

**HUMAN SERVICES COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE**

VERBATIM TRANSCRIPT

A regular meeting of the Human Services Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on Monday, January 30, 2012 at 10:00 a.m.

MEMBERS PRESENT:

Legislator DuWayne Gregory, Chair
Legislator Kara Hahn, Vice Chair
Legislator Kate Browning
Legislator Lou D'Amaro
Legislator Ed Romaine

ALSO IN ATTENDANCE:

Presiding Officer Bill Lindsay, Legislative District No. 8
Terry Pearsall, Chief of Staff, Presiding Officer Lindsay's Office
Renee Ortiz, Chief Deputy Clerk, Suffolk County Legislature
Diane Dono, Budget Review Office
Justin Littell, Aide to Legislator D'Amaro
Paul Perillie, Aide to Legislator Gregory
Ben Zwirn, Assistant County Executive
Tom Vaughn, County Executive Assistant
Greg Blass, Commissioner, Suffolk County Department of Social Services
Ed Hernandez, Deputy Commissioner, SC Department of Social Services
Linda O'Donohoe, Suffolk County Department of Social Services
Traci Barnes, Suffolk County Department of Social Services
Joyce Olsen, Suffolk County Department of Social Services
Rebecca Hodge, Suffolk County Department of Social Services
Robert Chieffo, Suffolk County Department of Social Services
Kim Staab, Suffolk County Department of Social Services
Jessica Totino, LIAAC/Associate Director of Client Services
Richard Meyer, AME/Leg. Director
Salvatore Nicosia, Salvation Army
Other Interested Parties

MINUTES TAKEN BY:

Lucia Braaten, Court Stenographer

MINUTES TRANSCRIBED BY:

Kim Castiglione, Legislative Secretary

(*THE MEETING WAS CALLED TO ORDER AT 10:10 A.M. *)

CHAIRMAN GREGORY:

Good morning, Ladies and Gentlemen. Welcome to today's meeting, the first of the new year, 2012, at the newly constituted Human Services Committee. We're going to have the Pledge of Allegiance, led by my colleague, Kate Browning.

(*Salutation*)

CHAIRMAN GREGORY:

Again, good morning. I am the Chair of this committee, DuWayne Gregory. And I welcome my colleagues that are on the committee, Legislator Romaine, Legislator Hahn, Legislator Browning, former chair of this committee with the Health Committee, Legislator D'Amaro and our honored and esteemed colleague and guest to the committee, Presiding Officer Bill Lindsay. Thank you all for coming today.

We have Commissioner Blass, who's going to make a presentation before us. Would you please come forward? But before Commissioner Blass makes his presentation, I just want to say that it's truly a privilege and honor to Chair this committee. Many of the things that the human services quote/unquote departments, the functions that they provide are near and dear to my heart and are very important to me. I believe now with the budget the way it is we really have to -- we can't necessarily eliminate services, but we have to compassionately and efficiently provide those services, and I believe that's what part of our presentation is going to be hitting on today.

And before I even go even further, I just want to thank or recognize the County Executive in his efforts. The Commissioner and I were at the Samantha Garvey ribbon-cutting or the house presentation to the family -- key turnover, yes, that's a more appropriate term. Such an amazing story that we've all seen throughout the news, and to me that's what human services is all about, you know, providing the necessary and critical services to those that need it. And she's such a deserving person, her family is such a deserving family, and there are many, many other families out there. So I really congratulate the County Executive, the Commissioner, for a job well done, and thank you. Okay. Commissioner, the floor is yours.

COMMISSIONER BLASS:

Thank you, Mr. Chairman, and thank you members of the committee. We welcome the fact that the decision has been made to separate the two committees, Health and Human Services. We look forward to a careful level of cooperation between the department and the committee. We also look forward to the benefit of hearings like this, because it does help a department as large as the Department of Social Services to find ways to improve wherever it can. I would welcome the questions and the feedback that we will get in the wake of this report, and we are the first to admit that no system is perfect and that every system can be improved, and we look forward also to the input that the committee will provide us in this charter role of an oversight source for the department.

I'd like to thank you for this opportunity to address the Legislature and the Human Services Committee. I brought with me Deputy Commissioner Hernandez, and also the Head of the Division of Personnel and Special Investigations, Traci Barnes is on my left side, and also in the audience are some others who might be in the position to answer some technical questions as they might arise, and I'll call them up to the lectern with the Chair's permission when and if that occurs.

I was invited today to speak about the department's welfare fraud practices and finger imaging, but before I begin I would like to take a few moments to update the Legislators with a brief overview of DSS. The mission of the Department of Social Services is to accurately and efficiently provide

benefits and services to the people of Suffolk County in a manner, as the Chair said, that promotes self-sufficiency, protects the vulnerable and that is fair and responsible to the people we serve.

DSS administers mandated programs and services through four program divisions within the department. CSEB, the Child Support Enforcement Bureau, obtains and enforces child support orders by locating absent parents, establishing legal paternity, a very important function, and collecting and distributing support payments. The total amount of collections in CSEB for 2011 was \$151,834 -- 894,862, which was three million dollars more than the previous year.

CBA is the Client Benefits Division. This administers temporary assistance, food stamps, which we'll talk about in more detail momentarily, child care, which includes distribution of child care subsidies from the State and enrollment in day-care, and the employment services programs. CBA also operates the four DSS centers at Hauppauge, Deer Park, Coram and Riverhead. There were 32,616 TA applications processed in 2011, and 29,814 food stamps applications processed. There were a total of 319,749 reception contacts for 2010 at the four centers, and for 2011, those contacts at the reception went up to 327,671.

