



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF INSPECTOR GENERAL
Investigations and Fraud Management
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Joe Manchin III
Governor

Martha Yeager Walker
Secretary

MEMORANDUM

Date: September 22, 2008
To: Molly Jordan, Inspector General
From: Jolynn Marra, Director, Investigations and Fraud Management
Subject: *Fiscal Year 2007-08 Annual Report, Investigations and Fraud Management*

Attached is the annual report for the West Virginia Department of Health and Human Resources, Office of Inspector General, Investigations and Fraud Management (IFM) Division for Fiscal Year (FY) 2007-08. Each section outlines, from an historical perspective, the efforts of the three (3) investigative units within IFM. These units are Criminal Investigative, Claims and Collections which includes the Treasury Offset Program (TOP) and Front-End Fraud.

JM:dlc
Attachments

cc: Martha Yeager Walker, Cabinet Secretary
Warren Keefer, Deputy Secretary for Administration
Rocco Fucillo, Deputy Secretary and General Counsel
Jason Najmulski, Commissioner, Bureau for Children and Families
Marsha K. Morris, Commissioner, Bureau for Medical Services
John Bianconi, Commissioner, Bureau for Behavioral Health and Health Facilities
Chris Curtis, Acting Commissioner, Bureau for Public Health
Susan Perry, Commissioner, Bureau for Child Support Enforcement
Harriett Fitzgerald, Director, Office of Personnel Services

CRIMINAL INVESTIGATIONS UNIT

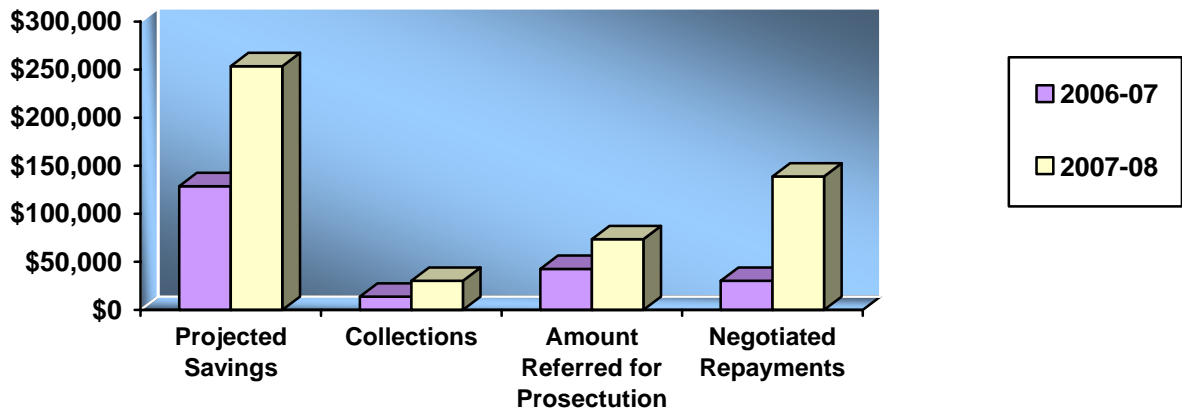
Recipient Investigations: The Criminal Investigations Unit received 363 fraud referrals during FY 2007-08. Ninety-seven cases were presented for prosecution valued at \$512,436. Seventy-seven convictions were obtained worth \$402,525. The following is a recapitulation of the activity of the recipient fraud investigators since the Criminal Investigations Unit began operation.

<u>Fiscal Year</u>	<u>Referrals Received</u>	<u>Cases Closed By Investigators</u>	<u>Cases Referred to Prosecutor</u>	<u>Convicted</u>
2007-08	363	155	97	77
2006-07	393	175	114	106
2005-06	340	95	115	97
2004-05	250	103	166	88
2003-04	235	255	143	158
2002-03	373	227	170	116
2001-02	328	859	147	113
2000-01	642	646	129	152
1999-00	974	951	129	85
1998-99	1,107	959	70	170
1997-98	904	308	183	295
1996-97	563	620	213	216
1995-96	706	732	199	201
1994-95	1,099	856	201	180
1993-94	902	610	151	128
1992-93	807	631	113	167
1991-92	898	693	203	160
1990-91	702	451	129	158
1989-90	805	613	198	179
1988-89	854	874	189	123
1987-88	797	1,029	188	106
1986-87	1,050	732	160	143
1985-86	1,610	1,011	117	194
1984-85	921	479	133	88
1983-84	645	534	101	77
1982-83	601	527	75	92
1981-82	879	412	125	74
1980-81	714	286	65	19
Totals	20,462	15,823	4,023	3,762

