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Claims Collection Tracking and Aging Systems

CLAIMS COLLECTION TRACKING AND AGING SYSTEMS

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EXECUTIVE SUMMARY

Overissuances occur when food stamps are provided to ineligible households or when eligible households receive food stamp allotments that are greater than the amount allowed under program regulations. When an agency determines that a household has received food stamps to which it is not entitled, the state is mandated by law and regulation to establish a claim against the overissuance from the household. Within the constraints of law and regulations, states have considerable discretion in operating and administering the claims collection process.

This report describes exemplary approaches used by states in two areas of claims collection management: (1) systems for sorting or reporting case actions based on the chronological age of the claim or overissuance. These "aging" systems help manage caseloads of uncollected claims that may be eligible for suspension and termination; and (2) how cases that are reclassified from Inadvertent Household Error (IHE) to fraud are tracked and accounted for so that the agencies can collect the enhanced funding provided by FNS for the pursuit of fraud.

The five state food stamp agencies (FSAs) selected for study had noteworthy systems or procedures for addressing one or both of those issues and evidenced above-average efficiency in establishing and collecting on claims, according to FSPOS census and survey data and FNS administrative data. The following sections briefly describe the two management issues and the principal findings of the on-site assessments of those issues in the five FSAs.

AGING SYSTEM ROLES IN SUSPENDING AND TERMINATING CLAIMS

The ability to age overissuances and claims is important for several reasons: it facilitates evaluating the timeliness with which the required actions of each stage of the claims process are completed; it is useful as a method for determining when some type of "prompting" may be necessary for cases pending at the various stages of the process; and, to the extent that time requirements are built into the various stages of the claims process (e.g., a claim must be held in suspension for three years prior to termination), a system for aging claims facilitates executing those stages efficiently, and thus may contribute to effectively reducing backlogs of overissuances and claims.

According to federal regulations, a claim for which collection actions have been initiated and the required number of demand letters have been sent can be suspended (that is, placed in an inactive status) when the household cannot be located or the cost of further collection action is likely to exceed the amount that can be recovered. Further, a claim can be terminated (that is, removed from the books, discontinuing further action) after it has been held in suspension for three years and has been determined to be uncollectible. Thus, a system that reports on the age of a suspended claim can support the decision to terminate a claim for which collections are unlikely, or, in states that do not terminate claims, to monitor the continued pursuit of collections.

Respondents in three state FSAs whose aging systems were studied indicate that:

- Automated aging systems are useful tools for facilitating the timely execution of claims activities.

- Automated aging features that support suspension and termination activities include: distinction among the different classifications of fraud and nonfraud claims; generation of demand letters, billing notices, and reports that vary according to classification and payment history; and monitoring of delinquent claims as alternate collection activities are pursued.
- Aging systems are not the only factors in effective management of delinquent claims. A high level of across-agency cooperation is also critical to effective management of delinquent claims.

- System support for reclassified claims does not always meet the needs of agency staff. For example, systems often generate more reports than are useful, and design modifications are sometimes required.

SUMMARY

The study results illustrate that automated systems that age and monitor claims and claims payment histories--for nonfraud, fraud, and reclassified claims--are critical case management tools.

For example, system-generated reports (by claim category or status) provide overviews of case actions taken, and prompt needed worker intervention. Letter and notice generation ensure the timely delivery of important claims information to food stamp clients. Regular matches of claims households against active food stamp caseloads result in initiation of recoupment activities. Systems are also often programmed to monitor more than one claim per household. Accuracy of claims data in FNS-209 reports is increased by features such as automatic transfer and reconciling of reclassified claims accounts, limited worker intervention, and integrated claims and accounting systems.

In addition, in those states that suspend and terminate claims according to established federal or state guidelines, the automated systems facilitate executing those actions efficiently, by either routine suspension and termination or generation of lists of cases eligible for suspension or termination. Where state law may preclude claims suspension and termination, systems may also continue to monitor and process delinquent claims, and to match those claims files against state income tax records, in order to collect on delinquent claims through state income tax intercepts.

While most state FSA staff credit their automated systems with increased efficiency, accuracy, and collections of claims, some staff acknowledge that experience with the systems has exposed design limitations; system modifications are being developed to handle the new issues and needs. For example, automatic termination of claims is not always desired, particularly for cases being held in suspense while a second claim against the same household is in a repayment status. One state studied alleviated that dilemma by programming a "temporarily inactive" status flexibility into their system. In addition, because the automated systems often generate more reports than agency staff believe are necessary or helpful, report content and quantity are being streamlined as well.

Further, the automated systems often cannot keep track of certain claims processing or payment activity. Cases being pursued for prosecution, for example, may be outside the jurisdiction of the state or county FSA; some claims may linger unprosecuted until the statutes of limitations expire. Court-ordered restitutions may be difficult to track as well. For those difficult-to-track cases, and for all claims cases in general, good intra- and inter-agency communication may be equally important to effective case management as are automated systems.

