

Fraud Prevention and Detection: Error Prone Profiling



Wisconsin Department of Health Services

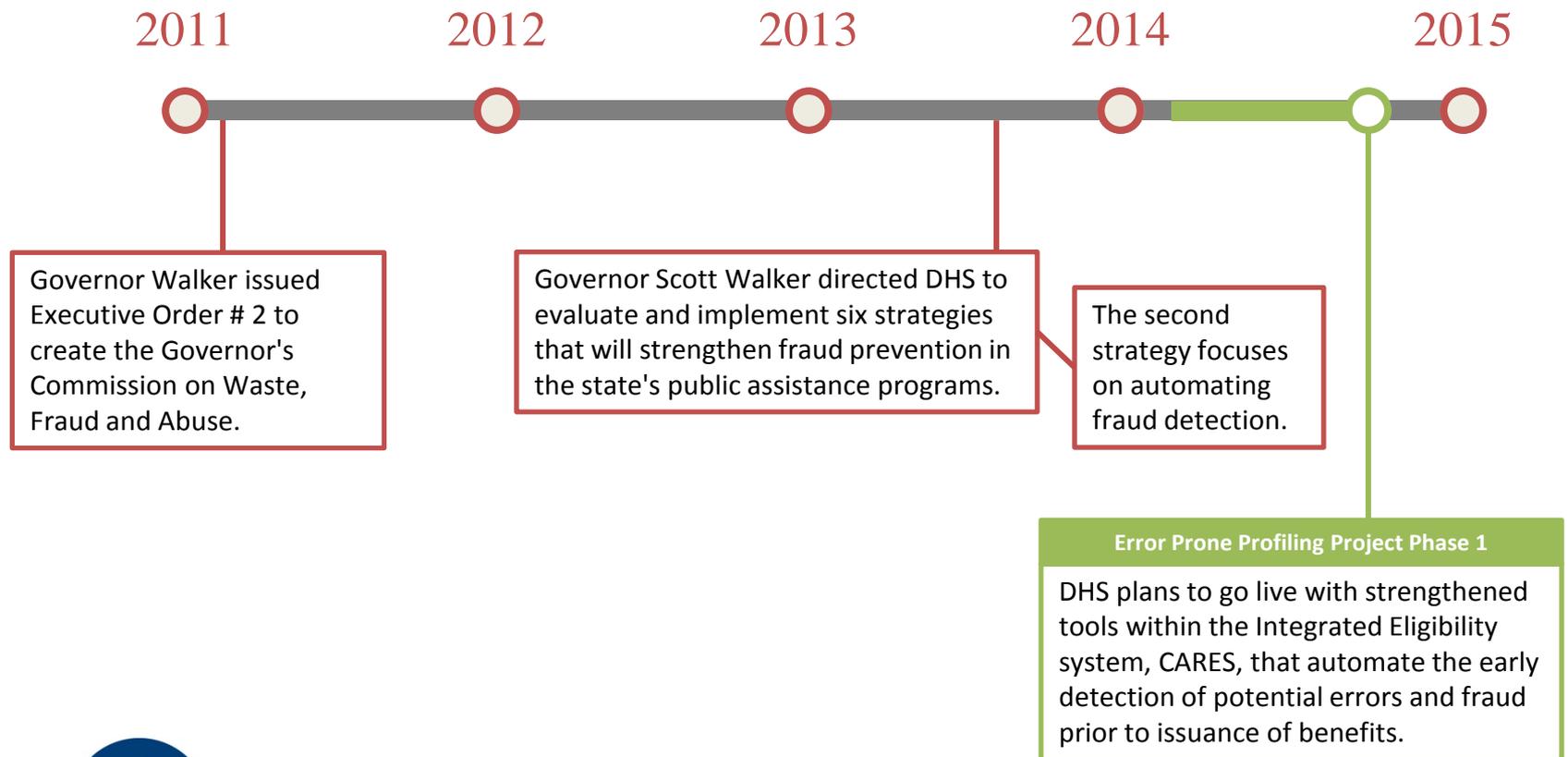
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Background

Under direction from Governor Scott Walker, the Department of Health Services (DHS) has implemented several initiatives to strengthen fraud prevention in the public assistance programs.



Current Process

The current fraud prevention and investigation model in Wisconsin relies on the past experience and intuition of agency case workers to create and detect error-prone profiles that characterize error-prone or fraudulent cases.

1. Detect



The case worker conducts the interview and compares the case characteristics to a known set of error-prone profiles. If the case meets the conditions of a profile, the worker refers the case to the agency's Front-End Verification (FEV) or fraud gatekeeper.

2. Refer



The gatekeeper reviews the case and, if deemed appropriate, creates a formal FEV referral that is sent to the agency's Fraud Prevention Investigator (FPI).

