

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

DEPT: Community Services Agency

BOARD AGENDA # B-8

COA

Urgent

Routine

AGENDA DATE February 28, 2012

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of the Community Services Agency to Continue Fraud Investigations and Program Integrity Efforts for the In-Home Supportive Services Program in Fiscal Year 2011-2012 with Federal and County Funding as Implemented with the December 2011 State Budget Trigger Action, Funded from Mandated Match Contingency Funds

STAFF RECOMMENDATIONS:

1. Approve the Community Services Agency to continue fraud investigations and program integrity efforts for the In-Home Supportive Services Program in Fiscal Year 2011-2012 with Federal and County funding as implemented with the December 2011 State Budget trigger action.
2. Approve an increase in appropriations and estimated revenue of \$30,399 funded from the Chief Executive Office - Mandated Match contingency account as recommended by a 4/5 Vote of the Board of Supervisors.

Continued on Page 2

FISCAL IMPACT:

The Fiscal Year 2011-2012 First Quarter Projections for the Community Services Agency included \$414,651 to support the Stanislaus County Fraud Investigations and Program Integrity Efforts for the IHSS Program. Estimated Federal funds of \$228,960 and State funds of \$123,286 supported a County share of cost of \$62,405. Effective with the State Budget trigger implemented in December 2011, State funding for this program has been eliminated.

Continued on Page 2

BOARD ACTION AS FOLLOWS:

No. 2012-087

On motion of Supervisor Withdraw, Seconded by Supervisor De Martini
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withdraw, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: Chairman O'Brien

1) X 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 budget adjustments for Fiscal Year 2011-2012 as detailed in the Budget Journal form.

FISCAL IMPACT (Continued):

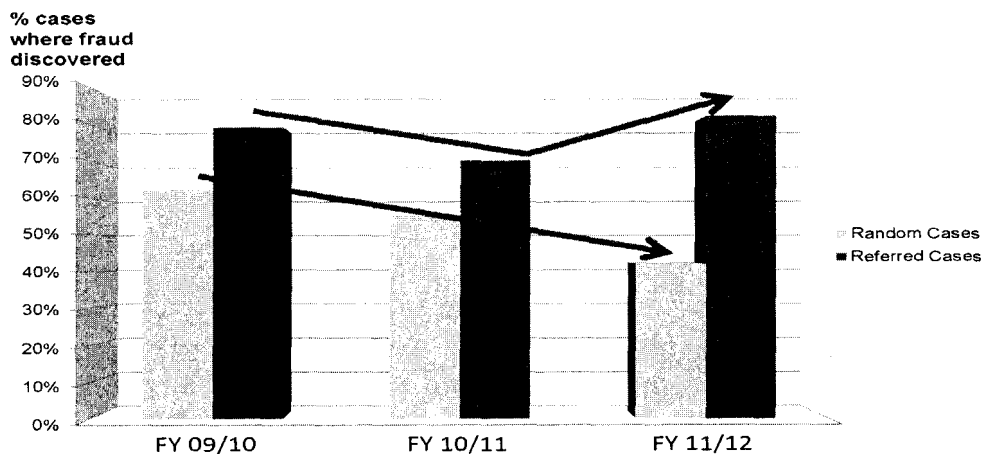
During the first six months of the year, staff worked a limited program designed to mitigate county cost exposure pending the trigger final action; estimated costs for the first six months total \$81,945. The estimated cost to restore program operations for the last quarter of the fiscal year is \$103,663. The estimated total cost to operate the IHSS Fraud program in Fiscal Year 2011-2012 is \$185,608 for which 50% Federal financial participation is available, or \$92,804. The remainder of the program cost, \$92,804 is County Share for which existing local match funds can support up to \$62,405. In order to appropriately fund the IHSS Fraud program for Fiscal Year 2011-2012, the Department is requesting to decrease appropriations and estimated revenue by \$123,286 to eliminate all State funds and by \$136,156 to reduce Federal funding to the correct level. An increase in appropriations and estimated revenue of \$30,399 is requested to fully fund the County Share of costs. If approved, funding in the amount of \$30,399 would be transferred from the Chief Executive Office – Mandated Match budget contingency account to the Department as a pass-through from the Chief Executive Office – General Fund Contribution to Other Programs budget, as detailed in the attached Budget Journal.

DISCUSSION:

Background: The California Department of Social Services and the Stanislaus County Community Services Agency (CSA) strongly value program and agency integrity. This value is incorporated within procedures and protocols in all case management programs, including the In-Home Supportive Services (IHSS) Program. The role of program integrity had been a part of social services statewide for many years and the County's CSA has had a dedicated Special Investigations Unit (SIU) comprised of staff trained to investigate public assistance fraud, including IHSS fraud for decades. Fraud exists when a provider or recipient intentionally misrepresents facts in order to receive benefits or services to which he or she is not entitled. In 2004, changes to the Welfare and Institutions Code shifted fraud investigation to the State for suspected cases over \$500. Most suspected cases hit this \$500 threshold and were referred to the State. In 2009, the California Department of Social Services notified counties of the opportunity to implement an IHSS fraud program and Stanislaus County submitted a plan that was approved.