Family Children Services Administration is in charge of Federal, State and local policies that it administers, as well as regulations and laws as they relate to the social welfare and safety of families and children and adult protective services. Included in this division are Foster Care, Child Protective and Preventive Services and Adoption. CPS investigated 9,691 State Central Register reports received during 2011 and that's an important point to note, that CPS really cannot investigate any kind of report unless it goes through the Central Register of the State of New York.

Housing is responsible for all aspects of the department's housing programs, for the homeless within the framework of Federal and State laws, as well as Social Services rules and local laws passed on Suffolk County level. Currently the division manages 54 shelters. The Medicaid Services Division manages activities mandated by Medicaid Programs and coordinates all Medicaid cost containment projects. There is no single Medicaid Program; at least a dozen different programs are available under Medicaid. There are many types of extensions after Medicaid eligibility ends, and it is the responsibility of the local Departments of Social Services to determine which programs and/or extensions the applicant is eligible for. The total number of applications processed in December of 2011, as a recent month, was 5,407. During the year 2011, approximately 176,666 individuals were enrolled in one or another Medicaid Program.

Additional information in areas of service involves the Commissioner's Response Unit. CRU is the unit for contact by the world to DSS. It's where clients, providers and advocates obtain general information, and even detailed information, on all areas of service and to answer questions regarding individual cases. The Welfare Fraud Hotline is where our Special Investigative Unit will take allegations of welfare fraud. Emergency Services is what handles all emergencies during evening hours, weekends and holidays. It's -- the most common request that it receives in Emergency Services is for emergency shelter.

Training for advocates. The department also offers training on programs and services twice each year. This is really public training. That was something that is relatively new that we're doing in DSS where we advise the world of how DSS works. These trainings cover the application and eligibility guidelines for all Social Services programs administered by the department. These are half day sessions, four in a row, that are open to any interested party, they are free of charge. The next round of training, by the way, occurs on May 1st, 2nd, 3rd and 4th at the media room of the Dennison Building. Client advocates find these trainings very helpful. These are volunteers who actually come in with clients. A very important part of making an application successful, particularly when they accompany the clients to our centers, and we'll have some fliers about our training session distributed shortly.

We have informational fairs held in public libraries throughout the County where representatives from DSS, and also other departments such as the Health Department, advise about everything that we do from child care to nutrition to employment services. They're on hand to provide information, and in some cases private counseling. These fairs are held during evening hours at libraries throughout Suffolk to allow working individuals the chance to avail themselves of these programs.

Our own Staff Training Unit conducts for DSS staff year-round some of the topics in training that we list as follows: Medicaid chronic care, Medicaid trust and managed care concerns, defibrillator training, cultural sensitivity training, hate crime prevention overview. Our staff development also trains in mandated reporter training, cultural sensitivity. I'm sorry, I said that. Overview of New York State Protective Services for Adults, and they also get training for new workers in CPS response training and various -- a large number of various computer based training. The department also offers unpaid internships to college and university students throughout Suffolk County and also from Nassau County.

We have some important phone numbers that are very helpful in district offices. The Welfare Hotline or Welfare Fraud Emergency Services number for after hours and on weekends, the Child Abuse Hotline number is there, Abandoned Infant Information phone number, Adult Protective Intake. We note that these numbers are all published on the DSS internet site.

And now we'll get to ensuring program integrity, and one of the units that we should focus upon for this is the Special Investigative Unit. The Department of Social Services remains committed to safeguarding taxpayer dollars, has taken a proactive approach to detecting fraud in Suffolk County. The SIU ensures that expenditure of public funds is only for those who are legally entitled to receive such benefits, and is responsible for reviewing and investigating allegations of fraud. Through a variety of mandated programs and local initiatives, SIU investigators saved taxpayer dollars by uncovering fraud of unreported assets, income, household compositions, dual assistance, fraudulent vendor billing, misuse of funds and the filing of false applications. The list does not end there, and any other reported information containing allegations of fraud is reviewed and investigated.

I have here the org chart that shows how SIU is structured. It is comprised of an Investigative Auditor, who serves as the unit Supervisor; 11 Investigators where there is one vacancy and one slated to be abolished later this year; and three support staff. These positions receive reimbursement from the State of about 63%, 62.74 to be exact. Many of the fraud detection programs in place are mandated by the State.

However, in addition to the mandated programs, Suffolk DSS also participates in two optional fraud detection programs. Front End Detection System, or FEDS, is a State mandated fraud prevention and cost avoidance program for TA applicants. FEDS is designed to identify ineligibility and to eliminate potential overpayment prior to case acceptance and ongoing assistance. This is what we would call front end fraud detection. To assure early program integrity, FEDS assigns investigative resources at the beginning of the application process rather than after case opening. SIU also conducts field investigations, including surveillance, to ensure the validity of information provided on TA applications. Over time, the areas of potential fraud have expanded. In response, DSS requested State approval to increase the number of indicators for FEDS referrals and that request was approved, and what this means essentially is that we can broaden and have broadened the scope of our investigations.

Suffolk County also parts participates in the fraud prevention program known as FEDS for child care cases. This program investigates applicants applying for child care to identify ineligibility prior to the case being opened. Also, Eligibility Verification Review is an optional, local initiative designed to prevent fraud. The eligibility verification review is designed to identify ineligibility and to eliminate potential child care overpayment of open child care cases.

