



ACT 22 REPORT

State Fiscal Year 2018-2019

Department of Human Services

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Table of Contents

Background – Page 1

DHS’s Program Integrity Goals – Page 1

Definitions – Page 2

Information Technology Enhancements – Page 2

Act 22 Requirements – Page 4

Descriptions of Data Exchanges – Page 4

Total Number of Data Exchange “Hits” – Page 8

Cost Avoidance from Data Exchanges (Chart) – Page 10

Background

The Department of Human Services (DHS) is pleased to submit this report, as required by Act 2011-22, § 2 (adding § 432.23(c)(1)):

“No later than one year after the effective date of this section and every year thereafter, the department shall provide a written report to the Governor, the General Assembly, the chairperson and minority chairperson of the Public Health and Welfare Committee of the Senate, the chairperson and minority chairperson of the Health Committee of the House of Representatives and the Inspector General detailing the results of the implementation of this section, including, but not limited to, the following information:

- (i) The number of case closures.
- (ii) The savings resulting from the use of the verification system.
- (iii) A listing of the data required under subsection (a) that the department was unable to obtain or access, and a description of the department’s efforts to obtain or access the data.
- (iv) Any actions taken by the department to qualify the Commonwealth for continued or enhanced federal funds and a description of why the action was necessary.

Act 22 amended the Act of June 13, 1967, P. L.31, No. 21 of the Human Services Code, to impose additional requirements to verify eligibility for DHS benefits. Section 432.2 of the Act requires all applicants and recipients of assistance to cooperate with DHS in providing and verifying information necessary to determine initial or continued eligibility assistance. Currently, over 3 million Pennsylvanians receive assistance from DHS programs.

DHS’s Program Integrity Goals

DHS continually conducts an inventory of program integrity efforts and develops strategies for future program integrity initiatives. Our focus is not just waste, fraud, and abuse, but also efficiency, effective government, and responsible public policy. We work collaboratively with state and federal agencies to ensure that instances of fraud and abuse are identified and reviewed appropriately. Our program integrity goals include:

- Identify, monitor, and eliminate waste and misuse of taxpayer dollars to protect the availability of services delivered for truly needy and eligible recipients.
- Administer services that are both cost-effective and of the highest quality by properly funding, evaluating, and managing them with careful regard to best value and verified need.
- Increase consistency in collecting, sharing, and analyzing useful information across multiple program offices to proactively minimize the potential for waste, fraud, and abuse and support effective decision making.

- Hold providers, recipients, retailers, and employees accountable for understanding and complying with stated program requirements.

The following sections contain details on some of our program integrity initiatives and showcase our efforts to fight waste, fraud, and abuse.

Definitions

DHS continues to use the following definitions for cost avoidance, cost savings, and recoveries:

- Cost Avoidance – A proactive methodology to circumvent inappropriate expenditures from being made
- Cost Savings – Programmatic changes that result in decreased expenditures
- Recoveries – Dollars spent and returned to the Commonwealth, to the issuing federal agency, or returned to the block grant as appropriate

For budgetary transparency, the cost avoidance is broken out between state and federal funding streams.

Information Technology Enhancements

DHS recognizes that smart investments in information technology can enhance the integrity of our programs. Act 22 acknowledged this fact, and we are pleased to report the following program integrity-related information technology enhancements to our eligibility system:

- Identity (ID) Proofing/Verification – The implementation of an interface with Equifax will allow DHS to remotely verify the identity of an applicant or recipient of benefits:
 - Planned– A real-time interface will verify the identity of the Head of Household of an application for DHS benefits, which is submitted through the COMPASS website. The applicant will be presented with a set of questions to which only they would know the answers. If the questions are answered correctly, their identity is electronically verified.
 - DHS posted the request for proposals (RFP) for this initiative on June 8, 2015. The RFP included several data-related matches and was inclusive of identity proofing. Once proposals were reviewed, it became clear that the RFP would need to be separated into lots to award contracts as the request as written was not yielding desired results. The RFP was reposted on March 6, 2016, and a vendor was selected in April 2017. DHS and the awardee have finalized the contract and anticipate implementation in the Fall of 2019.
- Asset Verification System – DHS implemented an automated interface with Lexis Nexis as Exchange 12 which was made available for caseworkers in August 2018.

