



Report of the Vermont State Auditor

September 12, 2012

HUMAN SERVICES PROGRAMS

Eligibility System Contained
Some Deceased Beneficiaries

Thomas M. Salmon, CPA, CFE
Vermont State Auditor
Rpt. No. 12-7

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THOMAS M. SALMON, CPA, CFE
STATE AUDITOR



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

September 12, 2012

The Honorable Shap Smith
Speaker of the House of Representatives

The Honorable John Campbell
President Pro Tempore of the Senate

The Honorable Peter Shumlin
Governor

Mr. Douglas Racine
Secretary, Agency of Human Services

Mr. David Yacovone
Commissioner, Department for Children and Families

Dr. Harry Chen, MD
Commissioner, Department of Health

Mr. Patrick Flood
Commissioner, Department of Mental Health

Dear Colleagues,

As you know, human services benefits programs constitute a large proportion of the state's expenditure. It is important that spending in these programs be well controlled, since a small percentage of improper payments can add up to a very large amount. There are many ways in which improper payments can arise in human service programs, whether by error or by fraud.

This report focuses on one potential source of overpayments: the enrollment of deceased individuals in benefit programs. We identified 31 individuals listed in ACCESS, the state's beneficiary management system, as active beneficiaries, who were reported as deceased by the Social Security Administration. About \$10,600 had been paid relating to these individuals after their death dates.

Our audit also identified weaknesses related to the process used to check for deceased individuals and to verify social security numbers, and made recommendations to address them. For example, once initial eligibility was established, there was no process to periodically and systematically compare beneficiaries in ACCESS to available death records from the Social Security Administration. Therefore, we recommended that the Department for Children and Families obtain death data from this organization quarterly and match this data to active beneficiaries in ACCESS.

I would like to thank the management and staff of the Department for Children and Families, Department of Mental Health and Department of Health for their cooperation during the course of this audit. If you would like to discuss any issues raised by this audit, I can be reached at (802) 828-2281 or at auditor@state.vt.us.

Sincerely,

A handwritten signature in cursive script that reads "Thomas M. Salmon CPA, CFE".

Thomas M. Salmon, CPA, CFE
Vermont State Auditor

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Introduction

Vermont spends well over a billion dollars annually on human services programs, such as Medicaid,¹ Reach Up,² 3SquaresVT,³ seasonal fuel assistance,⁴ and Ladies First.⁵ Programs such as these have been vulnerable to improper payments made to, or on behalf of, decedents, including fraud schemes involving the use of social security numbers (SSN) of deceased individuals. Accordingly, it is important to decrease this risk by having mechanisms in place to identify deceased beneficiaries in a timely manner.

The ACCESS system, managed by the Department for Children and Families (DCF), is the eligibility system used for many human services programs within the Agency of Human Services (AHS). For some programs, such as the 3SquaresVT and seasonal fuel assistance, ACCESS also processes the payment to the beneficiary or on behalf of the beneficiary (e.g., to a fuel supplier). In other programs, such as the Medicaid, ACCESS transmits a file of beneficiaries to the Medicaid Management Information System (MMIS) for use in health care claims processing.

The Social Security Administration (SSA) maintains a master database of SSN holders which contains a record of reported deaths. SSA makes an extract of deceased individuals taken from this database available to the public—the Death Master File (DMF). We compared the February 29, 2012 version of the DMF to an April 23, 2012 extract of active beneficiaries in ACCESS to fulfill our objective, which was to determine whether the ACCESS system contains active beneficiaries who are recorded by SSA as deceased. Appendix I contains the scope and methodology used to address this objective. Appendix II contains the abbreviations used in this report.

¹Medicaid is a joint federal/state program that provides health insurance to certain low-income individuals.

²The Reach Up program serves families with children who are unable to provide for themselves and provides cash assistance, case management, and other help to assist them in achieving self-sufficiency. Reach Up is funded via the federal Temporary Assistance for Needy Families block grant.

³3SquaresVT is a federally funded program that provides cash assistance to eligible beneficiaries to purchase food through the use of electronic benefit transfer cards or direct deposits into a bank account.

⁴Seasonal fuel assistance is funded by the federal Low-Income Home Energy Assistance Program grant.

⁵Ladies First is a breast and cervical cancer and heart health screening program for women of limited income that is largely funded through federal grants.

Highlights: Report of the Vermont State Auditor

Human Services Programs: Eligibility System Contained Some Deceased Beneficiaries

(September 12, 2012, Rpt. No. 12-7)

Why We Did This Audit

Government benefit programs can be vulnerable to improper payments made to, or on behalf of, decedents so it is important that such programs have mechanisms to decrease this risk by identifying deceased beneficiaries in a timely manner. Our objective was to determine whether the ACCESS system contains active beneficiaries who are recorded by SSA as deceased.

What We Recommend

We made several recommendations to the commissioner of the Department for Children and Families and a recommendation each to the commissioners of the Departments of Health and Mental Health. For example, we recommended that the DCF commissioner 1) obtain death data from SSA quarterly and match this data to all active beneficiaries in ACCESS and 2) develop and communicate requirements to DCF workers related to the permissible duration for the use of a temporary identification number in the place of an SSN.

Findings

As of April 23, 2012, ACCESS, an eligibility system for human services programs, contained 31 active beneficiaries recorded as deceased in SSA's DMF, which is used by entities to identify deceased individuals. The median time duration between the date of death and April 23, 2012 was about 5 months. These beneficiaries were active in four programs (see table 1). Payments totaling about \$10,600 were made subsequent to the dates of death for 20 of these ACCESS beneficiaries. An example of post-death payments is the case in which ACCESS disbursed \$1,280 in 3SquaresVT payments and the health care claims system (MMIS) disbursed \$215 to a provider for 43 months of Medicaid case management fees after a beneficiary's October 2008 date of death. There is no process to periodically and systematically compare beneficiaries in ACCESS to available death records from SSA, which we believe at least partially explains why deceased beneficiaries were listed as active in ACCESS. Instead, more ad hoc methods were relied upon to obtain death data.