EVR of child care cases can determine through investigation and interview if any unreported household changes or unreported income will affect the client's eligibility to receive benefits. In cases involving fraud, SIU will identify any overpayments and take recovery measures. Any time during eligibility recertification or during -- under care maintenance, the EVR Program is used to assign investigative resources to verify ongoing eligibility.

We have the following data matches. There are State matches. Fraud detection is moving toward technology based investigations, and as programs become computerized more data matches can be accomplished to identify ineligibility and any overpayments. SIU uses several State databases that match individuals receiving assistance in Suffolk County with either out of state welfare agencies or various criminal databases. A review and investigation of each match report is necessary, followed by appropriate action and response back to the state. These matches include prison matches, where the recipient is identified who is incarcerated and is therefore ineligible for benefits because the incarcerated inmate's needs are being met. A cost avoidance is calculated when DSS prohibits that individual from receiving assistance due to their incarceration.

We have Public Assistance Recipient Information System known as the PARIS system. That's an interstate match that identifies recipients who are actively receiving assistance in other states. A cost avoidance is calculated when DSS removes the active individual from the case or closes the case. Recipient case review is a type of back end investigation. These investigations are designed to identify and investigate ongoing fraud committed by active recipients. The investigations include, but are not limited to, unreported income, absent parents residing in the household and/or concealment of family composition. These cases typically result in one of four outcomes; prosecution, repayment of over payments by confession of judgment or direct deduction or the finding of no fraud.

When we get to DSS welfare fraud prevention detection and recovery programs as we continue with it, we would point out that there is Medicaid recipient fraud investigation similar to TA assistance programs. Allegations of recipient Medicaid fraud are investigated.

Prescription fraud is where SIU investigates prescription fraud allegations received from the New York State Office of the Medicaid Inspector General, or known as OMIG. OMIG, is, by the way, is someone that we'll be talking about quite actively during this discussion. And we also do prescription fraud investigations with the help of the Suffolk County Police Department. Through the reciprocal relationship established by SIU with OMIG and with the Suffolk PD, there is a coordinated effort to ensure that Medicaid recipients identified in these allegations are not part of a broader based conspiracy or criminal network.

Medicaid provider fraud. In 2006, we began participating in the Medicaid Provider Fraud Waste and Abuse Demonstration Project. This is really like a pilot project. It involves about 12 counties. We are working cooperatively with OMIG to audit Medicaid providers for program compliance. OMIG provides oversight for the demo project and also determines and decides the categories of service available for audit under the project. Currently OMIG has limited the authorized categories that we're able to investigate for provider fraud to pharmacies, durable medical equipment providers and transportation service providers for adults.

As mentioned earlier, fraud detection is evolving toward technology based investigations. A number of computerized data matches are currently used on a regular basis to identify ineligibility, program compliance and any overpayments. As part of this demonstration project, SIU queries and analyzes Medicaid claims data contained in the data warehouse to identify outliers within these provider types. Potential audit targets are submitted to OMIG for approval, and once OMIG approves them, and they're not always doing that, then the investigation begins on our end.

How to report allegations of welfare fraud and abuse is very important. One way is to call, mail or fax a report of suspected fraud. These methods allow you to submit your complaint anonymously if you so choose. Another way is to call the Suffolk County Welfare Fraud Hotline, and on line submission for the request of the welfare fraud investigation form will be available in about two weeks. For anonymous reporting, however, the phone, fax or mail option on line reporting will not allow anonymous reports as yet.

The next screen shows a shot of our current web page advising the public how to report allegations of fraud. To access this page, one must go to the County's internet site, under department select Social Services, and on the left side of that page where it says How Do I, then click on the portion that says reporting welfare fraud.

Next slide is a prototype of the newly designed web page to provide for electronic submission of the referral, and this is expected to be available in approximately two weeks. This is for some reason taking a long time to put together, but it's finally bearing fruit within the next couple of weeks.

The next page shows how Suffolk DSS remains proactive in safeguarding taxpayer dollars and SIU continues to be an effective force in uncovering, prosecuting and deterring welfare fraud in Suffolk County. In 2011 SIU uncovered \$640,123 in fraud overpayments. One of the most effective mechanisms for ensuring program integrity is to identify ineligibility and eliminate potential overpayments. That's called cost avoidance. Last year SIU generated a total cost avoidance, pursuant to a State formula that tells us how to calculate these figures by the cases we caught upfront of \$16,789,011. Cost avoidance is money that is saved by not opening a case or by closing a case or by discontinuing a case after it has started.

Once the investigations are complete and the fraud allegations are founded, there are several case dispositions. Fraud cases over \$1,500 are referred to the District Attorney for prosecution. In 2011 SIU referred prosecution and fraud cases totaling about \$277,000 in total. Cases that do not meet the criteria necessary for criminal prosecution are settled through civil proceedings. A confession of judgement is a civil agreement between a client and the department to repay money they were not entitled to. Confessions of judgment are taken with an affidavit, filed with the County Clerk and become a lien on real property owned. Last year the total liens obtained by the confessions of judgment process was \$105,000. This is the amount that will be paid to DSS when the lien is satisfied. If the client is still receiving temporary assistance, the money can be recovered from their assistance grant by direct deduction, which last year totaled \$249,173.

