

**Memorandum**

Date NOV 1 1995

From June Gibbs Brown
Inspector General

Subject Review of Emergency Assistance Eligibility Determinations (A-01-95-02507)

To Mary Jo Bane
Assistant Secretary
for Children and Families

Attached is a copy of our final report entitled, "Review of Emergency Assistance Eligibility Determinations." Our objective was to evaluate and make limited tests of States' policies and procedures for Emergency Assistance (EA) eligibility determinations. This report presents the results of the second of two issues encompassed in our nationwide review of the EA Program. The first report entitled, "Review of Rising Costs in the Emergency Assistance Program (A-01-95-02503)" was issued October 6, 1995.

The EA Program is an optional supplement to the Aid to Families with Dependent Children Program. Each State has the discretion whether or not to implement the EA Program. The purpose of the EA Program is to provide temporary financial assistance and supportive services to eligible families experiencing an emergency. Federal matching is available for EA which the States authorize during 1 period of 30 days in any 12 consecutive months.

Our review of EA eligibility determination policies and procedures and limited tests of their application disclosed that four of the six States in our review were not verifying all eligibility information. The policies and procedures of three States did not require either gathering and/or verifying eligibility information. Although the policies and procedures for verification were acceptable in the fourth State, they were not followed for 56 percent of the cases tested. Further, our test disclosed that some EA case folders were missing at two States in our review. Consequently, there is no assurance that: (1) all recipients were eligible for EA, and (2) EA claims and resulting expenditures were appropriate. We recommend that the Administration for Children and Families (ACF) notify the States involved to ensure eligibility determinations are made in accordance with Federal regulations.

The ACF agreed to discuss our concerns with the States having problems and to conduct reviews to determine the appropriate verification methods for EA. Further, ACF agreed to take immediate action in the States where we identified that case files were missing. With regard to reliance on the recipient's self declaration, ACF stated that in accordance with Federal regulations the method and the process of verifying eligibility information are left entirely to the States. The ACF believes that our

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report did not demonstrate that a recipient's self declaration of eligibility would result in inappropriate EA payments or is an invalid State procedure. Therefore, ACF stated that it is difficult to completely support the recommended action because of the limited analysis of case record findings on eligibility.

We do not believe accepting a recipients' self declaration can be considered a method of verifying eligibility information. Further, since a State's policies and procedures impact on all eligibility determinations, we felt it would be more useful to evaluate and make limited tests of the policies and procedures for eligibility determinations. We did not intend to perform a detailed analysis of EA cases to independently verify information or establish that individual case decisions were in error.

Please advise us within 60 days on actions taken or planned on our recommendations. If you have any questions, please call me or have you staff contact John A. Ferris, Assistant Inspector General for Administrations of Children, Family, and Aging Audits, at (202) 619-1175.

To facilitate identification, please refer to the Common Identification Number A-01-95-02507 in all correspondence relating to this report.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF EMERGENCY ASSISTANCE
ELIGIBILITY DETERMINATIONS**



**JUNE GIBBS BROWN
Inspector General**

**NOVEMBER 1995
A-01-95-02507**

**Memorandum**

Date NOV 1 1995

From June Gibbs Brown
Inspector General

A handwritten signature in cursive script that reads "June Gibbs Brown".

Subject Review of Emergency Assistance Eligibility Determinations (A-01-95-02507)

To Mary Jo Bane
Assistant Secretary
for Children and Families

Our nationwide review of the Emergency Assistance (EA) Program covered two separate issues: (1) an examination of the rising costs of the EA Program, and (2) a review of States' eligibility determinations. The first was addressed in our report entitled, "Review of Rising Costs in the Emergency Assistance Program (A-01-95-02503)" and issued October 6, 1995. This report presents the results of the latter review at six States. Our objective was to evaluate and make limited tests of States' policies and procedures for EA eligibility determinations.