3. FEV



The FPI scrutinizes the case using a process called Front End Verification (FEV). The effort may result in a formal fraud investigation if misrepresentation of program eligibility or fraudulent activity is suspected.

4. Investigate



The FPI works with local law enforcement to investigate and prosecute instances of fraud.

A formal report is prepared that documents the details of the fraud allegation and the results of the investigative findings.

5. Correct / Recover



The case worker approves or denies the case after receiving the results of the FEV or investigation.

The case worker manually determines any benefit savings and provides them to the gatekeeper for entry into the system.

Any identified overpayments will be managed by Benefit Recovery specialists.



What Is Changing?

The proposed enhancements automate and standardize the process of detecting *a limited set of error-prone profiles*.

Current Process

Today, consortia and tribal agencies are responsible for developing their own error-prone profiles. Agencies are responsible for reviewing the criteria of their error-prone profiles as part of the annual review of their Fraud Prevention Plan. Agencies are provided flexibility to tailor their Error Prone Profiles to target specific circumstances and economic conditions within their agencies.

Some simple possible case-flagging examples include:

- Are there questions left blank on the application form?
- Is there unusual movement of people into and out of the household?
- Do household expenses exceed total household income?

Cases showing characteristics of an error-prone profile should be referred for FEV or fraud investigation.

Future Process

In general, the fraud prevention strategies and processes in consortia and tribal agencies are not changing. The Error Prone Profiling project only focuses on the automated detection of a limited set of error-prone profiles. Agencies must continue to maintain their own error-prone profiles and review their effectiveness annually.

Error-prone profiles *that are detected by the system* will not necessarily require an FEV or Fraud Investigation. Rather, when the system detects an error-prone profile, the case workers are expected to apply extra scrutiny to the existing verification process and document their actions. If an error-prone profile detected by the system warrants more extensive verification or appears suspicious, the case worker should refer the case for FEV or fraud investigation.

For the initial phase, the system will subject all agencies to the same automated error-prone profiles.



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Profile Selection

Profiles were selected with the following principles in mind:

- Profiles that would catch the most egregious and frequent errors
- Profiles that would use information available in CARES (as opposed to using information outside of CARES)
- Profiles that may prevent intentional (fraud) or unintentional errors by clients or workers
- Profiles that would be meaningful to Income Maintenance workers and not result in large number of false positives



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Automating Error-prone Profiles

For Phase 1 of the Error Prone Profiling Project, DHS has decided to automate the detection of three error-prone profiles that will only be detected at **Intake** or **Review**. Additional profiles will be added with subsequent phases.



Questionable Income and/or Expenses

Detect when the case may have questionable income based on either of the following conditions:

- Expenses exceeds income
- Total income has remained the same for an extended period of time



Unresolved Discrepancies

Detect when the case may have inaccurate or unreported income based on the presence of unresolved State Wage Information Collection Agency (SWICA), Unemployment Insurance Benefit, State Online Query Internet (SOLQi) or Prisoner Match discrepancies.



IPV/Overpayment History

Detect when the case includes members who have a history of Intentional Program Violations (IPV) or Overpayments.



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Error-prone Profile Resolution

- When an error-prone profile is detected, the system prompts workers to document actions taken prior to the confirmation of benefits. All potential errors will be displayed on the dashboard and given a standard 20-day due date.
- It is expected that by making escalated work items more visible to IM workers and agencies through use of the dashboard, profiles will be worked and resolved in a timely manner.
- Resolving an error will vary depending on the following:
 - Type of error
 - Type of worker encountering the error
 - The need to issue timely benefits
- In certain circumstances, resolving the error may consist of confirming benefits and referring the case for later review. This is oftentimes dictated by federal regulations.



Address Searching

In the spirit of providing agencies with enhanced tools for detecting errors and fraud, CARES Worker Web (CWW) will also be enhanced to allow agencies to search for cases by address and find cases that match on household or mailing address.

- Address search may be used at worker discretion.
- Address searching will complement activities already completed by IM workers.
- Identification of cases with the same address may impact household composition or countable income, which would result in fewer benefits.

Example: A search is done for an address and three cases are found. In one case a husband and wife are listed, and the other two cases list two adult children under 22 years old. The household receives a total of \$659 from the three cases. Because of relationship rules, the two adult children should be part of the parents' case. When the three cases are combined, the correct benefit for the household is \$48, which is a savings of \$611 a month.



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Tracking Savings

Additional CARES functionality will track savings that result from changes in eligibility status after a worker resolves an error.

- Reports can be generated on a regular basis to track the total cost savings and cost avoidance associated with implementation of the error-prone profiles.
- This functionality will track the changes in eligibility benefits from when the potential error was first flagged to when the worker runs confirmation after the error is resolved.