Table 1: Beneficiaries in Active Status in ACCESS as of April 23, 2012 with a Date of Death on the SSA Death Master File, by Program^a

Number of Beneficiaries by Program ^b			
Seasonal Fuel Assistance	Medicaid	3SquaresVT	Ladies First
23	8	1	1

^aOur analysis discovered two beneficiaries who appeared to be erroneously listed on the DMF. Our research also found 1) cases that were actually closed even though ACCESS showed them to be in active status and 2) inaccurate beneficiary data in ACCESS because of data entry errors. We did not include these records in our results.

^bOne beneficiary was active in multiple programs.

During the course of our audit, we also observed weaknesses in the process used to verify SSNs that led to a little over 4,000 beneficiaries (or about 2 percent of ACCESS records in active status) receiving benefits without substantiated SSNs. For example, there were 1,487 records with temporary identification numbers instead of SSNs, of which at least 643 had been in place for 4 months or more. DCF procedures did not require a specific timeframe for how long a temporary identification number could be used. This undercuts DCF's program integrity controls, which use SSNs to identify changes in households that affect benefits. In addition, the ACCESS computer program that recorded the results of the SSN verification process in the beneficiary's record was not programmed to recognize that SSA has identified an applicant or beneficiary as deceased. This greatly increases the possibility that an ACCESS record could be established for somebody using the SSN of a deceased individual and not be detected.

Background

ACCESS contains beneficiary data on many human services programs. For those programs whose eligibility is determined by DCF, such as 3SquaresVT and Medicaid, ACCESS is used as part of the eligibility determination process. In these cases, applicant data is entered into ACCESS, which processes the data and provides information to the DCF worker to use in the final determination of eligibility. In addition, SSNs for applicants to DCF-managed programs are generally verified with SSA through a computer matching process—SSA’s State Verification and Exchange System (SVES). This process may occur before or after eligibility has been approved.

After an applicant’s eligibility has been approved, it is important that information that could affect a household’s benefit, such as a death, be kept up-to-date. DCF may be informed of a beneficiary’s death in a variety of ways, such as notification from a family member or service provider. Death notifications can also occur as a by-product of files that ACCESS receives from SSA and the Centers for Medicare and Medicaid Services for purposes other than SSN verification. For example, on a daily basis SSA transmits accretions, deletions, and changes to records for Vermont-based social security and supplemental security income recipients, because this information can affect a household’s Vermont benefit. These SSA files may also include a recipient’s date of death, which ACCESS then reports to the applicable worker. This worker would be responsible for verifying the beneficiary’s death, entering this data into ACCESS, and closing the case, at which time benefits generally cease.

ACCESS also contains data on beneficiaries in programs in which eligibility is determined by other state organizations, such as the Department of Health’s Ladies First and the Department of Mental Health’s Community Rehabilitation and Treatment (CRT)⁶ programs. In these cases, the applicable organization transmits beneficiary data to ACCESS, which serves as a pass-through to transmit the beneficiary data to the MMIS, which pays these programs’ health care claims. The Ladies First and CRT programs do not undergo the eligibility processes in ACCESS. In addition, these organizations

⁶The CRT program provides community-based mental health services to adults with severe and persistent mental illness who meet eligibility criteria that include diagnosis, treatment history and impaired role functioning. In many cases, individuals in the CRT program have also been determined to be Medicaid eligible by DCF.

are responsible for transmitting closure information to ACCESS, including the date of death, when applicable.

ACCESS Contained Active Beneficiaries Listed on the SSA Death Master File

As of April 23, 2012, there were 31 beneficiaries in active status in ACCESS listed on the DMF. Payments totaling about \$10,600 were made to these beneficiaries, or to providers on their behalf, after their death. Most of the deceased beneficiaries received seasonal fuel assistance and ACCESS contained many of the beneficiaries' dates of death (in some cases even before a payment was made). However, DCF had not taken action because, unlike for other benefit programs, ACCESS was not programmed to notify fuel program workers that a beneficiary's case should be reviewed because a change had occurred (ACCESS has since been modified to provide this notification). There is no process in place to periodically and systematically check active beneficiaries against SSA death records, which we believe at least partially accounts for our results.

As shown by table 2, the 31 beneficiaries on the DMF were active in one or more of four benefit programs. About two thirds of the deaths of these beneficiaries occurred in 2011 or earlier (the median was about 5 months before the date of the ACCESS file that we received). The earliest death was listed in the DMF as occurring in December 2007 and the most recent in February 2012.

Table 2: Beneficiaries in Active Status in ACCESS as of April 23, 2012 with a Date of Death on the SSA Death Master File, by Program^a

Number of Beneficiaries by Program ^b			
Seasonal Fuel Assistance	Medicaid	3SquaresVT	Ladies First
23	8	1	1

^aOur analysis discovered two beneficiaries who appeared to be erroneously listed on the DMF. Our research also found 1) cases that were actually closed even though ACCESS showed them to be in active status and 2) inaccurate beneficiary data in ACCESS because of data entry errors. We did not include these records in our results.

^bOne beneficiary was active in multiple programs.

About a third of the 31 beneficiaries that were listed on the DMF did not have payments made to them or on their behalf. However, payments were made

subsequent to the dates of death for 20 ACCESS beneficiaries.⁷ These payments totaled 1) \$6,824 for the seasonal fuel assistance program, 2) \$360 for Medicaid,⁸ and 3) \$3,454 for 3SquaresVT.⁹ The following are examples of cases of ACCESS beneficiaries with matches on the DMF.

