

Department of Social and Health Services

Olympia, Washington

EAZ Manual

Revision # 1243
Category Fraud
Issued 11/6/2023
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Summary

Updated Worker Responsibilities under [WAC 388-446-0020](#) to address the steps administrative hearing coordinators should take when an IPV has been imposed and there isn't an active food case.

See below for edited text:

Revised November ~~2, 2020~~ 6. 2023

Clarifying Information - WAC 388-446-0001

*** As a result of implementation of the Affordable Care Act (ACA), this clarifying page may no longer be effective for medical coverage applications received on or after 10/01/2013. Clients under 65 years of age who need to apply for medical coverage on or after 10/01/2013 should be referred to [Washington Healthplanfinder](#). Applications for medical coverage for households where all members are 65 years of age and older should be referred to [Washington Connection](#). ***

The FRAUD chapter is related to the BENEFIT ERRORS and the ~~FAIR HEARINGS~~ ADMINISTRATIVE HEARINGS chapters. An overpayment of benefits often comes before a referral to the court system or to an Administrative Disqualification Hearing for a determination of fraud.

Staff may make a referral for fraud investigation when they become aware of facts that indicate an overpayment has occurred as a result of a client's intent to conceal or misrepresent facts to the department. Potential fraud may also be discovered outside of the process of determining what caused the household to receive incorrect benefits.

1. Discovering Potential Fraud / Unlawful Activity:

Discovery of possible fraudulent or unlawful practices may result from complaints or information received by the local office in a variety of ways. Examples include:

- a. Direct calls to the local office or customer service center;
- b. Welfare Fraud Hot Line Complaint (1-800-562-6906);
- c. Client change of circumstance report;
- d. ESD Quarterly Earnings Alert or Comparison Report;
- e. Fraud Early Detection Program (FRED) investigations.
- f. FRED investigations may be requested for active cases to establish ongoing eligibility.
- g. A Quality Assurance Review (QA).

2. Establishing an intentional cash overpayment:

The Public Benefit Specialist (PBS) can establish an Intentional overpayment if the client received incorrect cash benefits and there is evidence in the case record showing intent. Intent means that the client knows what facts or changes to report, when to report those changes, had the opportunity to report, and chose not to report. Intent also implies that the client didn't report a change or a fact because they knew that reporting it would probably have a negative effect on their benefits.

3. The Office of Fraud and Accountability (OFA) Fraud Early Detection program (FRED):

The Fraud Early Detection program (FRED) is under the direction of the Office of Fraud and Accountability and provides criminal investigators when activities are required that go beyond the scope of the Financial Service Specialist's authority. The purpose of FRED is to:

- Provide a cost-effective measure for reduction of errors;
- Save benefit funds for families requiring assistance;
- Reduce the need to investigate and prosecute recipients by resolving questionable circumstances prior to the authorization of benefits.

4. How FRED improves program integrity:

FRED investigators help support program integrity in the following ways:

- Obtain information requested by the PBS;

- Use interviews with clients and third parties (called collateral contacts) to resolve questions or inconsistencies;
- Report findings to the PBS;
- Make recommendations regarding criminal prosecution;
- Participate in Fair-Administrative Hearings, as needed.

5. Referrals to OFA based on overpayments:

After establishing an intentional cash overpayment, the case is referred to the Office of Fraud and Accountability (OFA) for possible prosecution. The client has the right to an Fair Administrative Hearing over the establishment of the overpayment and the intentional designation. See BENEFIT ERRORS and FAIR HEARINGSADMINISTRATIVE HEARINGS.

6. Establishing Intentional Program Violations for Food Assistance:

When the overpayment involves food assistance, current policy states that only a court of law or an Administrative Disqualification Hearing can determine an Intentional Program Violation (IPV). The PBS establishes an unintentional overpayment, called Inadvertent Household Error, and refers, with any cash overpayment, to OFA for investigation and potential prosecution.