Pilot Overview: On November 24, 2009 the Stanislaus County Board of Supervisors approved the Community Services Agency's Plan for Fraud Investigations and Program Integrity Efforts as a pilot program through June 30, 2010. The focus of the program was on early cost-avoidance to preserve the integrity of IHSS funding. The program operated for half of the fiscal year (January – June 2010) as operations and systems were ramped up. The program was then approved to continue through the entire 2010-2011 fiscal year (July 2010 – June 2011) and continued in full implementation during this time period. During full implementation in Fiscal Year 2010-2011, the program consisted of sworn peace officers and non-sworn investigative staff conducting investigations on randomly pulled as well as suspected cases of fraud. Actual program staff included a total of 3.3 Full Time Equivalent (FTEs) or 2.3 Special Investigators and 1.0 Fraud Technician. The program provided education and training to social workers and the public on fraud prevention and detection. The program also utilized field work including following up on leads, surveillance, interviewing suspects and witnesses, home visits, and investigation follow up. Data research was also conducted. The total annual cost of the program during Fiscal Year 2010-2011 which represented a full year's operations, was \$427,837. After concerns that State funding would not materialize for Fiscal Year 2011-2012 and with potential trigger cuts, the program was operated at a reduced staffing level for the first 6 months of Fiscal Year 2011-2012. After State trigger cuts were enacted, the local IHSS fraud pilot project was discontinued during December 2011.

