



OCT 24, 1995

REGION IV
P.O. BOX 2047
ATLANTA, GEORGIA 30301

CIN: A-04-95-00090

Mr. Edward Feaver, Secretary
Florida Department of Health and Rehabilitative Services
1317 Winewood Boulevard - Building E, Room 227
Tallahassee, Florida 32399-0700

Dear Mr. Feaver:

This report presents the results of our review of the Department of Health and Rehabilitative Services' (HRS) procedures for coordinating Aid to Families With Dependent Children (AFDC) and Supplemental Security Income (SSI) benefits.

OBJECTIVE

The objective of our review was to determine whether HRS and Social Security Administration (SSA) are coordinating information to ensure the accuracy of AFDC payments.

SUMMARY OF FINDINGS

The HRS needs to improve its coordination of information with SSA to ensure AFDC payment accuracy. The Social Security Act provides that individuals receiving SSI cannot be included in an AFDC grant. We reviewed a sample of 200 cases where individuals in the State of Florida received both AFDC and SSI for at least 1 month during the period June 1991 through September 1993.

From our sample, we determined that:

- o 57 individuals were overpaid \$17,136 because HRS did not remove individuals from AFDC grants timely. Projecting these errors to the population, we **estimate** that 3,509 individuals were overpaid \$1,054,806.
- o 43 individuals were overpaid \$13,250 because HRS did not receive and/or utilize SSI information. Projecting these errors to the population, we **estimate** that 2,647 individuals were overpaid \$815,604.

The HRS did not detect the payment errors identified in our sample in a timely manner because HRS had not properly used the SSI information provided by SSA. We are making several recommendations to correct the identified payment errors and to help ensure the integrity of AFDC payments through better coordination of information with SSA.

The HRS generally agreed with our findings and recommendations. The HRS's written comments are summarized in the "Detailed Results of Review" section of this report. The complete text of the HRS' comments is included as Appendix C.

BACKGROUND

The AFDC program is a Federal/State funded income maintenance program for needy families with dependent children. In Florida, the AFDC program is administered by the HRS. The SSI program is a totally Federal funded income maintenance program for the aged, blind, and disabled administered by SSA. The Social Security Act, Section 402(a)(24), provides that individuals receiving SSI cannot be included in an AFDC grant.

When a claimant applies to HRS for AFDC benefits, the claimant is asked about his or her sources of income, including SSI. If the claimant is found to be potentially eligible for AFDC, HRS obtains available SSI information from SSA. Likewise, as part of the SSI application process, individuals are asked by SSA whether they are receiving, or expect to receive, income from AFDC. If AFDC is indicated and the applicant is found eligible for SSI, SSA advises the State AFDC agency of the individual's eligibility and expected date of the first SSI payment. Then SSA requests from HRS the first month the individual will no longer be included in the grant (removal date). The SSA also requests the AFDC grant amount and the amount that would have been paid without including the individual in the grant.

As part of its coordination efforts with the States, SSA periodically provides each State with SSI eligibility and payment data for individuals in that State. This process is referred to as SSA's State Data Exchange (SDX) process. The HRS' management information system called FLORIDA is designed to generate alerts to HRS personnel when a response from the SDX match is received that impacts eligibility and benefit levels.

SCOPE

The objective of our audit was to determine whether HRS and SSA are coordinating information to ensure the accuracy of AFDC payments.

To achieve our objective, we reviewed applicable sections of the Social Security Act and regulations, HRS policy, and other related procedures involving the coordination of SSI information. We also interviewed personnel responsible for operations, support and integrity of AFDC payments.

We used a simple random sampling technique to select 200 individuals from a population of 12,311 individuals who received an AFDC payment and were eligible for SSI for at least 1 month during the period June 1991 through September 1993. We designated June 30, 1994 as the cut-off date for computing the dollar amount of errors.

To obtain the population, we created a file of AFDC benefits and case information and matched this file against SSA's Florida SDX file of SSI eligible individuals. (See Appendix A for an explanation of the sampling method and results.) For our sample cases, we examined SSI case folder documentation, the SSI master record, and HRS payment records through June 1994.

For the purposes of our review, we relied on computer-processed data contained in HRS and SSA's payment systems¹. Our review of controls was limited to substantive tests of the claims identified in our sample.

Audit work was conducted at: HRS State agency offices in Tallahassee, Florida; SSA Headquarters in Baltimore, Maryland; the SSA district office in Tallahassee, Florida; and the Southeastern Program Service Center in Birmingham, Alabama during the period April 1994 through April 1995. Our audit was performed in accordance with generally accepted government auditing standards.

A separate report is being issued to SSA (CIN: A-04-94-06006).

