



**Minnesota Department of Human Services**

# **Minnesota Program Integrity Efforts 2009 Statistical Report**

Minnesota Department of Human Services  
Program Assessment and Integrity Division  
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## **2009 Minnesota Program Integrity Efforts**

The Minnesota Department of Human Services (DHS) Program Assessment and Integrity Division (PAID) and county agencies share responsibility for prevention and control of recipient fraud in most of the state's cash, child care, health care and food programs. The various approaches being taken to curb program fraud include:

- County fraud investigation efforts that pursue investigations by addressing welfare fraud as a crime of theft, through the criminal justice system.
- County Fraud Prevention Investigation (FPI) programs that are funded through state grants and focus on preventing or reducing overpayments by denying, terminating or reducing benefits to ineligible applicants and recipients.
- Imposing sanctions against recipients for intentional program violations through the Administrative Disqualification Hearing (ADH) process.
- A state fraud investigation program that focuses exclusively on health care enrollment fraud in the MinnesotaCare Program.
- State coordination, research and resolution of community fraud complaints, nationwide out-of-state program benefit verifications and Food Support disqualification matches.
- State and county collection efforts to recover benefits recipients were not eligible to receive.

Highlights of these efforts are summarized in this report and the attached charts.

### **FPI PROGRAM EXPANSION**

With a legislative appropriation and directive to expand the FPI Program, PAID reevaluated both the grant allocation structure and the effectiveness of existing programs. As a result, the following changes to the FPI program were made that would better enable expansion and provide long term viability.

- Funding to four existing programs was reduced or eliminated for restructuring purposes.
- Four former single county operations now provide coverage to a single neighboring county.
- One existing county region was expanded.
- Three new regional operations were formed.

All counties were offered the opportunity to receive FPI services through one of the re-aligned or newly formed regional operations. The FPI Program now consists of 13 regional operations and 12 single county operations. The realignment resulted in expansion of FPI operations from 55 to 73 counties.

## **PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM**

Minnesota implemented and participated in its first interstate Public Assistance Reporting Information System (PARIS) match. PARIS is a federally sponsored partnership with states coordinated by the U.S. Department of Health and Human Services. The PARIS interstate match looks for duplicate assistance by identifying recipients who are registered as participants in one or more public assistance programs in more than one state simultaneously.

In the November 2009 match, Minnesota's first submission of 644,506 individual recipient records resulted in a 1,864 matches being forwarded to county agency workers. Match results will not be available until 2010 when worker PARIS resolution codes are entered and available for analysis in the MAXIS eligibility system. PARIS matches will now be ongoing, occurring once each calendar quarter.

## **COUNTY FRAUD INVESTIGATION EFFORTS**

### **Investigations**

- FPI and criminal fraud investigators completed 8,654 investigations in 2009, three percent fewer than last year.
- Between 2008 and 2009 the number of FPI investigations declined while the number of criminal investigations increased.

### **Programs Worked**

- Ninety percent of the county investigative workload is in TANF, Food Support and Medical Assistance. Of the remaining ten percent, slightly more than half of the work falls into the "Other State Program" category, the rest into Child Care.

### **Overpayments**

- There were over \$7.6 million in overpayments identified as a result of county fraud investigations, five percent more than in 2008. The actual number of cases with overpayments identified also rose from 2,453 to 2,501.

### **Administrative Disqualification Hearings**

- The ADH process remains the primary method for resolving fraud cases statewide. There were 924 cases with successful ADH outcomes in 2009, thirty four fewer than the 2008 and 2007 levels of 958.
- Overpayments associated with ADH actions rose three percent to \$1,825,231 from the 2008 total of \$1,771,858 and averaged \$1,975 per action.
- Eighty five percent of the state's fraud disqualification sanctions were imposed through this process.

### **Criminal Convictions/Pre-Trial Diversion**

- There were 120 criminal convictions reported along with 37 instances of pre-trial diversion. These 157 criminal based actions represent a significant downturn of twenty six percent from the 2008 total of 215.
- Dollars associated with criminal based actions fell to \$871,124 and averaged \$5,540 per case as compared to \$8,037 in 2008.

### **FPI Cost Avoidance and Overpayment Identification**

- In the FPI program, Minnesota employs a three month standard of cost avoidance when a caseworker reduces or terminates benefits because of information from an investigation. Still substantial, but down from 2008, more than \$12.4 million in cost avoidance and overpayment dollars were identified in 2009.

