County of Los Angeles
**DEPARTMENT OF PUBLIC SOCIAL SERVICES**
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August 17, 2010

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

18 August 17, 2010

SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION FOR BOARD APPROVAL OF LOS ANGELES COUNTY'S FISCAL YEAR 2010-11 PLAN FOR FRAUD INVESTIGATIONS AND PROGRAM INTEGRITY EFFORTS RELATED TO THE IN-HOME SUPPORTIVE SERVICES PROGRAM (ALL DISTRICTS – 3 VOTES)**

## SUBJECT

Approval of the Fiscal Year (FY) 2010-11 plan for fraud prevention, detection, referral, investigation, and additional program integrity efforts related to the In-Home Supportive Services (IHSS) Program.

## IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Los Angeles County FY 2010-11 IHSS Anti-Fraud Plan. Los Angeles County's share of the State's funding is $10.0 million, including $1.529 million in required County matching funds which will be funded by the Department of Public Social Services (DPSS) and the District Attorney (DA) within their existing budgets. The State requires Board of Supervisors' approval prior to submission of the County's IHSS Anti Fraud Plan (Plan).

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Los Angeles County's FY 2009-10 IHSS Anti-Fraud Plan was approved by your Board on November 12, 2009 and by the State on December 23, 2009. The approval included a $9.4 million allocation for Los Angeles County. In order for counties to continue to receive State funding for IHSS anti-fraud activities, a Board approved fraud plan for FY 2010-11 must be submitted to the State by September 1, 2010.

IHSS provides personal care, domestic, and related services to persons who are aged, blind or disabled so they can remain safely in their own homes. IHSS is considered an alternative to out-of-

home care. The program is administered by each County with oversight by the California Department of Social Services (CDSS). In Los Angeles County, the program includes 184,000 IHSS consumers and over 136,000 providers of those services.

Since April 2004, the California Department of Health Care Services has been solely responsible for the investigation of fraud in the IHSS program. On July 28, 2009, the Governor signed ABX4 19, which amended Section 12305.82 of the Welfare and Institutions Code to provide counties with the authority to investigate fraud in IHSS, and appropriated $10.0 million of State funds in FY 2009-10 for the purpose of fraud prevention efforts related to IHSS. With matching federal funds and required County matching funds, the total available Statewide was $26.4 million.

On October 6, 2009, your Board adopted Supervisors Knabe and Antonovich's Board Motion directing the Chief Executive Officer and the Director of DPSS, with assistance from the DA, to determine funding sources for the $1.5 million required as Los Angeles County's share of funding to draw down State and federal funds to combat IHSS fraud and to develop and submit for Board approval the County's IHSS Anti-Fraud Plan, as required by the State. An Executive Summary is included for your information (Attachment A). The FY 2010-11 IHSS Anti-Fraud Plan is also included (Attachment B).

## Implementation of Strategic Plan Goals

The recommendation is consistent with the principles of the Countywide Strategic Plan Goal #1, Operational Effectiveness: Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services.

## FISCAL IMPACT/FINANCING

The proposed available Statewide funds in FY 2010-11, when combined with matching federal and required County matching funds, is $28.0 million. Los Angeles County's allocation is $10.0 million, including $1.529 million in County matching funds. DPSS and the DA will identify funding in their existing budgets to provide the required match. DPSS will fund $1.262 million and the DA will fund $0.267 million. Funding is expected to be renewed annually by the State, provided counties have demonstrated that anticipated outcomes have been achieved

The attached Plan prescribes the specific content requirements and components as outlined by the State. The proposals in the Plan are both broad in scope and narrow in focus. As targeted strategies, the proposals are anchored on prior best practices and program integrity imperatives, and are strengthened and expanded through the funding opportunities created by the 2009 State Budget Act.

Implementation of the Plan is contingent upon enactment of the State budget and inclusion of funding for the IHSS Anti-Fraud Plan in the final State budget. The items in the FY 2009-10 IHSS Anti-Fraud Plan which your Board approved were allocated as "N" items, and the 15 additional positions in the IHSS Anti-Fraud Plan for FY 2010-11 will also be "N" items. Even with enactment of the State budget and approval of funding, no positions will be filled without Chief Executive Office approval.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 2, 2010, CDSS issued a letter to all County Boards of Supervisors, advising that the Governor's proposed FY 2010-11 budget plan includes an allocation of $28.0 million Statewide, of which $10.0 million is appropriated for Los Angeles County, for fraud prevention, detection, referral, investigation, and additional program integrity efforts related to the IHSS Program. Counties opting to participate in this opportunity must submit a plan approved by their County Board of Supervisors, with a corresponding budget, by September 1, 2010.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

The fraud funding in FY 2009-10 allowed for the expansion of the DA's Public Assistance Crime Enforcement (PACE) Team to include IHSS fraud investigations. Since January 2010, the DA has filed felonies against 73 defendants for IHSS fraud brought in by the PACE Team. This significant progress represents twice as many filings on IHSS fraud compared to the previous three years during which IHSS felony filings totaled only 38. Criminal filings include two defendants, each charged with over $100,000 in IHSS fraud, five defendants who have been sentenced to State prison and ten defendants who were convicted this month and are now disqualified from participation in the IHSS program. These aggressive strategies have resulted in the detection of over $1.2 million in program losses in IHSS and other public assistance programs.