All Medicaid cases are sent to determine potential assets to be evaluated in the determination of eligibility per CMS mandate. The exchange allows DHS to determine potential assets, including the following:

- Bank and credit union accounts, including vacation and Christmas clubs, checking and savings accounts, savings certificates, certificates of deposit (CDs), and money market funds
 - Stocks and bonds
 - Mutual funds
 - Savings bonds
 - Unrestricted trust accounts
 - Burial reserves and prepaid funerals
 - Individual retirement accounts (IRAs) and Keogh funds
 - Boats, all-terrain vehicles (ATVs), snowmobiles, etc.
 - Motor vehicles
 - Life insurance
 - Real property (including mobile homes)
 - Educational Savings Plans
 - Lump sum payments such as, but not limited to, tax or rent rebates, insurance benefits, and inheritances
 - Promissory Notes, Loans, and Mortgages
- DHS continues to automate case actions as appropriate. Automation of case action allows updates to be made to cases based on information received from a data exchange. For these cases, once information is received, the update is made to the case and benefits based on information received. No caseworker action is needed. This enhancement expedites case updates.

Act 22 Requirements

Descriptions of Data Exchanges

DHS currently uses 12 data exchanges to verify benefit eligibility. These exchanges include data on wages from the Internal Revenue Service (IRS) and other sources, lottery winnings, new hires, unemployment compensation, Social Security benefits, incarceration, and benefits received in other states. The chart below demonstrates the number of data exchange matches also known as “hits” generated for the most recent State fiscal year 2018-2019. The following is a description of each data exchange.

Exchange 1 – Wage

Data Exchange 1 contains three types of data from two separate sources. The Pennsylvania Department of Labor and Industry (L&I) provides quarterly wage data as well as State New Hire information. The Administration for Children and Families (ACF) provides National New Hire data.

Quarterly wage data is provided monthly and contains information from the first six quarters preceding the date of the file exchange. Employers have three months following the end of a quarter to report earnings. If the employer reports late, the information may not be available at the time of the match.

State New Hire information is provided daily, and matches are run against all current recipients to determine if they have been reported as newly hired for a job in Pennsylvania. Employers must report new hire data to L&I within 20 days from the date of hire.

National Database of New Hire data is processed on a monthly basis. Matches are run for all Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) recipients to determine if they have been reported as newly hired for a job in another state.

Exchange 2 – Unemployment Compensation (UC)

Data Exchange 2 provides information obtained from L&I’s Office of Employment Security Unemployment Compensation Payment file.

All active UC claim and UC benefit payment information for the six quarters preceding the exchange date is provided by L&I. Information is obtained for all Pennsylvania claims and out-of-state claims filed through Pennsylvania. This includes Extended UC benefits as authorized by the federal government. The match does not provide information on Trade Reduction Benefits (TRA) or Disaster Unemployment Assistance (DUA) UC benefits.

All active recipients are matched on a monthly basis, and daily requests for information can be entered by CAO staff on an as-needed basis.

Exchange 3 – Beneficiary and Earnings Data Exchange (BENDEX)

Data Exchange 3 provides information obtained from the Social Security Administration's (SSA's) Master Benefit Record (MBR). The information consists of Social Security Title II benefit information. Other information includes Supplemental Security Income (SSI) benefits, Medicare A and B information, and Railroad Retirement Board benefits. However, the individual must have applied for Title II benefits for any information to be released by SSA. Information includes benefit entitlement and termination dates, changes in claim status, cost of living adjustment increases, claim account numbers, Title II benefit amount, and Medicare Part B premium amounts. The information provided is current as of the date of the exchange. Only the information available as of the date of match is provided. No historical information is provided. SSA updates the MBR file as changes occur and sends notice of changes to DHS daily.

Exchange 4 – Earnings Reference File (ERF)

Data Exchange 4 provides information obtained from the SSA's Earning Reference File. SSA obtains this information from the IRS record; therefore, Exchange 4 information is governed by strict IRS confidentiality guidelines.

Annual wages from self-employment, out-of-state employment, and private pension payments as reported from W-2 and W-2P tax forms are provided through this match. Only the most recent calendar year reported as of the exchange date is provided. SSA updates its files during July and August of each year. When the update is processed, SSA automatically sends DHS the new information. Most information will begin being updated from SSA in August of each year.

Exchange 5 – IRS Unearned Income File

Data Exchange 5 provides information obtained from the IRS Unearned Income File. Information provided includes interest income, dividends, and other unearned income as reported to the IRS by the sources of the unearned income during the preceding calendar year. These sources usually include stock brokers, large corporations, banks, and other financial institutions. The sources report to the IRS in January for the preceding calendar year. IRS updates its file in January, or as reports are received. Most updates are posted by July and reflect information from the preceding calendar year.

During July each year, all active recipients are automatically sent to the IRS by the system for an annual update. The response is due back from the IRS by late July or early August.