7. Threshold for Administrative Disqualification Hearing:

If the food assistance overpayment, or separate instances of suspected IPV total more than \$45085.00 for current recipients or more than \$125 for inactive households, we refer the case for an Administrative Disqualification Hearing, according to local office procedures. See FAIR HEARINGSADMINISTRATIVE HEARINGS.

Worker Responsibilities - WAC 388-446-0001

Assistance from Fraud Early Detection Program (FRED)

Disqualification period for cash assistance.

TANF disqualification period for fraud convictions of misrepresenting interstate residence.

1. When to initiate a Fred referral:

Initiate a FRED referral through the Client's Electronic Case Record (ECR) when:

- a. A collateral contact or client ~~does not~~doesn't respond with requested information;
- b. The information received from the client or contact raises inconsistencies, or is unclear, unconvincing, or questionable;
- c. Verification documents ~~cannot~~can't be obtained through normal methods available to an PBS;
- d. According to established procedures on initial applications;

- e. The application interview raises questions or concerns about the reported facts and verification can't be obtained or doesn't resolve the concern.

2. Appropriate Fred referrals:

Some examples of situations where a FRED referral is in order:

The physical record indicates previous ownership of real property, but the client states no ownership on a new application. The client ~~does not~~doesn't provide adequate or convincing verification on the status of the property.

- a. Numerous complaints have been received of a client having multiple vehicles on the property and it appears that the client is restoring and selling the vehicles. The client denies any such thing and states that the cars are there temporarily and belong to a relative.
- b. Client reports living alone and the landlord statement reflects the same information; but a complaint received shows others are in the home and supporting the client.
- c. Client has a history of working for cash and not reporting. There is currently no source of income being reported for the household and the client ~~does not~~doesn't have a reasonable explanation of how expenses are being met.
- d. Client states that the non-custodial parent (NCP) has left the home but ~~cannot~~can't say where the NCP is located. The landlord states that to his knowledge, both parents reside in the home. The client states that the NCP only comes to visit the children.

3. Taking action on FRED findings:

Take action on a FRED response as follows:

If the referral contains facts which adversely affect current or future eligibility or payment, follow procedures found in [CHANGE OF CIRCUMSTANCES](#);

- a. If an overpayment is identified, follow procedures in [BENEFIT ERRORS](#);
- b. Complete the return response to FRED, indicating a summary of actions taken.

Referral to the Office of Fraud and Accountability (OFA)

1. Complete a referral to OFA and list the documents in the case file that demonstrate intent. See the Procedures Handbook for referral instructions. Documents to examine for the time period include:
 - o Rights and Responsibilities signed by client;
 - o Application showing facts omitted or false information declared;
 - o Eligibility Review reflecting false circumstances;

- Mid Certification Review (MCR) completed and signed but not reporting the change;
 - Change of Circumstance reporting one change but not another; and
 - Any other document presented by the client or a collateral contact which demonstrates the intent of the client to give misleading or incorrect information to receive benefits.
2. Initiate an Intentional Overpayment Investigation Referral (OFA referral) through the client's ECR when:
 - An intentional cash assistance overpayment is identified and processed;
 - A food assistance overpayment is completed and determined intentional as defined in #2 of Clarifying Information WAC 388-446-0001 above; or
 - Documents in the case record provide clear evidence of the client's willful concealment of information or intentional failure to reveal information, causing the overpayment.
 3. Set a tickler for a 60-day response from OFA. If no response is received, request a response date. OFA will respond with their decision on forwarding the case for prosecution and instructions to the worker on whether to proceed with the Administrative Disqualification Hearing (ADH) for food assistance.