In addition, your Board's approval of FY 2009-10 funding allowed DPSS to significantly enhance and expand its internal case auditing of IHSS cases, develop an "Early Fraud" component to the IHSS application process, strengthen its fraud training program for Social Workers with the introduction of "Error Prone Profile" tools to highlight behavioral characteristics of potential violators and finally, to advance the beginning of an automated tracking system to better capture and track measurable anti fraud outcomes.

The continuation of this funding will allow the collaboration between the State, DPSS and the DA to further investigate fraud in the IHSS program. It will also further facilitate the modification and expansion of the prevention and detection components of this plan. The success of these strategies is predicated on a consistent, early intervention and rapid response operation. The addition of Program Integrity Compliance Officers in IHSS line offices will provide a necessary link with the quality assurance teams in partnering in program integrity development.

Finally, incorporating technological advances in data mining and predictive analytics could also potentially assist with the detection of fraud in IHSS and significantly reduce financial loss in this program. Therefore, DPSS will partner closely with the Chief Executive Office's Service Integration Branch to conduct a pilot to assess the feasibility of using data mining technology in helping to detect and prevent fraud in the IHSS program. The pilot will be 90 days and the report will be issued one month after the conclusion of the pilot. The current plan is for the pilot to conclude in December 2010 with a report in January 2011.

## CONCLUSION

Upon approval and signature, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board Letter and the original FY 2010-11 proposed IHSS Anti-Fraud Initiatives Plan, to DPSS.

Respectfully submitted,

PHILIP L. BROWNING
Director

PLB:ll

Enclosures

c: Chief Executive Officer
District Attorney
County Counsel
Executive Officer, Board of Supervisors

FISCAL YEAR 2010-11 PROPOSED IHSS ANTI-FRAUD INITIATIVES
**Executive Summary**

The Department of Public Social Services and the Office of the District Attorney partnered with the California Department of Health Care Services (CDHCS) to include these initiatives in Los Angeles County's In-Home Supportive Services (IHSS) Fraud Prevention Plan. The Plan prescribes to the specific content requirements and components outlined in the July 2, 2010 California Department of Social Services letter to all County Board of Supervisors.

| PROPOSED INITIATIVE | BRIEF EXPLANATION OF THE PROCESS |
|---|---|
| Maintain a Front End Verification Review Unit of Social Workers (SWs) to complete front end verification of applicant/customers who are referred by their SW due to questionable information.<br><br>**Additional Positions:**<br><br>**4 Intermediate Typist Clerks**<br>**1 Social Services Supervisor** | Modeled after our current Early Fraud Detection process used in CalWORKs and Food Stamps, this provides further scrutiny of IHSS consumers and providers who exhibit evidence or characteristics of potential program violation. This anti-fraud strategy will help to prevent issuance of incorrect initial benefits and allow for more in-depth verification and assessment.<br><br>During Fiscal Year (FY) 2009-10, in the absence of automation, the lack of clerical support in this large operation compromised fraud referral processing efficiencies, data collection on outcomes and critical communication between the DA, DPSS and the State.<br><br>Staffing: 21 - Social Workers<br>4 - Social Services Supervisors<br>4 - Intermediate Typist Clerks<br><br>**Cost: $4,157,000** |
| Program Integrity Compliance Officer (PICO)<br><br>***NEW INITIATIVE for FY 2010-11**<br><br>**Additional Positions:**<br><br>**8 Program Assistants** | DPSS currently utilizes PICOs in the CalWORKs offices to review/monitor automated systems, as well as reconciling and validating computer matches and other program integrity tools. They also perform important operational reviews which focus on potential identification of internal fraud. Currently there are no PICOs in the IHSS offices to perform these critical functions. Adding these positions will allow for a more in-depth level of programmatic review and bridge a longstanding gap in the detection and referral of IHSS fraud.<br><br>Staffing: 8 - Program Assistants<br><br>**Cost: $703,000** |

FISCAL YEAR 2010-11 PROPOSED IHSS ANTI-FRAUD INITIATIVES
**Executive Summary**

| | |
|---|---|
| Maintain the Public Assistance Crime Enforcement Unit. | Taskforce approach maintains qualified investigative staff and promotes interagency cooperation to concurrently investigate the myriad of fraud related offenses committed in public aid programs. CalWORKs, Food Stamps and Child Care fraud have been the primary focus of these criminal investigations. However, DPSS, the DA and CDHCS Investigators have discovered fraud activities related to the same suspects in the areas of Medi-Cal, Section 8 Housing, and IHSS. The current Inter-Agency Taskforce has been expanded to include IHSS investigators.<br><br>Staffing: 7 - DPSS Investigators (WFI)<br>1 - DPSS Supervising Investigator (SWFI)<br>6 - Senior DA Investigators (DAI)<br>1 - Supervising DA Investigator<br><br>DPSS Cost: 1,128,000<br>DA Cost: 1,380,494<br><br>**Combined Cost: $2,508,494** |
| Create an Overpayment (OP) Collections Unit.<br><br>***NEW INITIATIVE for FY 2010-11**<br><br>**Additional Positions:**<br><br>**2 Social Workers**<br>**1 Social Services Supervisor** | A centralized OP Collections Unit will provide investigative staff necessary resources for correctly calculating the amount of fraud overpayments and establishing claims for collection purposes.<br><br>Currently decentralized, greater efficiencies will be gained by a centralized control to ensure accuracy and timely processing, a prerequisite for criminal filings.<br><br>Staffing: 2 - Social Workers<br>1 - Social Services Supervisor<br><br>**Cost: $481,000** |
| Continue to explore use of Data Mining for IHSS Fraud Detection and Prevention.<br><br>DPSS will work with Los Angeles County Registrar-Recorder to receive Death Notification prior to forwarding to State. | DPSS is currently developing Data Mining in Child Care fraud prevention and will implement a pilot in the early fall to explore the feasibility of utilizing this technology in IHSS. IHSS Pilot results will be reported to the Board in January 2011.<br><br>DPSS will explore the feasibility of receiving Death Match information from the Los Angeles County Registrar-Recorder prior to or at the same time Los Angeles County information is forwarded to CDHCS.<br><br>**Cost: TBD** |