- ❖ All collection activity is reported in the Claims and Collections Section.
- ❖ A change in the referral screening process in 2002 reduced the number of referrals received and cases closed by Investigators.

Child Care Anti-Fraud Initiative: In an effort to combat recipient and provider child care fraud and in response to a federal audit, a Child Care Anti-Fraud Initiative was established in June 2006. The following is a recapitulation of this initiative since its inception.

<u>Fiscal Year</u>	<u>Projected Savings</u>	<u>Repayment Agreements Negotiated</u>	<u>Collections</u>	<u>ROIs written</u>	<u>ROI Amounts</u>
2007-08	\$253,540	\$138,809	\$30,261	5	\$73,532
2006-07	\$128,709	\$ 30,426	\$13,717	3	\$42,580
Totals	\$382,249	\$169,235	\$43,978	8	\$116,112



General Investigations: The Criminal Investigations Unit received 8 fraud referrals during FY 2007-08 of a general nature. This includes vendor and provider fraud not associated with the Medicaid program. Two resulted in Reports of Investigation delivered to a Prosecuting Attorneys Office. Thirty cases of a general nature remain under investigation at the end of FY 2007-08.

Internal Investigations: Sixty-five referrals of an internal nature were received during FY 2007-08 and 19 Reports of Investigations were submitted to appropriate parties for consideration.

FOOD STAMP CLAIMS AND COLLECTIONS UNIT

The Claims and Collections Unit is in its twenty-fourth year of operation. The number of referrals received for FY 2007-08 was 6,301. Food Stamp collection for this fiscal year was \$2,448,129. IFM actually collected \$2,806,784 in all programs. IFM Criminal and Repayment Investigative Units have collected \$52,166,369 since 1980. The following chart is a recapitulation of key performance factors of the Claims and Collections Unit during its twenty four year history.

<u>Fiscal Year</u>	<u>Referrals Received</u>	<u>No Claims/ Under \$35</u>	<u>FSP Sanctions</u>	<u>Claims Established</u>	<u>Amount of Claims Established</u>	<u>Total Collections</u>
2007-08	6,301	2,166	214	3,910	\$ 2,416,356	\$ 2,806,784
2006-07	6,536	2,420	244	4,330	\$ 2,596,464	\$ 3,124,820
2005-06	7,725	2,946	245	5,827	\$ 3,381,669	\$ 3,591,421
2004-05	10,825	3,147	300	7,779	\$ 4,422,626	\$ 3,597,755
2003-04	11,414	3,797	269	8,866	\$ 5,201,198	\$ 3,897,611
2002-03	12,411	3,791	338	8,849	\$ 4,340,878	\$ 3,707,980
2001-02	11,602	3,102	408	7,535	\$ 4,019,750	\$ 3,610,152
2000-01	11,360	3,545	414	8,439	\$ 3,660,030	\$ 3,286,014
1999-00	12,549	4,405	381	9,735	\$ 4,427,957	\$ 2,757,703
1998-99	❖	❖	201	❖	❖	\$ 2,434,827
1997-98	3,100	184	54	720	\$ 205,457	\$ 2,183,531
1996-97	5,674	-0-	337	3,948	\$ 1,841,657	\$ 2,269,387
1995-96	6,343	2,222	313	5,349	\$ 2,518,590	\$ 2,077,329
1994-95	8,531	848	345	8,381	\$ 3,301,798	\$ 1,326,555
1993-94	12,613	5,362	264	7,383	\$ 2,096,937	\$ 1,103,453
1992-93	10,826	3,256	320	6,520	\$ 1,761,416	\$ 834,826
1991-92	10,711	2,675	524	6,178	\$ 1,626,361	\$ 814,211
1990-91	8,587	2,568	515	6,069	\$ 1,594,384	\$ 783,716
1989-90	9,318	4,798	629	7,556	\$ 1,851,597	\$ 866,633
1988-89	11,407	5,193	682	10,561	\$ 2,196,337	\$ 724,705
1987-88	10,068	2,256	458	8,252	\$ 1,621,878	\$ 485,441
1986-87	8,749	1,564	307	1,829	\$ 367,541	\$ 288,391
1985-86	7,219	1,419	559	2,921	\$ 557,645	\$ 284,145
1984-85	5,452	605	251	2,107	\$ 426,064	\$ 97,480
Totals	209,321	62,269	8572	143,044	\$56,434,590	\$ 46,954,870