Our review of EA eligibility determination policies and procedures and limited tests of their application disclosed that four of the six States in our review were not verifying all eligibility information. Further, our test disclosed that some EA case folders were missing at two States in our review. As a result, there is no assurance that proper eligibility determinations were made and, therefore, whether Federal matching of funds was appropriate. We recommend that the Administration for Children and Families (ACF) notify the States involved to ensure eligibility determinations are made in accordance with Federal regulations.

The ACF agreed to discuss our concerns with four States having problems and to conduct reviews of the eligibility determination process to determine appropriate verification methods for EA. The ACF, however, believes that our report did not demonstrate that a recipient's self declaration of eligibility would result in inappropriate EA payments or is an invalid State procedure. Therefore, ACF stated that it is difficult to completely support the recommended action because of the limited analysis of case record findings on eligibility.

We do not believe accepting a recipients' self declaration can be considered a valid procedure for verifying eligibility information. Further, since a State's policies and procedures impact on all eligibility determinations, we felt it would be more useful to evaluate and make limited tests of the policies and procedures for eligibility determinations. We did not intend to perform a detailed analysis of EA cases to independently verify information or establish that individual case decisions were in error.

INTRODUCTION

BACKGROUND

The EA Program, established by the 1967 amendments to the Social Security Act (Public Law 90-248) as an optional supplement to the Aid to Families with Dependent Children Program, is a federally sponsored State administered program. The purpose of the EA Program is to provide temporary financial assistance and supportive services to eligible families experiencing an emergency.

Section 233.120 of Title 45 of the Code of Federal Regulations (CFR), provides that Federal matching is available for EA which the States authorize during 1 period of 30 days in any 12 consecutive months including payments which are to meet needs which arose before such 30-day period or are for such needs as rent which extend beyond the 30-day period. Further, the regulations limit EA to care and services provided to or on behalf of a needy child under the age of 21 and any other member of the household in which:

- (1) such child is living (or has been living in the prior 6 months) with a specified relative;
- (2) the child is without available resources to meet the emergency;
- (3) the assistance is necessary to avoid destitution of such child or to provide living arrangements in a home for such child; and
- (4) the destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment.

SCOPE

We conducted our review in accordance with generally accepted government auditing standards. Our objective was to evaluate and make limited tests of States' policies and procedures for EA eligibility determinations. The audit period covered by our review included EA cases in five States for which costs were claimed during Fiscal Year 1995 and covered April 1992 through March 1994 for another State.

To accomplish our objectives, we:

- researched applicable Federal laws and regulations;
- held meetings with personnel from ACF Central and Regional Offices to discuss the administration of the EA program;

- judgmentally selected six States (California, Colorado, Connecticut, Kansas, Massachusetts, and New York) with significant EA expenditures for on-site review;
- held meetings with State officials responsible for the administration of the EA program and making EA eligibility determinations;
- reviewed each selected States' laws, policies, and procedures for determining EA eligibility; and
- judgmentally selected 236 EA cases in 5 States selected for review and relied on results of the New York State Comptroller's Offices' review of 121 cases (audit period covered April 1992 through March 1994).

We conducted our field work between January and June 1995 at the ACF Central Office in Washington, D.C., various ACF Regional Offices, and the six States listed above. The ACF's written comments, dated September 8, 1995, are attached to this report (See Attachment) and are addressed on page 6.

FINDINGS AND RECOMMENDATIONS

Our review of EA eligibility determination policies and procedures and limited tests of the their application disclosed that four of the six States in our review were not verifying all eligibility information. The policies and procedures of three States did not require either gathering and/or verifying eligibility information. Although the policies and procedures for verification were acceptable in the fourth State, they were not followed for 56 percent of the cases tested. Further, our test disclosed that some EA case folders were missing at two States in our review. Consequently, there is no assurance that: (1) all recipients were eligible for EA, and (2) EA claims and resulting expenditures were appropriate. We recommend that the ACF notify the States involved to ensure eligibility determinations are made in accordance with Federal regulations.