FISCAL YEAR 2010-11 PROPOSED IHSS ANTI-FRAUD INITIATIVES
**Executive Summary**

| | |
|---|---|
| CDHCS will station an IHSS Fraud Investigator in each Regional IHSS office. | This is an ongoing initiative between DPSS and CDHCS that will continue as part of our IHSS fraud prevention plan.<br><br>Staffing: Provided by CDHCS<br><br>**Cost: Minimal** |
| DA will continue to provide a Deputy DA who will guide and provide training to DA/ CDHCS/Welfare Fraud Prevention & Investigation (WFP&I) Investigators on investigating and successfully prosecuting IHSS fraud.<br><br>***NEW INITIATIVE for FY 2010-11**<br><br>**Additional Positions:**<br><br>**1 Paralegal** | DPSS' current practice of working directly with DA prosecutors has proven very successful. This Deputy DA provides training and works with investigative staff on IHSS cases sent forward for prosecution.<br><br>The paralegal will work with the designated Deputy DA's assigned to IHSS cases in the preparation and review of court documents related to prosecution activities.<br><br>Staffing: 1 - Deputy District Attorney IV<br>1 - Paralegal<br><br>**Cost: $366,567** |
| Maintain the Front End Analysis of Referrals (triage). | A SW is assigned full-time to triage incoming fraud referrals for accuracy and provide training and feedback.<br><br>Staffing: 1 - Social Worker<br><br>**Cost: $154,000** |
| Maintain the enhanced Quality Assurance/ Quality Improvement (QA/QI) Program.<br><br>**Additional Position:**<br><br>**1 Intermediate Typist Clerk** | Currently, Los Angeles County DPSS conducts quarterly QA/QI monitoring reviews on IHSS cases selected at random from all IHSS District offices and all Social Workers involved in the assessment process. With current available resources, sampling of the large IHSS caseload is limited. An additional unit of staff performing QA/QI has enabled the review of an expanded sample of IHSS cases, additional focused reviews, and data match reviews in support of program integrity and fraud detection. The addition of one clerical support staff will augment necessary controls and case review sampling.<br><br>Staffing: 5 - Social Workers<br>1 - Social Services Supervisor<br>1 - Intermediate Typist Clerk<br><br>**Cost: $1,001,000** |

FISCAL YEAR 2010-11 PROPOSED IHSS ANTI-FRAUD INITIATIVES
**Executive Summary**

| PROPOSED INITIATIVE | BRIEF EXPLANATION OF THE PROCESS |
|---|---|
| Continue to provide Fraud Prevention Tools for IHSS Line Staff. | Develop and/or purchase training on fraud prevention techniques and best practices.<br><br>**Cost: $139.585** |
| Continue to develop automated system to track all IHSS investigations in Los Angeles County | This is a State plan requirement. DPSS has explored CDHCS' statewide tracking system and has begun development on a system to fit IHSS' current needs at the local level.<br><br>Staffing: 1 - Principal Application Developer (PAD)<br>1 - Senior Principal Application Developer<br>1 - Information Systems Analyst II (ISA II)<br>1 - IT Tech Support Analyst II (ITSA II)<br><br>**Cost: $508,000** |
| **TOTAL COST: $10,018,646**<br><br>**Note – Three positions were deleted from the FY 2009-10 plan:**<br><br>**1 Retiree**<br>**2 IT Staff** | **TOTAL STAFF: 69 Positions**<br><br>29 - Social Workers<br>6 - Social Services Supervisors<br>8 - Program Assistants<br>5 - Intermediate Typist Clerks<br>7 - DPSS Investigators<br>1 - DPSS Supervising Investigator<br>6 - Senior DA Investigators<br>1 - Supervising DA Investigator<br>1 - Deputy DA IV<br>1 - Paralegal<br>1 - PAD<br>1 - Senior PAD<br>1 - ISA II<br>1 - ITSA II |

ATTACHMENT B
(Including State Enclosures D & E)

# LOS ANGELES COUNTY

## DEPARTMENT OF PUBLIC SOCIAL SERVICES AND OFFICE OF THE DISTRICT ATTORNEY

Los Angeles County is requesting participation in the Enhanced IHSS Anti-Fraud Program. Our plan prescribes to the specific content requirements as outlined in the July 2, 2010 CDSS Letter to all County Boards of Supervisors.

Board of Supervisor Approval

Approved on August 17, 2010, by the Los Angeles County Board of Supervisors.