- A Medicaid and 3SquaresVT beneficiary died on October 13, 2008 and a case note in ACCESS indicates that DCF was informed of the death that same day by the funeral home. The date of death was not entered into ACCESS and there is no indication that any action was taken to stop her benefits even though DCF also provided burial assistance for this individual. In May 2009, the deceased beneficiary's 3SquaresVT case was closed due to failure to respond to a case review. The Medicaid case remained open. There are two case notes in 2010 indicating that mail sent to this beneficiary was returned as not deliverable. This beneficiary's Medicaid case was closed in June 2012 after we informed DCF of our results. ACCESS disbursed \$1,280 in 3SquaresVT payments after the beneficiary's date of death (via a direct deposit to a bank account). There were no Medicaid claims after her date of death, but her health care provider received an additional 43 months of case management fees (\$215).
- A Medicaid and 3SquaresVT beneficiary died in November 2011. There was no indication that DCF was aware of this death until notified of our results in May 2012—about 6 months after the beneficiary died—at which point his electronic benefit card was deactivated. ACCESS had added \$1,000 in 3SquaresVT benefits to this card after the date of death, which DCF expects to recover. There were no Medicaid claims after his date of death, but his provider received 6 months of case management fees (\$30).

⁷In some cases, the deceased beneficiary was listed as being active in one program in the file we received from ACCESS, but had been previously active in other programs and was closed in these programs of April 23, 2012. If the ACCESS payment disbursement history showed payments after the date of death in closed programs, we included these post-death payments in our totals because they pertained to the same beneficiary identified in our DMF match, but the closed programs are not included in table 2.

⁸All of the Medicaid payments were made up of monthly \$5 case management fees paid to primary care providers under the Primary Care Plus program.

⁹There are circumstances in which program rules allow payments to be made to a household after a death has occurred. We did not attempt to determine whether the payments made after the death of the 31 beneficiaries who were in the DMF met these circumstances. In addition, DCF has recovered, or expects to recover, some of these payments.

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- A Ladies First beneficiary died in December 2007. The Department of Health became aware of the death and withdrew her from the program in April 2008. This withdrawal was recorded in the Department of Health's Ladies First system, but does not appear to have been transmitted to ACCESS and she remained active in the MMIS, which pays claims for the Ladies First program. There were no claims paid on behalf of this beneficiary.
 - In 20 of the 23 seasonal fuel cases, DCF had recorded the date of death of the beneficiary in ACCESS. In several of these cases, the date of death was before the payment date, but DCF had not taken action because, unlike for other benefit programs, ACCESS was not programmed to notify fuel program workers on a daily report that a beneficiary's case should be reviewed because a change had occurred. According to a fuel program official, ACCESS has recently been modified to include changes related to fuel program recipients on the daily report. In some cases, DCF recovered the payment from the fuel dealer or has sought recovery from the individual who received the benefit. For example, DCF was unaware that a beneficiary had died in October 2011 and made payments totaling about \$1,100 to the fuel supplier in November 2011 and January 2012. After we notified DCF that the beneficiary was listed on the DMF, they found that the beneficiary's caregiver had been residing in the home and had received the fuel deliveries. DCF has sent a letter to the caregiver seeking reimbursement of the seasonal fuel payments.

There is no process to periodically and systematically compare beneficiaries in ACCESS to available death records from SSA, which we believe is part of the reason deceased beneficiaries were listed as active in ACCESS. Instead, AHS relies on more ad hoc methods to obtain death information, such as notifications by family members and files that ACCESS receives from SSA and the Centers for Medicare and Medicaid Services related to federal benefit recipients at these entities. For example, the SSA and Centers for Medicare and Medicaid Services transmit daily and monthly files, respectively, that may include death data on Vermont beneficiaries that also receive benefits from programs at these organizations. However, the files from SSA and the Centers for Medicare and Medicaid Services only include some of the beneficiaries in ACCESS. For example, according to a DCF manager, about 35 percent of DCF beneficiaries also receive social security or supplemental security income benefits from SSA. In addition, neither the Ladies First nor the CRT programs are included in this process at all.

The DMF is available to the public and is used by many federal agencies, state and local governments, and the private sector to prevent fraud, waste and abuse. SSA death data is also included in SVES, which is the SSA system DCF uses to verify SSNs generally at the time of initial program enrollment. If beneficiary data in ACCESS were periodically matched to the DMF or through SVES, the AHS programs with beneficiary data in this system could be informed of deceased beneficiaries not reported to it in a timely manner and could deter schemes to collect extra payments after the date of death or to submit fraudulent health care claims.

Weaknesses in Verification Process Led to Several Thousand Individuals Receiving Benefits without Substantiated SSNs

In reviewing the controls related to our objective, we observed weaknesses in the process used to substantiate SSNs. SSN verification is an important program integrity control because it can deter fraudulent enrollment of program beneficiaries and prevent payments to ineligible individuals. As of April 23, 2012, a little over 4,000 (about two percent) ACCESS records that were listed as being in active status did not have SSNs verified with SSA. In large part this occurred because 1) the ACCESS record contained a temporary identification number instead of an SSN or 2) certain programs were excluded from the monthly file submitted to SSA by the ACCESS program that extracts records for SSN verification. In addition, the ACCESS computer program that recorded the results of the SSA verification process in the beneficiary's record was not programmed to report to DCF workers the death of individuals identified by SSA as deceased for follow-up. As a result of these weaknesses, payments were being made to, or on behalf of, beneficiaries that did not have substantiated SSNs. Accordingly, the state is at greater risk that improper payments have been, or could be, made.