The fraud statistics provided on this slide are actual fraud dollars uncovered. I'm now going to identify some of the specific cost avoidance programs and last year's successes. As you can see, in 2011 the FEDS Unit completed 2,687 investigations, which resulted in the denial of 993 cases, for an overall eligibility denial rate of 37%. And as you see, the cost avoidance for 2011 was \$14,845,000. Interstate matches for the year ending 2011 for temporary assistance we accomplished 1,399 case matches, and for Medicaid we accomplished 2,126.

The next page shows recipient fraud activity for 2011 recovered \$86,000 and provider fraud recovered or has the potential of recovering for what we accomplished last year, three-and-a-half million dollars. Medicaid recipient investigation year end totals, the actual number of investigations of cases was 1,071. Cases referred to the District Attorney for prosecution were six. Total Medicaid recipient fraud uncovered as stated is \$86,017 for 2011.

In June 2008 Suffolk -- I'm sorry, the Special Investigative Unit began to refer Medicaid provider fraud to OMIG for their approval to conduct audits. Provider audit requests submitted to OMIG through December of 2011 from the time the program began, totals 140 cases. OMIG has only approved 51 of these audit targets consisting of 30 pharmacies, 15 transportation providers and six

durable medical equipment providers. We've completed 13 audits that OMIG has granted us the right to approve. That resulted in recoveries identified in final audit reports of \$3,516,355. OMIG has received from providers towards this, of which we will get 25% of recovery, so far of about \$703,399. We still have audits in process of 37, and we are hoping that Suffolk's local share of the recoveries from these audits will be forthcoming soon. Based on OMIG guidelines, as I said, is approximately 25% of net recoveries.

Just a little bit more to talk about. Applicant fraud prevention practices, welfare management systems. We have the Supplemental Nutrition Program, formerly known as food stamps, is a Federal nutrition program that helps low income residents purchase food. Although it's a Federal program under the auspices of the U.S. Department of Agriculture, it is administered by State and local agencies. In 2008 the State launched the Working Families Food Stamp Initiative, which was an effort to dramatically expand and simplify food stamp eligibility statewide to help more families achieve that economic security. By improving the efficiency of the program and streamlining enrollment, including waiving the finger imaging requirement, the State provided needed assistance to families across the state who are struggling to get by.

U.S. Department of Agriculture and State OTDA have continually pushed for increased access to the food stamp program, and very wisely, and doing so by removing such obstacles as face to face interviews, resource limits and caps on child care deductions. But verification of identification and verification of residents and earned or unearned income remain a requirement to determine eligibility for food stamps.

With finger imaging -- many food stamp recipients, it should be noted, are elderly, disabled, homebound or have transportation difficulties. The finger imaging requirement may pose a hardship as well as an additional administrative burden for the client. Further, this will prolong the application process and cause a truly unnecessary increase in the number of visitors to our centers, which as I said in the beginning of our presentation, is very high.

The purpose of finger imaging food stamps applicants is aimed at preventing individuals from receiving food stamps benefits as part of more than one household at the same time. This objective is currently being met anyway during the application process, and through fraud detection and prevention programs. Accordingly, it would not be as cost productive as the measures currently in place. Suffolk County DSS utilizes New York State's welfare management system, a computer system known as WMS. In fact, all counties in New York State use the system except New York City, and this may explain why New York City has chosen to continue its policy of finger imaging food stamp applicants.

As part of the application and recertification process the following fraud prevention systems are in place. Welfare management system clearance reports. When an individual applies for any DSS program, not just food stamps, but TA, Medicaid, HEAP etcetera, an automated report matching their demographics, including name, SSN, date of birth and so on, against the existing records is generated. Staff can readily determine whether the applicant is receiving benefits in another county. The next three resource databases are subsystems within WMS and are used to verify information provided by the applicant. There's SOLQ. This data for the system is provided by SSA Administration to verify Social Security benefits. This service is real time and is of no cost to the local district.

SDX System provides accurate verification of supplemental Social Security income benefits. Resource File Integration, RFI. When an individual has income from employment or Social -- I'm sorry, from unemployment or Social Security benefits, unemployment insurance, State disability or regular employment, an automated report is generated quarterly. The RFI report utilizes the individual's Social Security number to match against above databases. And although the system

does not provide real time income information, it's a valuable tool in identifying income. Our staff will request verification from the recipients where unreported income is indicated. If such verification is not provided, food stamps cases may be discontinued and referrals will be made to the SIU for a more thorough review of case circumstances.

Work Number is a web based application that enables DSS staff to verify wages of applicants and recipients of TA and food stamps. Over 2,200 employers share real time wage verification on this secure website. Suffolk DSS has a contractual agreement with the Work Number and rely on this tool to provide the agency with accurate wage info to ensure program integrity.

The SIU staff routinely refer cases, or rather DSS staff routinely refer cases to SIU, when fraud is suspected. Common indicators for SIU referrals are absent parent in the home, unreported income or assets, positive FRI match and concealment of family composition.

A little bit more on the impact of finger imaging, to conclude. As of December 2011, if you take a look at this chart, this is the perfect example of what a statistic looks like when it flies off the charts. The Suffolk County food stamp caseload as of December was 52,590 individuals, of which 29,273 have earned income. These cases would be subject to finger imaging if this requirement is reinstated. A cost benefit analysis is difficult to calculate. However, the following adverse impacts should be considered.

