

## Analysis

### Department of Human Services

#### Supplemental Nutrition Assistance Program Fraud Framework

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**Analyst:** Laurie Byerly

**Request:** Approve the submission of a federal grant application to the U.S. Department of Agriculture, Food and Nutrition Service, in the amount of up to \$750,000 over two years to help address recipient fraud in the Supplemental Nutrition Assistance Program.

**Analysis:** The Office of Payment Accuracy and Recovery (OPAR) at the Department of Human Services (DHS) requests approval to apply for federal funding available to help improve recipient fraud prevention, detection, and investigation efforts in the Supplemental Nutrition Assistance Program (SNAP). OPAR's body of work includes identifying and recovering moneys paid in error to clients or providers; the program's Fraud Investigations Unit (FIU), which would be the primary user of the grant funds, is responsible for investigating fraudulent activities.

The grant proposal identifies a mix of information technology-related (\$228,579) and people-related (\$471,421) investments to support program improvements or strategies:

- Design and develop, based on an existing OPAR system and using a contractor, a new case management system that will track referrals more effectively and trigger geographic data to help investigators more readily identify related cases.
- Purchase Surface Pro equipment for FIU staff to provide better access to systems in the field, reduce paperwork, and protect sensitive information.
- Improve the fraud hotline's ability to collect more detailed and complete referrals.
- Produce and distribute educational materials explaining how to both prevent and report fraud, including the types of information needed to support a fraud investigation.
- Hire three limited duration positions to support business redesign or other efforts required to fully leverage the system and process changes described above.

The federal dollars do not require state cost-sharing or matching and must be spent on activities completed by June 15, 2021. While the agency's letter indicates it may seek state funding to continue some activities after the grant's completion, the federal grant announcement does not require the state to commit to future funding. However, the announcement does cite sustainability as one of the key project criteria. The Department's grant application is due April 26, 2019 with awards expected to be made by mid-June.

If DHS is awarded the grant funding, the agency will submit a future request for any needed Federal Funds expenditure limitation and position authority.

**Legislative Fiscal Office Recommendation:** Approve the request.

## Department of Human Services Connolly

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**Request:** Authorization to apply for a grant of \$750,000 for Supplemental Nutrition Assistance Program (SNAP) Fraud Framework Implementation from the United States Department of Agriculture (USDA), Food and Nutrition Services.

**Recommendation:** Approve the request.

**Discussion:** The Department of Human Services (DHS) Office of Payment Accuracy and Recover (OPAR) is requesting authorization to apply for a SNAP Fraud Framework Implementation Grant from the USDA Food and Nutrition Services. The grant is up to \$750,000 for the period of June 15, 2019 through June 14, 2021. The request for applications was released on February 15, 2019, with the application due by April 26, 2019, and an anticipated award date of June 14, 2019. The grant does not require state matching funds.

DHS would use the grant for two purposes. First, to replace the existing information technology system in the Fraud Investigations Unit (FIU) with a system, which would allow integration with the department's Geographical Information System (GIS). The current system used by FIU cannot be integrated with GIS technology. A similar system is currently used by OPAR's Overpayment Writing Unit, which calculates overpayments for completed fraud cases. The replacement system will build from existing systems and, once complete, the two sections will have a shared system to handle cases.

The second use of the funding will be to streamline the processing of potential fraud SNAP cases determined to be high risk and reduced effort. These are cases involving one or two people and easily identified income that can be worked quickly to either clear or take regulatory action. The Department will focus on efficient work processes that will move cases from referral to investigation to overpayment to benefit recoupment or debt collection quickly when appropriate. To accomplish this, the Department plans to hire three limited duration positions, an Investigator 2, an Administrative Specialist 1 and an Overpayment Writer (Compliance Specialist 3). This change would allow this type of case to no longer need to compete for priority against more complex cases and shorten the time of fraudulently received benefits.