Records with Unsubstantiated SSNs

Most beneficiaries in programs served by ACCESS are required to furnish SSNs as part of the eligibility process as a program integrity measure to help establish that the individual is reporting a valid identity. The state, in turn, has signed data exchange agreements with SSA to verify the validity of SSNs provided. These agreements allow AHS to request SSN verification for specifically identified federal- and state- funded human services programs managed by this agency.

Our review of the ACCESS file provided to us as of April 23, 2012, disclosed that a little over 4,000 records (about two percent) did not have SSNs verified with SSA. This was because of 1) the use of temporary identification numbers instead of SSNs for extended periods of time and 2) a verification process that was not always effective or complete.

Temporary Identification Numbers

DCF procedures call for workers to assign temporary identification numbers in the ACCESS SSN field for those individuals that do not have SSNs (e.g., a newborn) and require them to apply for SSNs. DCF procedures did not require a specific timeframe for how long a temporary identification number could be used, stating that it should be updated with an SSN at the first opportunity. The procedures further stated that it is to DCF's benefit to identify the individual by SSN as soon as possible.

Individuals without SSNs in ACCESS can be identified by the use of the prefixes "666" or "669" in the SSN field.¹⁰ As of April 23, 2012, there were 1,487 records with these prefixes listed in active status in ACCESS. The ACCESS file that we received from DCF did not contain beneficiaries' complete eligibility histories so we were unable to determine exactly how long these temporary identification numbers have been used although we know that the information in this ACCESS extract file can underestimate the total length of time that a temporary identification number has been in use.¹¹

Nevertheless, at least 643 records had temporary identification numbers for 4 months or more,¹² of which at least 97 had been in place for over a year. We looked at about a dozen cases related to temporary identification numbers and

¹⁰Almost all of the prefixes used were "666."

¹¹The ACCESS file we used contained records in which an individual was listed as currently active in one or more human services programs covered by ACCESS and contained the current start and end date for each program in which the individual was enrolled. We did not request the full ACCESS record of these individuals that would show the original start date for the beneficiary in any program, which can be much earlier than the current enrollment authorization date. Examples of circumstances in which a beneficiary may have been in ACCESS with a temporary identification number longer than shown in the file we received would be if 1) a beneficiary's case was closed for a program for which he or she had been previously enrolled or 2) there were gaps in enrollment periods (the file would only show the latest dates).

¹²We used 4 months as our criterion because a DCF bulletin stated that it usually takes 3-4 months between the application and receipt of a SSN. Although this bulletin is old (1993), a more recent letter from SSA (December 2010) regarding the length of time between application and receipt of an SSA indicated that it took SSA about 13 weeks to receive the birth certificate and process an SSN application.

found cases in which DCF follow-up was lacking or a new ACCESS record with the new SSN was established, but the old record was not closed. The following are examples of records with temporary identification numbers.

- A newborn was issued a temporary identification number in November 2010 and he or his household have been receiving Reach-up, Medicaid, seasonal fuel assistance, and/or 3SquaresVT benefits since that time. An ACCESS screen for this beneficiary includes a notice that the temporary identification number was over 6 months old, but there was no evidence in the ACCESS record that any attempt was made to obtain a valid SSN or to discontinue or decrease benefits in the event that one was not provided. Between November 2010 and April 9, 2012, about \$73,000 in Medicaid claims had been paid on behalf of this beneficiary without a substantiated SSN.
- A child received a temporary identification number when an ACCESS record was opened in 2009. In accordance with DCF instructions, a new ACCESS record was created for the child when she was adopted, which included an SSN and a new name. However, the instructions also directed that the old record should be closed, which was not done. As a result, this child had two records in ACCESS as of April 23, 2012 with different numbers in the SSN field. Medicaid claims were paid under both records in 2011 and 2012 although it did not appear as though there were duplicate claims. However, the provider received two sets of case management fees for this individual between December 2010 and June 2012 (19 months for a total of \$95) because of the two separate ACCESS records. (Our analysis of the April 23, 2012 ACCESS file found an additional 20 similar pairs of potential duplicate records involving temporary identification numbers. We provided these pairs along with 33 other suspicious pairs of potentially duplicate records to DCF for follow-up.)

In addition, according to SSA, “669” is a valid SSN prefix that could be allocated to individuals. Accordingly, there could be records in ACCESS with the “669” prefix in the SSN field that are not temporary identification numbers, but purportedly valid SSNs that could be verified by SSA.

We agree that the use of temporary identification numbers is reasonable for short periods of time. However, it appears that DCF is not always following up and obtaining SSNs for beneficiaries in a timely manner. By not requiring that SSNs be reported and added to ACCESS in a timely manner, DCF undercuts its program integrity controls, which use the SSN to identify changes in the household, such as increases or decreases in social security

benefits. As a result, the department's risk that benefits could be improperly provided to individuals who would not be otherwise eligible is increased.

SSN Verification Process

SSA's SVES is the mechanism used to request SSN verification and receive its results. SVES uses various SSA databases to perform the match and provides a positive verification of identity or an indicator that it could not provide such verification. DCF workers can submit a request for verification of the SSN of a specific applicant through an ACCESS screen. In addition, during the middle of each month, ACCESS transmits a file to SSA requesting SSN verification of records of beneficiaries in active or pending status that have not been previously submitted. SSN verification is an important program integrity control because it can deter fraudulent enrollment of program beneficiaries and prevent payments to ineligible individuals.

We found 114 cases in which SSA's verification response indicated that an SSN discrepancy had been found, but the ACCESS record did not indicate that the discrepancy had been resolved. When SSA indicates that a discrepancy is found, a worker is notified by the system and a notice is added to the beneficiary's record that 1) the SSN was not on SSA's file (44 records as of April 23, 2012), 2) the SSN matched, but not the name (49 records as of April 23, 2012), or 3) the SSN, name, and sex matched, but not the date of birth (21 records as of April 23, 2012).