Supervisor Gloria Molina, Chair of the Board

Signature: _____

APPROVED AS TO FORM:

BY THE OFFICE OF COUNTY COUNSEL
ANDREA SHERIDAN ORDIN, COUNTY COUNSEL

By: _____
Dawyn R. Harrison

Name of County District Attorney Representative:

Scott Carbaugh, Head Deputy DA, Welfare Fraud Division

Telephone #: (213) 974-8554

Email Address: SCarbaugh@da.lacounty.gov

Name of County Welfare Department Representative:

Lupe Luque, Chief, DPSS Program Compliance Division

Telephone # (562) 908-8320

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# LOS ANGELES COUNTY IN-HOME SUPPORTIVE SERVICES ANTI-FRAUD PLAN

The following represents a comprehensive and collaborative Anti-Fraud Plan aimed at the prevention, detection, referral and investigation of fraud in the In-Home Supportive Services (IHSS) Program. The Plan has been developed in partnership with the Los Angeles County District Attorney's office (DA) as well as the California Department of Health Care Services (CDHCS) Investigations Section and the California Department of Social Services (CDSS).

The Plan prescribes to the specific content requirements and components as outlined in your letter of July 2, 2010 to all County Boards of Supervisors. The proposals inherent in the Plan are both broad in scope and narrow in focus, as targeted strategies, anchored on prior best practices and program integrity imperatives, are strengthened and expanded through the continued funding opportunities created by the 2009 State Budget Act. Los Angeles County is committed to commence work on all new Fiscal Year (FY) 2010-11 initiatives described in this Plan within 60 days of receipt of funding.

Following is a description of FY 2010-11 initiatives which will enhance our current IHSS fraud prevention efforts. We are confident that by implementing these collective strategies we will not only mitigate fraud but also reduce the occurrence of overpayments and underpayments.

## 1. Front End Verification Review

Los Angeles County Department of Public Social Services (DPSS) developed and implemented a Front End Verification Review (FEVR) process in the IHSS Program. The FEVR, modeled after our successful Early Fraud Detection Program in the California Work Opportunity and Responsibility to Kids (CalWORKs) and Food Stamp Program, will reduce potential overpayments, as well as the workload associated with them. Detecting and preventing fraud early in the application process is an important and well proven strategy in mitigating fraud.

This initiative provides further scrutiny of IHSS consumers and providers who exhibit evidence or characteristics of potential program violation. It provides more in-depth verification and assessment than is usually needed for eligibility determination.

DPSS, in collaboration with the DA and CDHCS, developed an Error Prone Profile (EPP) for IHSS. The EPP is a list of characteristics that are common in error prone cases (Red Flags). The EPP is reviewed and updated periodically to incorporate additional Red Flags that are relevant and cost effective. Social Workers use the EPP to determine if either a fraud referral or referral to the FEVR unit is appropriate.

A FEVR Unit, consisting of both experienced as well as trainee Social Workers, is housed in each IHSS Regions. Case-carrying Social Workers who encounter verification or information which is not consistent with the case record make referrals to FEVR staff. Referrals accepted by the FEVR Social Workers result in verification of the inconsistent information through phone calls or a new assessment of the IHSS consumer's eligibility need for services. The FEVR Social Worker makes a fraud referral to CDHCS when the information or documents in question cannot be resolved or verified.

The following are some "high-risk" or relevant characteristics for IHSS that Social Workers use to determine if a FEVR interview is required:

- Information provided by the consumer/or provider is contradictory, incomplete or unclear.
- Provider with secondary employment which may conflict with IHSS services being provided to the consumer.
- Consumer is frequently unavailable for scheduled home visits; either not at home or continuously calls to reschedule.

During FY 2009-10, the absence of automation and lack of clerical support in this large operation compromised fraud referral processing efficiencies and data collection. This Plan will allow for the clerical support and supervision necessary to maintain the FEVR units.

**2. Program Integrity Compliance Officer**

DPSS currently maintains Program Integrity Compliance Officers (PICOs) in the CalWORKs offices to review/monitor automated systems, and audit staff for program integrity and internal fraud. This plan will allow PICOs to be housed in each of the IHSS Regional offices reporting directly to the Regional Services Administrator. The PICO will conduct additional internal reviews necessary for the detection and referral of fraud; complete monthly random reviews of cases to ensure program integrity; and compile reports indicating employee policy/procedures are being followed.

**3. Public Assistance Crime Enforcement**

In May 2009, the DA's Recipient Welfare Fraud Investigation Unit, in collaboration with the Welfare Fraud Prevention & Investigations (WFP&I) Section of DPSS, implemented a Public Assistance Crime Enforcement (PACE) Taskforce. The purpose of PACE is to maintain qualified investigative staff and promote interagency cooperation to concurrently investigate the myriad of fraud related offenses committed against a variety of public agencies. CalWORKs, Food Stamps and Child Care fraud have been the primary focus of these criminal investigations; however, WFP&I, DA and CDHCS Investigators have discovered fraud activities related to the same suspects in the areas of Medi-Cal, Section 8 Housing, and IHSS.

Investigators assigned to PACE currently conduct joint field operations on their respective cases. This taskforce approach ensures team cohesiveness, accountability and unified tracking methodology to aid in the determination of program outcomes. Los Angeles County DPSS has enjoyed a longstanding and successful collaboration with the DA and CDHCS in the prevention and investigation of IHSS fraud. Future plans are being developed to add the following agencies to the PACE Team: Social Security Administration, Department of Motor Vehicles, Internal Revenue Service, and City, County, and Federal Housing Authority (Section 8).

