



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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# Preventing Welfare Fraud

## *Validating Social Security Numbers of Public Assistance Recipients*

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*An Operational Review by the:*

**Fraud, Waste, and Abuse  
Prevention Division**



STATE OF OHIO  
OFFICE OF THE AUDITOR

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Having a person on the public assistance rolls with an invalid social security number defeats the purpose of fraud controls because these controls rely on social security number matches to detect such things as unreported income. This report discusses the results of a review by my office of the social security numbers of all public assistance recipients. The report also recommends actions to improve the accuracy of social security numbers in the Ohio Department of Human Services' statewide public assistance computer system.

Copies of this report are being sent to the President of the Senate, the Speaker of the House, the Senate Minority Leader, the House Minority Leader, members of the Senate Committee on Human Services and Aging, members of the House Subcommittee on Human Services, County Directors of Human Services, and other interested parties. Any questions concerning the content of the report should be directed to me at (614) 466-4483 or Richard Sheridan, Chief of our Fraud, Waste, and Abuse Prevention Division, at (614) 728-7125.



JIM PETRO  
Auditor of State

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## **EXECUTIVE SUMMARY**

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*In Fiscal Year 1996, the State of Ohio and the federal government paid about \$8 billion in public assistance benefits to Ohioans in support of the Aid to Dependent Children (ADC), Food Stamp and Medicaid programs. Given the magnitude of these outlays and the program changes brought about by welfare reform, the Auditor of State is concerned that appropriate controls are in place to ensure that program funds are not lost to fraud, waste or abuse.*

*To prevent the over issuance of public assistance benefits, the Ohio Department of Human Services (ODHS) needs to ensure the integrity of data in its Client Registry Information System-Enhanced (CRIS-E)—namely the recipient's social security number (SSN). Having a person on the rolls with an invalid SSN defeats the purpose of fraud controls such as the Income and Eligibility Verification System (IEVS) and data exchange employment screens, because these controls rely on SSN matches to detect such things as unreported income. To this end, the Auditor's Office, in cooperation with ODHS and County Departments of Human Services (CDHS's), identified and analyzed potentially invalid SSNs in CRIS-E.*

*As of September 1997, the CDHS's had completed work on 2,164 of 2,427 potentially invalid SSNs sent to them for further investigation. The AOS' analysis and CDHS investigations showed:*

- *1,210 SSNs (56 percent) had been incorrectly transcribed by CDHS case workers;*
- *396 SSNs (18 percent) belonged to deceased recipients whose assistance cases had been terminated by the CDHS's, although some of the terminations were not timely;*
- *361 SSNs (17 percent) were correct;*
- *118 SSNs (5 percent) belonged to someone other than the recipient, usually a spouse or a parent, primarily because case workers had erroneously entered that person's Social Security claim number;*
- *41 SSNs (2 percent) could not be verified because supporting documentation was not present in recipients' case files; and*
- *38 SSNs (2 percent) were invalid for various other reasons.*

*The CDHS's were able to identify about \$41,000 in ADC and Food Stamp overpayments and close five assistance cases for additional monthly savings of \$1,907 after entering corrected SSNs into CRIS-E. More savings are expected as more IEVS and data exchange matches occur, and as Medicaid overpayments are identified.*

*We are recommending that ODHS (1) develop the capability to verify SSNs before benefits are issued, (2) install an edit check that requires double entry of SSNs (3) develop checks to ensure cases contain proper verifications and that all information is used in making case determinations, and (4) reinforce guidance to case workers not to use social security claim numbers.*

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### ABBREVIATIONS

ADC	Aid to Dependent Children
AOS	Auditor of State
CDHS	County Department of Human Services
CRIS-E	Client Registry Information System - Enhanced
IEVS	Income and Eligibility and Verification System
ODHS	Ohio Department of Human Services
PAM	Public Assistance Manual
SSN	Social Security Number

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## **BACKGROUND**

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In Fiscal Year 1996, the State of Ohio and the federal government paid about \$8 billion in public assistance benefits to Ohioans in support of the ADC, Food Stamp and Medicaid programs. Given the magnitude of these outlays and the program changes brought about by welfare reform, the Auditor of State is concerned that appropriate measures be taken to ensure that program funds are not lost to fraud, waste or abuse.