The April 23, 2012 ACCESS file showed that at least 61 (54 percent) of the records with SSN discrepancies had been in active status prior to 2012. For example, the record of one individual who was receiving benefits from the Medicaid, 3SquaresVT, and the seasonal fuel assistance programs had an unresolved discrepancy in which the SSN matched somebody with a different name. This individual's ACCESS history record shows that he first started receiving 3SquaresVT in September 2007, but was listed as having an SSN discrepancy in April 2012. SSN discrepancies like this that remain unresolved for long periods of time may be due to DCF procedures that are not explicit regarding their resolution, including how long the discrepancy can remain unresolved without affecting benefits or what evidence a beneficiary should provide if he or she asserts that the SSN is correct. For example, the DCF procedure regarding the verification of an SSN states that the worker *may* require verification of an SSN if a discrepancy cannot be resolved with information available in ACCESS or in the case record.

In addition, in researching ten mismatches between the SSN, name, and dates of birth between the DMF and April 23, 2012 ACCESS file for DCF

programs, we found two cases in which we question the basis for the manual notation in ACCESS that the SSN was verified. In one case, the copy of the beneficiary's SSN card in the file showed a different number than that in ACCESS and in the other case it appeared that the beneficiary verbally told the worker that the SSN was correct and the worker did not require supporting evidence.

The SSN verification process was also not complete because the ACCESS computer program used to extract records excluded certain programs from the file sent to SSA. In other words, beneficiary records for individuals in the seasonal fuel assistance, Ladies First, and CRT programs were not sent to SSA for verification of their SSNs unless the beneficiaries were also recipients of benefits of other programs whose eligibility is maintained by ACCESS, such as Medicaid.

Seasonal Fuel Assistance Program

As of April 23, 2012, there were 1,554 records of seasonal fuel assistance program recipients who had not had their SSNs verified (310 of these records also contained temporary identification numbers). In our comparison of the ACCESS file dated April 23, 2012 to the DMF, we found two beneficiaries in the seasonal fuel assistance program with the SSN, but not the same name or date of birth, of deceased individuals. The benefit applications associated with these records showed that the SSN entered into ACCESS was the same as that supplied by the applicant, which makes it likely that the SSN provided was incorrect. These errors could have been found via the SSA SSN match process, but neither of these records went through this verification process.

Not including the seasonal fuel assistance program in the ACCESS computer program that extracted records to send to SSA for SSN verification appears to have been an oversight. In its grant plan for this federal program, DCF reported that once a month ACCESS runs the SSN verification process for all cases.

Ladies First and CRT Programs

ACCESS contains beneficiary records for the Ladies First and CRT programs even though eligibility for these programs is established by other departments and systems. In these cases, ACCESS serves as a pass through to the MMIS for health care claims processing. As of April 23, 2012, there were 546 and 130 records of Ladies First and CRT recipients who had not had their SSNs verified, respectively (one of these records also contained a temporary

identification number).¹³ Our match of ACCESS records to the DMF demonstrated the importance of SSN verification. Specifically, for each of these programs, our match process found a record in which the beneficiary's SSN did not match the name or date of birth associated with that SSN in the DMF. In both of these cases, beneficiaries with incorrect SSNs were listed as active in the MMIS and could have had health care claims paid on their behalf by this system, although no claims were paid by the MMIS¹⁴ (the records for both of these beneficiaries have since been closed).

According to officials in the Departments of Health and Mental Health that manage the Ladies First and CRT programs, respectively, these departments did not have processes in place for verifying SSNs. This is consistent with the data exchange agreements that AHS has with SSA, which does not include these programs in its scope. According to these agreements, AHS can use the information provided by SSA only for those programs for which it is authorized in the agreement.

ACCESS Treats SSA Death Notifications as Valid SSN Matches

After performing various match combinations against SSA databases, SVES transmits a file of the results to ACCESS. This file includes a 1-digit verification code of the results of the match process. When the SVES verification code is "X," "C," or "D," it means that although the SSN is verified an SSA database indicates that the individual is deceased.

In October 2004, the ACCESS computer program that reads the input file from SSA was programmed to treat records returned with an "X" value in the SVES verification code field as having a verified SSN. This computer program does not 1) notify the applicable worker that the SSN is associated with a deceased individual for follow up or 2) record the date of death, which is provided by SVES, in the recipient's record. In the case of the "C" and "D"

¹³Recipients of Ladies First and CRT program benefits who also receive benefits from DCF human services programs that are included in the ACCESS computer program that submits records for SSN verification would have their SSNs verified by ACCESS. For example, about three quarters of CRT program recipients are also Medicaid recipients, who are included in the ACCESS computer program that submits records to SSA for SSN verification.

¹⁴However, the Department of Health manually paid a \$38.23 claim that had been rejected by the MMIS in May 2010. In this case, the beneficiary's Ladies First coverage started in April 2008 and the department became aware of the SSN discrepancy in March 2009. The client informed the department that she had mistakenly written a wrong SSN on her application, but did not provide requested supporting documentation. After another attempt to obtain verification of the SSN failed, the Department of Health ended the beneficiary's Ladies First coverage in July 2012.

verification codes, the ACCESS computer program does not recognize these codes and the system does not take any action upon their receipt.

It appears that the ACCESS code was written in this manner out of a lack of knowledge of the SVES values. For example, the ACCESS computer program code includes a note that the programmer did not know the meaning of the “X” value and assumed that it was an obsolete code related to an older process.

Since ACCESS does not recognize that SVES is reporting that SSA has identified an applicant or beneficiary as deceased, this greatly increases the possibility that an ACCESS record could be established for somebody using the SSN of a deceased individual and not be detected.