### **FPI Cost Efficiency Ratio**

- The FPI cost-efficiency ratio is calculated by dividing the total of cost avoidance and identified overpayments by the cost of program administration. The result is the benefit accruing from every dollar spent on program administration. In 2009 the cost-efficiency ratio rose to \$5.08.

### **FPI Days Per Investigation**

- The average county FPI investigation took 8 days from the date of caseworker referral to the return of investigative findings to that worker. This turnaround time continues to be consistent with prior years.

## **MINNESOTACARE FRAUD INVESTIGATIONS**

State MinnesotaCare fraud investigators completed 1,510 investigations that resulted in the identification of \$1,054,063 in cost avoidance and overpayments from premium adjustments and terminations. The 2009 cost avoidance and overpayment assessments more than doubled from the 2008 total of \$520,714. There were also sixteen instances of successful ADH actions taken.

## **COMPLAINT AND BENEFIT RESOLUTIONS**

1,049 fraud complaints were reviewed and evaluated. Complaints received were up from the 2008 total of 778 and tracked from of all sources received in DHS to include the state welfare fraud hotline, written correspondence and emails.

When recipients move out of state, other states need to verify last receipt of benefits in Minnesota and accumulated months of TANF cash assistance. Out of state verification requests rose significantly from the 2008 total of 2,521 to 3,725 in 2009. Processing these requests also guards against duplicate assistance and fraudulent receipt of benefits when research determines that recipients did not notify the Minnesota worker of their move.

A monthly Food Support fraud disqualification match caught 66 clients in a fraud disqualification status from another state who failed to report that status while on assistance in Minnesota.

## RECOVERY EFFORTS

The efforts of county and state collection workers ensure accountability for the repayment of benefits received fraudulently or in error. Overpayments are identified through a variety of means including investigations, computerized matching and quality control findings. For an overpayment to be formally identified in the MFIP, Food Support and other cash programs, county staff create a claim on MAXIS, the state's computerized eligibility and claims system.

Highlights and trends in claims established and recovered include:

- Claims totaling \$12.2 million were established in MAXIS, a seven percent increase from the amount established in 2008
- The amount of claims established for the Federal Food Support program was \$7.4 million, an increase of fifteen percent from 2008.
- Fraud claims established on MAXIS declined from \$1.4 million in 2008 to \$1.1 million in 2009, a decrease of eighteen percent from 2008 and a continuing trend.
- After several years of a decline in the amount of MFIP Cash claims established there was an increase of about \$50,000 from the amount established in 2008.
- Recoveries for all programs totaled \$10.4 million in 2009, about \$547,000 less than the total collected in 2008.
- Total Food Support recoveries for 2009 were \$5.9 million, just a slight decrease from the amount collected in 2008. This includes state recoveries through the Treasury Offset Program (TOP).
  - TOP intercepts federal payments and tax refunds to recover Food Support debt.
  - In 2009, TOP recoveries were \$1.9 million.
  - TOP collections for the 14 years Minnesota has participated in the program total \$25.8 million.
  - The Food and Nutrition Service conducted a review of the TOP program. The review resulted in a successful outcome. Minnesota ranked number two out of 50 States in adding joint debts to TOP.
- County collections staff members were responsible for the recoveries of \$2.7 million in MFIP cash, \$1.7 million from other cash programs and the balance of the non-TOP Food Support recoveries totaling 4.0 million.
- A claims review component of the Management Evaluation (ME) process continued in 2009. Six counties are selected annually from the general ME schedule for a review of their claims establishment and collections practices to identify both deficiencies and best practices.

