

State of Alaska FY2019 Governor's Operating Budget

Department of Health and Social Services Fraud Investigation Component Budget Summary

Component: Fraud Investigation

Contribution to Department's Mission

Providing cost-effective detection and deterrence of public assistance applicant and recipient fraud, and contributing to public assistance program integrity, financial solvency and the public's confidence in the Division of Public Assistance.

Core Services

- Investigate 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.

Major Component Accomplishments in 2017

The unit's combined total dollar value of cost avoidance, fraud claims established, and direct savings from imposed disqualification periods for all completed public welfare fraud investigations for FY2017 totaled over \$5.3 million.

Update Alaska's State Law Enforcement Bureau agreement with the United States Department of Agriculture Food and Nutrition Service. Through this agreement, the Division of Public Assistance will work collaboratively with federal, state, and local law enforcement agencies to identify and investigate public assistance recipients who are involved in the trafficking of Food Stamp benefits.

The unit completed 1,605 fraud investigations related to categorically-ineligible recipients for the Alaska Temporary Assistance, Food Stamp, Adult Public Assistance, and Medicaid Senior Benefits and the Child Care programs. The estimated cost avoidance savings was \$3,262.0. This figure reflects an increase of 13 percent in estimated cost avoidance savings for categorically-ineligible fraud investigations from FY2016.

The unit completed 203 applicant fraud investigations that resulted in a total state and federal cost avoidance savings of \$254.7. This figure reflects a decrease of 70 percent in estimated cost avoidance savings for applicant fraud investigations from FY2016.

The unit completed 430 recipient fraud investigations that resulted in a total state and federal established fraud loss debt and cost avoidance savings of \$804.9. This figure reflects a decrease of seven percent in estimated fraud loss debt and cost avoidance savings for recipient investigations from FY2016.

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 at times exceeds the productive capacity of the unit.

Increase the number of cases accepted by the Department of Law for criminal prosecution. An active prosecution effort is an added deterrent to welfare fraud and is a key component of successful fraud control.

Provide effective staff development and training in investigative techniques and practices. It takes time for new workers to be trained and to reach the full productive capacity of experienced investigators.

Strengthen operational procedures to more efficiently manage the growing and complex investigative workload related to Child Support Services.

Increase the number of completed investigations that result in administrative disqualification hearings when the

individual opts not to sign a hearing waiver.

Draft regulations establishing clear authority to enable fraud investigations and application of sanctions for intentional violations for the Child Care Assistance; Adult Public Assistance; Senior Benefits; General Assistance; Women, Infants, and Children (WIC); and Heating Assistance programs.

Work on procedures and clarify the authority to expand the component's focus to enable investigation of Medicaid and Child Care Assistance program fraud.

Provide regularly scheduled investigator field visits to Southeast and rural Alaska communities to conduct applicant and recipient fraud investigations where there are no fraud investigators located in the district offices.

Increase the number of completed investigations involving categorically ineligible recipients. This includes public assistance recipients that are incarcerated, fleeing felony prosecution, residing outside of the State of Alaska, or convicted drug felons (Food Stamp program only).

Identifying and securing additional staff resources to address the increasing volume and complexity of investigations.

Significant Changes in Results to be Delivered in FY2019

Increase fraud investigator visits to remote communities to conduct applicant and recipient fraud investigations.

Using an awarded Supplemental Nutrition Assistance Program Recipient Integrity Information Technology grant, continue the conversion to a new Fraud Control Management system. This will enhance the ability of investigators and managers to compile investigative findings, track assigned case activity, maintain records, and provide reports.

Reduce the number of pending fraud investigations by prompt referral to disqualification hearings when clients refuse waiver offers and by identifying and closing pended referrals with a low probability of success due to issues that are difficult to prove fraudulent (i.e. household composition) or have little cost effectiveness.

Increase the number of public assistance fraud cases prepared for referral to the Department of Law for criminal prosecution.

Increase the number of intentional program violations detected and successfully proven by client consent, administrative disqualification hearing decision, and criminal prosecutions.

Increase the amount of fraud debt established by successful investigative outcomes and collected on new and existing fraud claims.