Conclusion

Our results show that payments after the dates of death of the 31 beneficiaries that were deceased were small. Nevertheless, we conclude that the risk of such payments is unacceptably high because these payments could have been much larger, particularly if an unscrupulous provider had taken advantage of deceased beneficiary records remaining active. Taken together, the lack of a periodic and systematic process to match ACCESS records to SSA death data, the extensive use of temporary identification numbers without standards for when SSNs need to be obtained, and deficiencies in the ACCESS computer programs that handle the SSN verification process demonstrate that the design of the processes and controls for human services programs that distribute over a \$1 billion in benefits have gaps that could be exploited. Closing these holes would greatly reduce the risk of deceased beneficiaries remaining active in ACCESS for long periods of time in the future.

Recommendations

We recommend that the commissioner of DCF:

1. Obtain death data from SSA quarterly and match this data to all active beneficiaries in ACCESS through, for example, use of the DMF or the SVES process.

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2. Develop and communicate requirements to DCF workers related to the permissible duration for the use of a temporary identification number in the place of an SSN.
 3. Clarify and communicate requirements to DCF workers related to the permissible duration for resolving SSN discrepancies and the evidence that must be presented if the beneficiary asserts that the disputed SSN is correct.
 4. Modify the ACCESS computer program that validates SSNs to include seasonal fuel assistance beneficiaries.
 5. Modify the ACCESS computer program that receives the SSN validation file from SSA to report individuals listed as deceased as a discrepancy and provide this data to workers for follow-up.

We recommend that the commissioner of the Department of Health implement a process to verify SSNs with SSA for Ladies First beneficiaries.

We recommend that the commissioner of the Department of Mental Health implement a process to verify SSNs with SSA for beneficiaries of the CRT program that are not enrolled in Medicaid.

Management's Comments and Our Evaluation

The Secretary of the Agency of Human Services provided a letter commenting on a draft of this report dated September 4, 2012 (appendix III contains a facsimile of the letter).

AHS's overall comment was that it is hesitant to rely on the DMF as an authoritative data source of deceased persons, and would prefer to use its current SSA SVES feed and the Vermont Department of Health's (VDH) vital records data, which includes Vermont birth and death data. Moreover, AHS does not intend to implement recommendation 1, to obtain SSA death data quarterly and match this data to active beneficiaries in ACCESS. AHS's rationale and our comments are:

- AHS was concerned that substantial information technology (IT) resources would be required to implement the recommendation given AHS's plans to implement a new eligibility system. We acknowledge that it may not be cost-effective to implement this recommendation in

the current system, but believe that it is applicable to the planned system.

- Regarding use of the DMF, AHS pointed out that the DMF is not complete and contains some inaccuracies. Our recommendation did not specify using the DMF, and we agree that SVES is a good way to obtain SSA's death data. To clarify our intent we amended the recommendation to state that either approach would be acceptable. In addition, using VDH's vital records data in conjunction with SSA data, might be the most comprehensive approach. However, VDH's vital records data, since it is limited to Vermont deaths, is not sufficient by itself. For example, two of the exceptions identified in our audit related to active beneficiaries residing outside Vermont at the time of death.
- AHS indicated that ACCESS notifies workers of beneficiary death dates based on data received from SSA. We do not believe that AHS's current approach is sufficient or complete. First, as stated in our report, ACCESS does not report to DCF workers the SSA death data received during the SSN verification process that is generally performed at the time of initial program enrollment. Second, the SSA death data received by ACCESS subsequent to the beneficiary enrollment relates only to a limited number of active beneficiaries (i.e., social security and supplemental security income recipients).

Of the remaining recommendations addressed to DCF, the AHS secretary noted that recommendations 2 and 3 are to be implemented through improved procedures and guidance. The secretary indicated that AHS is considering implementing recommendations 4 and 5, which are IT-related, depending on an evaluation by IT staff as to whether the recommended ACCESS modifications can be made quickly or will need to be triaged with other IT needs. Given AHS's plans to replace ACCESS, we understand that the agency may be reluctant to invest in ACCESS. However, we urge DCF to expeditiously implement our recommendation to modify the ACCESS computer program that receives the SSN validation file from SSA to report individuals listed as deceased as a discrepancy to DCF workers. Until this change is made, an ACCESS record could be established using the name and SSN of a dead person, and not be detected by the SSN verification process.

We also made recommendations to VDH and DMH, that SSNs be verified for beneficiaries of the Ladies First and CRT programs, respectively. According to the AHS secretary's letter, AHS intends to implement these recommendations either by use of VDH's vital records data or by expanding

ACCESS's current SSN verification checks to cover Ladies First and CRT beneficiaries. We regard only the latter approach as responsive to our recommendations. Regarding use of VDH's vital records data, the comprehensive national source for verification of SSNs is SSA, not VDH, so we do not agree that the use of Vermont's vital records data would address our recommendations.

In accordance with 32 VSA §163, we are also providing copies of this report to the secretary of the Agency of Administration, commissioner of the Department of Finance and Management, and the Department of Libraries. In addition, the report will be made available at no charge on the state auditor's website, <http://auditor.vermont.gov/>.

Appendix I

Scope and Methodology

During the planning phase of our audit, we discussed the structure and operation of the ACCESS system with DCF system staff, and obtained an extract of program beneficiaries active in this system as of April 23, 2012. This file contained beneficiary data from the following programs in which eligibility is determined by DCF—Medicaid, State Children’s Health Insurance Program, Reach-up, 3SquaresVT, seasonal fuel assistance, Essential Person, Post-Secondary Education, and Individuals with Disabilities Act, Part C. The file also contained beneficiary data on programs in which beneficiary eligibility is established by other AHS departments—the Department of Health’s Ladies First and Children with Special Health Needs programs; and the Department of Mental Health’s CRT program.¹⁵

We discussed the ACCESS data we received with an ACCESS system manager, confirmed the record count, and reviewed the data to ensure that it appeared reasonable. Specifically, we checked that the data looked as expected, such as that there were numbers in numeric and date fields, and that the numbers of beneficiaries were reasonable. We concluded that the data was sufficiently reliable for the purposes of our audit.