DETAILED RESULTS OF REVIEW

The HRS needs to improve its coordination of information with SSA to ensure AFDC payment accuracy. We reviewed a sample of 200 cases where individuals in the State of Florida received both AFDC and SSI for at least 1 month during the period June 1991 through September 1993. From the 200 cases, we identified 100 AFDC payment errors of which:

- o 57 individuals were overpaid \$17,136 because HRS did not remove individuals from AFDC grants timely (Appendix B). Projecting these errors to the population, we estimate that 3,509 individuals were overpaid \$1,054,806.
- o 43 individuals were overpaid \$13,250 because HRS did not receive and/or utilize SSI information (Appendix B). Projecting these errors to the population, we estimate that 2,647 individuals were overpaid \$815,604.

The HRS had not detected the 100 payment errors identified in our sample in a timely manner because HRS had not properly used the SDX information provided by SSA. The HRS is responsible for recovering AFDC overpayments. However, HRS has not taken any action to collect the overpayments.

¹ The SSI payment information was obtained from SDX files derived from SSA's Supplemental Security Record master file. The AFDC payment information was derived from HRS' (FLORIDA) Florida On-Line Recipient Integrated Data Access System.

Criteria

The Social Security Act provides that individuals receiving SSI cannot be included in an AFDC grant. Section 402(a)(24) of the ACT states, in part, "...if an individual is receiving benefits under title XVI...then, for the period for which such benefits are received...such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title."

UNTIMELY TERMINATION FROM AFDC GRANT

The HRS continued to include individuals in the AFDC grant after SSA began SSI benefits. We identified 57 individuals who continued to be incorrectly included in an AFDC grant resulting in overpayments of \$17,136. We estimate there was a total of 3,509 individuals who received AFDC overpayments of \$1,054,806. The AFDC payments were improperly continued because HRS did not have a procedure to identify and follow-up on individuals not properly removed from an AFDC grant.

EXCHANGING INFORMATION WITH SSA

We identified 43 cases where individuals included in an AFDC grant received SSI payments without the appropriate offset. Although HRS eventually removed the individuals from the AFDC grant within 1 to 14 months after SSI payments began, overpayments totalling \$13,250 occurred. We estimate that 2,647 individuals were overpaid \$815,604. The overpayments generally resulted from SSA not receiving AFDC income information initially from the SSI applicant, and subsequently from HRS once it became aware the individuals were receiving SSI.

Both SSA and the State AFDC agency are responsible for overpayments that occur under their respective programs. In the 43 cases, individuals continued to receive both AFDC and SSI payments until the individual was removed from the AFDC grant. We found no evidence to indicate HRS notified SSA of the termination of AFDC benefits. Additionally, HRS has not taken any action to correct the overpayments.

The SSA and State agencies have agreements that define policies covering cases when SSA and the State agencies have mutually exchanged AFDC income information. These policies define each organization's responsibility for overpayments. However, in cases where SSA has not received AFDC income information, there is no agreement between SSA and the State agency regarding actions to be taken.

UTILIZATION OF SDX INFORMATION

The 100 payment errors identified in our sample were allowed to go undetected because HRS did not properly use the SDX information provided by SSA. The SDX information provided by SSA provides HRS with a control over AFDC payment integrity with respect

to AFDC recipients electing to receive SSI. If payment errors do occur, then utilization of the SDX data should detect the error and allow for correction.

We could not determine from available information if: 1) alerts were issued for the above cases; or 2) if alerts were issued but not acted upon or incorrectly acted upon. Using the SDX information, HRS should have terminated the individual from the AFDC grant and taken steps to recover the overpayments.

A prior review conducted by SSA's Systems Support and Automation Branch in June 1993 disclosed that HRS personnel asked SSA for SSI information for new AFDC applicants because the HRS had not established an SDX masterfile. Because HRS had not established an SDX masterfile, HRS caseworkers did not have all the information needed to evaluate an individual's eligibility for the various programs. The HRS responded by stating the development of a SDX master file was a high priority.

In a March 1994 review, the Systems Support and Automation Branch reported that SDX information had not been incorporated into the FLORIDA system. Furthermore, at the time of our audit, the SDX master file had not been completed. In our opinion, completion of the SDX master file would facilitate HRS' matching process.

RECOMMENDATIONS

We recommend that HRS:

- take corrective action to recover the \$30,386 (\$16,682 Federal Share) in overpayments identified;
- implement procedures to identify individuals approved for SSI but not terminated from the AFDC grant as scheduled. Specifically, the termination date communicated to SSA needs to be recorded in the FLORIDA system. If the individual is not removed from the grant on this date, then an alert should be issued to HRS personnel to take appropriate action.
- ensure that SDX alerts are properly generated and resolved and complete development of its SDX master file; and
- coordinate with SSA to develop a Memorandum of Understanding that specifies policy for handling cases where individuals included in an AFDC grant received SSI payments without the appropriate offset.

