

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Community Services Agency

BOARD AGENDA # B-10

Urgent

Routine

AGENDA DATE November 24, 2009

CEO Concur with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of the Community Services Agency plan for Fraud Investigations and Program Integrity Efforts for the In-Home Supportive Services Program

STAFF RECOMMENDATIONS:

1. Approve the Community Services Agency plan for Fraud Investigations and program Integrity Efforts for the In-Home Supportive Services (IHSS) Program and authorize Agency participation in the Enhanced IHSS Anti-Fraud Program.
2. Authorize the Chairman of the Board, the Director of the Community Services Agency and the District Attorney to sign the County Response Cover Page and Checklist "Enclosure B".

(STAFF RECOMMENDATIONS continued on Page 2)

FISCAL IMPACT:

Funding for the In-Home Supportive Services Program Integrity Efforts Plan is provided through the State's Budget Act of 2009. Statewide funding is \$26.4 million. Total funds authority provided to Stanislaus County for Fiscal Year 2009-2010 is \$397,775 of which \$333,309 is Federal/State share that requires a County match of \$64,466. Due to the non-mandated nature of this project, CSA is not seeking additional county general funds as match. (FISCAL IMPACT continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2009-790

On motion of Supervisor O'Brien, Seconded by Supervisor Chiesa

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS continued:

3. Direct the Auditor Controller to make the necessary adjustments to the Community Services Agency (CSA) Budget, Program Services and Support as detailed in the Budget Journal form.

FISCAL IMPACTS continued:

Instead, in recognition of the potential for a significant return on investment (ROI), with local savings estimates ranging between \$35,997 to \$179,984, CSA recommends acceptance of the Federal/State revenues with the county share to be provided through program savings. Appropriations of \$397,775 and estimated revenues of \$333,309 in the Community Services Agency Program Services and Support budget for Fiscal Year 2009-2010 are identified in the attached budget journal.

DISCUSSION:

Community Services Agency (CSA) strongly values program and agency integrity. CSA currently has a Special Investigations Unit (SIU) comprised of twenty-four (24) staff that are trained to investigate public assistance fraud, including IHSS fraud. Prior to the legislative change in 2004 (Welfare and Institutions Code (WIC) 12305.82), the SIU at CSA completed all IHSS Fraud Investigations for Stanislaus County. These investigations were completed timely and thoroughly and often resulted in discontinuance or denial of benefits, as well as overpayments and in some cases, referrals to the District Attorney for prosecution. Although counties are now limited in scope by the \$500.00 maximum overpayment allowed to be investigated at the county level, pursuant to WIC 12305.82(c), the State Department of Health Care Services (DHCS) has identified a desire to work collaboratively with CSA's SIU through a team-based investigations approach built on resource-sharing.

With the new legislation, the state DHCS will be hiring additional IHSS fraud investigators at the state level, and those investigators will be handling referrals for potential overpayments above \$500 for the entire state; however, even with additional staff, they are not equipped to handle the high volume of IHSS fraud investigations statewide, and they will not be handling potentially fraudulent cases at intake, which is the ideal time to prevent and detect fraud. Thus, they have indicated that they would like to use a team-based approach for fraud investigations in Stanislaus County, which will allow our local investigators resource sharing, including access to program match data and information available only at the state level, and will ensure that we are able to successfully identify and detect fraud at all levels of IHSS in Stanislaus County. This will further enhance our anti-fraud efforts and will also further increase our return on investment due to ongoing case discontinuance for fraud and overpayments collected.

Approval of the Community Services Agency Plan for Fraud Investigations and Program Integrity Efforts for the In-Home Supportive Services Program
Page 3

On October 6, 2009 the Board of Supervisors referred to the Community Services Agency (CSA) a letter from the California Department of Social Services (CDSS) dated September 25, 2009. The letter notifies Counties of funding for fraud investigation and program integrity efforts related to the In-Home Supportive Services (IHSS) program pursuant to the California State Budget Act of 2009. The letter solicits county proposals to use the \$26.4 million for these IHSS program integrity activities through June 30, 2010. If Stanislaus County chooses to participate in the program, the Agency must submit a plan and receive CDSS approval. A draft plan was submitted to CDSS by the November 1, 2009 deadline. The final plan, and the budget for implementation, must be approved by the County Board of Supervisors, prior to submission to CDSS for approval by December 1, 2009.

