

**State of Alaska
FY2006 Governor's Operating Budget**

**Department of Health and Social Services
Fraud Investigation
Component Budget Summary**

Component: Fraud Investigation

Contribution to Department's Mission

The Fraud Control Unit (FCU) provides cost-effective detection and deterrence of Public Assistance applicant and recipient fraud. The unit's efforts contribute to public assistance program integrity and financial solvency, and to the public's confidence in the Division of Public Assistance overall mission.

Core Services

The Fraud Control Unit investigates public assistance applicant and recipient fraud allegations received from the public and division staff. Cases of proven fraud result in administrative sanctions and/or criminal prosecutions. An automated system tracks progressively severe administrative disqualification penalties for clients committing welfare fraud. Fraudulently received benefit debt amounts are determined and recovered.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$1,490,400	Personnel:	
	Full time	16
	Part time	0
	Total	16

Key Component Challenges

- Reduce the backlog of fraud referrals awaiting investigation. Incoming fraud allegations are prioritized to first address cases involving current benefit recipients. The number of referrals has historically exceeded the productive capacity of the unit.
- Increase the number of cases referred and accepted for criminal prosecution. An effective prosecution program is a major deterrent to welfare fraud, and is a key component of a successful fraud control effort.
- Continue to improve the unit's operational structure and procedures to efficiently accommodate incoming investigative workload.
- Work on procedures and clarify the authority to expand the component's focus to enable investigation of Medicaid recipient fraud and Child Care program fraud.

Significant Changes in Results to be Delivered in FY2006

- Smaller number of backlogged referrals awaiting action.
- Number of cases referred for criminal prosecution increased from previous year.
- Increase in the number of Intentional Program Violations (IPV) detected from previous year.
- Realize benefit from unit reorganization and procedural changes intended to expand staff skills and enhance productivity.
- Establish procedures and successfully conduct Child Care fraud investigations.

Major Component Accomplishments in 2004

- The unit reorganized investigative procedures and staff assignment. This will result in more efficient process, increased coordination on criminal prosecutions and increased fraud convictions.
- In FY 2004 the unit's investigative efforts resulted in cost-avoidance, direct savings, and established fraudulent overpayment claims totaling over \$2.4 million. The deterrent value of an active fraud control effort cannot be quantified yet significantly adds to this value.
- The unit investigated 426 Temporary Assistance and 617 Food Stamp Applicant Fraud cases resulting in an estimated cost avoidance savings of \$1.9 million through benefit denial.
- The unit investigated 404 Temporary Assistance, 726 Food Stamp, and 219 Medicaid/Adult Public Assistance cases resulting in direct savings and overpayment recovery of over \$1 million.
- The Welfare Fraud Section prosecutor in collaboration with the unit obtained eleven criminal convictions resulting in \$140,064 in court-ordered restitution to the Division plus other legal consequences for the guilty parties.

Statutory and Regulatory Authority

AS 47.25.975 Food Stamp Program
AS 47.27.015 Alaska Temporary Assistance Program
7 CFR 273.16 Food Stamp Program
45 CFR 235.110 Welfare Fraud

Contact Information

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Fraud Investigation Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,034.8	1,130.0	1,171.3
72000 Travel	7.3	8.4	8.4
73000 Services	245.1	300.7	300.7
74000 Commodities	6.7	10.0	10.0
75000 Capital Outlay	0.4	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,294.3	1,449.1	1,490.4
Funding Sources:			
1002 Federal Receipts	683.6	774.8	797.1
1003 General Fund Match	575.1	637.3	655.5
1004 General Fund Receipts	35.3	37.0	37.8
1007 Inter-Agency Receipts	0.3	0.0	0.0
Funding Totals	1,294.3	1,449.1	1,490.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	683.6	774.8	818.4
Interagency Receipts	51015	0.3	0.0	0.0
Restricted Total		683.9	774.8	818.4
Total Estimated Revenues		683.9	774.8	818.4

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	674.3	774.8	0.0	1,449.1
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	4.6	5.2	0.0	9.8
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	14.4	16.2	0.0	30.6
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.9	0.0	0.9
FY2006 Governor	693.3	797.1	0.0	1,490.4

**Fraud Investigation
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2005</u>	<u>FY2006</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	16	16	Annual Salaries	795,823
Part-time	0	0	COLA	13,618
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	417,344
			<i>Less 1.25% Vacancy Factor</i>	<i>(15,285)</i>
			Lump Sum Premium Pay	0
Totals	16	16	Total Personal Services	1,211,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Elig Technician II	1	0	0	0	1
Elig Technician III	1	0	0	0	1
Investigator II	7	2	0	2	11
Investigator III	1	0	0	0	1
Investigator IV	1	0	0	0	1
Totals	12	2	0	2	16