Section 233.120(a)(1) of Title 45 of the CFR requires a State plan under Title IV-A of the Social Security Act to specify the eligibility conditions to be imposed for the receipt of EA. However, this section also states that these conditions may be more liberal than those eligibility conditions applicable to other parts of a State plan. In order to determine whether a recipient meets the eligibility requirements imposed in a State plan, Section 206.10(a)(1)(ii) of Title 45 of the CFR indicates that States shall require a written application, signed under penalty of perjury, from the applicant or his/her authorized representative. Further, Section 206.10(a)(8) of Title 45 of the CFR also requires that each decision regarding eligibility or ineligibility be supported by facts in the applicant's or recipient's case record. Section 205.51 of Title 45 of the

CFR requires States to have an Income and Eligibility Verification System to verify program eligibility.

VERIFICATION OF ELIGIBILITY INFORMATION

Contrary to the above regulations, four States did not verify income and/or eligibility information in all cases reviewed. The policies and procedures of two States provide that eligibility determinations will be made without verifying the validity of information provided on the applications; the policies and procedures of the third State do not require the collection of certain information needed to verify eligibility; and the case workers in the fourth State did not, in the cases reviewed, always comply with established procedures to verify eligibility information. Specifically, we noted that:

California's policies and procedures for determining eligibility for EA call for sufficient documentation to show that: (1) an emergency exists, (2) an application was taken, (3) the child and other household members were eligible to receive EA based on Federal and State requirements, (4) EA was authorized, and (5) EA assistance and/or services are documented in the case file. An application is submitted containing the information needed to determine if the individual is eligible for EA. However, in accordance with State policy, income and other eligibility information is not verified by the State. Statements made by the applicant or case worker on behalf of the applicant on the EA application are the only means the State uses to determine eligibility. The State, however, does verify through an automated system whether the applicant has received EA in the previous 12 months. In order to test the procedures described above, we examined 37 eligibility determinations made during 1994 and found that the State relied on recipient's self declarations on the application to determine eligibility.

Similar to California, Kansas relies solely on the statements made on the EA application in determining eligibility. State policies and procedures in Kansas do not require an independent verification of the information supplied by the recipient on the EA application. The State does, however, use an on-line system to determine if the recipient received EA in the previous 12 months.

Connecticut's EA program covers medical services for eligible beneficiaries, who were not eligible for Medicaid. In administering the EA program, the State used a hospital billing form as the EA application which, in our opinion, did not adequately address EA eligibility requirements. In this regard, hospital billing forms are neither signed by applicants or representatives acting on their behalf nor do they contain the facts required to support eligibility, i.e., to establish if resources were available, or if the child lived in the home within the past 6 months, etc. Connecticut's procedures do not require either

hospitals or the State agency to request or verify information regarding the availability of income or resources to meet the EA medical emergencies. Our review of 23 eligibility determinations made during 1994 disclosed that the State was following the procedures described above.

Although New York's policies and procedures for documenting eligibility are acceptable, they are not complied with in all cases. In this respect, New York's policies and procedures require that eligibility factors prescribed by Title 45 CFR Section 233.120(b) must be verified and documented in the case folder including documentation of third party verification when that is the only verification available. In evaluating New York's eligibility determination process, we relied on an audit conducted by the New York Comptroller's Office. The Comptroller selected 121 cases for review and reported that district staff did not verify the availability of resources for 68 applicants.

MISSING CASE FILES

As mentioned, Federal regulations require documentation for determining eligibility. Our review disclosed instances where two States could not locate case files. In Kansas, EA case files could not be located for 25 of 60 claims selected for review. In New York, the Comptroller's Office was unable to locate case files for 9 of the 121 EA claims selected for review. Inasmuch as documentation is unavailable for these cases, there is no assurance that the States obtained an application and made proper eligibility determinations.