The scheduling of 29,273 appointments for finger imaging, just that number alone, would drain staffing resources as well as increase mailing expenditures. These appointments would further congest our overcrowded lobbies and create a potentially dangerous environment. Wait times will increase further, hampering DSS's ability to meet emergencies of families in crisis, and these working families may lose wages simply due to taking time off from work to be finger imaged. This requirement could potentially cause a significant loss of Federal funds into the Suffolk County economy.

As stated earlier, the objective of ensuring benefits are issued only to those entitled to get them is currently accomplished by a number of fraud prevention programs. Going forward we will continue to monitor and enhance fraud prevention programs as necessary. I thank all members of the committee for your attention and would be glad to answer any questions.

CHAIRMAN GREGORY:

Thank you. Thank you, Commissioner. It's a lot of information. So that we're -- so that we're clear, not every applicant is finger imaged.

COMMISSIONER BLASS:

That's correct.

CHAIRMAN GREGORY:

Right. So if you're just applying for food stamps, you don't get a finger image.

COMMISSIONER BLASS:

That's correct. They waive that. We could still do it, but we've chosen to take advantage of the waiver and not do it because of the other safeguards.

CHAIRMAN GREGORY:

Right. You hear a lot about, you know, fraud, you know, in the system, whether it be Medicaid fraud or other forms of fraud, but there seems to be a lot of programs in place to detect it and it seems like -- so where is this fraud that everyone seems to talk about or assume that's innate in the system? Where does it exist and how can we, you know, reduce it or eliminate it as much as

possible?

COMMISSIONER BLASS:

We are sure that there is always the impression in the community that where government benefits are being given out based on need, that there is going to always be the individual or a group of individuals, or even a provider of services who receives Medicaid reimbursement, that there's a way of gaming the system. These different data matches and these different techniques have gone a long way towards combating that.

We also have guidelines that have been imposed on us, not only by State law but by a Federal lawsuit that occurred in 1980, which restricts how we do surveillance, which lists how we conduct interviews so we have parameters to stay within. But, yet, there is always going to be that individual who thinks that a system is worth playing with simply because there might be money involved, and increasingly they are finding that the State and the local DSS is ready for them and can catch them.

CHAIRMAN GREGORY:

It seems like just from initial blush that the only part that people can identify if fraud exists is in the initial process, and then at some point, I guess through the cost avoidance, which you had talked about, that people kind of put that out there, that there's millions of dollars in fraud, but actually it's millions of dollars in prevention of fraud. And it's kind of a play on words. The system works, in other words, and it's not an abomination or, you know, a bureaucratic system that can't get out of its way and everyone's getting -- not everyone, but there are millions of people or thousands of people who are getting benefits that shouldn't get benefits or double benefits.

COMMISSIONER BLASS:

That's very true. The Special Investigative Unit, unlike say in our neighboring county, consists primarily of Civil Service title investigators, not simply document examiners. Other investigative units are beginning to use this model and make sure that there are skilled individuals involved in this kind of work, and I think that accounts for the efficacy of our program. I would point out that we are always looking for new ways to find the new ways that the fraud committers find, but the cooperation among jurisdictions is going a long way towards identifying those who might seek to obtain benefits in several jurisdictions. That's just one example.

CHAIRMAN GREGORY:

Okay. One last question and I'll open it up to the other members. With finger imaging, it's still a mandate for other applications. Are you, at this point, would you be willing to make a -- make an opinion as to -- is finger imaging necessary in all cases or any cases that it's implemented? Is there a better way that we can do it?

COMMISSIONER BLASS:

While I have some general answers to that, I always like to give everybody in this department a chance to shine, and we have someone who's very capable in that regard, who's head of our Client Benefits Division, Ms. Kim Staab, S-T-A-A-B for the record, who can talk about where finger imaging is now in the department. Kim?

MS. STAAB:

Hi, good morning. Finger imaging is a requirement for temporary assistance right now. Keep in mind for finger imaging, food stamp recipients that come into the center and want a face to face recert interview would be finger imaged as well, so that's something that you should be aware of. What we do now is that anybody that's in the Working Families, anybody that's disabled, anybody that's in a congregate home, all these types of individuals are excluded from having their finger imaged for the food stamp program. But for temporary assistance it still is a requirement, and we

still do require that for temporary assistance that you do be finger imaged. It's just a -- you know, a safeguard to make sure.

CHAIRMAN GREGORY:

Now, with the application, I mean, it's not a one page couple of line, you know, application. It's a very thorough application. I guess the question, you know, it begs the question is it really necessary to do finger imaging after you get all -- I mean, sure, someone can have a false Social Security number and other false documents. Is finger imaging really that necessary of a safeguard to implement, in your opinion?

MS. STAAB:

In my opinion, definitely. For food stamps, I don't believe that it is. You know, I -- are you asking in the area of temporary assistance whether it be necessary for temporary assistance as well? Temporary assistance has local funds associated with it, so I think as a safeguard the fact that we have local funds, and especially for Safety Net category of assistance. Safety Net category has 71% as local funds so I think it's an extra measure that as local taxpayers I think they would feel safe knowing that our Safety Net expenditures were being -- you know, has that little extra oomph to it to make sure that they're not being, you know, wasted in any way. So for temporary assistance I would continue it.

CHAIRMAN GREGORY:

Okay. Anyone else? Legislator Hahn.

LEG. HAHN:

So just so I'm clear, someone comes in to apply for temporary assistance and they're fingerprinted.