Attachments (2)

Summary Data Charts of FPI and Criminal and Claims and Recoveries

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## Selected FPI and Criminal Fraud Data

### Calendar Years 2005 to 2009

	2005	2006	2007	2008	2009
Completed FPI investigations	8135	7697	7635	7120	6802
Completed Fraud Control investigations	2334	2277	1752	1767	1852
<b>Total investigations</b>	<b>10469</b>	<b>9974</b>	<b>9387</b>	<b>8887</b>	<b>8654</b>
<b>FPI cost avoidance</b>	<b>\$10,334,500</b>	<b>\$10,105,257</b>	<b>\$10,445,581</b>	<b>\$9,422,709</b>	<b>\$8,848,968</b>
Overpayments identified (FPI)	1397	1366	1366	1345	1311
Amount	\$3,256,735	\$3,366,567	\$3,774,504	\$3,393,194	\$3,556,452
Overpayments identified (C)	1427	1369	1027	1108	1190
Amount	\$5,082,872	\$4,582,459	\$3,420,428	\$3,848,668	\$4,049,408
<b>Total overpayments identified</b>	<b>2824</b>	<b>2735</b>	<b>2393</b>	<b>2453</b>	<b>2501</b>
<b>Amount</b>	<b>\$8,339,607</b>	<b>\$7,949,026</b>	<b>\$7,194,932</b>	<b>\$7,241,862</b>	<b>\$7,605,860</b>
ADH waivers and upheld hearings (FPI)	547	597	565	531	519
Amount	\$883,843	\$1,119,459	\$1,040,408	\$886,908	\$959,467
ADH waivers and upheld hearings (C)	535	649	393	427	405
Amount	\$1,168,104	\$1,400,059	\$716,365	\$884,950	\$865,764
<b>Total ADH waivers and upheld hearings</b>	<b>1082</b>	<b>1246</b>	<b>958</b>	<b>958</b>	<b>924</b>
<b>Amount</b>	<b>\$2,051,947</b>	<b>\$2,519,518</b>	<b>\$1,756,773</b>	<b>\$1,771,858</b>	<b>\$1,825,231</b>
Pre-trial diversion	67	49	45	46	37
Amount	\$359,121	\$264,832	\$213,023	\$417,228	\$137,469
Convictions	177	174	167	169	120
Amount	\$1,674,205	\$1,213,794	\$1,163,045	\$1,310,829	\$733,655
<b>Total criminal actions</b>	<b>244</b>	<b>223</b>	<b>212</b>	<b>215</b>	<b>157</b>
<b>Amount</b>	<b>\$2,033,326</b>	<b>\$1,478,626</b>	<b>\$1,376,068</b>	<b>\$1,728,057</b>	<b>\$871,124</b>
<b>Cost-Benefit ratio (FPI - state fiscal years)</b>	<b>\$5.12</b>	<b>\$4.46</b>	<b>\$4.53</b>	<b>\$4.44</b>	<b>\$5.08</b>
<b>Days per investigation (FPI)</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>



## Selected Claims and Recovery Data

### Calendar Years 2006 to 2009

	2006	2007	2008	2009
<b><u>Amount of Claims Established</u></b>				
Food Support (Includes MFIP Federal Food)	\$ 5,803,398	\$ 5,880,382	\$ 6,446,068	\$ 7,422,901
MFIP Cash	\$ 4,197,425	\$ 3,456,540	\$ 3,207,186	\$ 3,256,823
All Other MAXIS Programs*	\$ 1,415,303	\$ 1,444,072	\$ 1,773,984	\$ 1,546,543
<b>Total</b>	<b>\$11,416,127</b>	<b>\$10,780,995</b>	<b>\$11,427,239</b>	<b>\$12,226,268</b>
<b><u>Fraud Claims Established</u></b>				
Fraud Claims Established	\$ 1,749,424	\$ 1,507,356	\$ 1,420,068	\$ 1,162,684
<b><u>Dollar Amount Collected by State</u></b>				
Food Support (Includes MFIP Federal Food)	\$ 4,995,354	\$ 5,263,700	\$ 5,984,827	\$ 5,947,858
MFIP Cash	\$ 3,230,242	\$ 3,065,448	\$ 2,993,956	\$ 2,743,107
All Other MAXIS Programs*	\$ 2,213,001	\$ 2,009,418	\$ 1,925,031	\$ 1,665,499
<b>Total</b>	<b>\$10,438,599</b>	<b>\$10,338,568</b>	<b>\$10,903,815</b>	<b>\$10,356,466</b>
<b>** TOP Recoveries</b>	<b>\$ 1,839,503</b>	<b>\$ 2,026,866</b>	<b>\$ 2,574,437</b>	<b>\$ 1,926,634</b>

\* Other MAXIS Programs Include DWP, GA, GGA, MSA, RCA & WB

\*\* State staff administered TOP recoveries are also reflected in the Food Support - MFIP-Federal Food amounts.