Increase the amount of direct savings realized through disqualification of fraudulent individuals.

Enhance staff expertise in investigating allegations of Child Care Assistance program fraud.

Pursue a state statute regarding Food Stamp trafficking and strengthened eligibility and benefit fraud prosecution and repayment for the Medicaid; Adult Public Assistance; Senior Benefits; General Assistance; Child Care Assistance; Women, Infants and Children (WIC); and Heating Assistance programs.

Work collaboratively with United States Department of Agriculture Food and Nutrition Services and partner agencies to identify and investigate public assistant recipients who are involved in the trafficking of their Electronic Benefit Transfer (EBT) benefits.

Statutory and Regulatory Authority

AS 47.25.975-.990	Food Stamps
7 AAC 46.010	Food Stamps
7 USC 2015	Food Stamps
7 CFR 273.16	Food Stamps

AS 47.27.005-.990	Alaska Temporary Assistance Program
7 AAC 45.570-.585	Alaska Temporary Assistance Program
45 CFR 235.110	Welfare Fraud
7 AAC 43.1800-.1890	Medicaid
7 AAC 40.480	Medicaid
AS 47.25.500	Recovery of Assistance Improperly Granted
AS 09.10.120	Actions in Name of State, Political Subdivisions, or Public Corporations
7 AAC 41	Child Care Assistance
7 AAC 39	Child Care Grant Program

Contact Information
<p>Contact: Shawnda O'Brien, Assistant Commissioner Phone: (907) 465-1630 Fax: (907) 465-2499 E-mail: shawnda.obrien@alaska.gov</p>

Fraud Investigation Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2018</u> <u>Management</u> <u>Plan</u>	<u>FY2019</u> <u>Governor</u>		
Full-time	14	14	Annual Salaries	992,465
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	602,396
			<i>Less 2.91% Vacancy Factor</i>	(46,461)
			Lump Sum Premium Pay	0
Totals	14	14	Total Personal Services	1,548,400

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	1	0	0	0	1
Elig Technician III	2	0	0	0	2
Investigator II	5	2	0	2	9
Investigator III	1	0	0	0	1
Investigator IV	1	0	0	0	1
Totals	10	2	0	2	14

Component Detail All Funds
Department of Health and Social Services

Component: Fraud Investigation (237)
RDU: Public Assistance (73)

Non-Formula Component

	FY2017 Actuals	FY2018 Conference Committee	FY2018 Authorized	FY2018 Management Plan	FY2019 Governor	FY2018 Management Plan vs FY2019 Governor	
71000 Personal Services	1,418.8	1,542.4	1,542.4	1,542.4	1,548.4	6.0	0.4%
72000 Travel	0.6	3.0	3.0	3.0	3.0	0.0	0.0%
73000 Services	1,947.4	443.6	443.6	443.6	443.6	0.0	0.0%
74000 Commodities	8.0	10.0	10.0	10.0	10.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,374.8	1,999.0	1,999.0	1,999.0	2,005.0	6.0	0.3%
Fund Sources:							
1002Fed Rcpts (Fed)	2,013.5	1,169.3	1,169.3	1,169.3	1,172.6	3.3	0.3%
1003G/F Match (UGF)	554.1	805.7	805.7	805.7	832.4	26.7	3.3%
1004Gen Fund (UGF)	807.2	24.0	24.0	24.0	0.0	-24.0	-100.0%
Unrestricted General (UGF)	1,361.3	829.7	829.7	829.7	832.4	2.7	0.3%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	2,013.5	1,169.3	1,169.3	1,169.3	1,172.6	3.3	0.3%
Positions:							
Permanent Full Time	14	14	14	14	14	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Health and Social Services