IHSS Fraud Pilot Program Investigations in Stanislaus County

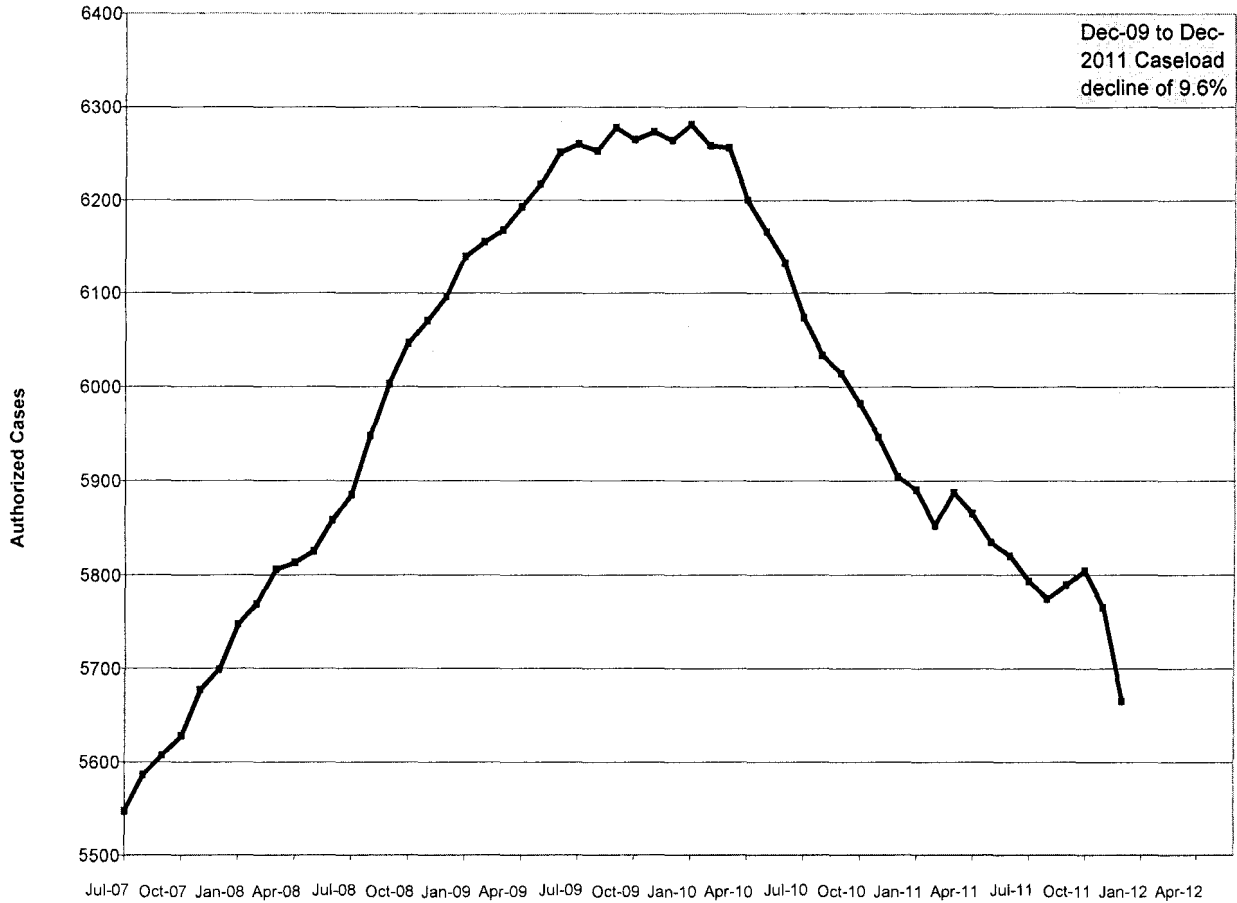


Findings: Results for the program have been significant. The pilot program afforded Stanislaus County the opportunity to pursue investigation of the more than 500 cases it had sent to the State since 2004 that had not been acted on. During the first 6-months of the program, 188 cases were reviewed – 37 randomly selected cases and 151 suspected cases. These suspected cases were investigated and the fraud rate was at 79%. Random cases that were reviewed during this first six months were showing a 62% fraud rate. During the full Fiscal Year 2010-2011, suspected cases came back at a 70% fraud rate and random cases were at 55% fraud rate. For the final six months of the fraud program, from July 2011 – early December 2011, the suspected cases had increased to 82% for fraud and random cases decreased to 42% for fraud.

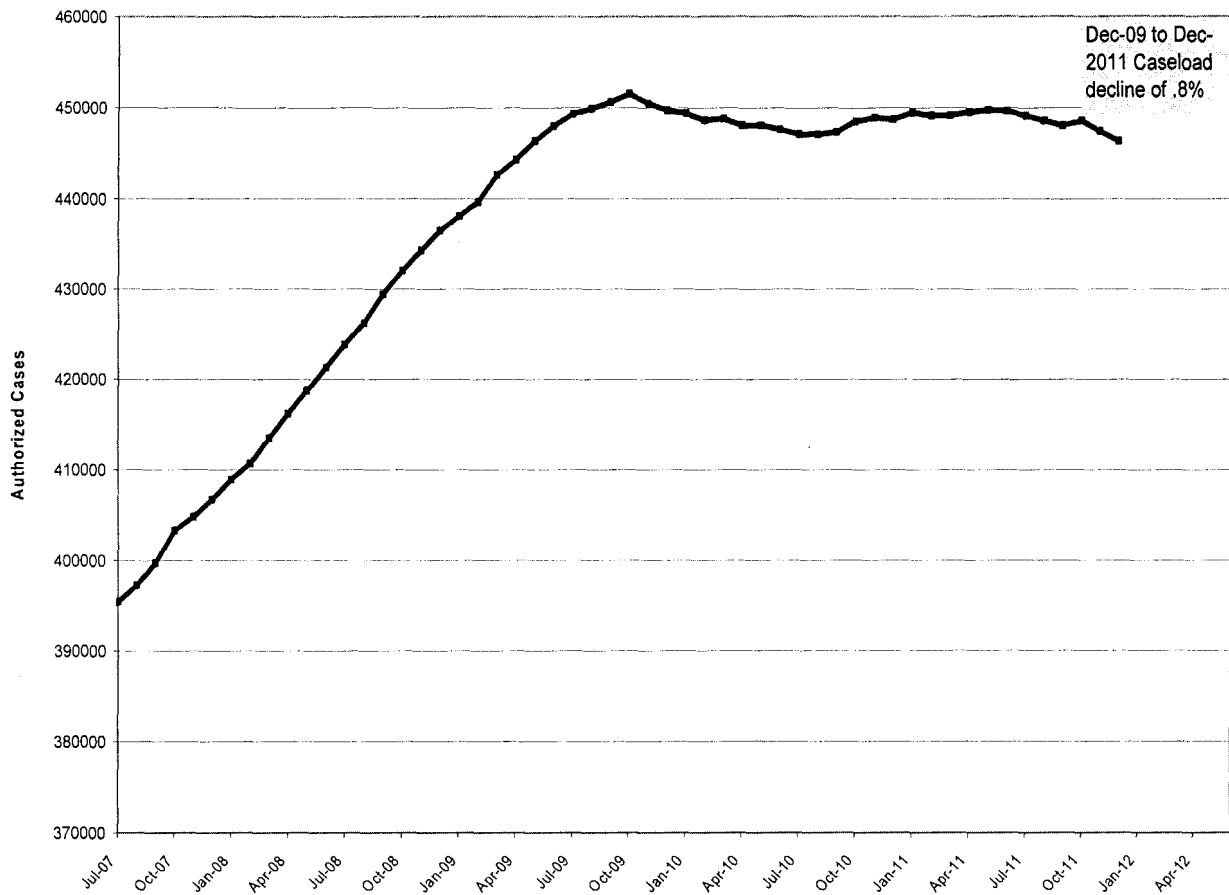
Additional Factors: The State also initiated statewide reforms during the time of the pilot program. The reforms implemented during July 2010 required providers to fill out a Provider Enrollment Form, submit to fingerprints and criminal background checks by the Department of Justice, attend a provider orientation in which fraud prevention training is provided and sign an agreement stating they understand the rules and regulations of the IHSS program. Further program integrity measures implemented include Quality Assurance random case reviews by social work staff to assure hourly assessments done correctly by IHSS social workers, and random case review by social work supervisors and managers to check for accuracy. Also, effective August 1, 2011, all current IHSS recipients and applicants were required to provide a completed medical certification form from a licensed health care professional stating the medical need for IHSS.