Adjusted Total to Include Collections Since 1980

\$52,166,369

❖ Statistics not available due to conversion to new Computer System (RAPIDS).

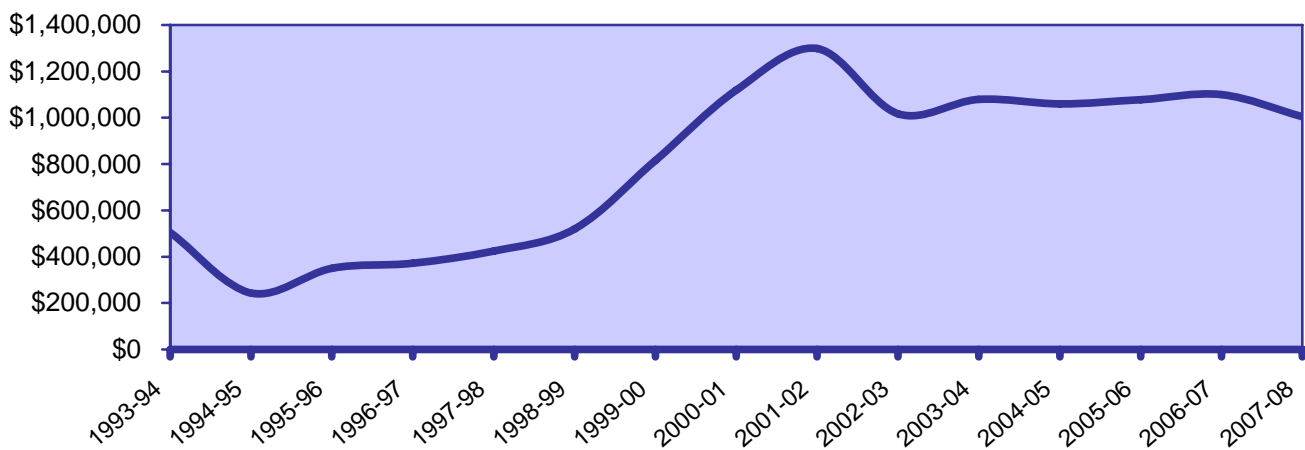
Treasury Offset Program (TOP): Fiscal Year 2007-08, program year 2008, tax year 2007, was the fifteenth year in which the Department of Health and Human Resources participated in the Treasury Offset Program (TOP). The Department, through the auspices of the USDA/FNS and IRS, implemented TOP to collect certain delinquent claims in the Food Stamp Program. The program is operated by IFM with substantial technical support from RAPIDS.

Through a computer matching process, using FNS and IRS criteria, IFM identified 5,240 debtors, with claims worth about \$3,958,391, who were provided written notification that they were responsible for a claim subject to collection through offset. After a 60 day appeal period, a final certified file of 1,962 individuals with claims worth \$1,701,488 was submitted to the IRS. The Program netted \$1,005,191 in collections for the Department from July 1, 2007 through June 30, 2008. The following is a recapitulation of TOP activities since the program has been operational in West Virginia.