Sections 5101:1-3-09 (ADC), 5101:1-39-092 (Medicaid), and 5101:4-3-25 (Food Stamps) of the Ohio Administrative Code designates a person's SSN as the primary identifier in order to receive public assistance benefits. Section 3130 of the Public Assistance Manual (PAM) requires all applicants for public assistance to provide their SSN. The PAM also requires that case workers enter the SSN into CRIS-E and maintain a photocopy of a recipient's social security card in the case record. Applicants are informed, by way of their rights and responsibilities, that the CDHS will use the SSN to contact appropriate persons or agencies to determine their eligibility and to verify information the applicants provide such as income, past or present employment, financial resources, unemployment compensation, and disability benefits. For the verification process to be effective, it is imperative that CRIS-E contain a person's correct SSN.

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## **PURPOSE, SCOPE AND METHODOLOGY**

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The purpose of the AOS review was to determine whether or not individuals were on public assistance rolls with invalid SSNs. When identified, potentially invalid numbers were sent to CDHS's for additional investigation and, if necessary, correction. The match was conducted as a joint effort with ODHS and the CDHS's. This report discusses the results of our review and recommends actions to improve the accuracy of SSNs in CRIS-E.

To determine whether SSNs were invalid, the AOS matched the SSNs of persons on public assistance rolls as of December 31, 1996, against a commercially available software package. The persons included in the match were receiving ADC, food stamps, and/or Medicaid benefits. The software assigned different error codes to potentially invalid or questionable SSNs. For example, a questionable SSN was one that fell within a range of numbers that the Social Security Administration had reserved for future issue, but had not issued as of the date of the software. Other error codes indicated, for example, that a SSN belonged to a deceased person, or that a SSN contained numbers not used by the Social Security Administration.

Of 1,206,882 SSNs included in the match, the software identified 84,214 (7 percent) questionable and potentially invalid numbers, including 77,949 numbers that the Social Security Administration had reserved for future use. Because of the volume of hits, we decided to defer investigating the

77,949 SSNs that could have been issued since the date of the software. Various filters were then applied to focus on those SSNs that had the greatest potential to be invalid. We based these filters in part on a pilot study conducted in partnership with the Cuyahoga, Hamilton and Richland CDHS's. The end result was 2,427 SSNs that were sent to the CDHS's for further investigation, along with a data collection instrument to record the results. The distribution of potentially invalid SSNs by county is shown in Appendix I, and an example of the data collection instrument is shown in Appendix II.

We asked the CDHS's to review each recipient's case file and take appropriate action to investigate and correct any SSN problems discovered. We also asked the CDHS's to wait 10 days after entering a corrected number into CRIS-E before completing our data collection instrument in order to determine the effects, if any, of any IEVS or data exchange match information.

We spot checked responses from the counties to verify that corrections had been made and the effect of the corrections. In those instances where the CDHS's indicated that the SSN was correct but the recipient was deceased, we accessed the CRIS-E record to ensure that the recipient's benefits had been terminated. We also randomly sampled 65 cases from 12 counties to determine how much time elapsed between the recipient's date of death and the date benefits were terminated.

The work was performed from November 1996 through July 1997 at ODHS headquarters in Columbus, Ohio and various CDHS's. A draft of this report was provided to ODHS for comment on September 4, 1997. A response had not been received as of the date of the date the report was issued.

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## **RESULTS**

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As of September 1997, the CDHS's had investigated 2,164 of the 2,427 potentially invalid SSNs that were sent to them. In 361 instances, the SSNs were correct, and in another 396 instances, the SSNs belonged to deceased persons and the CDHS's had already acted to terminate the recipients' benefits. Most (1,366) of the remaining numbers were invalid because of such things as data transcription errors or erroneous entries of social security claim numbers belonging to the spouse or parent of the recipient. The CDHS's were unable to determine the validity of another 41 numbers because the case files lacked sufficient documentation to verify the number. The following discusses our results in more detail.

### **TRANSCRIPTION ERRORS ACCOUNT FOR MOST INVALID SSNs**

Individuals who apply for public assistance provide their SSN to CDHS case workers who then enter the number into CRIS-E. It is important that case workers correctly enter an applicant's SSN because CRIS-E uses the SSN to check third party sources to determine an applicant's initial and continuing eligibility for benefits.

The CDHS investigations of potentially invalid SSNs from our match determined that 56 percent of the numbers (1,210) were invalid because of case worker transcription errors. Most of the transcription errors involved transposing digits within the SSN. Because the 1,210 recipients had incorrect numbers on the rolls, they were not subject to controls that allow case workers to verify income and employment. Many recipients, whether knowingly or unknowingly, had been on public assistance rolls with invalid numbers for years, including some recipients who had their SSNs incorrectly transcribed in 1990.