We also obtained a copy of SSA’s DMF, as of February 29, 2012. The DMF is an extract from Numident, SSA’s master database of SSN holders that is available for public purchase. In February 2012, the SSA Inspector General reported that this file contained about 85 million records and that SSA adds about 1.3 million records each year. The DMF is used by leading government, financial, investigative, credit reporting, and medical research organizations as well as other industries to verify individuals who have died. We did not assess the reliability of this file beyond what was necessary for our objective, but note that the SSA Deputy Commissioner of Systems reported in 2008 that the death data maintained by SSA was 99.5 percent accurate overall.¹⁶

We used data analysis software to perform a match of the ACCESS beneficiaries in the April 23, 2012 file to deceased individuals listed in the DMF, classifying our SSN matches into definite (SSN, forename, surname

¹⁵The ACCESS file that we obtained did not include beneficiaries who received benefits from the General Assistance program, which are also contained in this system. We excluded this program from our scope because ACCESS tracked these beneficiaries in a different database than the one used to build the extract file we used. Also, the General Assistance program’s payments are not recurring, but are for a specific emergency need, such as temporary housing or burial assistance.

¹⁶The DMF is not a record of all deceased individuals. In particular, in November 2011, SSA made a change to the DMF records that it makes available to the public in which it removed about 4.2 million state death records because of legal restrictions on this data.

Appendix I

Scope and Methodology

and birth date all matched), probable (SSN matched, with minor discrepancies in names and/or birth date), and mismatch (SSN matches, but there was no similarity in names and birth date). There were 108 initial definite and probable matches and 12 mismatches.

We focused our field work on those programs that had one or more active beneficiaries in our file of matches and mismatches—Medicaid, Reach Up, 3SquaresVT, seasonal fuel assistance, Ladies First, and CRT. For these programs we reviewed applicable state and federal rules, regulations, and guidance and interviewed program officials to obtain background information on the enrollment and disenrollment processes.

Our field work on the 120 matches and mismatches consisted of 1) comparing the ACCESS record to the beneficiary's application, when available, to confirm that the name, SSN, and date of birth had been entered into the system correctly; 2) obtaining printouts from ACCESS containing data on the individual's benefit and disbursement history; 3) obtaining beneficiary information from systems used by other departments (e.g., Ladies First and CRT programs); 4) obtaining printouts from the MMIS (operated by HP Enterprise Services) related to eligibility and claims for any health care related programs (e.g., Medicaid, Ladies First); and 5) interviewing DCF, Department of Health, and Department of Mental Health program officials.

In performing our analysis, we found that most of our matches and mismatches were the result of 1) seasonal fuel and 3SquaresVT beneficiaries that were flagged as active when the case was actually closed for the applicable program that were attributable to computer programming errors, 2) CRT beneficiaries listed as active even though both ACCESS and the Department of Mental Health system showed them as having program end dates, and 3) data entry errors in ACCESS. We concluded that these types of matches and mismatches were not exceptions related to our objective and excluded them from our results. In addition, there were two matches in which the DMF appeared to have erroneous death information, which we also excluded from our results.

We reviewed internal controls, including those related to information systems, only to the extent that they were applicable to our objective. To perform this work, we obtained walkthroughs of the enrollment and disenrollment processes and reviewed written procedures, where applicable. We also judgmentally selected examples of ACCESS records that contained temporary identification numbers in the SSN field to review the circumstances related to their establishment and to determine whether SSNs were being requested in a timely manner.

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With respect to information system controls, we held discussions with an ACCESS system manager and obtained and reviewed computer code related to the programs that 1) transmit files to SSA for SSN verification and 2) receive the SSA results. With respect to the latter computer program, we compared verification values in the code to those in the SVES manual to confirm that those codes that indicate an anomaly (e.g., SSN and name mismatch or SSN not found by SSA) resulted in a notification to the worker. We also reviewed the results of information technology general control work of ACCESS performed by an outside auditor as part of the most recent Single Audit and obtained and reviewed the results of computer security and risk analyses of this system performed by DCF.

Our audit work was performed between March and early August 2012, and included site visits to DCF in Essex, the Department of Mental Health in Montpelier, the Department of Health in Burlington, and DCF's system function in Montpelier. We conducted this performance audit in accordance with generally accepted government auditing standards, which require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II

Abbreviations

AHS	Agency of Human Services
CRT	Community Rehabilitation and Treatment
DCF	Department for Children and Families
DMF	Death Master File
DMH	Department of Mental Health
IT	information technology
MMIS	Medicaid Management Information System
SSA	Social Security Administration
SSN	social security number
SVES	State Verification and Exchange System
VDH	Vermont Department of Health

Appendix III

Comments from the Secretary of the Agency of Human Services



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September 4, 2012

Thomas M. Salmon, CPA, CFE
Vermont State Auditor
132 State Street
Montpelier VT 05633
20 August 2012

Re: Rpt. No. 12-7

Dear Auditor Salmon,

We have reviewed your draft report pertaining to the recent Human Services programs audit on the ACCESS eligibility system and deceased beneficiaries. AHS and its departments appreciate your office's thoroughness, and the patience demonstrated by your staff throughout the course of the audit. We are concerned about the issues you have raised. We take very seriously our responsibilities as guardians of public dollars and look forward to working with you to improve our performance related to the issuance of benefits and increasing our "program integrity controls" related to the use of temporary identification numbers.