CSA developed the attached In-Home Supportive Services Program Integrity Efforts Plan that requires the Board of Supervisors approval and signature on the attached "Enclosure B". If approved, the total funds authority for Stanislaus County in Fiscal Year 2009-2010 is \$397,775 of which \$333,309 is Federal/State share that requires a County match of \$64,466. Due to the non-mandated nature of this project, CSA is not seeking additional county general funds as match. Instead, in recognition of the potential for a significant return on investment (ROI), with local savings estimates ranging between \$35,997 to \$179,984, CSA recommends acceptance of the Federal/State revenues with the county share to be provided through program savings. The Agency recommends the use of departmental fund balance should the return on investment not materialize at a rate equal to the county match of \$64,466 by fiscal year end. Actual IHSS Fraud referrals made in Fiscal Year 2008-2009 equate to only 1.1% of the IHSS caseload; anecdotal information and statewide estimates of IHSS Fraud would support a range of 5 to 25% actual incidence as reflected in the estimated project ROI. Any utilization of fund balance will be considered in future fiscal year plans related to ongoing participation in the IHSS Program Integrity project.

The Agency's plan is to implement a robust early fraud detection pilot program to identify, deter and prevent fraud in the early stages of the IHSS program. Specifically, the SIU will work with IHSS caseworkers in the Adult Services division to provide training on how to detect and prevent fraud during the application process. The SIU Investigators will partner with IHSS workers to conduct unannounced field visits and assist with customer interviews as needed. The investigations will include both relative and non-relative providers as well as recipients. The plan proposes to fund three (3) personal service contracts or extra-help Special Investigator I/II's, one (1) extra-help Accountant II, one (1) personal service contract or extra-help Fraud Technician. In addition funding would be used for four (4) law enforcement background investigations, peace officer required safety equipment, and specialized law enforcement electronic surveillance equipment needed for the investigations, totaling \$397,775. It is recommended to add the new staff as extra-help due to the uncertainty of the sustainability of the funding in future fiscal years, throughout the State Budget process. Should it become clear that the funding is stable for multiple years, and the pilot program has proven to be successful with a positive return on investment of local

funds, The Department may return to the Board to request the addition of regular full-time staff to continue the program as funding allows. The target implementation date is January 1, 2010. CSA will report fraud findings back to the Board of Supervisors in August 2010 following the end of Fiscal Year on June 30, 2010. The final annual report will include baseline results from FY 2008-2009 and actual return on investment from the pilot project period.

POLICY ISSUES:

Approval of the Community Services Agency In-Home Supportive Services Program Integrity Efforts Plan supports the Board's priorities of *Efficient delivery of public services and Effective partnerships* and *Effective partnerships* by working with county partners to investigate and prosecute fraud which strengthens program integrity and may generate a positive return on investment to save county money.

STAFFING ISSUES:

Existing Agency staff will implement the pilot project, Fraud Investigations and Program Integrity Efforts for the IHSS Program, with the addition of extra-help and contract personnel during the first year of funding.

**Stanislaus County
Community Services Agency
Plan for In-Home Supportive Services Program Integrity Efforts
October 29, 2009**

The Stanislaus County Community Services Agency (SCCSA) strongly values program and agency integrity. SCCSA currently has a Special Investigations Unit (SIU) comprised of twenty-four staff who are trained to investigate public assistance fraud, including IHSS fraud. Prior to the legislative change in 2004 (WIC 12305.82), the SIU at SCCSA completed all IHSS Fraud Investigations for Stanislaus County. These investigations were completed timely and thoroughly and often resulted in discontinuance or denial of benefits, as well as overpayments and in some cases, referrals to the District Attorney for prosecution. Although counties are now limited in scope by the \$500.00 maximum overpayment allowed to be investigated at the county level, pursuant to WIC 12305.82(c), SCCSA is prepared to implement a robust early fraud detection pilot program to identify, deter and prevent fraud in the early stages of the IHSS program.