I. INTRODUCTION

Overissuances occur when food stamps are provided to ineligible households or when eligible households receive food stamp allotments that are greater than the amount allowed under program regulations. When an agency determines that a household has received food stamps to which it is not entitled, the state is mandated by law and regulations to establish a claim against and to collect the overissuance from that household. Within the constraints of the law and regulations, states have considerable discretion in how they operate and administer the claims collection process. However, little systematic information exists on the policies and procedures adopted by states and local agencies, or on the effectiveness of agencies at collecting claims.

Accordingly, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture has sponsored research to learn more about the claims collection operations of the Food Stamp Program (FSP). Claims collection is one of six general topics covered in a study of FSP operations being conducted by Mathematica Policy Research, Inc., and its subcontractors, Abt Associates, Inc., and the Urban Institute.

The first phase of the study, conducted in 1986, entailed interviews with state-level food stamp personnel in the 50 states, plus the District of Columbia, Guam, and the Virgin Islands. The data collected in the census of state agencies were used to prepare preliminary descriptive profiles of the states' claims collection processes.

The second phase of the study, also conducted in 1986, a survey of a national sample of 187 local food stamp agencies (FSAs), focused on claims collection operations within local offices. Because responsibility for claims collection activities may be delegated completely or partially to local, regional, or state agencies, or to combinations of these offices, the survey data were collected to enhance and complete the census-based descriptive profiles of food stamp operations

in all the states. In addition, the survey data were used to develop a nationally representative picture of claims collection processes.

In the third phase of the study, conducted in 1988 and 1989, selected state FSAs were interviewed by telephone, and a smaller number of those state FSAs were chosen for intensive assessments of specific claims collection operations.

This report describes components of selected state claims collection operations and their impact on two management issues of interest to the Food and Nutrition Service (FNS): (1) how systems for "aging" claims are used as tools for managing uncollected claims that may be eligible for suspension and termination, thereby effectively reducing the backlog of uncollected claims at the state level; and (2) how cases that are reclassified from inadvertent household error to fraud are tracked and accounted for, so that the agencies can receive the enhanced funding provided by FNS for pursuing fraud.

Five states were selected for intensive assessment from among 20 state Food Stamp Agencies (FSAs) that, as indicated by FSPOS census and survey data and through telephone and in-person discussions with the staff of those 20 state FSAs, had noteworthy systems or procedures for addressing one or both of these issues.¹ The five states selected for intensive assessment were Arkansas, Missouri, Nevada, West Virginia, and New Mexico.

Chapter II of this report summarizes telephone and in-person data on the first of the two management issues described above--system features that sort and report on claims (particularly suspended claims) according to their chronological ages. Chapter III summarizes information on the second issue--the procedures used to track and account for suspected fraud cases that have been reclassified as inadvertent household error to collect claims prior to establishing fraud.

¹The 20 preliminary states included Arizona, Arkansas, Colorado, Florida, Georgia, Kansas, Louisiana, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, and West Virginia. The District of Columbia was selected as well; however, FSA reorganizations precluded DC agency staff from participating in this study.

Chapter IV presents concluding remarks on the state systems and procedures that appear to be particularly effective at managing the claims suspension/termination and reclassification process. (Appendix A contains the full descriptions of the systems and procedures of the five states selected for intensive assessment, based on the in-person interviews with state agency staff. Appendix B contains similar descriptions of the 20 state systems and procedures, based on telephone interviews with state agency staff. Appendix C presents census and survey data on the features of the aging systems and reclassification used by the entire sample of state and local FSAs from which the preliminary 20-state sample was drawn.)

II. CLAIMS AGING SYSTEMS FOR SUSPENDING AND TERMINATING CLAIMS

In this chapter, we first present background information on the role of aging systems in the managing claims activities, particularly suspensions and terminations of delinquent claims. We then discuss the method used to identify the 20 state agencies which were interviewed by telephone on this issue, and the results of the telephone interviews. Finally, we describe the methods used to identify the three state agencies interviewed in the follow-up site visits, and a summary of the information obtained during those site visits.

A. BACKGROUND

One of the methods that may be used to monitor the progress of individual cases through the claims process is a system for sorting or reporting case actions based on the chronological age of the overissuances and claims--that is, systems for "aging" overissuances and claims. The ability to age overissuances and claims is important for several reasons: (1) it may facilitate evaluating the timeliness with which the required actions at each stage of the claims process are completed; (2) it may be useful as a method for determining whether some type of "prompting" may be necessary for moving cases through the various stages of the claims process; and (3) to the extent that time requirements are built into the various stages of the claims process (e.g., a claim must be held in suspension for three years prior to its termination), a system for aging claims may facilitate executing those stages efficiently, and thus may help effectively reduce backlogs of overissuances and claims to be processed.