After corrected SSNs were entered into CRIS-E, case workers identified 11 instances where recipients had unreported income, and as a result, had been overpaid about \$41,000 in ADC and food stamp benefits. The CDHS's will realize additional monthly savings of \$1,907 in ADC and food stamp benefits as a result of closing five cases. The \$41,000 in overpayments were identified during the 10-day period the CDHS's were asked to hold the cases. The AOS expects additional overpayments, including Medicaid overpayments, to surface as more IEVS and data exchange matches occur. Medicaid overpayments would have occurred because some individuals would not have qualified for Medicaid, had the additional resources been reported, or they would have had to pay a portion of their medical expenses (referred to as "spend down").

Following are some examples of the overpayments and closures that resulted from the CDHS investigations of the AOS matches.

- Recipient A was employed all of 1996 and records show employment through the first quarter 1997. The recipient earned \$17,129 during this period and was overpaid \$6,732 in ADC and food stamp benefits. The case has been closed and the county will save another \$564 as a result of closing the case.
- Recipient B was employed all of 1996 and records show employment through the second quarter 1997. The recipient earned \$22,186 during this period. The case worker also received a resource/unearned income match showing the recipient collected \$2,598 in winnings in 1995. The recipient was overpaid \$7,350 in ADC and food stamp benefits. The recipient has since requested that her case be closed. Closing the case will save \$603 in ADC and food stamp benefits monthly.
- Recipient C had earned income of \$4,529 between July 1996 and December 1996. Between September and December 1996, the recipient was overpaid \$479 in food stamps. This case is closed and the county will save an additional \$120 monthly.
- Recipient D had unreported earnings for 1996 and as a result was overpaid \$7,701 in ADC and food stamp benefits. The case was closed in July 1997 for failure to verify employment. The county will save \$500 a month as a result.

- Recipient E was employed from April 1996 through December 1996 and was overpaid \$1,414 in food stamps. In researching the case and correcting the recipient's SSN, it was discovered that another case member's disability income had been incorrectly listed in the case record. As a result of correctly recording the income, that case member has to pay \$340 per month of medical expenses.
- Recipient F had unreported earned income of \$18,585 from January 1996 through June 1997. The case worker informed the AOS that the recipient had a monthly overpayment of \$120 in food stamps for 1996 and that the case was closed in December 1996. The AOS determined that the case had not been closed and that the recipient continued to receive the \$120 monthly allotment of food stamps through July 1997. The recipient was overpaid \$2,280 and the case is now closed. The county will save \$120 a month as a result.

Given the high incidence of data transcription errors, it is clear that ODHS and the CDHS's need to correct this problem. One relatively simple solution, and one which is used in similar circumstances by other government agencies such as the Internal Revenue Service, is to require that case workers transcribe an applicant's SSN twice when entering an applicant into CRIS-E. An edit check could then be built into CRIS-E that would check whether both entries were the same.

### **RECIPIENTS' SSNs NOT PROPERLY VERIFIED**

Section 5101:1-39-091(A) of the Ohio Administrative Code and Section 3130 of the PAM contain guidance on the procedures to be followed when confirming the SSN of a public assistance applicant. As a condition of eligibility, an applicant must provide proof of his or her SSN. The most acceptable proof is the social security card itself. The Ohio Administrative Code further requires that regardless of the type of assistance a person receives, a photocopy of the social security card must be retained in the CDHS case record. If photocopies cannot be made, the case worker is to record, in detail, what documents were used to validate the SSN and in whose possession they remain.

CDHS investigations of potentially invalid numbers showed that some case workers were accepting incorrect documentation, which in 118 instances, resulted in a recipient being issued benefits under someone else's SSN -- usually a parent or a spouse. The incorrect numbers were social security claim numbers, usually from Medicare cards of the parent or spouse, through whom the recipient was a beneficiary. The PAM explains how to avoid this error: the claim number, whether it belongs to the recipient, parent or spouse, always contains a suffix.

CDHS and AOS investigations revealed that another 41 case files did not contain verification of the

recipient's SSN. The 41 case files did not contain a copy of the Social Security card or documentation as to what other method of verification was used. Without the verification in the file, there was no way to determine whether the SSN contained in CRIS-E was valid. The CDHS's have since contacted the recipients to seek the proper verifications.

To prevent future occurrences of improper verification of SSNs, ODHS and the CDHS's may need to reinforce, through supervisory reviews and advisory bulletins, existing guidance on the verification of an applicant's SSN.