HRS Comments

The HRS agreed to recover the \$30,386 in overpayments and will initiate action to recover those overpayments which they consider cost-effective.

The HRS concurred that improved communication was needed between the local Social Security offices and HRS local district offices. Accordingly, HRS district offices will be instructed to contact the local SSA offices to review communication procedures.

With regard to the SDX, HRS is working to develop an SDX master file. A quarterly match with the SDX file is presently being performed.

Rather than coordinating a Memorandum of Understanding with SSA, HRS districts will develop local procedures that work best in the local areas.

The HRS response is presented in its entirety in Appendix C.

OIG RESPONSE

Improved communication with SSA may help reduce overpayments. However, once SSA begins SSI payments based on the expected termination of AFDC, it becomes HRS's responsibility to stop and/or recover any AFDC payments made. The HRS needs an internal control, such as a systems alert, to assure that appropriate action is taken.

The HRS needs to perform the SDX on a basis more frequent than quarterly in order to minimize continuing overpayments.

Development of local procedures will not assure uniform treatment of situations where individuals are receiving both AFDC and SSI payments. In our opinion, a Memorandum of Understanding is still needed with SSA that will clarify the respective responsibilities of each agency.

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We request that you respond within 30 days from the date of this letter to the HHS action official named below. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

If you need additional information, please contact John Drake at (404) 331-2446.

Sincerely yours,



Charles J. Curtis
Regional Inspector General
for Audit Services

Enclosure

Direct Reply To:

Regional Administrator
Administration for Children
and Families
101 Marietta Tower, Suite 821
Atlanta, Georgia 30301

SAMPLING METHOD - SIMPLE RANDOM SAMPLE

1. To obtain the population, we first created an AFDC payment file using AFDC benefit and case information from HRS' FLORIDA system for the period June 1991 through September 1993. We then matched this file against SSA's SDX file of SSI eligible individuals in the State of Florida. When the same Social Security Number was found on both files and the SSI eligibility date was equal to or earlier than the month of AFDC service, then the case was considered a potential duplicate payment. The match resulted in 12,311 individuals.
2. We used a simple random sampling technique to select 200 individuals from the population of 12,311 individuals.
3. The characteristic measured (i.e., error) was defined as an over (under) payment resulting from the lack of coordination of AFDC and SSI benefits.
4. For the purposes of our sample, payment errors identified by SSA or HRS before our audit were not classified as an error. We designated June 30, 1994 as the cut-off date for computing the dollar amount of errors.
5. We appraised the sample using the attribute and variable programs at the 90 percent confidence level. We estimated the overall number of errors (cases that met the characteristic measured) and the dollar amounts.

VARIABLE AND ATTRIBUTE APPRAISALS

POPULATION SIZE: 12,311
 SAMPLE SIZE: 200
 SAMPLE DESIGN: Simple Random

Sample Results

<u>Sample Size</u>	<u>Total Number Errors</u>	<u>Total Value of Errors</u>
200	57	\$17,136

POINT ESTIMATE:

<u>VARIABLE</u>	<u>ATTRIBUTE</u>
\$1,054,806	3,509

CONFIDENCE LIMITS FOR POINT ESTIMATE:

	<u>90 PERCENT</u>	
	<u>VARIABLE</u>	<u>ATTRIBUTE</u>
LOWER LIMIT	\$648,046	2,869
UPPER LIMIT	\$1,461,567	4,208

VARIABLE AND ATTRIBUTE APPRAISALS

POPULATION SIZE: 12,311
 SAMPLE SIZE: 200
 SAMPLE DESIGN: Simple Random

Sample Results

<u>Sample Size</u>	<u>Total Number Errors</u>	<u>Total Value of Errors</u>
200	43	\$13,250

POINT ESTIMATE:

<u>VARIABLE</u>	<u>ATTRIBUTE</u>
\$815,604	2,647

CONFIDENCE LIMITS FOR POINT ESTIMATE:

	<u>90 PERCENT</u>	
	<u>VARIABLE</u>	<u>ATTRIBUTE</u>
LOWER LIMIT	\$ 562,802	2,074
UPPER LIMIT	\$1,068,406	3,299

FLORIDA'S PROCEDURES FOR COORDINATING AFDC AND SSI BENEFITS
A-04-95-00090

REPORT FINDING: NEED FOR TIMELY TERMINATION FROM AFDC GRANT

	Fiscal Year			TOTALS
	1992	1993	1994	
Sample #:				
002	\$	\$61	\$	\$61
015		62		62
023		62		62
026	124	124		248
027		61		61
030		61		61
031		61		61
037	36	48		84
040			156	156
046		180		180
047	1,225	1,575		2,800
054	61	61		122
061	122			122
064		180		180
069		62		62
074	62	248		310
076	248	62		310
077		124		124
078	61	671		732
081	122			122
084		244		244
085		61		61
087	62	124		186
090	62			62
092		244		244
094		496	496	992
Subtotals	\$2,185	\$4,872	\$652	\$7,709

FLORIDA'S PROCEDURES FOR COORDINATING AFDC AND SSI BENEFITS
A-04-95-00090

REPORT FINDING: NEED FOR TIMELY TERMINATION FROM AFDC GRANT

	Fiscal Year			TOTALS
	1992	1993	1994	
Sample #:				
098	\$	\$62	\$	\$62
099		62		62
100		133		133
101		61		61
107		732		732
115		122		122
117	180			180
119		248	124	372
120		61		61
126	62			62
131		305		305
135		307		307
146	62			62
149	924	898	186	2,008
154	385			385
156		372	62	434
159		61		61
161		62		62
162		426		426
163		61		61
164		61		61
165		51		51
167			682	682
169	61	732	244	1,037
170		61		61
180		488	61	549
181		244		244
190	424	53		477
193	122			122
197		122		122
200	63			63
Totals	<u>\$4,468</u>	<u>\$10,657</u>	<u>\$2,011</u>	<u>\$17,136</u>
FMAP*	<u>X 54.69%</u>	<u>X 55.03%</u>	<u>X 54.78%</u>	
Federal Share	<u>\$2,444</u>	<u>\$5,865</u>	<u>\$1,102</u>	<u>\$9,410</u>

* FMAP = Federal Medical Assistance Percentage

FLORIDA'S PROCEDURES FOR COORDINATING AFDC AND SSI BENEFITS

A-04-95-00090

REPORT FINDING: EXCHANGING INFORMATION WITH SSA

	Fiscal Year			TOTALS
	1992	1993	1994	
Sample #:				
004	\$	\$186	\$	\$186
006		122		122
020		868		868
048		370		370
049	124	434		558
050		434		434
055	28			28
057	610	183		793
059	61			61
060	612	612		1,224
073	305	427		732
075	183	427		610
083	62	62		124
088	305			305
089		150		150
091	122			122
093	124			124
096		64		64
097		549		549
103	162			162
105		183		183
Subtotals	\$2,698	\$5,071	\$0	\$7,769

FLORIDA'S PROCEDURES FOR COORDINATING AFDC AND SSI BENEFITS

A-04-95-00090

REPORT FINDING: EXCHANGING INFORMATION WITH SSA

Sample #:	Fiscal Year			TOTALS
	1992	1993	1994	
106	\$61	\$488	\$	\$549
111	671	183		854
121		40	120	160
125	329	141		470
128	244			244
129	183	122		305
132	48	16		64
136	36	69		105
145		157		157
148		124		124
153	122			122
166		61	122	183
171	244	61		305
172	305			305
176	244			244
177	122	122		244
182	244			244
183	183	244		427
187	63			63
196	62			62
198	63	63		126
199		124		124
Totals	<u>\$5,922</u>	<u>\$7,086</u>	<u>\$242</u>	<u>\$13,250</u>
FMAP*	<u>X 54.69%</u>	<u>X 55.03%</u>	<u>X 54.78%</u>	
Federal Share	<u>\$3,239</u>	<u>\$3,899</u>	<u>\$133</u>	<u>\$7,271</u>

* FMAP = Federal Medical Assistance Percentage

Charles J. Curtis
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timely processing reported changes will ensure that individuals are removed once we have notified the SSA office.

Recommendation to ensure that SDX alerts are properly generated and resolved and development of a SDX master file - The SDX master file is among the department's top priorities for system improvements. A quarterly tape match with the SDX file is achieved through the Division of Public Assistance Fraud as a temporary measure. Programming should begin on SDX following programming changes for Electronic Benefits Transfer (EBT) later this fiscal year.

Recommendation to coordinate with SSA a Memorandum of Understanding that specifies policy for handling cases with AFDC and SSI - Rather than IRS headquarters coordinating a Memorandum of Understanding with the Social Security Administration, districts will develop local procedures that will work best in their areas.

We appreciate the review of Florida's coordination procedures and welcome recommendations to further improve this process. Substantial progress has already been made, and we will continue our efforts to further improve this important function.

Sincerely,



Edward A. Feaver
Secretary