Component: Fraud Investigation (237)
RDU: Public Assistance (73)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2018 Conference Committee To FY2018 Authorized *****												
FY2018 Conference Committee												
	ConfCom	1,999.0	1,542.4	3.0	443.6	10.0	0.0	0.0	0.0	14	0	0
1002 Fed Rcpts		1,169.3										
1003 G/F Match		805.7										
1004 Gen Fund		24.0										
Subtotal		1,999.0	1,542.4	3.0	443.6	10.0	0.0	0.0	0.0	14	0	0
***** Changes From FY2018 Management Plan To FY2019 Governor *****												
Replace General Fund with General Fund Match												
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1003 G/F Match		24.1										
1004 Gen Fund		-24.1										
Accurately reflect use of general fund authority as match to federal revenues based on prior year actual expenditures and revenue.												
FY2019 Salary and Health Insurance Increases												
	SalAdj	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		3.3										
1003 G/F Match		2.6										
1004 Gen Fund		0.1										
Salary and Health Insurance Increases: \$6.0												
Calculate FY2019 increase to GGU Health Insurance from \$1389 to \$1432 per member per month.												
Totals		2,005.0	1,548.4	3.0	443.6	10.0	0.0	0.0	0.0	14	0	0

Personal Services Expenditure Detail
Department of Health and Social Services

Scenario: FY2019 Governor (14641)
Component: Fraud Investigation (237)
RDU: Public Assistance (73)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
06-8056	Investigator II	FT	A	GP	Fairbanks	203	16J	12.0		65,880	0	0	41,110	106,990	47,825
06-8246	Administrative Assistant II	FT	A	GG	Anchorage	99	14L / L	12.0		60,177	0	0	39,050	99,227	44,355
06-8398	Investigator II	FT	A	GP	Anchorage	99	16C / D	12.0		78,133	0	0	45,536	123,669	55,280
06-8400	Investigator II	FT	A	GP	Anchorage	200	16A / B	12.0		84,097	0	0	47,690	131,787	58,909
06-8401	Investigator II	FT	A	GP	Anchorage	200	16K	12.0		66,036	0	0	41,167	107,203	47,920
06-8489	Investigator IV	FT	A	SS	Anchorage	99	20L	12.0		90,480	0	0	51,512	141,992	63,470
06-8490	Elig Technician III	FT	A	GP	Anchorage	200	16F / G	12.0		59,461	0	0	38,792	98,253	43,919
06-8494	Investigator II	FT	A	GP	Anchorage	200	16F / G	12.0		61,161	0	0	39,406	100,567	44,953
06-8496	Elig Technician III	FT	A	GG	Anchorage	99	16O / O	12.0		75,060	0	0	44,426	119,486	53,410
06-8551	Investigator II	FT	A	GP	Fairbanks	203	16K	12.0		68,016	0	0	41,882	109,898	49,124
06-8552	Investigator II	FT	A	GP	Kenai	99	16L	12.0		68,844	0	0	42,181	111,025	49,628
06-8572	Investigator II	FT	A	GP	Wasilla	200	16G	12.0		61,416	0	0	39,498	100,914	45,109
06-8573	Investigator II	FT	A	GP	Anchorage	99	16N	12.0		74,100	0	0	44,079	118,179	52,826
06-8578	Investigator III	FT	A	GP	Anchorage	200	18L / M	12.0		79,604	0	0	46,067	125,671	56,175

Total Positions				Total Salary Costs:	992,465
Full Time Positions:	14	0	0	Total COLA:	0
Part Time Positions:	0	0	0	Total Premium Pay:	0
Non Permanent Positions:	0	0	0	Total Benefits:	602,396
Positions in Component:	14	0	0	Total Pre-Vacancy:	1,594,861
				Minus Vacancy Adjustment of 2.91%:	(46,461)
				Total Post-Vacancy:	1,548,400
				Plus Lump Sum Premium Pay:	0
				Personal Services Line 100:	1,548,400

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	881,958	856,265	55.30%
1003 General Fund Match	712,903	692,135	44.70%
Total PCN Funding:	1,594,861	1,548,400	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail (1676)
Department of Health and Social Services
Travel

Component: Fraud Investigation (237)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
2000	Travel		0.6	3.0	3.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
2000 Travel Detail Totals			0.6	3.0	3.0
2000	In-State Employee Travel	In state employee travel.	0.5	3.0	3.0
2006	Other Travel Costs		0.1	0.0	0.0