In August 2009, investigative staff from CDHCS joined the PACE Team, to provide an investigative source for IHSS and Medi-Cal fraud. The fraud funding in FY 2009-10 allowed for the expansion of PACE to include IHSS fraud investigations. Since January 2010, the DA has filed felonies against 73 defendants for IHSS fraud brought in by the IHSS PACE Team.

This significant progress represents twice as many filings on IHSS fraud compared to the previous three years during which IHSS felony filings totaled only 38. Criminal filings include two defendants, each charged with over $100,000 in IHSS fraud, five defendants who have been sentenced to State prison and ten defendants who were convicted this month and are now disqualified from participation in the IHSS Program. These aggressive strategies have resulted in the detection of over $1.2 million in program losses in IHSS and other public assistance programs.

**4. Overpayment Collections Unit**

The collection of overpayments (OP) is handled by each IHSS Regional office for the consumer/providers assigned to that Regional office. Consumers/providers requesting to repay an OP are referred to the appropriate region to make payments. By centralizing OP collections, investigative staff has access to the resources necessary for correctly calculating and collecting OP identified during fraud investigations. This unit will also ensure that payment processing is handled more efficiently and with greater emphasis on controls and accounting.

**5. IHSS Data Mining Pilot**

Following a successful pilot in child care, the Data Mining System (DMS) Agreement was approved by the Board of Supervisors on December 22, 2009, with SAS Institute Inc. (SAS). This agreement is for the design, development and implementation of data mining technology for Los Angeles County, to target fraud in the CalWORKs Stage 1 Child Care program. The deployment of the DMS predictive models will allow WFP&I to capture suspicious cases for investigation sooner; decreasing the need to wait for a referral.

Using state of the art data mining techniques this system will:

- Consolidate data for investigations;
- Show networks among providers and participants;
- Streamline/optimize searching of County data sources;
- Integrate with existing workflow and case management;
- Use link analysis to explore relationships between providers and participants;
- Soft (fuzzy)-matching of key information across disparate sources;
- Use statistically designed risk measures to predict collusion activities; and
- Display results using advanced visualization application.

- First Step

  The Department is currently exploring an IHSS Anti-Fraud Data Mining Pilot with the vendor SAS. SAS has submitted a proposal to conduct a 90-day Pilot project which will demonstrate the essential functionality of a comprehensive Provider Fraud Investigation Tool using the SAS Fraud Framework at No Cost to the County. Specifically, this pilot will focus on the following:

  - Detection of unknown patterns of fraud;
  - Additional statistical analysis to demonstrate the value of analytics in understanding large amounts of provider-consumer data;
  - Historical data relationships – 5 Years;
  - Identity resolution – exploring common identity across different programs by same people over time;
  - Preliminary networking structure; and
  - Other fraud connections.

- Goals/Objectives

  SAS analytics will facilitate the assessing of relative risk and prioritizing cases for follow-up by Investigators. The goals and objectives of the pilot will be to improve the efficiency of investigations into IHSS provider-consumer activities and develop measures of risk to distinguish suspicious activities from approved care and services. The pilot will allow for earlier detection of fraud based on a scoring of provider-consumer relationships determined by previous criteria of suspicious activity. The pilot will demonstrate how integration of County and State data can provide a richer, clearer picture of a particular provider-consumer relationship, and provide a tool allowing Investigators to act on professional expertise. The pilot is targeted to commence this fall, with a report to the Board of Supervisors in January 2011.

  To achieve this objective, the pilot project will demonstrate the following new risk analysis:

  - Combining multiple variables in a single risk analysis;
  - Comparing individual risk predictors;
  - Identifying appropriate statistical thresholds for suspicious activity and combined risk factors; and
  - Risk-ranking reports that provide hot-lists of cases to assist in prioritizing investigative follow-up.

**6. CDHCS IHSS Investigator in Each Regional IHSS Office**

CDHCS is working with DPSS to house an Investigator in each of our IHSS Regions. This is an ongoing initiative between DPSS and CDHCS that will continue as part of our IHSS fraud prevention plan.

## 7. DA/Restitution Paralegal

DPSS' current practice of working directly with DA prosecutors on CalWORKs/Food Stamp fraud has proven very successful. As part of this Plan, a Deputy DA provides training and works with investigative staff on IHSS cases sent forward for prosecution.

This Plan will allow for the addition of a restitution paralegal to provide legal expertise in the preparation of required court documentation regarding IHSS overpayment restitution. The Paralegal will report directly to the Deputy DA IV and will be required to coordinate collection of IHSS restitution with DPSS and CDHCS.

## 8. Front End Analysis of Referrals

Currently, the IHSS Fraud Referral process is centralized in Los Angeles County. Social Workers from the various IHSS Regional offices forward referrals to DPSS Headquarters for review and Front End Analysis of Referrals (triage), prior to forwarding to CDHCS for investigation. This process, developed in collaboration with CDHCS, has streamlined the referral process, strengthened the accompanying documentation and reduced the number of negative referrals.

The triage approach has proven successful in reducing the number of unsubstantiated referrals and allows Investigators to concentrate on cases with a high probability of fraud. A Social Worker will be added to the team full-time to triage fraud referrals for accuracy and to provide training and feedback as needed.