MS. STAAB:

They are finger imaged, correct.

LEG. HAHN:

Imaged like on a digital imager.

MS. STAAB:

Right.

LEG. HAHN:

And that's checked against Nassau's finger images, New York City, other states, to make sure nobody's applying in every county?

MS. STAAB:

Absolutely, correct. Through New York City, every district in New York State, every county, it's a match and it will tell us if there's a hit.

LEG. HAHN:

How often do you get hit?

MS. STAAB:

Our hits are not that frequent, but we do get some hits.

LEG. HAHN:

Do you keep statistics on number of hits?

MS. STAAB:

I don't have the statistics that I could give you.

LEG. HAHN:

But do you keep them?

MS. STAAB:

I believe the State has them. Yes, we do have some. Quarterly the numbers when I last looked at them, they were pretty -- they were around ten for a quarter.

LEG. HAHN:

What happens if someone is caught -- come up a hit somewhere else?

MS. STAAB:

We would question them about the fact that they have assistance in another county. We would ask for a -- we would contact that county and we'd ask for information about their case, and we would make sure either it was closed before we provided any assistance.

LEG. HAHN:

This might be directed -- my next question might be directed at the Commissioner.

COMMISSIONER BLASS:

Yes.

LEG. HAHN:

I hope you didn't say this and I'm asking you to repeat it. What do we spend on all of these activities to ensure against fraud?

COMMISSIONER BLASS:

The expenditure is mainly in personnel, and I'll turn that over to Traci Barnes to give us some specifics on that.

MS. BARNES:

Good morning. It's on. I got a lesson before. My answer would have been the same as the Commissioner's. It's in personnel expenditure, the staff, because the databases are all available to be utilized.

LEG. HAHN:

Do you have any sense of what -- how many staff people are dedicated to this function and approximately what that costs the County?

MS. BARNES:

Which function?

LEG. HAHN:

Fraud investigation, fraud deterrence, all of it.

MS. BARNES:

Oh, the total unit.

COMMISSIONER BLASS:

Yes. On page six, the slide that sets forth the structure of Special Investigate Unit. There was a time where Special Investigative Unit had double, back in the 90's, the number of Investigators it

has now. But we would also point out that the temporary assistance caseload was much larger in those days as well, so the quantity of investigation was higher. But we are concerned now with the vacancy and the likelihood of an abolishment of another position among the 11 Investigators.

LEG. HAHN:

Thank you.

COMM. BLASS:

If you want, Legislator Hahn, we can get you a dollar amount for these personnel costs. We'll come back to you for that and when we e-mail that to you we'll copy the rest of the committee.

CHAIRMAN GREGORY:

Legislator Browning and then Legislator Romaine.

CHAIRPERSON BROWNING:

Sure. A couple of questions. I'd like to start with the Medicaid part because I know that there was -- things have changed where there's the income requirements are no longer being required. And I'm just curious. Is there a cost to us because of that?

COMMISSIONER BLASS:

No. Medicaid is the only program that is 100% reimbursed, including personnel, including right down to the equipment and software that they use and hardware. The -- so the cost of investigating Medicaid claims is reimbursed as well. Is that correct, Joyce?

MS. OLSEN:

Yes.

COMMISSIONER BLASS:

Right. Even the cost of investigating Medicaid fraud is reimbursed. SIU in general, as I said, has a 63% -- 67% reimbursement rate.

LEG. BROWNING:

Okay. You said the 67%. So if you catch some Medicaid fraud, is there a percentage -- what's the percentage that we get to keep when we catch the fraud, or do we keep any?

COMMISSIONER BLASS:

In Medicaid fraud, when we finally get it from provider fraud only, it's 25%, and that's net after the expenses are calculated. The problem with OMIG, as we've said many times in this committee, is that they pick and choose the audits that we identify, and if they're attractive in terms of the recovery, that's the potential recovery, we never hear about it again. They take it up themselves. And what's interesting is we don't see how they could possibly do them all because they're understaffed. And if we could impress upon the Governor's Office that -- and this I may be out of my bailiwick by suggesting this, but I think that OMIG could be a little bit less stingy with the audits that they choose to keep for themselves.

LEG. BROWNING:

Okay. Maybe we can do something through this committee, making a request. The other one was the Presiding Officer left the room, and I know that last year we had talked about, obviously because of the budget, Safety Net, and the fact that now we have to pay, I believe, 71%. The cost is -- it's not going to help us any and the fact that we have a State mandate and we just can't afford it.

I know that I brought up the issue with you about out of state residents moving in here where they're coming from a state where Safety Net doesn't exist so they're coming to New York, and we

have shown some numbers. But I had also mentioned about out of Suffolk County, because obviously, if we're now having to foot a 71% bill so does Nassau County, so does every other county in the state. And I do believe that one of my concerns is is that the neighboring county may say "Well, you know what? You'll find something cheaper in Suffolk, maybe you should try Suffolk." And so I'm just curious, are you going to continue to keep a track on out of state, out of county, residents that are filing new applications for Safety Net?