Exchange 6 – State Data Exchange (SDX)

Data Exchange 6 provides SSA's updates to the Supplemental Security Record (SSR) files for SSI. SSA sends DHS updates several times a week, which includes information on pending SSI applications, rejections, as well as all newly authorized SSI benefits for recipients residing in Pennsylvania. These files provide DHS with eligibility, payment information, and demographic data relating to SSI claimants and recipients in order to establish eligibility for and authorize Medical Assistance. These files also include updated information relating to changes in already active SSI records.

Exchange 7 – Buy-In

Data Exchange 7 provides enrollment information to and from the Centers for Medicare & Medicaid Services (CMS) for Buy-In. The Buy-In program was created to help low-income Medicare beneficiaries pay their share of the Medicare premiums and in some instances, deductibles and co-payments. Medicare beneficiaries are eligible for different Buy-In programs, depending on their income.

Buy-In is jointly handled by state governments, CMS, and SSA. CMS administers the Medicare program and handles the exchanges of information between the states and SSA for all enrollments, deletions, and other changes to the recipient's Medicare and Buy-In eligibility. Transactions are sent to and returned from CMS daily.

Exchange 8 – Deceased Persons Match (DPM)

Data Exchange 8 includes data matches with the Pennsylvania Department of Health (DOH), Pennsylvania Managed Care Organizations (MCOs), and SSA's Death Master File (DMF) for deceased persons' information. It is intended to provide CAO staff with the information needed to avoid authorizing an individual that has been reported to another source as deceased, and to remove deceased individuals from active cases. The match also serves the purpose of providing the Office of Medical Assistance Programs (OMAP) with the capability to recoup funds paid for those recipients whose nursing home benefits and other services continue after the date of death. Matches with the MCOs occur weekly and with DOH and SSA monthly.

Exchange 9a – Public Assistance Reporting Information System (PARIS)

State Public Assistance Agencies (SPAAs) entered into an agreement with ACF for the PARIS project for the matching of public assistance recipient files. On a quarterly basis, the SPAAs participating with ACF submit state files to ACF for matching of other states' program recipients' data. Each state reviews the matches and initiates appropriate and necessary actions to establish and verify eligibility.

Data Exchange 9a provides matching information from PARIS participating agency data files on a quarterly basis. The purpose is to determine if recipients may be receiving some type of benefit inappropriately or have simply not reported receipt of another benefit to which they may be entitled in another state.

Exchange 9b – PARIS Veteran Administration (VA)

Data Exchange 9b matches data from the VA regarding benefits that recipients may be receiving from the VA. All current recipients are processed through the match on an annual basis.

Exchange 10 – Commonwealth Judicial Inquiry System (CJIS)

Data Exchange 10 provides criminal history information from the following sources:

- The Administrative Office of Pennsylvania Courts (AOPC) provides information on individuals with outstanding warrants or imposed fines, costs, and restitution amounts.
- DOC provides information on individuals incarcerated in state or county prisons.

- The Pennsylvania Board of Probation and Parole (PBPP) provides information on individuals currently on probation or parole.
- The Prisoner Verification System (PVS) maintained by SSA provides matches of federal, state, and local prisoners incarcerated more than 30 days.

Information from AOPC, DOC, and PBPP is provided to DHS as updates are made in their systems. PBPP provides updates daily, and DOC and AOPC provide updates weekly. Information from PVS is provided at application, reapplication, and upon request of the CAO. A quarterly match is also conducted of all active recipients.

Exchange 11 – Lottery

Data Exchange 11 provides information obtained from the Pennsylvania Department of Revenue (DOR) on lottery winnings. A file is matched monthly for all recipients to verify if they have received any lottery winnings in the prior month.

Exchange 12- Asset Verification System

Data Exchange 12 provides information from Lexis Nexis on resources owned by individuals including bank accounts, real property, investments, and recreational vehicles such as boats, ATVs and airplanes. The information is matched automatically at application and renewal and can be manually requested by the worker if needed.

Additional Exchanges Required by Act 22

Act 22 requires three exchanges that are not currently part of the DHS data exchange system. Below is each of those exchanges and the current status.

- Public housing and section 8 payment information maintained by the U.S. Department of Housing and Urban Development (HUD).
 - HUD utilizes exchanges with the SSA and the IRS to verify reported income which are the same exchanges currently utilized by DHS.
 - DHS requests verification of household from lease and other housing agreements provided by the applicant for benefits per state and federal laws. Collateral contact can be made with the local housing offices as needed or landlord statements can be requested. The Office of State Inspector General investigates as requested by the local CAO to determine household compositions.
 - According to HUD data, approximately 146,000 households receiving housing assistance receive a DHS benefit. This equates to six percent of the DHS caseload.
 - DHS will continue to explore the use of HUD data, but it is not cost efficient to create an exchange given the information from HUD is already received in another way and is for a small percentage of the DHS caseload.
- Wage reporting and similar information maintained by states contiguous to this Commonwealth.

