



JOHN CHIANG
California State Controller

February 1, 2010

John A. Wagner, Director
California Department of Social Services
744 P Street
Sacramento, CA 95814

Dear Mr. Wagner:

This management letter presents the results of the State Controller's Office's (SCO) survey of county case files of the In Home Supportive Services (IHSS) program in Fresno County and San Diego County.

During the 2008 calendar year, the SCO disbursed statewide approximately \$3.67 billion to individuals (providers) who provided services to IHSS-eligible individuals (recipients). The SCO performs various computerized edits and matches to ensure that payments are accurate and services are actually performed on behalf of eligible recipients. One of the procedures performed was to match the names and social security numbers of providers and recipients against the Social Security Administration Death Master File and the California Department of Public Health's Vital Statistics Death File. The SCO provided a list of potential matches identified in each county to the California Department of Social Services (CDSS) on a quarterly basis. The CDSS in turn referred the list to the counties for resolution. The counties were asked to identify the cause of the potential death match and take appropriate action to resolve the apparent questionable payment.

For the 2008 calendar year, the SCO identified \$11,461,519 (see Schedule 1) in potential death match exceptions relating to providers or recipients under the IHSS program statewide. Of this amount, \$464,164 pertained to Fresno County and \$538,766 pertained to San Diego County. The SCO reviewed the counties' case files to assess the adequacy of action taken by the county to resolve the death match exceptions.

Background

The In Home Supportive Services (IHSS) program is administered by the California Department of Social Services (CDSS). The program pays for services provided to eligible individuals so they can remain safely in their home. IHSS is considered an alternative to out-of-home care, such as nursing homes or board-and-care facilities. The types of services which can be authorized through IHSS are housecleaning, meal preparation, laundry, grocery shopping, personal care services (such as bowel and bladder care, bathing, grooming, and paramedical services), accompaniment to medical appointments, and protective supervision for the mentally impaired.

To receive benefits, an individual must submit an IHSS application to a local IHSS office at the county welfare department. A county social worker determines program eligibility and the types and the extent of services the individual needs. Once the county social worker authorizes the services, the recipient is responsible for hiring the provider of authorized services. In many instances, the recipient and the provider are related.

Most IHSS services are paid for under the Personal Care Services Program (PCSP) through the Medi-Cal Program. Recipients who need additional services beyond those under the PCSP program can also receive additional hours under the Waiver for Personal Care Services (WPCS) program administered by the Department of Health Care Services (DHCS) In-Home Operations (IHO) Program. Timesheets are completed and signed by both the provider and recipient verifying delivery of authorized services for a specified time period. Timesheets are processed by each county into a CDSS system for payment.

CDSS submits IHSS claims daily to the SCO. These claims are processed utilizing a one-day processing timeframe mutually agreed upon by the SCO, CDSS, and the counties. Under the one-day processing timeframe, claims are received at the SCO, processed overnight, and warrants are issued the following day. The SCO then performs a variety of post-payment validation edits against the claim files, including a death match, and reports exceptions to CDSS for resolution. (Prior to this review the SCO was reporting to CDSS on a quarterly basis; however, based on our recent field visits, the SCO met with CDSS to discuss reporting death match exceptions on a daily basis.)

CDSS forwards the death exceptions to each county to verify validity of the death exceptions. Responses from the counties are reported back to the SCO through CDSS.

Survey Results

The SCO's survey of case files for San Diego County and Fresno County found inadequate documentation in many case files showing what action, if any, had been taken by the counties to ensure the validity of IHSS payments pertaining to providers and/or recipients with deceased individuals' social security numbers. For these two counties, the SCO auditors requested 129 case files of selected recipients and providers for review and found the following:

- Of the 129 case files, 8 (6%) could not be located by the counties.
- Of the 129 case files, 74 (57%) contained no documentation specific to the SCO death match inquiries to demonstrate that the counties validated the payments made to providers or recipients. In many instances, the county previously responded to the SCO's death match referrals by stating that the payments were "legitimate." Although the counties maintained a generic log where specific cases were documented, it is unclear how the payments are deemed legitimate without specific actions or judgment criteria documented in the case files. For example, the SCO identified a provider in San Diego County as both deceased, and paid \$13,329 during the fourth quarter of 2007 and first quarter of 2008. According to the county's response, the county verified the provider's social security number (SSN) in the Medi-Cal Eligibility Data System (MEDS) and the individual also submitted a copy of the SSN card.