<u>Fiscal Year</u>	<u>Debtors Identified</u>	<u>Claim Amounts</u>	<u>Certified File</u>	<u>Claim Amounts</u>	<u>TOP Collections</u>
2007-08	5,240	\$ 3,958,391	1,962	\$ 1,701,488	\$1,005,191
2006-07	5,673	\$ 4,366,943	2,213	\$ 1,768,110	\$1,100,125
2005-06	3,399	\$ 2,902,289	3,402	\$ 2,380,896	\$1,077,722
2004-05	4,096	\$ 2,817,599	5,095	\$ 1,858,298	\$1,059,693
2003-04	4,307	\$ 2,909,770	6,528	\$ 2,483,123	\$1,079,825
2002-03	3,685	\$ 2,397,447	6,766	\$ 2,267,338	\$1,017,845
2001-02	6,603	\$ 4,139,372	4,986	\$ 3,214,123	\$1,298,997
2000-01	5,400	\$ 3,447,036	4,016	\$ 2,939,862	\$1,119,660
1999-00	4,371	\$ 4,046,597	2,531	\$ 1,624,431	\$ 814,901
1998-99	2,905	\$ 2,466,012	2,057	\$ 1,753,452	\$ 519,368
1997-98	3,381	\$ 2,355,679	3,379	\$ 2,357,204	\$ 424,396
1996-97	3,402	\$ 2,172,587	2,692	\$ 1,706,925	\$ 372,261
1995-96	2,885	\$ 1,600,509	2,692	\$ 1,515,248	\$ 349,692
1994-95	3,000	\$ 1,394,614	2,861	\$ 957,290	\$ 242,713
1993-94	4,424	\$ 1,400,000	3,182	\$ 1,200,000	\$ 505,000
Totals	62,771	\$42,374,845	54,362	\$29,727,788	\$11,987,389

❖ According to TOP experts, the initial collection effort always yields the highest collections as all debtors who met the criteria were targeted for tax intercept, which covered a ten year period.

TOP Collections



FRONT-END FRAUD UNIT (FEFU)

The Front-End Fraud Unit (FEFU) has been operational since November 1992. This unit is responsible for investigating questionable eligibility factors for applications, recertification and ongoing cases. The goal of this unit is to prevent ineligible households from receiving benefits prior to approval or to correct cases once certified. This early identification of recipients fraudulently receiving benefits results in an improved payment accuracy rate for the Department. This unit currently operates in eight counties (Boone, Cabell, Fayette, Kanawha, Mercer, McDowell, Putnam, and Raleigh). The following is a statistical recapitulation of FEFU activity since the unit has been operational including FY 2007-08.

<u>Fiscal Year</u>	<u>Referrals Received</u>	<u>Actual Savings</u>	<u>Projected Savings</u>	<u>Cost Effectiveness</u>	
2007-08	1,729	\$ 166,704	\$ 1,009,500	3.97	times amount expended
2006-07	1,854	\$ 179,280	\$ 1,268,982	4.87	times amount expended
2005-06	2,264	\$ 236,191	\$ 1,739,934	6.26	times amount expended
2004-05	2,440	\$ 282,075	\$ 2,167,710	8.04	times amount expended
2003-04	2,563	\$ 309,962	\$ 2,491,914	8.97	times amount expended
2002-03	3,549	\$ 347,238	\$ 2,774,586	10.05	times amount expended
2001-02	3,195	\$ 319,875	\$ 2,489,550	9.38	times amount expended
2000-01	2,604	\$ 238,750	\$ 1,746,198	7.37	times amount expended
1999-00	2,778	\$ 230,076	\$ 1,651,980	7.20	times amount expended
1998-99	2,693	\$ 238,476	\$ 1,745,628	8.47	times amount expended
1997-98	2,509	\$ 269,806	\$ 2,232,456	12.21	times amount expended
1996-97	1,919	\$ 311,605	\$ 2,592,366	12.43	times amount expended
1995-96	2,135	\$ 307,381	\$ 2,567,136	16.00	times amount expended
1994-95	1,956	\$ 217,718	\$ 1,838,700	7.80	times amount expended
1993-94	1,120	\$ 78,992	\$ 947,904	4.10	times amount expended
Totals	35,308	\$3,734,129	\$29,264,544		

❖ Statistical information includes data from Wyoming County for a six (6) month period. Due to the workload and limited staff, FEFU services were discontinued in Wyoming County.