## 9. Enhanced Quality Assurance/Quality Improvement Program

Los Angeles County has a dedicated IHSS Quality Assurance/Quality Improvement (QA/AI) unit, consisting of one Social Services Supervisor and six Social Workers whose full-time job is performance of the IHSS QA activities. Currently, Los Angeles County DPSS conducts quarterly QA/QI monitoring reviews on IHSS cases selected at random from all IHSS Regional offices and all Social Workers involved in the assessment process. In the monitoring process, each of the full-time IHSS QA Social Workers is required to complete at least 250 desk reviews and conduct home visits for a sub-sample of 50 cases each FY. This represents a small sampling of the Los Angeles County IHSS caseload (184,000).

An additional unit has allowed an expanded sample of IHSS cases each quarter and additional focused reviews in support of program integrity and fraud detection. The unit consists of five Social Workers and a Supervisor. This unit identifies potential overpayments/underpayments, identifies training needs and develops error trends. The addition of one clerical support staff will augment necessary controls and case review sampling.

- The Review Process

The QA/QI reviews key areas of assessment and include full case reviews, focused reviews and home visits, leading to corrective action and the need to monitor for overpayments, underpayments and other actions, as appropriate.
Full Case Reviews are conducted to verify that Social Workers applied appropriate actions in the following areas: timely application processing, eligibility determination, needs assessment, provider payroll process, and civil rights compliance.

Focused Reviews are conducted to verify that Social Workers applied appropriate actions for timely application processing, eligibility determination and needs assessment, and to verify appropriate actions in a specific service area, e.g., Protective Services, Paramedical, Civil Rights Compliance, Provider Payroll, etc.

Home Visits are conducted for a sub-sample of desk review cases to validate information in case files with the results reported on the QA Home Visit Questionnaire. Inconsistent information is reported to the regions with a request to follow up and conduct a subsequent home call or phone call to the consumer or provider. Regional offices are further requested to take immediate action, including initiating fraud referrals, and to provide QA staff with a report of completed corrective action, including supporting documentation, within the established timeframe. QA staff controls for verification of necessary action.

## 10. Fraud Prevention Tools

DPSS will continue to develop fraud prevention tools and best practices for IHSS regional staff. In addition, IHSS Program staff will work in collaboration with CDHCS, CDSS and the DPSS Academy to develop ongoing fraud prevention training.

## 11. Tracking/Reporting IHSS Fraud Data and Activities

DPSS has explored CDHCS' Statewide tracking system and has begun development on a system to fit IHSS' current needs at the local level. DPSS will track data on overpayments/underpayments, the number of fraud referrals and their outcomes, and utilization of the DA in combating IHSS fraud. The automated system will allow selected staff to track referral findings and generate reports. The following is a timeline of this six-phase project:

- September 2010 Requirement Phase;
- November 2010 System Design Phase;
- April 2011 Development Phase;
- May 2011 User Acceptance Phase;
- June 2011 Training; and
- June 2011 Rollout.

ENCLOSURE D

**County:** LOS ANGELES

| Overpayments identified by County QA | | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|---|---|---|---|---|---|---|---|
| | Total Amount per Fiscal Year: | ** | ** | ** | ** | ** | $240,533.55 |
| | Number of Instances: | | 531 | 0 | 3 | 4 | 1,218 |
| Breakdown of Causes | Provider: | ** | ** | ** | ** | ** | 1,218 |
| | Recipient: | ** | ** | ** | ** | ** | |
| | County Error: | ** | ** | ** | ** | ** | |
| | Unknown: | ** | 531 | 0 | 3 | 4 | |
| | Other: | ** | ** | ** | ** | ** | |

| Underpayments identified by County QA | | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|---|---|---|---|---|---|---|---|
| | Total Amount per Fiscal Year: | ** | ** | ** | ** | ** | |
| | Number of Instances: | ** | 84 | 0 | 7 | 0 | 0 |
| Breakdown of Causes | Provider: | ** | ** | ** | ** | ** | |
| | Recipient: | ** | ** | ** | ** | ** | |
| | County Error: | ** | ** | ** | ** | ** | |
| | Unknown: | ** | 84 | 0 | 7 | 0 | |
| | Other: | ** | ** | ** | ** | ** | |

| Fraud Referrals/Outcomes | | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|---|---|---|---|---|---|---|---|
| | Number of referrals to DHCS: | 44 | 100 | 217 | 164 | 491 | 281 |
| | Number of handled locally by DA: | * | * | * | * | * | 195 |
| | Number of convictions: | 3 | 15 | 2 | 0 | 0 | 44 |
| | Court Ordered Restitution: | 11 | 13 | 5 | 49 | 106 | 42 |
| | Amount of funds involved in the convictions: | $373,882.52 | $480,818.07 | $189,558.68 | $116,144.40 | $167,662.59 | $1,102,004.00 |
| | Amount of funds recovered: | $6,582.00 | $4,623.18 | $414.08 | $414.08 | $43.76 | $19,732.00 |
| | Amount of funds pending recovery: | $36,720.52 | $476,194.89 | $189,144.60 | $115,730.32 | $167,618.83 | $1,082,272.00 |
| | Basis for the Conviction: | ** | ** | ** | ** | ** | |
| Individuals Responsible | Recipient: | ** | ** | ** | ** | ** | 11 |
| | Provider: | ** | ** | ** | ** | ** | 35 |
| | County Staff: | ** | ** | ** | ** | ** | 0 |
| | Other: | ** | ** | ** | ** | ** | 5 |
| | Unknown: | ** | ** | ** | ** | ** | 0 |