Total IHSS Authorized Cases: In July 2007, the number of cases in Stanislaus County was 5,547 compared to January 2010 at 6,281 an increase of 13.2% in authorized cases. With the implementation of State reforms and the fraud pilot program, in December 2009 the number of cases in Stanislaus County was 6,264 compared to 5,665 in December 2011, a decrease of 9.6% in authorized cases. The statewide caseload decreased only .8% during this same time period.

Stanislaus County IHSS Program Authorized Cases
Actuals July 2007 to December 2011



Statewide IHSS Program Authorized Cases
 Actuals July 2007 to December 2011



Financial Analysis: In examining Fiscal Year 2010-2011, which is the sole time period of full implementation of the fraud pilot in Stanislaus County, the cost avoidance numbers are enlightening. For the period July 1, 2010 through June 30, 2011, 444 investigations were completed and of those 65% or 288 cases had fraud identified. Of the 288 fraud identified cases, 28% or 81 cases were randomly pulled cases and 72% or 207 were referred by Social Workers. The 12-month cost-avoidance savings from this program totaled \$1,202,882 for Fiscal Year 2010-2011, of which the County savings is \$170,689. This amount far exceeds the staffing costs of the program and generates significant cost avoidance for the federal, state and local governments. Also, from July 1, 2010 through June 30, 2011 IHSS fraud overpayments identified and reported for collection totaled \$121,898. In addition, many cases are still under investigation and will

Approval of the Community Services Agency to Continue Fraud Investigations and Program Integrity Efforts for the In-Home Supportive Services Program in Fiscal Year 2011-2012 with Federal and County Funding as Implemented with the December 2011 State Budget Trigger Action, Funded from Mandated Match Contingency Funds
Page 7

likely result in further identified overpayments that will be referred for follow up collections.

Below is the case investigation and financial summary for Fiscal Year 2010-2011:

- 356 new fraud investigation requests: 147 random review; 209 active referral
- 444 completed investigations: 147 random; 297 by referral (includes carryover cases)
- Of completed investigations: 288 cases or 65% had fraud findings
- Fiscal Year 2010-2011: Beyond the cost savings/avoidance, an additional \$121,898 in overpayments were identified and referred for collection

Return on Investment (defined here as Cost Savings/Avoidance divided by the total Cost of the Pilot in dollars) For every County, State and Federal dollar spent the Department estimates the cost savings/avoidance for each Agency as follows:

- County \$2.66
- State = \$2.12
- Federal = \$3.34

Essentially for every \$1 the County spent in Fiscal Year 2010-2011 to support the IHSS Fraud Pilot Program the county share benefit is \$2.66 in IHSS Program cost savings/avoidance.

Summary: The Anti-Fraud Pilot Program was viewed as extremely successful and there is established cost avoidance with implementing such a program. It appears while state reform efforts have appeared to influence a .8% decline in cases statewide, the 9.6% decrease in cases in Stanislaus County indicates that additional anti-fraud efforts can be successful. An additional challenge is that the State of California no longer participates in financial support of the Anti-Fraud Pilot Program, but will still receive the benefit of any local and federal dollars expended on these efforts.

The Stanislaus County Health Executive Committee voted to recommend the Board of Supervisors approve the use of General Fund Mandated Match contingency funds, allowing the Community Services Agency to continue Fraud Investigations and Program Integrity Efforts for the In-Home Supportive Services Program in Fiscal Year 2011-2012 with Federal and County funding as implemented with the December 2011 State Budget trigger action and based on the Fiscal Year 2011-2012 CDSS approved plan.

Use of contingency poses no conflict with the County's "No Backfill" policy due to the benefit of the program's proven return on investment. An analysis of current year

program savings from the December 2009 authorized caseload of 6,264 to the current budget level of authorized cases at 5,820 reflects a current year savings benefit of over \$4 million for which the County savings is \$708,297. This savings has mitigated the Fiscal Year 2011-2012 county cost exposure which is currently still estimated in excess of \$1.2 million.

In order to appropriately fund the IHSS Fraud program for Fiscal Year 2011-2012, it is recommended to decrease appropriations and estimated revenue by \$123,286 to eliminate all State funds and by \$136,156 to reduce Federal funding to the correct level. An increase in appropriations and estimated revenue of \$30,399 is recommended to fully fund the County Share of costs. If approved, funding in the amount of \$30,399 would be transferred from the Chief Executive Office – Mandated Match budget contingency account to the Department as a pass-through from the Chief Executive Office – General Fund Contribution to Other Programs budget, as detailed in the attached Budget Journal.

POLICY ISSUES:

Approval of this item supports the Board's priorities of Efficient Delivery of Public Services and Effective Partnerships by working with County partners to investigate and prosecute fraud which strengthens IHSS program integrity.