- DHS will continue to pursue data exchange agreements with contiguous states. These agreements are complex as they are not only interagency agreements but are also interstate agreements.
 - In the interim, DHS receives information related to new hires for both SNAP and TANF cases. Many of these cases include Medicaid as well as another benefit. In addition, DHS receives IRS information which provides tax return data. This information is relevant and provided regardless of the source of the income.
- The database of all persons who currently hold a license, permit, or certificate from a Commonwealth agency, the cost of which exceeds one thousand dollars (\$1,000).
 - DHS spoke with representatives from the Department of State regarding this information. Only one license exceeds the statutory \$1,000 threshold. It is a license for an appraisal management company. The license is held by a company and not an individual; therefore, no exchange has been implemented to date.

Total Number of Data Exchange “Hits”

	2018-2019
Exchange 1 – Wage	2,792,011
Exchange 1 – New Hires	720,744
Exchange 1 – National Database of New Hires	92,943
Exchange 2 – Unemployment Compensation	396,058
Exchange 3 – Beneficiary and Earnings Data Exchange	1,354,602
Exchange 4 – Earnings Reference File	7,344
Exchange 5 – IRS Unearned Income File	38,321
Exchange 6 – State Data Exchange	625,763
Exchange 7 – Buy-In	318,448
Exchange 8 – Deceased Persons Match	29,294
Exchange 9a – Public Assistance Reporting Information System (PARIS) Interstate Match	100,723
Exchange 9b – PARIS Veterans Administration Match	18,117
Exchange 10 – Commonwealth Judicial Inquiry System	848,794
Exchange 11 – Lottery	27,054
Exchange 12 – Asset Verification	272,763
TOTAL	7,642,979

Cost Avoidance from Data Exchanges

When a CAO caseworker receives a data exchange hit, the caseworker will determine if the information requires any action to be taken on the recipient's benefit. The caseworker will then dispose the hit with a code to indicate how the data exchange impacted the recipient's benefit. For this report, to identify which benefits were closed due to the data exchange information, we identified all the exchange hits that were disposed with a disposition code of '**C - Budget Closed.**' (Note: For the Exchange 6 (SDX), only one disposition code is available to the caseworkers. To determine which benefits were closed due to these hits, we compared the date of the exchange hit generation to the date of the benefit closure. If a benefit was closed within thirty (30) days of the generation of an Exchange 6 hit, it was inferred that this closure was a result of the data exchange).

In order to calculate the amount of the cost avoidance, DHS must first determine the number of individuals in each case that was closed due to the respective data exchanges. We identified the total number of individuals who were associated to the benefit grant for SNAP and TANF. For Medicaid, we derived the number of closed individuals using the average number of individuals per Medicaid budget.

The following charts illustrate the number of case closures and the cost avoidance resulting from the use of our verification system and the data exchanges. The charts show the State Fiscal Year (SFY) 2018 – 2019 results for Medicaid, SNAP, and TANF.

Cost avoidance is calculated as follows:

- *Medicaid* – Individuals Closed (see note below) x Average Capitation rate (\$555.07) x 6 months. The state-funded cost avoidance is based on the average of 60% Federal Medical Assistance Percentages (FMAP)
- *SNAP* – SNAP benefits are 100 percent federally funded so no state cost avoidance is calculated
- *Cash Assistance* – TANF is a federal block grant. No state cost avoidance is calculated.
- *General Assistance cash assistance*- The General Assistance (GA) program provided a monthly cash assistance allowance to low-income persons who did not meet the requirements for the TANF program but met specific financial and non-financial eligibility criteria. GA was 100 percent state funded and was reopened in November 2018 due to the Pennsylvania Supreme court's invalidation of Act 2012-80. GA ended on August 1, 2019 due to passage of Act 2019-12.

Note: Since eligibility recertification occurs every six months, DHS selected a six-month timeframe for cost avoidance. Please note that the CMS standard is 12 months. Because many recipients receive Medicaid in addition to another benefit, we used the six-month timeframe for all benefits. In addition, cost avoidance reflects data exchange impact on existing recipients. The report does not capture rejected applications due to data exchanges as no funds were expended prior to approval of an application for benefits. DHS cannot determine at the headquarters level whether the application was denied due

to information on the data exchange, due to some other information received by the individual CAO caseworker, or due to some combination of the two.

