified.
- Determine if SAVE administrative costs include staff direct and indirect costs, and that agency instructions were followed in determining whether only SAVE authorized expenditures are being documented.
- If the State presents administrative costs beyond that being reported as claimed for AFDC and Medicaid reimbursement, review the cost data to determine how the State arrived at these cost figures.

AGENCY COMMENTS AND OIG RESPONSE

The ACF commented that they hoped the OIG could have provided a more definitive response concerning the cost-effectiveness of SAVE. They recognized, however, that this was not possible because of the reasons stated in the report.

The INS did not provide written comments to the report, but verbally indicated concurrence with the findings and recommendations.

The ACF's comments in their entirety are included in Appendix C.

APPENDIX A

CRITERIA USED IN SELECTING THE FOUR SAMPLE STATES

Undocumented alien population in the 1980 census (in millions)

California	1,024	50 percent (rounded)
Florida	80	04 "
Illinois	136	07 "
Texas	186	09 "
Total	1,426	70 "
National	2,057	100 "

Administrative costs for AFDC and Medicaid in Fiscal Year 1992

	AFDC	Medicaid	Total	Percent
California	\$1,234,098	\$4,419,467	\$5,653,565	93.0
Florida	24,312	6,105	30,417	.5
Illinois	7,903	17,974	25,877	.5
Texas	59,179	84,911	144,090	2.0
Total	\$1,325,492	\$4,528,457	\$5,853,949	96
National	\$1,467,424	\$4,623,758	\$6,091,182	100

Volume of Primary and Secondary Verifications - October 1992 - March 1993

	Primary	Secondary	Total	Percent (rounded)
California	354,185	13,389	367,574	55
Florida	41,060	3,726	44,786	7
Illinois	33,577	459	34,036	5
Texas	108,217	1,475	109,692	16
Total				83
National			666,316	100

APPENDIX B

METHODOLOGY USED TO CALCULATE COST AVOIDANCE

States provided the following information needed to calculate savings. (The statute provides that AFDC beneficiaries are also eligible for Medicaid benefits, as they are considered categorically needy)

AFDC/Medicaid cases

- Average monthly AFDC benefit payment for individuals
- Average length of time an individual receives AFDC benefits
- Average monthly Medicaid payment for individuals
- Average length of time a Medicaid beneficiary receives coverage is the same as AFDC

Medicaid only cases (medically needy)

- Average monthly Medicaid payment for individuals
- Average length of time an individual receives Medicaid only coverage

The methodology used to calculate cost avoidance savings is the same for the four States. Savings are based on the average monthly benefit payment multiplied by the number of months in the benefit period.

APPENDIX C

AGENCY COMMENTS




DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

DATE: August 16, 1995

TO: June Gibbs Brown
Inspector General

FROM: Mary Jo Bane 
Assistant Secretary
for Children and Families

SUBJECT: Comments - OIG Report: "Review of the SAVE System and Processes." OEI-07-91-01231

As requested, we have reviewed the subject Report and found that from an overall perspective, we would have liked the OIG review to have resulted in a more definitive answer to the question of the Systematic Alien Verification for Entitlements (SAVE) program's cost effectiveness. However, we understand why this was not possible, not only by virtue of the reasons described in the OIG Report, "Cost Effectiveness of SAVE" (OEI-07-91-01230), but also, under the approach the OIG used for conducting the analysis.

Also, the Review and companion, Cost-Effectiveness Reports find fault with the way both the Immigration and Naturalization Service (INS) and the States operate and use the SAVE program. However, the tone of the reports and the study recommendations appear to put much of the onus for this, and any corrective actions, on the States. For example, the recommendation to improve the match points between State and SAVE data is to us, principally, a responsibility of the INS and not the States. Our comments on the specific recommendations made in the Reports reflect our concern in this regard.

Regarding the recommendations contained in the "Review of the SAVE System's Processes," we have the following comments:

RECOMMENDATION: The ACF and the Health Care Financing Administration (HCFA) should remind States of the SAVE requirements and suggest minimal documentation to be included in the State case files.

RESPONSE: The Immigration and Naturalization Service (INS) is responsible for providing the States with the necessary instructions for operating the SAVE program to include minimal

documentation in the State case files. The INS should be aware that the States require the latest and best information in this regard in order to properly use the SAVE program.

RECOMMENDATION: The ACF and HCFA should coordinate with INS to enhance the SAVE program to make it more timely and user friendly.

RESPONSE: We have in the past and will in the future work with INS to improve the SAVE program.

RECOMMENDATION: The ACF and HCFA should coordinate with the States and the INS to identify the most efficient and effective way to designate and implement matching points between their respective data base systems.

RESPONSE: In our opinion, the best way of improving the ability to match State files with the SAVE database is for the INS to make every effort to capture and include the social security number in SAVE records. It is our understanding that the SAVE system is designed to store this information, but the INS is not diligent in capturing and maintaining it. We would add that making it easier in the future to determine the cost effectiveness of SAVE is probably insufficient justification for compelling the INS to do a better job of maintaining this information.

If you have any questions concerning these comments, contact Robert Shelbourne at (202) 401-5051 or Robert Laue at (202) 401-5040.