STAFFING IMPACT:

The Community Services Agency will commit existing program staff resources to support the Fraud Investigations and Program Integrity efforts for the In-Home Supportive Services Program, in accordance with the Fiscal Year 2011-2012 Plan.

CONTACT PERSON:

Christine C. Applegate, Director 558-2500

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Data Access Set County of Stanislaus DO NOT CHANGE

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Journal Reference Text
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Chart Of Accounts Accounting Flexfield DO NOT CHANGE

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		1631	0045051	27184	0000000	000000	000000	00000	136156			Fed Admn IHSS HR Title XIX
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289841 289841

Explanation: IHSS Fraud Board Item 2-28-12, reduce State and Federal funding, transfer funds from Mandated Match to Department via General Fund Contribution to Other Program budget

Requesting Department		Data Entry		Auditors Office Only	
Karla Garcia	Cynthia Thompson <i>[Signature]</i> Supervisor's Approval	Keyed by	Prepared By	<i>[Signature]</i> Approved by	
2/15/2012	2/21/2012	Date	Date	2/21/12	Date
Date	Date	Date	Date	Date	Date



Stanislaus County



Program Integrity Efforts for In Home Supportive Services

2012 Health Executive Committee of the Board of Supervisors –

Chairman – William O’Brien

Supervisor – Jim DeMartini



In Home Supportive Services

In Home Supportive Services (IHSS)

Definition:

The In-Home Supportive Services (IHSS) Program provides personal care and domestic services to the low income that are aged, blind or disabled. The services are provided in their own homes

Purpose:

The purpose of the IHSS Program is to allow these individuals to live safely at home rather than in out of home placement facilities



In Home Supportive Services

IHSS Pilot Overview – Time Line

November 2009

Board of Supervisors approve CSA's plan for Fraud Investigations and Program Integrity Efforts through June 2010.

June 2010

Program approved to continue through the entire 2010-2011 fiscal year (July 2010 – June 2011).

Fiscal Year 2011-2012

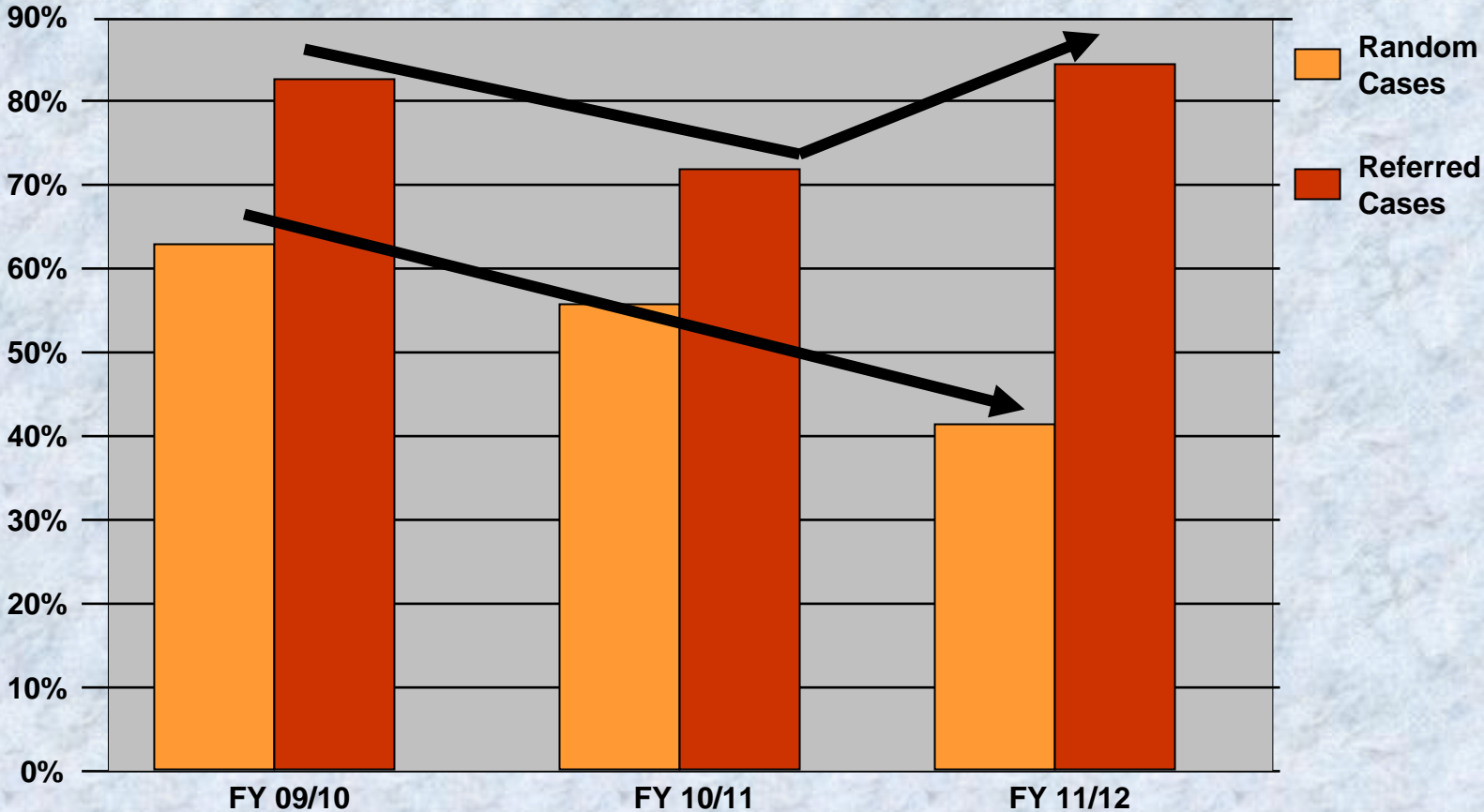
Concerns with State funding – program was operated at reduced staffing levels for first 6 months of fiscal year. After State trigger cuts enacted, local IHSS pilot project was discontinued during December 2011.