| Utilization of County DA for Fraud | | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|---|---|---|---|---|---|---|---|
| | Documented referrals to DA | | | | | | |
| Outcomes | Accepted: | 3 | 15 | 2 | 0 | 0 | 35 |
| | Rejected: | 1 | 0 | 0 | 0 | 1 | 0 |
| | Pending: | 0 | 0 | 0 | 0 | 0 | 0 |
| | Completed Investigation | | | | | | |
| | No Fraud: | N/A | N/A | N/A | N/A | N/A | 19 |
| | Restitution Action: | 14 | 28 | 7 | 49 | 106 | 14 |
| | Referred for Prosecution: | | | | | | |
| | Criminal Charges Filed: | 8 | 4 | 10 | 7 | 4 | 81 |
| | No Charged Filed: | | | | | | 3 |
| | Convictions: | 3 | 15 | 2 | 0 | 0 | 44 |
| | Acquittals: | N/A | | | | | 0 |
| | Dismissals: | 1 | 0 | 0 | 0 | 1 | 5 |
| | Pending Investigation: | ** | ** | ** | ** | ** | 2 |
| | Restitution | | | | | | |
| | Court Ordered: | | | | | | 42 |
| | Restitution Action: | 14 | 28 | 7 | 49 | 106 | 14 |
| | Fines | | | | | | |
| | Prosecutions Completed | | | | | | 6 |
| | Convictions | 3 | 15 | 2 | 0 | 0 | 44 |
| | Misdemeanor: | ** | ** | ** | ** | ** | 7 |
| | Felony: | ** | ** | ** | ** | ** | 37 |

* IHSS does not directly refer cases to DA

** Unknown

# Budget Justification
# Los Angeles County's Annualized Fraud Funding Plan for FY 2010-11

| Budget Section | Total |
|---|---|
| A. Personnel Costs (includes employee benefits) | $ 5,265,954 |
| B. Operating Expenses | $ |
| C. Equipment Expenses | $ |
| D. Travel/Per Diem and Training | $ 139,585 |
| E. Subcontracts and Consultants | $ 1,747,061 |
| F. Other Costs | $ |
| G. Indirect Expenses | $ 2,866,046 |
| Total Expenses | $ 10,018,646 |

| A. Personnel Costs (including employee benefits) | Total Budget |
|---|---|
| **Title:** Social Worker 21.0 FTE<br><br>**Salary Calculation:** FY Salary ($1,080,964) + benefits ($721,364)<br><br>**Duties Description:** Work in the Front End Verification Review (FEVR) Unit. Complete front end verification of applicant/customers who are referred by their respective Social Worker due to questionable information. Prevent issuance of incorrect benefits and require and require more in-depth verification and assessment than is usually needed for eligibility determination. | $ 1,802,328 |
| **Title:** Social Services Supervisor 4.0 FTE<br><br>**Salary Calculation:** FY Salary ($235,788) + benefits ($150,650)<br><br>**Duties Description:** supervise the Front End Verification Review (FEVR) Unit. Supervise front end verification of applicant/customers who are referred by their respective Social Worker due to questionable information. Supervise Social Workers that prevent issuance of incorrect benefits and require more in-depth verification and assessment than is usually needed for eligibility determination. | $ 386,438 |
| **Title:** Intermediate Typist Clerk 4.0 FTE<br><br>**Salary Calculation:** FY Salary ($132,525) + benefits ($105,876)<br><br>**Duties Description:** Assists worker and supervisor in the Front End Verification Review (FEVR) Unit that completes from end verification of applicant/customers who are referred by their respective Social Worker due to questionable information, and prevents issuance of incorrect benefits and requires more in-depth verification and assessment than is usually needed for eligibility determination. | $ 238,401 |
| **Title:** Program Assistant 8.0 FTE<br><br>**Salary Calculation:** FY Salary ($422,053) + benefits ($281,339)<br><br>**Duties Description:** Work as Program Integrity Compliance Officer (PICO) similar to those in the Bureau of Workforce Services offices reviewing/monitoring automated systems, and auditing staff for program integrity and internal fraud. Will provide IHSS districts with additional internal review necessary for the detection and referral of fraud. | $ 703,392 |

# Budget Justification
# Los Angeles County's Annualized Fraud Funding Plan for FY 2010-11

| | |
|---|---|
| **Title:** Welfare Fraud Investigator 7.0 FTE<br><br>**Salary Calculation:** FY Salary ($356,783) + benefits ($240,625)<br><br>**Duties Description:** Work in the Inter-Agency Taskforce Unit that maintains qualified investigative staff and promoted interagency cooperation to concurrently investigate fraud related offenses committed in public aid programs such as CalWORKs, Food Stamps, and Child Care. This current Inter-Agency Taskforce would expand to include IHSS investigations. | $ 597,408 |
| **Title:** Supervising Welfare Fraud Investigator 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($56,812) + benefits ($36,965)<br><br>**Duties Description:** Supervises work in the Inter-Agency Taskforce Unit that maintains qualified investigative staff and promoted interagency cooperation to concurrently investigate fraud related offenses committed in public aid programs such as CalWORKs, Food Stamps, and Child Care. This current Inter-Agency Taskforce would expand to include IHSS investigations. | $ 93,777 |
| **Title:** Social Worker 2.0 FTE<br><br>**Salary Calculation:** FY Salary ($102,949) + benefits ($68,701)<br><br>**Duties Description:** Works in the centralized Overpayment Collections Unit (OP) providing investigative staff the necessary resources for calculating and collecting overpayments identified during fraud investigations. | $ 171,650 |
| **Title:** Social Services Supervisor 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($58,947) + benefits ($37,663)<br><br>**Duties Description:** Supervises the centralized Overpayment Collections Unit (OP) that provides investigative staff the necessary resources for calculating and collecting overpayments identified during fraud investigations. | $ 96,610 |
| **Title:** Social Worker 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($51,474) + benefits ($34,351)<br><br>**Duties Description:** Assigned to the Front End Analysis of Referrals to triage incoming fraud referrals for accuracy and provide training and feedback. | $ 85,825 |
| **Title:** Social Worker 5.0 FTE<br><br>**Salary Calculation:** FY Salary ($257,372) + benefits ($171,753)<br><br>**Duties Description:** Work in the Enhanced Quality Assurance / Quality Improvement Program (QA/QI). Review an expanded sample of IHSS cases selected at random each quarter, additional focus reviews, and data match reviews in support of program integrity and fraud detection. | $ 429,125 |