Clarifying Information- WAC 388-446-0015

1. We can combine separate instances of suspected Intentional Program Violation (IPV) for food assistance into one complaint that totals ~~\$450.00 or more and can then to present more than \$85.00 for current recipients, or more than \$125.00 or inactive cases.~~ Suspected IPV's may be presented for an Administrative Disqualification Hearing (ADH). (See FAIR HEARINGS ADMINISTRATIVE DISQUALIFICATION HEARINGS for ADH Worker Responsibilities)
2. Trafficking is when someone attempts to sell, exchange food benefits for anything of value such as cash, drugs, weapons, or anything other than food from an authorized retailer.
3. The department must prove an IPV with clear and convincing evidence. This means that the evidence must establish that it is highly probable the actions that resulted in the overpayment were intentional.
4. An IPV can be determined either by a court decision in a criminal prosecution or by decision in an ADH.
5. We must choose whether to refer an IPV instance for prosecution or for an ADH; we ~~do~~ not don't pursue both procedures at the same time. Upon completion of an ADH, we may choose to refer the case for prosecution.

Clarifying Information - WAC 388-446-0020

The Disqualified Recipient System (DRS) is a nationwide exchange of information between the Federal government and the States regarding IPV decisions. The DRS interface is a real time web service that interfaces directly with ACES 3G via the electronic Disqualified Recipient System (eDRS). eDRS creates a real time match during application and eligibility review processing in ACES 3G and will show any IPV records for an individual on the Sanction Screen. For more information about online processing and eDRS, see the ACES User Manual.

Worker Responsibilities - WAC 388-446-0020

Verifying Matches

DRS matches ~~are not~~aren't verified upon receipt. Staff must verify the match with the state that originated the disqualification or with the applicant/recipient. Accept either the written or verbal verification that the originating state has records of:

- Court decisions;
- Administrative hearing determinations;
- Signed disqualification agreements;
- Administrative disqualification hearing waivers; or
- Other supporting documentation for IPV disqualifications of the applicant/recipient.

Verify the DRS record matches the individual in the case record. Request the following information about the DRS disqualified individual from the other state:

- Name;
- SSN; and
- Date of birth.

Also verify the information in the DRS match is correct regarding:

- Offense description;
- Number of offense (first, second, or third); and
- Penalty length.

We must provide 10-day advance notice to any client who is being disqualified from food assistance.

NOTE: ~~Do not~~Don't delay the processing of an application if you are unable to verify the DRS information. Make sure the applicant is aware of the DRS information and that approval while awaiting verification from another state may result in an overpayment.

Timely Disqualifications

1. For an ADH decision, disqualify the person who has committed the IPV effective the first of the month following the date the person and the department are notified in writing of the ADH decision.
2. If there isn't an active food case; the client must be sent a notice advising them that the disqualification period will be deferred until the client reapplies for and is determined eligible for basic food.
- 2.3. For a court decision, a timely disqualification is within 45 days of the date of the written order unless the court specifically sets a different time frame.
- 3.4. If a disqualification ~~is not~~isn't processed timely, disqualify the person for the remaining time of the penalty period. ~~Do not~~Don't disqualify a person once the disqualification period that should have been applied has expired. Establish an Administrative Error overpayment for the time period from the first day of the intended month of disqualification until the effective date of action.
- 4.5. Once the disqualification period has been implemented, it continues uninterrupted regardless of the eligibility of the assistance unit.

EXAMPLE: A food assistance client is found to have committed an IPV and is disqualified under a court order dated January 20, ~~2011~~2023. The penalty time is from March 1, ~~2011~~2023 to February 29, ~~2012~~2024. The disqualification must be established by March 1, ~~2011~~2023 to be timely. The decision was delayed in the mail and not received by the department until February 28, ~~2011~~2023. Because of the ten day advance notice rule, we ~~cannot~~can't implement the disqualification until April 1, 2011. The worker will need to set up an administrative overpayment for the month of March.

ACES Procedures

- See Disqualified / Sanctioned Assistance Unit / Individual - Misrepresenting Interstate Residence - Ineligible
- Also see Disqualified / Sanctioned Assistance Unit / Individual - Unlawful Practice Causing Ineligibility