The SCCSA plan for implementation of the IHSS program integrity efforts consists of the following components (as required by CDSS):

Fraud Referrals/Outcomes

The SCCSA SIU will hire three additional contract or extra-help Special Investigators and one contract or extra-help Fraud Technician, as outlined below in “Proposed Budget”, to investigate referrals for suspected fraud submitted by IHSS caseworkers, as well as to conduct early fraud prevention/detection interviews and home visits on a random sampling of intake cases. The minimum number of IHSS cases investigated each month shall be no less than one hundred (100), and shall include both relative and non-relative care providers.

The referrals and outcomes will be submitted and tracked electronically in the C-IV automated welfare system, SIU section, which already has all of the necessary investigation tracking mechanisms in place. Any additional tracking and/or reporting requirements needed outside the C-IV system will be tracked by an extra-help accountant.

The SCCSA and Stanislaus County District Attorney’s Office (DAO) work together with investigation and prosecution of public assistance fraud. The investigation component is handled by the SIU at the SCCSA, and the prosecution activity is handled by the DAO.

IHSS Overpayments/Underpayments

All overpayments identified as a result of the investigations will be set up by the SIU eligibility specialist when the amount is under \$500 (pursuant to WIC 12305.82(c)). For

those potential overpayments that may exceed \$500, a referral will be made to the Department of Health Care Services (DHCS) for further investigation. Upon determination from DHCS that an overpayment is warranted, the current or last assigned County IHSS worker will set up the overpayment. All underpayments will also be identified and set up by the County IHSS worker.

It should be noted that the focus of this pilot plan, due to the limited scope of investigation allowed by law, will be early fraud prevention and detection at intake, which generally results in a large cost-avoidance savings and not necessarily an overpayment. Early fraud has historically been the largest return on investment in any public assistance program. All cost-avoidance savings will be tracked and outcomes will be reported. Cost-avoidance savings will be calculated based on a yearly savings amount (twelve months for each denial or discontinuance). Conducting this pilot program will provide SCCSA with the opportunity to establish baseline results of fraud in the IHSS program and will help in improving efficiency. Once baseline results are established, the actual return on investment will be determined and reported as requested.

Collaboration and Partnerships with the District Attorney's Office

SCCSA SIU partners with the DAO for prosecution of those who commit public assistance fraud. A dedicated prosecutor is already contracted by SCCSA and is assigned to the SIU for handling public assistance fraud cases. This has been a successful partnership that resulted in 84 criminal convictions for public assistance fraud in other programs in FY 08/09.

In 2008, one notable case was an IHSS case that involved a caseworker at SCCSA. DHCS granted the SCCSA SIU authority to conduct this investigation due to the internal employee being the suspect. The dollar amount involved in the case was small (approximately \$200/month being paid out); however over time, with an ongoing case, the loss would be much larger as it accumulates. The investigation was thoroughly conducted by SIU using effective electronic surveillance methods and techniques, and the end result was evidence that the SCCSA employee/care provider was not providing the care she claimed to be providing to her relative. This resulted in an overpayment of \$558.77 for the months the investigation was conducted, and more importantly, it resulted in the case being discontinued, as well as appropriate personnel action for the employee. In addition, through our partnership with the DAO, the employee/suspect was prosecuted and convicted of fraud and will serve a 10 year penalty disallowing her to be an IHSS provider.

In addition, in 2005, another notable case was that in which a provider falsified time cards claiming he cared for his relative while the relative was in an inpatient care facility. This investigation was conducted by SIU and resulted in an overpayment of \$1,731.96. The DAO, through our partnership, filed charges and due to the provider's criminal history, obtained a felony conviction with prison time and will serve a 10 year penalty disallowing him to be an IHSS provider.

Collaboration and Partnerships with the California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS)

SCCSA currently has an electronic database that tracks all referrals made to DHCS and the outcomes associated with each referral. This will continue to be tracked and reported out to CDSS upon request and as required.

The SCCSA SIU already has a working relationship with the DHCS investigators and will continue to collaborate with them on joint investigations, referrals and prosecutions. The SIU Chief has had preliminary discussions with the Chief Investigator at DHCS and they will work together to share resources needed to combat IHSS fraud. The SCCSA SIU will be available to assist with any DHCS IHSS fraud investigations.