The funding would be used to fund staff positions (\$468,639), information technology staff (\$100,000), and Surface Pro equipment for the FIU staff (\$46,000). The balance of the grant would be used for recipient anti-fraud education, a Fraud Hotline upgrade and equipment. The IT system changes can be completed within the timeframe and funding of the grant; and maintenance and operations of the system can be absorbed under the current funding structure. If the grant is awarded and the new process is successful, DHS will submit a policy package to request permanent position authority and funding in the 2021-23 biennial budget.



# Oregon

Kate Brown, Governor

## Department of Human Services

### Office of the Director

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March 26, 2019

The Honorable Senator Betsy Johnson, Co-Chair  
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair  
The Honorable Representative Dan Rayfield, Co-Chair  
The Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048



RE: Request to Apply for Federal Grant 2019 Supplemental Nutrition Assistance Program  
Fraud Framework Implementation Grant (CFDA #10.535)

Dear Co-Chairpersons:

### **Nature of Request**

The Department of Human Services (DHS), the Office of Payment Accuracy and Recovery (OPAR) requests permission to apply for the Supplemental Nutrition Assistance Program (SNAP) Fraud Framework Implementation Grant for federal funds up to \$750,000 for 2 years, beginning June 15, 2019 and ending June 14, 2021.

The grant is intended to improve and expand recipient fraud prevention, detection and investigation efforts using the procedures, ideas and practices outlined in the SNAP Fraud Framework. The funding is available through U.S. Department of Agriculture, Food and Nutrition Services. The request for proposals was received on February 20, 2019, and the application is due on April 26, 2019. This grant funding requires no state matching funds.

### **Agency Action**

The Fraud Investigations Unit (FIU) intends to replace its existing system with one that is on a Sequel Server structure to allow integration with Geographical Information System (GIS). This system is already in production for our Overpayment Writing Unit (OWU) that calculates the overpayment for completed work performed by our Fraud Unit. The "backbone" of the system created for OWU will be harnessed to build the new system for FIU. This saves both time and money when creating a system for our FIU team. This also greatly reduces workload for both units as the handoff of work is in a shared system.

FIU intends to streamline the processing of potential fraud SNAP cases that are determined to be high risk and reduced effort. This will allow a timely review of cases that meet the criteria. The focus will be on efficient work processes that will flow from a referral to investigation to overpayment to benefit recoupment or debt collection quickly where appropriate. We intend to hire for three positions to support this effort.

*"Assisting People to Become Independent, Healthy and Safe"*

Some of the funding will be used to create three positions, one Investigator-2, one Administrative Specialist-1 and one Overpayment Writer (CS3). These positions will be limited duration and are planned for the entire two-year duration of the grant. If the grant is received, DHS will return for limited duration position authority.

Continuation of activities would be contingent upon legislative approval of a policy option package pending the 2021 session. Without this approval the state would likely discontinue these activities until adequate funding could be found.

The DHS mission is to help Oregonians in their own communities achieve wellbeing and independence through opportunities that protect, empower, respect choice and preserve dignity. SNAP is one of the agency's most successful services. DHS' proactive strategies protect the Federal investments and ensure that the SNAP program is targeted towards individuals and families who need it the most. By improving fraud identification in the SNAP program, DHS preserves the integrity of the nation's largest nutrition safety net. The system and process improvement stated within, would enhance the agency's ability to conduct investigations and curtail SNAP fraud while identifying and addressing client errors quickly.

#### **Action Requested**

The Department of Human Services (DHS), Office of Payment Accuracy (OPAR), requests permission to apply for the Fraud Framework Implementation Grant from the U.S. Department of Agriculture, Food and Nutrition Services, Supplemental Nutrition Assistance Program and to accept award if the state's application is successful.

#### **Legislation Affected**

None.

For additional information, please contact Administrator Nicky Jeffreys at 503-378-3410 or [nicky.m.jeffreys@dhsosha.state.or.us](mailto:nicky.m.jeffreys@dhsosha.state.or.us)

Sincerely,



Eric Luther Moore  
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office  
Laurie Byerly, Legislative Fiscal Office  
George Naughton, Department of Administrative Services  
Tamara Brickman, Department of Administrative Services  
Cathleen Connolly, Department of Administrative Services