

State of Alaska FY2008 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's 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.

FY2008 Resources Allocated to Achieve Results		
FY2008 Component Budget: \$1,783,400	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 often exceeded the productive capacity of the unit.
- Increase the number of cases accepted by the Department of Law for criminal prosecution. An effective prosecution program is a 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.
- Increase the number of completed investigations that result in administrative disqualification hearings when the individual opts not to sign a hearing waiver.
- Coordinate with the department's Office of Hearings and Appeals to streamline the administrative hearing process.
- Work on procedures and clarify the authority to expand the component's focus to enable investigation of Medicaid and Child Care program fraud.
- Develop design criteria and replace the Fraud Control Management database used by the unit to compile investigative findings and track assigned case activity.

Significant Changes in Results to be Delivered in FY2008

No change in budget support requested, but plan to increase service results by:

- Reducing the number of backlogged referrals awaiting action.
- Increasing the number of cases accepted for criminal prosecution compared to the prior year.
- Increasing the number of Intentional Program Violations (IPV) detected and successfully proven by client consent or administrative disqualification hearing decision.
- Defining and expanding the unit's role in Medicaid Program fraud and complaint investigations.
- Increasing the amount of fraud debt established and collected.

- Increasing the amount of direct savings realized through disqualification of fraudulent individuals.

Major Component Accomplishments in 2006

- In FY06 the unit's investigative efforts resulted in cost-avoidance, direct savings, and established fraudulent overpayment claims totaling nearly \$2 million. The deterrent value of an active fraud control effort cannot be quantified yet significantly adds to this value.
- The unit investigated 216 Alaska Temporary Assistance and 350 Food Stamp applicant fraud allegations resulting in an estimated cost avoidance savings of \$1 million through benefit reduction or denial.
- The unit investigated 912 recipient investigations which resulted in \$320.6 in fraudulent overpayment debt being established for the Alaska Temporary Assistance, Food Stamp, Adult Public Assistance and Medicaid programs.
- \$324.4 of existing fraud debt for the Alaska Temporary Assistance, Food Stamp, Adult Public Assistance and Medicaid programs was recovered.
- The unit's fraud investigators resulted in 76 Temporary Assistance Program recipient disqualifications resulting in direct savings of \$172.6. There were 111 Food Stamp Program participant disqualifications resulting in direct savings totaling \$296.8.

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

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,130.6	1,289.6	1,464.3
72000 Travel	6.1	8.4	8.4
73000 Services	262.0	300.7	300.7
74000 Commodities	8.2	10.0	10.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,406.9	1,608.7	1,783.4
Funding Sources:			
1002 Federal Receipts	748.2	859.8	952.4
1003 General Fund Match	623.2	708.8	787.4
1004 General Fund Receipts	35.5	40.1	43.6
Funding Totals	1,406.9	1,608.7	1,783.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	748.2	859.8	952.4
Restricted Total		748.2	859.8	952.4
Total Estimated Revenues		748.2	859.8	952.4

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	748.9	859.8	0.0	1,608.7
Proposed budget increases:				
-FY 08 Retirement Systems Rate Increases	82.1	92.6	0.0	174.7
FY2008 Governor	831.0	952.4	0.0	1,783.4

**Fraud Investigation
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
			Annual Salaries	832,130
Full-time	16	16	Premium Pay	0
Part-time	0	0	Annual Benefits	657,506
Nonpermanent	0	0	<i>Less 1.70% Vacancy Factor</i>	<i>(25,336)</i>
			Lump Sum Premium Pay	0
Totals	16	16	Total Personal Services	1,464,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	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