Mechanism for Tracking/Reporting

SCCSA will track and report referrals and outcomes to CDSS as requested and annually when final data for the SFY is due on August 1, 2010. In addition to this specialized IHSS fraud reporting, we will continue to submit the Fraud Investigation Activity Report (DPA 266) to CDSS each month as required, which will also include much of the required data.

The mechanism used for tracking and reporting will be the automated C-IV system, the electronic database already in use, and manual tracking as needed by an accountant assigned to this function.

County's Current and Proposed Anti-Fraud Activities

The county currently conducts Quality Assurance (QA) reviews as required and will continue to do so; however, since the legislative change in 2004, no early anti-fraud investigative activities have been conducted.

The investigative staff added with this funding will be responsible for conducting random reviews of intake cases to ensure initial eligibility for the program. The reviews will include a review of the case file, interviews with the recipient and/or provider, and an unannounced home visit to assess the situation. In cases where fraud is suspected but not easily identifiable, further investigation will continue, which will often times include electronic surveillance to thoroughly assess the situation. Electronic surveillance has proven to be an extremely useful tool in resolving IHSS fraud investigations.

Both the QA activities and the early fraud investigation activities will be tracked and reported. The QA activities will provide error rate information, and the early fraud investigation activities will provide cost-avoidance savings.

County Proposed Budget for Utilization of Funds

The proposed funding available will be utilized as follows:

- 3 Personal Service Contract or Extra-Help Special Investigator I/II's \$218,260
 - 1 Extra-Help Accountant II \$ 37,000
 - 1 Personal Service Contract or Extra-Help Fraud Technician \$ 37,000
 - 4 law enforcement background investigations (including Psychological evaluation, polygraph and medical exam) \$ 12,400
 - Peace officer mandatory safety equipment \$ 3,000
 - Specialized law enforcement investigative electronic surveillance equipment
 - Covert Tracking/Locating Devices \$ 15,000
 - Portable Video Surveillance Equipment \$ 25,000
 - Handheld Video Recording Devices \$ 25,000
 - Audio Transmitting/Recording Equipment \$ 25,115
- \$ 397,775

At this time, SCCSA is recommending adding the new staff as Contractors or Extra-Help employees due to the uncertainty of the sustainability of the funding. Should it become clear that the funding is stable for multiple years, and the pilot program has proven to be successful, a recruitment for regular full-time staff will be conducted.

Description of how the County will Integrate Other Program Integrity Efforts within the Plan

The SIU will work with IHSS caseworkers in the Adult Services IHSS division to provide training on how to detect and prevent fraud during the application process. The SIU investigators will be available to partner with the IHSS workers to conduct unannounced field visits as needed and requested for anti-fraud and/or quality assurance measures. The SIU investigators will also be available to assist IHSS workers with in-office interviews upon request, when there is a potentially fraudulent customer. The investigators will work with the Adult Services Division to incorporate a Fraud Deterrent segment in the IHSS Provider Orientation.

Annual Outcomes Report

SCCSA will use the tracking mechanisms in place to provide an annual outcomes report to CDSS by August 1, 2010, and each year thereafter as applicable, identifying activities, data and other outcomes associated with the prevention, detection, investigation and prosecution of IHSS fraud.

Summary

SCCSA is looking forward to the opportunity to increase program integrity efforts in our IHSS program. Please accept our plan for fraud investigation activity and know that SCCSA is prepared to implement this plan within sixty (60) days following funding, with a target date of January 1, 2010.



COMMUNITY SERVICES AGENCY

Christine C. Applegate
Director

251 E. Hackett Road
P.O. Box 42, Modesto, CA 95353-0042

Phone: 209.558.2500 Fax: 209.558.2558

BOARD OF SUPERVISORS

2009 NOV 24 A 11: 53

November 25, 2009

Carrie Stone, Manager
QA Monitoring Unit
CDSS, APB
744 P Street, MS 19-96
Sacramento, CA 95814

FAX: (916) 229-3160

RE: Funding for Fraud Investigations and Program Integrity Efforts Related to the In-Home Supportive Service Program pursuant to the California State Budget Act of 2009.