Our review found the copy of the SSN card in the case file was obtained more than ten years ago, in 1996, with the provider enrollment forms. In addition, there is nothing in the case file showing how the discrepancy between the MEDS database and the California Vital Statistics Death File was resolved.

- Of the 129 case files, 16 (12%) did not contain sufficient documentation to show conclusively that the counties took appropriate action to resolve the case. For example, in various cases, the counties stated that the payments were legitimate because the provider or recipient's SSNs were erroneously entered into the system. There is nothing in the case file showing that the data entry error has been corrected. In fact, our review of payments made in subsequent quarters found that the system continues to generate payment requests using the incorrect SSN.
- Of the 129 case files, 31 (24%) contained acceptable documentation showing that the counties apparently took action to resolve the death match referrals. Many of these cases were referred for fraud investigation with inconclusive results.

In addition, our survey disclosed that the counties were slow to take action to stop payment or to recoup overpayment even when evidence suggested that fraudulent payments were made.

For example, the SCO identified a recipient in Fresno County as deceased for the third and fourth quarters of 2008. The county referred this case to Fresno County fraud investigation on February 9, 2009 with questioned payments totaling \$80,630 for the period of December 31, 2003, through January 31, 2009. However, as of June 2009, the county continues to submit claims for services provided to this apparently deceased recipient.

The SCO authorized disbursements from the State Treasury based on the premise that the CDSS and the counties would take necessary and appropriate action to resolve issues identified during payment edits in a timely manner. Our survey has concluded that San Diego County's and Fresno County's efforts to resolve the death match referrals were minimal at best. The lack of effort and/or documentation in the case files raises serious questions about the legitimacy of payments in these death case matches. Furthermore, since the CDSS has not communicated to the counties what constitutes adequate effort and documentation to resolve death match referrals, the problem could be systemic among all of the California counties. As a result, the SCO questions the legality of the \$11.5 million in payments that were identified through SCO payment edits as being potential death matches during the 2008 calendar year (see Schedule 1).

Recommendations

Through recent discussions with CDSS, we recognize that the department is in the process of drafting an All-County Letter to address procedural enhancement for identity verification and death match investigation. Also, the phase-in of the new CMIPSII system will have various interfaces with the Department of Health Care Services, the Department of Public Health, the State Controller's Office, and the Social Security Administration to assist counties in preventing payments to deceased providers and recipients; as well as, various reports available to county staff and more stringent timesheet processing rules.

However, the SCO recommends that CDSS take the following actions in conjunction with these efforts:

- Develop comprehensive policies and procedures for counties to follow to define what constitutes adequate efforts to determine the validity of death match referrals from the State;
- Develop policies and procedures relating to documentation required to be obtained and maintained in the county case files; and
- Conduct periodic field visits to ensure that the counties are following the established policies and procedures.

If you have any questions, please contact me (916) 324-1696.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/wm

S10-ADP-534

Attachment:

Schedule 1—Death Match Exceptions

cc: Catherine Huerta, Director
Fresno County Department of Social Services
Nick Macchione, Director
San Diego County Health and Human Services

**Schedule 1—
Death Match Exceptions
January 1, 2008, through December 31, 2008**

<u>County</u>	<u>Amount</u>
Alameda	\$ 698,946
Butte	94,438
Calaveras	4,915
Colusa	2,586
Contra Costa	279,217
Del Norte	39,891
El Dorado	40,207
Fresno	464,164
Glenn	12,500
Humboldt	31,970
Imperial	62,600
Kern	100,074
Kings	60,531
Lake	79,221
Lassen	5,023
Los Angeles	4,263,292
Madera	55,659
Marin	52,653
Mariposa	1,381
Mendocino	72,969
Merced	18,194
Monterey	69,052
Napa	13,355
Nevada	28,439
Orange	274,798
Placer	137,204
Plumas	1,477
Riverside	422,865
Sacramento	744,922
San Bernardino	533,923
San Diego	538,766
San Francisco	475,749
San Joaquin	168,291
San Luis Obispo	55,669
San Mateo	179,286
Santa Barbara	141,547
Santa Clara	373,813
Santa Cruz	53,461

Schedule 1 (continued)

<u>County</u>	<u>Amount</u>
Shasta	56,873
Siskiyou	2,145
Solano	138,974
Sonoma	201,527
Stanislaus	110,726
Sutter	33,577
Tehama	26,474
Tulare	87,659
Tuolumne	672
Ventura	81,019
Yolo	42,407
Yuba	26,418
Total	<u>\$ 11,461,519</u>