Line Item Detail (1676)
Department of Health and Social Services
Services

Component: Fraud Investigation (237)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000	Services		1,947.4	443.6	443.6
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals			1,947.4	443.6	443.6
3000	Education Services	Membership dues, conference fees and training costs.	0.5	3.0	3.0
3001	Financial Services		0.3	0.0	0.0
3002	Legal and Judicial Services	Legal services.	1.1	1.5	1.5
3003	Information Technology	Software licensing.	1,512.4	7.0	7.0
3004	Telecommunications	Telecommunications for vendor local, long distance, network installation and equipment rental, dedicated telephone lines for office equipment, telecopier expenses and teleconference charges.	0.8	2.0	2.0
3005	Health Services		0.1	0.0	0.0
3006	Delivery Services	Freight, courier service and postage.	2.7	5.0	5.0
3008	Utilities	Utilities not included within lease agreements.	0.5	0.7	0.7
3009	Structure/Infrastructure/Land	Archive space fees.	0.6	1.0	1.0
3010	Equipment/Machinery	Office equipment and services.	1.6	10.0	10.0
3011	Other Services	Other services to support the fraud investigation unit.	8.7	8.7	8.7
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide RSA with Department of Administration, Enterprise Technology Services for computer EPR.	20.8	12.8	12.8
3017	Inter-Agency Information Technology Non-Telecommunications	H&SS - Fraud Investigation (237)	10.2	0.0	0.0

Line Item Detail (1676)
Department of Health and Social Services
Services

Component: Fraud Investigation (237)

Object Class		Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals				1,947.4	443.6	443.6
3017	Inter-Agency Information Technology Non-Telecommunications	H&SS - Information Technology Services (2754)	RSA with H&SS Administrative Support Services for IT services.	7.5	10.1	10.1
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	RSA with Department of Administration, Enterprise Technology Services for Anchorage and Fairbanks.	112.1	20.2	20.2
3021	Inter-Agency Mail	Admin - Department-wide		-0.4	0.0	0.0
3022	Inter-Agency Human Resources	Admin - Department-wide	RSA with Department of Administration, Division of Personnel for Human Resources Services.	14.0	14.0	14.0
3023	Inter-Agency Building Leases	Admin - Department-wide	RSA with Department of Administration, Division of General Services for office space leases.	0.0	186.5	186.5
3024	Inter-Agency Legal	Law - Department-wide	RSA with Department of Law for Welfare Fraud Investigation Unit with employees whose full time duties are to investigate and prosecute fraud cases in the program areas of Food Stamp and Alaska Temporary Assistance Program (ATAP) benefits.	200.6	101.9	101.9
3025	Inter-Agency Auditing	H&SS - Administrative Support Svcs (320)	RSA with H&SS Administrative Support Services for audit support.	0.0	0.7	0.7
3026	Inter-Agency Insurance	Admin - Department-wide	RSA with Department of Administration, Risk Management for insurance services.	0.7	0.8	0.8
3027	Inter-Agency Financial	Admin - Department-wide		8.9	0.0	0.0
3037	State Equipment Fleet	Trans - Department-wide	RSA for state equipment fleet costs.	21.7	37.6	37.6
3038	Inter-Agency Management/Consulting	H&SS - Administrative Support Svcs (320)	RSA with H&SS Administrative Support Services for finance and management services.	4.2	17.3	17.3
3038	Inter-Agency	H&SS - Commissioner's Office (317)	RSA with H&SS Administrative	1.1	1.2	1.2

Line Item Detail (1676)
Department of Health and Social Services
Services

Component: Fraud Investigation (237)

Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000 Services Detail Totals			1,947.4	443.6	443.6
	Management/Consulting	Support Services for commissioner's office.			
3038	Inter-Agency Management/Consulting	H&SS - Fraud Investigation (237)	1.5	0.0	0.0
3038	Inter-Agency Management/Consulting	H&SS - Information Technology Services (2754)	15.1	0.0	0.0
3038	Inter-Agency Management/Consulting	H&SS - Public Affairs (2874) RSA with H&SS Administrative Support Services for public affairs support.	0.0	1.6	1.6
3038	Inter-Agency Management/Consulting	Labor - Department-wide	0.1	0.0	0.0