MEDICAID (MA) SFY 2018-2019				
Data Exchange	Cases Closed	Individuals Closed	Total Avoidance	State Avoidance
1. Wage	19,519	20,113	\$ 66,984,737	\$ 26,793,895
2. Unemployment Compensation	2,934	2,942	\$ 9,798,096	\$ 3,919,238
3. BENDEX	4,899	5,016	\$ 16,705,387	\$ 6,682,155
4. ERF	31	31	\$ 103,243	\$ 41,297
5. IRS	239	241	\$ 802,631	\$ 321,052
6. State Data Exchange (SDX)	2,793	2,814	\$ 9,371,802	\$ 3,748,721
7. Buy-In	3,733	3,741	\$ 12,459,101	\$ 4,983,640
8. Deceased Persons Match	4,588	4,591	\$ 15,289,958	\$ 6,115,983
9. PARIS	4,720	6,065	\$ 20,198,997	\$ 8,079,599
10. Criminal Justice (AOPC, DOCC, NCIC, PBPP)	4,921	4,925	\$ 16,402,319	\$ 6,560,927
11. Lottery	23	23	\$ 76,600	\$ 30,640
12. Asset Verification	1,913	2,061	\$ 1,235,466	\$ 494,187
Totals	50,313	52,563	\$ 169,428,337	\$ 67,771,335

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) SFY 2018-2019				
Data Exchange	Cases Closed	Individuals Closed	Total Avoidance	State Avoidance
1. Wage	7,709	16,797	\$ 8,901,222	\$ -
2. Unemployment Compensation	2,183	4,594	\$ 1,732,833	\$ -
3. BENDEX	2,274	3,328	\$ 1,499,550	\$ -
4. ERF	43	83	\$ 65,730	\$ -
5. IRS	45	79	\$ 40,902	\$ -
6. State Data Exchange (SDX)	9,838	22,425	\$ 12,589,929	\$ -
7. Buy-In	2,323	2,650	\$ 1,858,362	\$ -
8. Deceased Persons Match	1,880	2,111	\$ 1,483,041	\$ -
9. PARIS	1,570	2,805	\$ 2,100,234	\$ -
10. Criminal Justice (AOPC, DOCC, NCIC, PBPP)	3,114	3,941	\$ 3,819,237	\$ -
11. Lottery	9	10	\$ 5,712	\$ -
12. Asset Verification	848	960	\$ 1,010,100	\$ -
Totals	31,836	59,783	\$ 35,106,852	\$ -

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) SFY 2018-2019				
Data Exchange	Cases Closed	Individuals Closed	Total Avoidance	State Avoidance
1. Wage	199	490	\$ 234,065	\$ -
2. Unemployment Compensation	223	600	\$ 272,716	\$ -
3. BENDEX	537	629	\$ 100,459	\$ -
4. ERF	5	7	\$ 2,551	\$ -
5. IRS	1	1	\$ 133	\$ -
6. State Data Exchange (SDX)	8,565	8,573	\$ 666,556	\$ -
7. Buy-In	1,765	1,694	\$ 137,098	\$ -
8. Deceased Persons Match	446	444	\$ 41,183	\$ -
9. PARIS	420	515	\$ 134,555	\$ -
10. Criminal Justice (AOPC, DOCC, NCIC, PBPP)	485	617	\$ 175,628	\$ -
11. Lottery	4	4	\$ 2,161	\$ -
12. Asset Verification	7	7	\$ -	\$ -
Totals	12,657	13,581	\$ 1,767,104	\$ -

GENERAL ASSISTANCE (GA) SFY 2018-2019				
Data Exchange	Cases Closed	Individuals Closed	Total Avoidance	State Avoidance
1. Wage	2,100	2,100	\$ 1,590,603	\$ 1,590,603
2. Unemployment Compensation	102	102	\$ 67,155	\$ 67,155
3. BENDEX	879	879	\$ 562,971	\$ 562,971
4. ERF	9	9	\$ 5,160	\$ 5,160
5. IRS	1	1	\$ 645	\$ 645
6. State Data Exchange (SDX)	135	135	\$ 85,923	\$ 85,923
7. Buy-In	54	54	\$ 32,535	\$ 32,535
8. Deceased Persons Match	35	35	\$ 41,664	\$ 41,664
9. PARIS	228	228	\$ 175,848	\$ 175,848
10. Criminal Justice (AOPC, DOCC, NCIC, PBPP)	1,636	1,636	\$ 1,280,328	\$ 1,280,328
11. Lottery	31	31	\$ 22,470	\$ 22,470
12. Asset Verification	0	0	\$ -	\$ -
Totals	5,210	5,210	\$ 3,865,302	\$ 3,865,302