In Home Supportive Services

IHSS Fraud Pilot Program Investigations in Stanislaus County

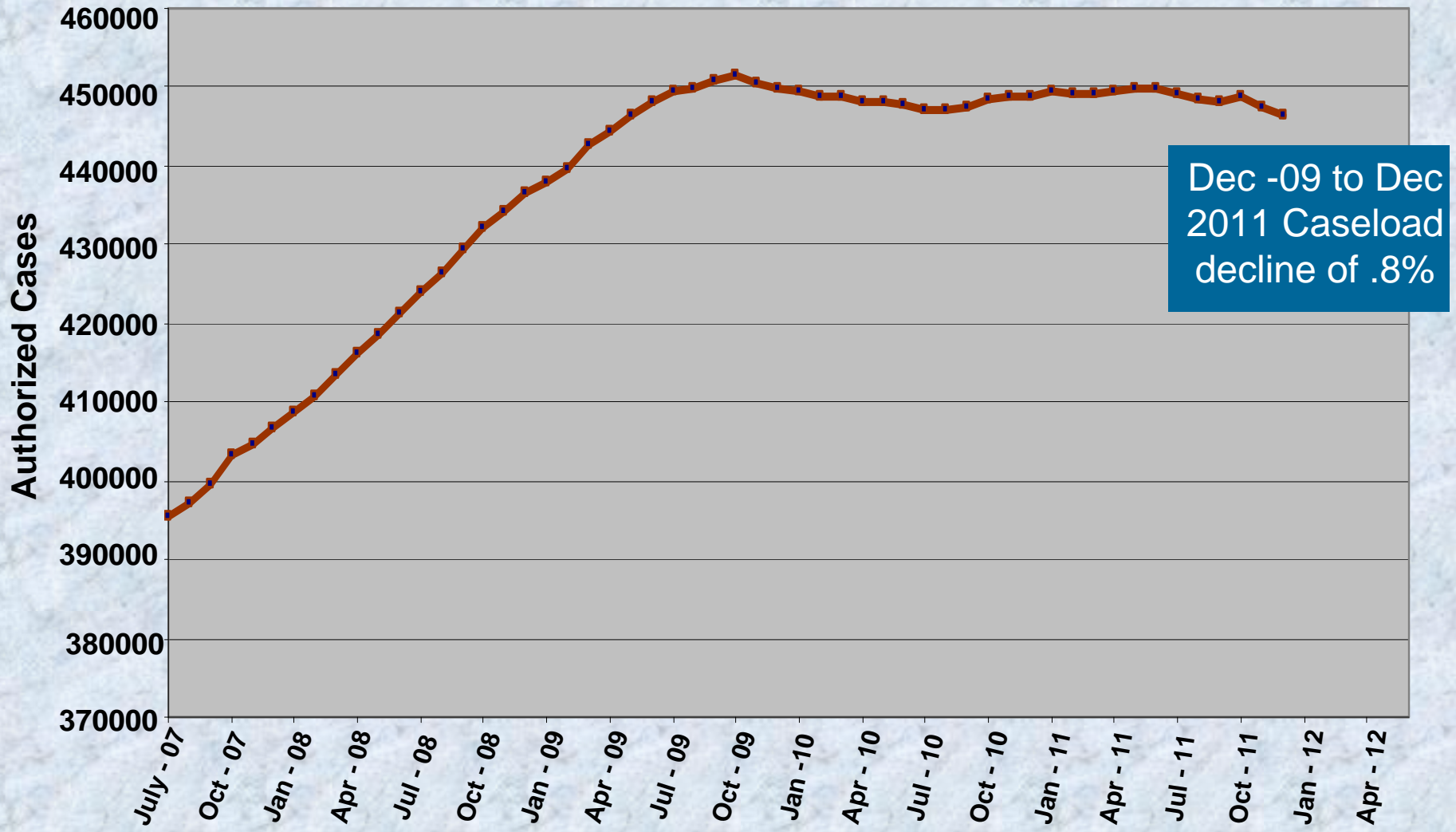
% cases
where fraud
discovered



In Home Supportive Services

Statewide IHSS Program Authorized Cases

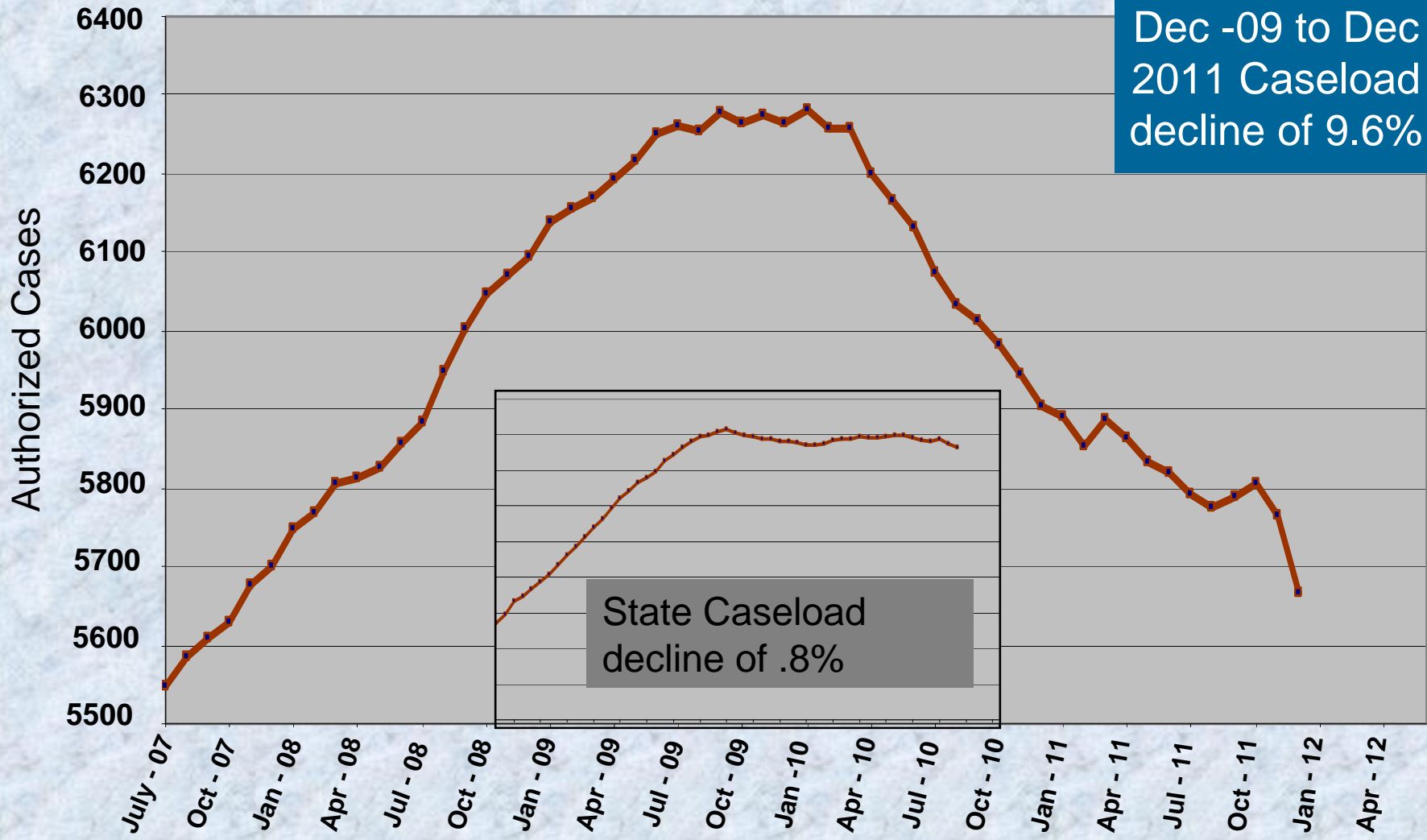
July 2007 to December 2011



In Home Supportive Services

Stanislaus County IHSS Program Authorized Cases

July 2007 to December 2011



In Home Supportive Services

State initiated statewide reforms during the time of the pilot program:

- Providers required to fill out a Provider Enrollment form
- Providers fingerprints submitted and criminal background checks by the Department of Justice
- Providers attend a provider orientation – fraud prevention training
- Quality Assurance by Social Work staff for accuracy in IHSS needs assessments
- Consumers required to provide a completed medical certification form from a licensed health care physician stating the medical need for IHSS



Case Investigation and Financial Summary for Fiscal Year 2010-2011



356 new fraud investigation requests:

- 209 active referrals
- 147 random review

444 completed fraud investigations

- 297 referrals
- 147 random review

Of completed investigations

- 288 cases or 65% had fraud findings

Fiscal Year 2010-2011:

Beyond the cost savings/avoidance, an additional \$121,898 in overpayments were identified and referred for collection



In Home Supportive Services

Return on Investment

For every County, State, and Federal dollar spent the Department estimates the cost savings/avoidance for each Agency as follows:

County = \$2.66

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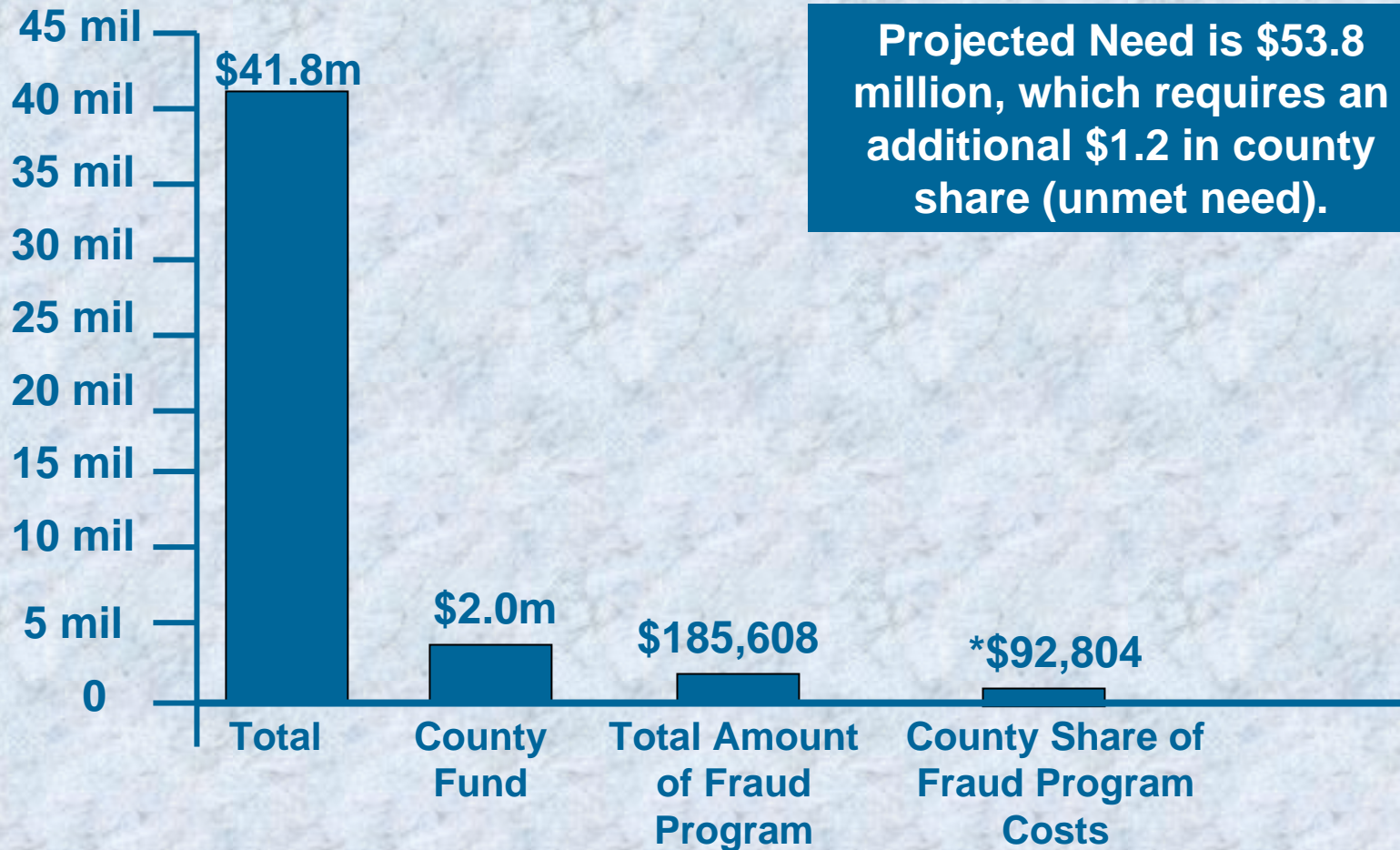
Federal = \$3.34

**For every 1 local dollar spent
on the IHSS fraud program
\$2.66 is saved**



In Home Supportive Services

Fiscal Year 2011/12 IHSS Wages and Benefits Costs



Summary

Anti-Fraud Pilot Program was viewed as extremely successful

9.6% decrease in cases in Stanislaus County – Saving \$708,297 in county savings

Established Cost Avoidance

Stanislaus County Health Executive Committee recommend the Board to approve the use of General Fund Mandated Match contingency funds

Use of contingency poses no conflict with the County's "No Backfill" policy due to the benefit of the program's proven return on investment.



In Home Supportive Services

Staff Recommendations:

Approve the Community Services Agency to continue fraud investigations and program integrity efforts for the In-Home Supportive Services Program in Fiscal Year 2011-2012 with Federal and County funding as implemented with the December 2011 State Budget trigger action.

Approve an increase in appropriations and estimated revenue of \$30,399 funded from the Chief Executive Office – Mandated Match contingency account as recommended by a 4/5 Vote of the Board of Supervisors.

Direct the Auditor-Controller to make the necessary budget adjustments for Fiscal Year 2011-2012 as detailed in the Budget Journal form.