Line Item Detail (1676)
Department of Health and Social Services
Commodities

Component: Fraud Investigation (237)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
4000	Commodities		8.0	10.0	10.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
4000 Commodities Detail Totals			8.0	10.0	10.0
4000	Business	Office supplies.	8.0	10.0	10.0

Revenue Detail (1681)
Department of Health and Social Services

Component: Fraud Investigation (237)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
5002 Fed Rcpts (1002 Fed Rcpts)			2,013.5	1,169.3	1,172.6
5019 Federal - Miscellaneous Grants		SNAP Program-Federal restricted receipts are based on an approved cost allocation plan.	1,951.6	1,169.3	1,172.6
		Title IV A and Title IV A Child Care-Federal restricted receipts are based on an approved cost allocation plan.			
		Title XIX Map Admin-Federal restricted receipts are based on an approved cost allocation plan.			
5021 Federal - Other Prior Year Reimbursement Recovery		Federal Projects Health-Federal restricted receipts are based on an approved cost allocation plan.	61.9	0.0	0.0

Inter-Agency Services (1682)
Department of Health and Social Services

Component: Fraud Investigation (237)

				FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
Component Totals				418.1	404.7	404.7
With Department of Administration				156.1	234.3	234.3
With Department of Health and Social Services				39.6	30.9	30.9
With Department of Law				200.6	101.9	101.9
With Department of Transportation/Public Facilities				21.7	37.6	37.6
With Department of Labor and Workforce Development				0.1	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	RSA with Department of Administration, Enterprise Technology Services for computer EPR.	20.8	12.8	12.8
3017	Inter-Agency Information Technology Non-Telecommunications	H&SS - Fraud Investigation (237)		10.2	0.0	0.0
3017	Inter-Agency Information Technology Non-Telecommunications	H&SS - Information Technology Services (2754)	RSA with H&SS Administrative Support Services for IT services.	7.5	10.1	10.1
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	RSA with Department of Administration, Enterprise Technology Services for Anchorage and Fairbanks.	112.1	20.2	20.2
3021	Inter-Agency Mail	Admin - Department-wide		-0.4	0.0	0.0
3022	Inter-Agency Human Resources	Admin - Department-wide	RSA with Department of Administration, Division of Personnel for Human Resources Services.	14.0	14.0	14.0
3023	Inter-Agency Building Leases	Admin - Department-wide	RSA with Department of Administration, Division of General Services for office space leases.	0.0	186.5	186.5
3024	Inter-Agency Legal	Law - Department-wide	RSA with Department of Law for Welfare Fraud Investigation Unit with employees whose full time duties are to investigate and prosecute fraud	200.6	101.9	101.9

Inter-Agency Services (1682)
Department of Health and Social Services

Component: Fraud Investigation (237)

Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor	
		cases in the program areas of Food Stamp and Alaska Temporary Assistance Program (ATAP) benefits.				
3025	Inter-Agency Auditing	H&SS - Administrative Support Svcs (320)	RSA with H&SS Administrative Support Services for audit support.	0.0	0.7	0.7
3026	Inter-Agency Insurance	Admin - Department-wide	RSA with Department of Administration, Risk Management for insurance services.	0.7	0.8	0.8
3027	Inter-Agency Financial	Admin - Department-wide		8.9	0.0	0.0
3037	State Equipment Fleet	Trans - Department-wide	RSA for state equipment fleet costs.	21.7	37.6	37.6
3038	Inter-Agency Management/Consulting	H&SS - Administrative Support Svcs (320)	RSA with H&SS Administrative Support Services for finance and management services.	4.2	17.3	17.3
3038	Inter-Agency Management/Consulting	H&SS - Commissioner's Office (317)	RSA with H&SS Administrative Support Services for commissioner's office.	1.1	1.2	1.2
3038	Inter-Agency Management/Consulting	H&SS - Fraud Investigation (237)		1.5	0.0	0.0
3038	Inter-Agency Management/Consulting	H&SS - Information Technology Services (2754)		15.1	0.0	0.0
3038	Inter-Agency Management/Consulting	H&SS - Public Affairs (2874)	RSA with H&SS Administrative Support Services for public affairs support.	0.0	1.6	1.6
3038	Inter-Agency Management/Consulting	Labor - Department-wide		0.1	0.0	0.0