COMMISSIONER BLASS:

Absolutely. But there's one major problem with residency, and that is that many of those who are sent here will use and find and are advised to find a local address first, and then they will apply as applicants from that local address. And we don't have the ability with the way the computerized systems and the application processing that is all set by regulation with all kinds of strings attached, we don't have the ability to go behind that and ask was -- "How long have you lived" a simple question like that we can't ask, "How long have you been at the address from which you've applied?" And the logic behind that from the conversations and panels and symposia that the different -- NYPWA, the New York State Public Welfare Association conducts, the logic behind that seems to be that it gets too much into the area of a residency requirement. So in order to avoid that not just politically incorrect, but illegal requirement of mandating residency in order to receive benefits, we can't even now delve into that kind of a question behind what the current residence is because it speaks to or hints at a residency requirement.

LEG. BROWNING:

Right. I did send a letter to the State asking them to look into a residency requirement. Of course, they stated that their constitution does not permit them to do that. It was challenged a number of years ago and I said, "Maybe it was challenged a couple of years ago, but why can't you do it again today?" You know, everything is subject to change and I don't see a reason why we can't. I don't know why the State could not assist us with that, being that they have now passed on a mandate to us that, you know, is costing us more and we can't afford it.

COMMISSIONER BLASS:

Forgive my interruption, Legislator Browning, but we are studying ways, and have been for a while now, especially in the wake of the committee's and the Legislature's concern, how can we delve into residency information without violating those requirements, but the fact remains that the State of New York still offers the most attractive Safety Net Program of any of the ten remaining states that still have it. Many more did not too long ago and they're all dropping it, but New York persists with it. They persist with its high level of benefits.

For those here who might not be familiar with it, in the audience, of course, not on the committee, Safety Net is the program of benefits available after an individual or family has exhausted sixty months of benefits under temporary assistance. But while that mandate continues, as we know they hammered us with that change in the reimbursement formula so that now we're only getting the 29%, whereas it had been 50-50, which itself was very costly.

LEG. BROWNING:

You don't have the line on the application that says last known address, because I know when I -- you know, if I apply for a bank loan with my bank that I've been with for years, they'll ask me where have I lived for the past five years and, you know, if your address changed. So there is nothing on the application that asks that?

COMMISSIONER BLASS:

I'll let Dr. Hernandez comment on that briefly.

LEG. BROWNING:

Or could we add it.

MR. HERNANDEZ:

Good morning. We've done one study so far in terms of the history of our applicants, and I believe over 40% have some history out of state. We're currently wrapping up another study where we're asking them where they came from in the weeks immediately prior to them applying for public assistance in Suffolk County. We should have those results by, you know, by the end of next month or in the next few weeks.

COMMISSIONER BLASS:

Those are verbal.

MR. HERNANDEZ:

Those are verbal, right. It's hard to track through the system because the last known address people put is usually, as the Commissioner said, a Suffolk County address that they identify. But this is a questionnaire we're asking of all the applicants when they apply for public assistance for the first time.

LEG. BROWNING:

Okay. I think for the committee it would be nice for us to get an update and keep us updated on that, because I think that our argument to say, "Look, you know, you said 40% of the applicants are coming from other states that don't provide Safety Net." I think it will help justify our argument and our plead to the State to do something about this.

CHAIRMAN GREGORY:

Legislator Romaine.

LEG. ROMAINE:

I see our Presiding Officer is here, so I just have very few questions. Number one, let's talk about things where you find there may be fraudulent activity and you refer them to the State for audits?

COMM. BLASS:

We're talking Medicaid provider fraud?

LEG. ROMAINE:

Yes.

COMM. BLASS:

Yes. That is where an initial identification, under those three categories only, there are other providers that we're not allowed to look at at all.

LEG. ROMAINE:

Why not?

COMMISSIONER BLASS:

Because the Medicaid Inspector General has arrogated unto himself the exclusive jurisdiction over Medicaid provider fraud. And because they weren't keeping up with it, they decided to allow some counties to participate in this pilot and then they defined those categories of providers we could look at.

LEG. ROMAINE:

And we're one of the counties and they've defined those three categories.

COMMISSIONER BLASS:

Right. And then when we identify what shows promise based upon some initial steps of investigation that we take, we then have to go back to OMIG for permission to pursue it. And fully one-third, about one-third we've been given the go ahead, but the really attractive ones --

LEG. ROMAINE:

So they've denied you permission on two-thirds because they think there's some money there and they're going to do that.

COMMISSIONER BLASS:

Right.

LEG. ROMAINE:

So you do their work, the initial work, they figure out where the -- where it's really ladened, they take it away from you, they do it. What's your feedback from them on those two-thirds of the audits that they do do?

COMMISSIONER BLASS:

We don't hear a word.

LEG. ROMAINE:

There's no comeback on that.

COMMISSIONER BLASS:

Nothing.

LEG. ROMAINE:

What happens to money that's recovered by the State from their audits, since some of that money was paid out by Suffolk County. Do we get a portion of that money back?

COMM. BLASS:

In the case of Medicaid no, because it's essentially a program where we pay it out but we're 100% reimbursed. But with -- it's interesting with provider fraud there is a 25% net recovery after expenses of investigation that we are allowed to get, and that's what the OMIG is very selfish about. They've decided that why risk, even though we get to keep 75% if Suffolk does a good job, we're going to do our best to let them get none of it.

LEG. ROMAINE:

So they try to prevent the County from getting the money it's entitled to recover. Is that correct?

COMMISSIONER BLASS:

Basically yes.

LEG. ROMAINE:

So once again, the State is jiggling the rules to hurt the counties financially, and we have no feedback on how -- which audits are successful in at all.