### **DECEASED RECIPIENTS' CASES IMPROPERLY OR NOT TIMELY CLOSED**

Where documentary or collateral evidence indicates the death of a public assistance recipient, the appropriate action is to first verify the death, then note in CRIS-E that the case is being terminated because of death. Failure to timely close a case results in overpayments, that even when recouped, incur additional administrative costs and give a recipient or provider free use of the money until it is repaid.

Of all the potentially invalid SSNs sent to the CDHS's for investigation, the CDHS's reported that 396 of the recipients were deceased and their cases closed and the benefits terminated. Further analysis of these cases revealed that they were not always closed in a timely manner. A random sample of 65 cases from 12 counties showed that it took an average of nearly 11.5 months to close a deceased recipient's case and terminate the benefits. The most extreme case was left open for 31 months. During these months, providers, usually nursing homes, continued to receive payments, and although it appeared that ODHS had been successful in recouping these payments, the vendors had free use of the funds until repaid.

One reason for the delays in closing the cases appears to be a delay on the part of nursing homes in notifying the CDHS's that a patient was deceased. Nursing home providers use ODHS Form 9400 to submit monthly bills for each patient. The form contains space for the provider to notify ODHS of a recipient's date of death and to adjust payments due the provider. Based on a review of 10 cases involving nursing home payments, AOS staff found delays averaging about 8 months in the death notifications. Theoretically, if nursing homes followed instructions and provided timely notifications of patient deaths, payments should not continue for more than a month past a patient's date of death.

Another reason for the delays in closing the cases appeared to be a failure on the part of the CDHS's to act on information that a recipient was deceased. For example, we noted that payments totaling \$100,000 continued in five cases that the CDHS's reported as closed. In seven cases CDHS's identified \$2,531 in overpayments to deceased recipients. In another case, a case worker failed to

act on an IEVS alert that a recipient had died, resulting in four months of additional benefit payments before the case was closed. In another case, the daughter of a deceased recipient continued to receive her mother's food stamps as well as her own for six months, resulting in a \$718 overpayment. Had the case worker acted upon information available in CRIS-E, the overpayment could have been prevented.

AOS analysis of case closures of deceased recipients identified another 13 cases that had been closed for reasons other than the recipient's death. Failure to properly close a case through a death termination (by entering Code 22 and a death date on the appropriate CRIS-E screen) permits the CRIS-E file to remain open, or be reopened, and allows benefits to be issued to or for a deceased individual. Reasons given in CRIS-E or in case files for these closures included a failure by a recipient to pick up food stamps or a failure to keep a scheduled appointment. In at least one instance, a case file contained returned mail with a notification from postal authorities that the client was deceased. In other instances, information was available in CRIS-E that should have alerted the case worker that the recipient was deceased.

Detailed analysis of nursing home delays in patient death notifications, and of the failure of case workers to act on death information, was beyond the scope of this review. Therefore, our results cannot be used to determine the magnitude of these problems. However, given the lack of controls over their occurrence and the occurrences we identified, we believe ODHS and the CDHS's need to address these problems further. The AOS also plans to address some of these issues as part of an ongoing joint audit of nursing homes being conducted with other state audit agencies.

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## ***CONCLUSIONS***

Fraud, waste and abuse are problems faced by all public agencies. ODHS, as the agency administering the largest expenditures in Ohio's budget, needs to ensure benefits are issued only to eligible recipients.

Having a person on the rolls with an invalid SSN defeats the use of fraud controls that rely on a SSN to determine such things as unreported employment and unreported income. The failure of case workers to correctly transcribe SSNs into CRIS-E resulted in recipients who were not subjected to fraud controls. Case workers also did not always obtain and validate a recipient's SSN, nor did they always use information that was available to them in making case decisions. ODHS could benefit from implementing measures that are geared to allowing only valid SSNs into the system. Such measures should help to close the door on future overpayments.

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## ***RECOMMENDATIONS***

The following recommendations to ODHS are aimed at resolving some of the problems identified in the AOS review. Implementing these recommendations should help ensure the proper functioning of controls aimed at preventing and detecting erroneous benefit determinations.

- To reduce the number of invalid SSNs and incorrectly transcribed SSNs, ODHS should develop the capability to verify SSNs as they are entered, or soon after they are entered into CRIS-E. This could be done by gaining on-line access to Social Security Administration files or through use of a commercially available software package.
- To minimize transcription errors, ODHS should build edits into CRIS-E that would require case workers to enter a SSN twice when processing applications or reapplications.
- ODHS should develop audit checks and supervisory reviews to ensure that SSNs are properly verified and documented in case files. Supervisory reviews and informational bulletins should also be used to remind case workers that social security claim numbers are not to be used in the place of SSNs.