# Budget Justification
# Los Angeles County's Annualized Fraud Funding Plan for FY 2010-11

| | |
|---|---|
| **Title:** Social Services Supervisor 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($58,947) + benefits ($37,663)<br><br>**Duties Description:** Supervises the Enhanced Quality Assurance / Quality Improvement Program (QA/QI). Supervises the review of an expanded sample of IHSS cases selected at random each quarter, supervises additional focus reviews, and supervises data match reviews in support of program integrity and fraud detection. | $ 96,610 |
| **Title:** Intermediate Typist Clerk 1.0 FTE<br><br>**Salary Calculation** FY Salary ($33,131) + benefits ($26,469)<br><br>**Duties Description:** Assists worker and supervisor in the Enhanced Quality Assurance / Quality Improvement Program (QA/QI). Assists in the review of an expanded sample of IHSS cases selected at random each quarter, and assists on additional focus reviews and data match reviews in support of program integrity and fraud detection. | $ 59,600 |
| **Title:** Principal Application Developer 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($96,523) + benefits ($62,343)<br><br>**Duties Description:** Works to develop automated system to track all IHSS investigations in Los Angeles County. | $158,866 |
| **Title:** Senior Application Developer 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($81,421) + benefits ($47,872)<br><br>**Duties Description:** Works to develop automated system to track all IHSS investigations in Los Angeles County. | $ 129,293 |
| **Title:** Information Systems Analyst II 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($71,093) + benefits ($43,294)<br><br>**Duties Description:** Works to develop automated system to track all IHSS investigations in Los Angeles County. | $ 114,387 |
| **Title:** IT Tech Support Analyst II 1.0 FTE<br><br>**Salary Calculation:** FY Salary ($62,670) + benefits ($39,574)<br><br>**Duties Description:** Works to develop automated system to track all IHSS investigations in Los Angeles County. | $ 102,244 |
| **Total Personnel Costs:** | **$ 5,265,954** |

# Budget Justification
# Los Angeles County's Annualized Fraud Funding Plan for FY 2010-11

| B. Operating Expenses | Total Budget |
|---|---|
| **Title:** | $ |
| **Description:** | |
| **Total Operating Expenses:** | **$** |

| C. Equipment Expenses | Total Budget |
|---|---|
| **Title:** | $ |
| **Description:** | |
| **Total Equipment Expenses:** | **$** |

| D. Travel/Per Diem and Training | Total Budget |
|---|---|
| **Title:** Fraud Prevention Tools for IHSS Line Staff<br><br>**Description:** Needed to develop and/or purchase training on fraud prevention techniques and best practices. | $ 139,585 |
| **Total Travel/Per Diem and Training:** | **$ 139,585** |

| E. Subcontracts and Consultants | Total Budget |
|---|---|
| **Title:** District Attorney (DA) Memorandum of Understanding (MOU) increase.<br><br>**Description:** Includes the cost of six Senior DA Investigators and one Supervising DA Investigator that will work in the Inter-Agency Taskforce Unit that maintains qualified investigative staff and promotes interagency cooperation to concurrently investigate fraud related offenses committed in public aid programs such as CalWORKs, Food Stamps, and Child Care. The current Inter-Agency Taskforce would expand to include IHSS investigators. Includes the cost of one Deputy DA in charge of training staff about IHSS fraud. | $ 1,380,494 |
| **Title:** New District Attorney (DA) Memorandum of Understanding (MOU).<br><br>**Description:** Includes the cost of 1 Deputy District Attorney IV that would provide training and work with investigative staff on IHSS cases sent forward for prosecution, and 1 Paralegal who would coordinate the collection of IHSS restitutions with DPSS and CDHCS. | $366,567 |
| **Total Subcontracts and Consultants:** | **$ 1,747,061** |

| F. Other Costs | Total Budget |
|---|---|
| **Title:** | $ |
| **Description:** | |
| **Total Other Costs:** | **$** |

# Budget Justification
# Los Angeles County's Annualized Fraud Funding Plan for FY 2010-11

| G. Indirect Expenses | Total Budget |
|---|---|
| **Title:** Overhead Costs<br><br>**Description:** To cover ongoing expenses like supplies, computer software, postage and printing, miscellaneous office supplies, utilities, rent, administrative and clerical support, etc, that are necessary to the continued functioning of our Department. | $ 2,866,046 |
| **Total Other Costs:** | **$ 2,866,046** |