Dear Ms. Stone,


Please accept the following information as Stanislaus County's **final plan with Board Approval**, for funding fraud investigations and program integrity efforts related to the In-Home Supportive Services program.

- Enclosure B – County Response **Board Approved** Cover Page and Checklist
- Detailed Final Plan Including Required Components in Enclosure C
- Enclosure D – Data Reporting Spreadsheet

If you need any further information, or have any further questions at this time, please contact SIU Chief Elizabeth Beck at (209) 558-2880.

Sincerely,


Christine C. Applegate, Director
Community Services Agency


Birgit Fladager, District Attorney
District Attorney's Office



Enclosure B

COUNTY RESPONSE COVER PAGE – MUST BE FULLY COMPLETED AND
SUBMITTED WITH PLAN AND DATA

Stanislaus County is requesting participation in the Enhanced Anti-Fraud Program
and will submit a Plan and Data as described above, by November 1, 2009.

Board of Supervisor Approval

Approved on November 24, 2009, by the County Board of Supervisors

Name of Approver: Jim DeMartini

Signature 

Name of County District Attorney Representative: Birgit Fladager

County District Attorney Representative Telephone #: 209-525-5550

Email Address: Birgit.Fladager@standa.org

Name of County Welfare Department Representative: Christine C. Applegate

County Welfare Department Representative Telephone #: 209-558-2500

Email Address: Applegatec@stancounty.com

Enclosure B
Page Two

CHECKLIST OF REQUIRED COMPONENTS TO BE INCLUDED IN THE PLAN

NOTE: Failure to include any of the following required components in the Plan, as outlined in Enclosure C, may result in non-award of funds:

IHSS Overpayments/Underpayments Activities and Data

IHSS Fraud Referrals/Outcomes Activities and Data

Collaboration and Partnerships with District Attorney's Office (DAO) related to the IHSS Program

County Collaboration and Partnerships with California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) related to the IHSS Program

Mechanism for Tracking/Reporting IHSS Fraud Data and Activities

County's Current and Proposed Anti-Fraud Activities related to the IHSS Program

County Proposed Budget for Utilization of Funds (use Enclosure A as a guideline)

Description of how the County will integrate other Program Integrity Efforts into the Plan

Commitment to produce an Annual Outcomes Report (due August 1 of each year)

Data Reporting Spreadsheet (Enclosure D – includes data from 2004 to present)

County of Stanislaus: Auditor-Controller Legal Budget Journal

Database
Set of Books

FMSDBPRD.CO.STANISLAUS.CA.US.PROD
County of Stanislaus

Balance Type	Budget
Category	* List - Text Budget - Upload
Source	* List - Text
Currency	* List - Text USD
Budget Name	List - Text LEGAL BUDGET
Batch Name	Text
Journal Name	Text
Journal Description	Text CSA FY 2009/10 IHSS Program Integrity Board Item Budget Adjustment
Journal Reference	Text Estimated Revenue and Expenditure Appropriation changes
Organization	List - Text Fund 1631 - Org 45051

Upl	Fund	Org	Acc't	GL Proj	Loc	Misc	Other	Debit		Credit		Period	Line Description
								incr appropriations	decr appropriations	decr est revenue	incr est revenue		
4	7	5	7	6	6	5	(format : number > general)		MMM-YY	List - Text	Text		
	1631	0045051	0050000	0000000	000000	000000	000000	000000	226,000			NOV-09	Salaries and Wages
	1631	0045051	0065860	0000000	000000	000000	000000	000000	171,775			NOV-09	Investigations
	1631	0045051	0021060	0000000	000000	000000	000000	000000		150,410		NOV-09	St Admin-IHSS
	1631	0045051	0027184	0000000	000000	000000	000000	000000		182,899		NOV-09	Fed Admin-IHSS HR Title XIX

Totals: 397,775 333,309

Explanation: Estimated Revenue and expenditure appropriation adjustments necessary due to FY 09/10 IHSS Program Integrity board item.

Requesting Department	CEO	Data Entry	Auditors Office Only
<i>Chris Davis</i> Signature	<i>Patricia Adams</i> Signature	Angelica Ramos Keyed by	<i>[Signature]</i> Prepared By
11/10/09 Date	11/20/09 Date	10/28/2009 Date	11/13/09 Date