Overall, we are hesitant to rely on the SSA Deaths Master File (DMF) as an authoritative data source of deceased persons. According to the OIG, "...there are about 1,000 cases each month in which a living individual is mistakenly included in the DMF... we remain concerned about these errors, because erroneous death entries can lead to benefit termination and cause severe financial hardship and distress to affected individuals." In addition, since November 2011, the DMF dataset has been left incomplete as it no longer contains protected state-provided death records. Unfortunately, this means that since this date, no Vermont state-provided death registry data is included in the DMF, which we feel is the most authoritative source of death data for Vermont residents that may be receiving benefits. Because of potential inaccuracies and resulting errors from inaccurate DMF sourced data, AHS would prefer to continue using its current SSA SVES feed and its own complete, authoritative data sources found at VDH in the Vital Records systems. The VDH vital records EBRS (Electronic Births Registry) and EDRS (Electronic Deaths Registry) systems are the most accurate data repositories of living and deceased persons in Vermont. Use of these data sources is already planned for inclusion in a master person index which will eventually be applied to all major AHS information systems starting with those comprising health care reform including the eligibility components in ACCESS.

In the audit recommendations provided, our initial analysis leads us to conclude that a few, targeted strategies on our part will resolve the vast majority of issues raised. Other more complex issues require additional consideration and assessment. The recommendations outlined in the report and our responses to each are laid out below:

Recommendation: Obtain death data from SSA quarterly and match this data to all active beneficiaries in ACCESS.

IT and program staff have reviewed the potential to automate these processes. The final assessment has resulted in these conclusions:



Appendix III

Comments from the Secretary of the Agency of Human Services

- a. ACCESS already notifies workers when a death date is received as this data already arrives from a more complete SSA feed that is not the SSA DMF. Economic Services supervisors will be instructed to assure workers begin to immediately verify and then enter the death date information in the case file and make sure other family members are not harmed by the action to change benefits.
- b. Program staff resources necessary to implement such IT changes in the ACCESS system are extensive and would divert staff from the day to day processing of applications and client services. We have a benefits service system struggling to keep up with the work associated with the burgeoning caseloads. For this reason, the staff resources needed for development and testing the new IT changes would have a serious and detrimental impact on service delivery.
- c. Substantial IT fixes would be required. Because our eligibility systems are already being overhauled as part of health care reform, it does not appear prudent to implement significant changes to our current system especially given the extensive nature of the changes required. Previous experience has shown that cost of these changes to the current legacy ACCESS system would greatly surpass the errant benefit expenditures contained in this report many times over. In the future new, overhauled eligibility systems, the AHS will include all relevant data sources including the DMF and the more authoritative, accurate, and timely deaths data source found in the VDH Vital Records systems through the master person index.

Recommendation: Develop and communicate requirements to DCF workers related to the permissible duration for the use of a temporary identification number in the place of an SSN.

Like you, we are very concerned about the potential for fraudulent use of social security numbers of deceased beneficiaries. We researched the rules and procedures pertaining to the above and it is clear that benefit programs have different requirements and are vague regarding the steps the worker should take to obtain a valid SSN, and the consequences (closure or removal of the client) for not doing so. In order to resolve and provide clearer guidance to staff, the "All Programs Team", an internal team which meets monthly, will review the findings of the report at its September meeting. We will let them know we expect to receive their recommendations for policy and practice changes by the end of September, and we will prioritize implementation this fall.

Recommendation: Clarify and communicate requirements to DCF workers related to the permissible duration for resolving SSN discrepancies and the evidence that must be presented if the beneficiary asserts that the disputed SSN is correct.

In addition to what is written above, DCF workers will be presented with a procedural document that will help clarify the process. This document will be reviewed with staff at their weekly staff meeting. This document will also be posted on the Division's intranet site for easy access.

Recommendation: Modify the ACCESS computer program that validates SSNs to include seasonal fuel assistance beneficiaries.

We are currently discussing this possibility with our IT staff. If making this modification can be a quick fix we will move forward and make the change quickly. If not, we will do our best to triage this request along with the other IT priorities. Additionally, changes are now being made to the fuel program to align seasonal fuel benefit with other programs administered by ESD and it will now be considered a year-round program. This change will eliminate issues pertaining to death dates and cases remaining active until the end of the fuel season.

Recommendation: Modify the ACCESS computer program that receives the SSN validation file from SSA to report individuals listed as deceased as a discrepancy and provide this data to workers for follow-up.

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Once we hear back from our IT staff on their review and recommendations we will take the necessary steps as already described above to determine whether or not such a modification will be a quick fix or will need to be assessed and triaged with other IT needs.

Recommendation: Implement a process to verify SSNs with SSA for beneficiaries of the Vermont Department of Health (VDH) Ladies First program and the Department of Mental Health (DMH) non-Medicaid beneficiaries in the CRT program.

If the use of the VDH vital statistics deaths database as described above is not possible, modifying the SSA exchange agreement to allow existing SVES data matching may be necessary. AHS will seek to modify the data exchange agreement with SSA to include the Ladies First and CRT programs in its scope if needed. If needed and acceptable, VDH and DMH will enter into agreements with DCF to ensure that these clients will be included in the existing verification process. The departments will then periodically meet with DCF to assess the process and address problems. As stated earlier, the longer term plan is to improve data quality in all aspects well beyond death status by querying a master person index based on vital records data sources from all AHS information systems including those in CRT and Ladies First.

Thank you for taking the time to review our responses to your draft report. We look forward to answering your questions and addressing any additional concerns you might have.

Sincerely,



Douglas A. Racine
Secretary

Cc: David Yacovone, Commissioner DCF
Patrick Flood, Commissioner DMH
Harry Chen, Commissioner VDH