COMMISSIONER BLASS:

No. We get no information about that. I'll let somebody else here elaborate on that, Legislator Romaine, if you wouldn't mind.

LEG. ROMAINE:

Sure.

COMM. BLASS:

I'll ask our Chief Investigative Auditor, Joyce Olsen, to answer that in a little bit more detail.

LEG. ROMAINE:

Good morning, Joyce.

MS. OLSEN:

Good morning.

LEG. ROMAINE:

How are you?

MS. OLSEN:

Good.

LEG. ROMAINE:

The system that the Commissioner has been describing this morning seems pretty rigged in terms of fairness and in terms of transparency. It seems like a system that works against the taxpayers knowing what type of fraud is out there, what type of monies are recovered, what type of audits are done, how successful those audits are, and when County funds are involved, the attempt of the State to keep the money and prevent the County from recovering legitimate funding that should be returned to the County. Now, maybe you could elaborate on that.

MS. OLSEN:

I can share with you the process that we go through for submitting an audit for -- a provider for audit. We do some background work on it and we do submit it to the State, and they actually do give us an idea of it, it's already under some other jurisdiction. So it may be some other unit within the OMIG, it may be AG's office, it may be the Medicaid Fraud Unit of the AG. So they will tell us that it has been denied. But in actuality we can submit again the request and we may be approved on that, so it's not necessarily that all audits are off the table. We can resubmit. But there may be another unit of the OMIG's office that is already doing an audit at the time we submit it, so at the time it's time, the audit is completed, we can then resubmit and possibly get approved.

LEG. ROMAINE:

These are all interesting and kind of inside baseball for those in government types of issues. But let's say I'm one of those two gentlemen out there from the press. What they want in terms of transparency is one, how much fraud is being done; two, how much fraud is being uncovered; three, how much fraud is being successfully prosecuted; four, how much money is being returned; and what are we doing to safeguard the system? And what I've heard here tonight -- this morning, would make it very difficult for members of the press who have the time and energy to look into this to get those answers conclusively, let alone the general public. And, you know, as a Legislator I'm saying to myself boy the system, there's something wrong with this system, it needs to be changed. And you know, it just doesn't seem right to me. It doesn't seem to be operating in a democratic society in a transparent method. This seems to be a government bureaucracy that is very self-protective and not transparent. But thank you for the information. And I thank the Commissioner.

CHAIRMAN GREGORY:

Presiding Officer.

P.O. LINDSAY:

Commissioner Blass, maybe I misunderstood you. I thought Medicaid we did contribute to it, it isn't totally State funded.

COMMISSIONER BLASS:

I might have misstated that point. We contribute up to the Medicaid cap of about 300 million. So an ideal --

P.O. LINDSAY:

I thought maybe we got some relief I didn't know about.

COMMISSIONER BLASS:

So an ideal solution that might be posed to OMIG is why not at least let each county have the benefit of the audits? And it's a gamble as to what it will come out, but if it has the potential to assist us up to our Medicaid cap in recoveries, why not give us a shot at it, a better shot than you are giving us now.

P.O. LINDSAY:

Sounds fair to me, sounds fair to me. Getting back to would our application forms, again, Legislator Browning talked about, would they strike that if we put on the application form your last known address and how long you've lived there?

COMMISSIONER BLASS:

Yes. We can't touch the form itself.

P.O. LINDSAY:

Okay. The form is generated by the State?

COMMISSIONER BLASS:

Yes, sir. We do have the right, although --

P.O. LINDSAY:

To question.

COMMISSIONER BLASS:

Although we're treading carefully to question them verbally, but we're waiting for someone -- we've already had some complaints about that.

P.O. LINDSAY:

Okay. That's the end of my questions. Thank you.

CHAIRMAN GREGORY:

Okay. No other questions? Thank you, Commissioner, and your staff for your presentation.

COMMISSIONER BLASS:

Thank you very much, Mr. Chairman, members of the committee.

CHAIRMAN GREGORY:

Okay. We don't have any public cards. But if there anyone that would like to make a comment please come forward. Seeing none -- oh, maybe one.

MR. NICOSIA:

Can I go over there?

CHAIRMAN GREGORY:

Yes, sir. You'll have three minutes. We'll need a finger image and your name and address.

(Laughter)

MR. NICOSIA:

My name is Salvatore Nicosia. I have to put my finger and hold it like that?

MS. ORTIZ:

Yes.

MR. NICOSIA:

It's been a long time since I appeared before the Legislature. Basically I'm a member of the Salvation Army Advisory Board and I can't help but notice as the figures were being read by the Commissioner, which are very, very significant, is there any effort to ascertain the kind of support that these charities give that reduce the impact on how much we pay as taxpayers, to give these people that are in these organizations -- they become what we call volunteer service and maybe give some kind of accolade and recognition that they are reducing our County budget and even our Federal budget?

I'm talking about food, clothing, things like that which impact that these people never apply to Social Services, but are still part of the process of needing, which are never recorded statistically in County records, State records and so on. So I would like to see that maybe some initiative be made by your committee to ascertain how much effort is being given by these people and give them some kind of recognition. Thank you.

CHAIRMAN GREGORY:

Thank you. That's actually a great suggestion. I know there are many organizations that provide tremendous service throughout the County and avoid -- in many cases avoid the need to come to the Department of Social Services for services. So thank you. That's it for our agenda, so we stand adjourned. Thank you.

(THE MEETING WAS ADJOURNED AT 11:14 A.M.)