Example: A case is flagged due to expenses exceeding income. The initial allotment was calculated at \$300 a month. The worker discovers a data entry error in the amount of income entered: Instead of entering \$1000, she entered \$100. After the correction, the case qualifies for a monthly allotment of \$200. Therefore, we identify that \$100 per month was saved, or avoided, as a result of the error-prone profile. Additional savings may also be recognized if the case is also open for health care or child care.



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Stakeholder Input

Input was received from the following stakeholders in the development of the selected error-prone profiles:

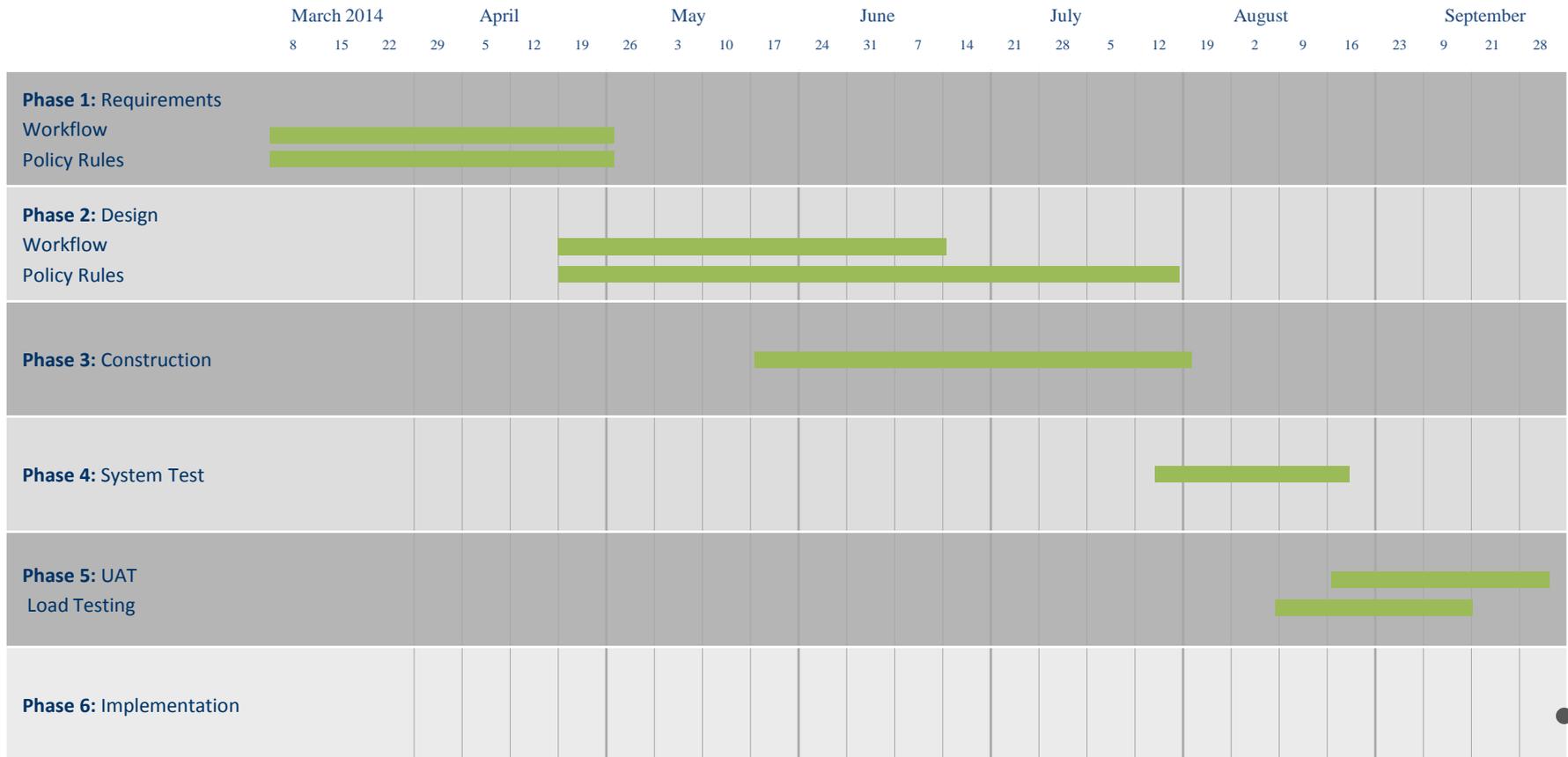
- Office of Inspector General (OIG)
- Department of Children and Families (DCF)
- Income Maintenance Organizations

DCF is working on changes to the Benefit Recovery System. DHS and DCF are working to identify potential points of alignment between the error-prone profile functionality and the new Benefit Recovery system, known as BRITS, in order to enhance benefit recovery and related reporting.



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Project Timeline



● Milestone



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Questions?