CONCLUSIONS AND RECOMMENDATIONS

In four of the six States reviewed, EA program policies and procedures have not always been adequately implemented and/or followed. Consequently, ACF cannot be assured that: (1) all recipients were eligible for EA, and (2) EA claims and resulting expenditures were appropriate.

We recommend that ACF notify the States involved to ensure eligibility determinations are made in accordance with Federal regulations.

ACF COMMENTS

In response to the draft report (see Attachment), ACF agreed to discuss our concerns with the four States having problems and to conduct reviews of the eligibility determination process to determine appropriate verification methods for EA. Further, ACF agreed to take immediate action in the States where we identified that case files were missing. With regard to reliance on the recipient's self declaration, ACF stated that in accordance with Federal regulations the method and the process of verifying the information are left entirely to the States. The ACF believes that our report did not demonstrate that a recipient's self declaration of eligibility would result in inappropriate EA payments or is an invalid State procedure. Therefore, ACF stated that it is difficult to completely support the recommended action because of the limited analysis of case record findings on eligibility.

OIG RESPONSE

We do not believe accepting a recipients' self declaration can be considered a method of verifying eligibility information. Further, since a State's policies and procedures impact on all eligibility determinations, we felt it would be more useful to evaluate and make limited tests of the policies and procedures for eligibility determinations. We did not intend to perform a detailed analysis of EA cases to independently verify information or establish that individual case decisions were in error.

Attachment



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: September 8, 1995

TO: June Gibbs Brown
Inspector General

FROM: Mary Jo Bane
Assistant Secretary *MJB*
for Children and Families

SUBJECT: Comments on OIG Draft Report: "Review of Emergency Assistance Eligibility Determinations" (A-01-95-02507)

We have reviewed the above referenced draft report prepared by the Office of Inspector General (OIG) staff and have the following comments.

Because of questions we had about State operating practices in the Emergency Assistance (EA) program, I asked your staff to focus on eligibility determinations as part of OIG's audit effort. This report reinforces our concern about the application process and how States verify information and apply their eligibility criteria. At the same time, we find it difficult to completely support your recommended action because of the limited analysis of the case record findings on eligibility.

In its review, the OIG focused on whether the case records contained: 1) information on the factors of eligibility, and 2) verification of this information provided by the applicants. The OIG found deficiencies in both areas in some or all selected States. In four States certain information in determining eligibility was missing (p. 3). In California, OIG examined 37 cases and "found that the State generally relied on the declaration made by the recipients" (p. 4). While State policies for determining eligibility required verification, case record information often did not include such documentation. However, the analysis tended to generalize these findings to all cases. The report did not indicate the percentage of cases that were deficient in all or some of these areas and whether these deficiencies existed for all or some factors of eligibility.

OIG cited as a major deficiency the States' reliance on the recipient self-declaration, with little or no effort to verify the validity of the information on the application. While the regulation at 45 CFR 206.10(a)(8) provides that each eligibility or ineligibility decision be supported by facts in the case record, the method and the process of verifying the information are left entirely to the States.

The implication of the finding on verification is that some of these families may not be eligible for the assistance or services they received. However, OIG relied on case records as the primary data source and did not themselves independently verify information or establish that the individual case decisions were in error. The absence of such data limits the significance of the audit conclusions with regard to the recipients' eligibility for EA or the appropriateness of the EA claims. As a result, the report has not demonstrated that the declaration method of verification for Emergency Assistance is inadequate or that the State's procedures are invalid.

The report also indicates that case files were missing in some States. With respect to this particular issue, we will take immediate action, since it is inappropriate for States to claim Federal financial participation without documentation supporting such claims.

I want to thank you and the OIG staff for undertaking this study. The report confirms our own assessment of State EA eligibility determination practices. We will discuss your concerns with the four States in which you have indicated problems and conduct reviews to determine appropriate verification methods for EA.

If you have any questions regarding these comments, please contact Mack Storrs at (202) 401-9289.