APPENDIX I  
DISTRIBUTION OF MATCHES BY COUNTY

COUNTY	SUM	COUNTY	SUM
1 Adams	5	45 Licking	27
2 Allen	4	46 Logan	2
3 Ashland	1	47 Lorain	48
4 Ashtabula	22	48 Lucas	140
5 Athens	14	49 Madison	3
6 Auglaize	5	50 Mahoning	54
7 Belmont	17	51 Marion	5
8 Brown	10	52 Medina	13
9 Butler	46	53 Meigs	6
10 Carroll	1	54 Mercer	3
11 Champaign	4	55 Miami	8
12 Clark	23	56 Monroe	3
13 Clermont	40	57 Montgomery	68
14 Clinton	10	58 Morgan	5
15 Columbiana	14	59 Morrow	5
16 Coshocton	2	60 Muskingum	20
17 Crawford	5	61 Noble	1
18 Cuyahoga	756	62 Ottawa	1
19 Darke	4	63 Paulding	1
20 Defiance	4	64 Perry	6
21 Delaware	9	65 Pickaway	5
22 Erie	16	66 Pike	5
23 Fairfield	10	67 Portage	9
24 Fayette	3	68 Preble	1
25 Franklin	262	69 Putnam	7
26 Fulton	4	70 Richland	16
27 Gallia	10	71 Ross	8
28 Geauga	4	72 Sandusky	5
29 Greene	9	73 Scioto	26
30 Guernsey	6	74 Seneca	5
31 Hamilton	186	75 Shelby	1
32 Hancock	7	76 Stark	58
33 Hardin	1	77 Summit	128
34 Harrison	2	78 Trumbull	50
35 Henry	3	79 Tuscarawas	9
36 Highland	5	80 Union	4
37 Hocking	6	81 Van Wert	3
38 Holmes	9	82 Vinton	3
39 Huron	6	83 Warren	12
40 Jackson	11	84 Washington	8
41 Jefferson	18	85 Wayne	6
42 Knox	3	86 Williams	10
43 Lake	26	87 Wood	12
44 Lawrence	12	88 Wyandot	2

**APPENDIX II**  
**SAMPLE DATA COLLECTION INSTRUMENT**

**SOCIAL SECURITY NUMBER VALIDATION PROJECT**

<b>FIRST NAME</b>	<b>LAST NAME</b>	<b>CASE #</b>
<b>SSN/AOS</b>	<b>DOB      DOD</b>	<b>__check here if these dates are for person above</b>
<b>City State of Death</b>	<b>SSN name if different than on first line above -</b>	
<b>Caseworker CRIS-E ID</b>	<b>Date Worked</b>	<b>Error Type</b>

1) Does SSN in case file agree with AOS provided SSN:

Yes

Verification document is photocopy of SS card,

Verification was other document, please list, \_\_\_\_\_

(STOP HERE)

SSN correct - holder deceased. Date of death \_\_\_\_\_; Date benefits terminated \_\_\_\_\_

If overpayments resulted because the SSN holder was deceased, total overpayments were \$ \_\_\_\_\_

(GO TO QUESTION 6)

No (probable transcription error)

Correct SSN is: \_\_\_\_\_

Document used to determine SSN transcription error \_\_\_\_\_

(PLEASE COMPLETE QUESTIONS BELOW)

2) Please check to indicate if the corrected SSN had an effect on the following CRIS-E Screens:

AEDSW?

AEDUC?

AEDWC?

3) Does corrected SSN have an effect on DASS?

No

Yes, please explain \_\_\_\_\_

4) Does corrected SSN have an effect on IEVS (DEBB, DEBW and DESX)?

No

Yes, please explain \_\_\_\_\_

5) What was the effect on eligibility/benefits?

None

Effected AG's eligibility and resulted in

Underpayment of \$ \_\_\_\_\_ for a one month period

Overpayment of \$ \_\_\_\_\_ for a one month period

6) Has CDHS detected fraud in the Assistance Group ?

No

Yes, please explain and list the type and amount of fraud for one month \_\_\_\_\_



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VALIDATING SOCIAL SECURITY NUMBERS OF  
PUBLIC ASSISTANCE RECIPIENTS

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Jill M. Burch  
Clerk of the Bureau

Date: SEP 25 1997