According to federal regulations, a delinquent claim for which collection actions have been initiated, the required number of demand letters have been sent, for which payments have not

been received, can be suspended (that is, placed in an inactive status) when the household cannot be located or the cost of further collection action is likely to exceed the amount to be recovered.

Federal guidelines stipulate that delinquent claims can be terminated (that is, removed from the books, discontinuing further action) after they have been held in suspension for three years and have been determined to be uncollectible. A system that reports on the age of a suspended claim can be an important component of the process for terminating claims for which collections are unlikely. It should be noted, however, that clearing the books of uncollected claims by routinely suspending and terminating them does not necessarily imply that the suspension/ termination component of a state's claims collection operation is more effective than the claims collection operations of other states which continue to pursue collection beyond the required three years. Routine or automatic suspension and termination may reduce a backlog of uncollected claims at the expense of the amount of debt that is collected. (Some states are precluded from routinely suspending and terminating claims based on their age, and thus may frequently have backlogs of uncollected claims. These states cite legal issues and the potential of additional collections as the primary reasons for keeping a suspended claim on the books beyond the required three years.)

Given the administrative and FSPOS census/survey information available to us on the extent to which aging systems are used as a tool for managing caseloads of uncollected claims, we defined the following objectives for this component of the study: (1) to gather information on states that have automated systems for aging claims; (2) to determine the role of those automated systems in the suspension and termination of uncollected claims; (3) to explore the perceptions of state officials about the effectiveness of continuing to pursue collections, for those states which do not routinely suspend or terminate claims according to federal guidelines; and (4) to identify

and describe aging systems that may be considered exemplary in managing caseloads of uncollected claims.

B. CLASSIFICATION OF AGING SYSTEMS

In order to identify potentially exemplary aging systems, we first determined which of the 20 state agencies in our sample had automated aging systems. Of those that did, we further identified two types of state agencies: (1) those whose systems influence the routine suspension/termination of claims, thereby reducing the state's backlog of uncollected claims; and (2) those that do not routinely suspend/terminate claims. As discussed in the previous section, this latter group is important since the continued pursuit of claims should, if effective, generate additional collections on outstanding debts. Thus, for these states, a tradeoff exists between the size of the backlog of outstanding claims and the potential for future collections. For both types of agencies, policies and procedures for aging claims and reducing backlogs of uncollected claims were examined.

C. THE RESULTS OF THE TELEPHONE INTERVIEWS

The extent to which time requirements are programmed into an automated claims system for different stages of the claims process--particularly suspensions and terminations--may facilitate executing claims activities to collect uncollected claims, thereby helping reduce backlogs of uncollected claims. The following section briefly describes the features of the automated claims systems in the 20 state agencies, system support for routine suspension and termination activities, procedures for non-routine suspension and termination, and the respondents' assessments of the usefulness of the aging systems in managing their caseloads of uncollected claims.

Table 1 summarizes the telephone interview data from the 20 state agencies in our sample on the existence of aging systems and policies on suspension and termination.

TABLE 1
SUMMARY OF AGING SYSTEM FEATURES AND SUSPENSION/TERMINATION POLICIES,
FROM TELEPHONE INTERVIEWS, 1988

State	Features of Automated System Generates Demand Letters and Delinquency and Billing Notices				Suspension and Termination Policies				
	Generates Individual Case Reports by Age	With Worker Intervention		Automatically Suspends Claim	Automatically Terminates Claim	State Suspends Claims According to Federal Regs.	State Terminates Claims After 3 Years in Suspension	Length of Time Suspended Claims Are Kept on Books Prior to Termination (Years)	Reason for Keeping Claims on Books More Than Required 3 Years
		Automatically							
Arizona	Yes	Yes	No	No	No	No	No	Indefinitely	Law/Continued Pursuit
Arkansas	Yes	Yes		No	No	No	No	Indefinitely	Law/Continued Pursuit
Colorado	Yes	No	Yes	No	Yes	Yes	Yes		
Florida	Yes	Yes		No	No	No	No	6	Continued Pursuit
Georgia	No	Yes		No	No	No	No	10,5 ^{a,b}	Continued Pursuit
Kansas ^c									
Louisiana	Yes	Yes		No	Yes	Yes	Yes		
Missouri	Yes	Yes		Yes	Yes	Yes	Yes		
Montana	Yes	Yes		Yes	Yes	Yes	Yes		
Nebraska	Yes	No	Yes	No	No	No	No	6	Continued Pursuit
Nevada ^d									
New Jersey ^e									
New Mexico	Yes	Yes		Yes	No	No	No	6	No Reason Given
North Carolina	Yes	Yes		No	Yes	Yes	Yes		
Oregon	Yes	No	Yes	No	No	No	Yes		
Pennsylvania	Yes	Yes		Yes	Yes	Yes	Yes		
South Carolina	Yes	No	No	No	No	Yes	No	>3	Law/Continued Pursuit
South Dakota	Yes	Yes		No	No	No	No	6	Law/Continued Pursuit
Tennessee	Yes	Yes		Yes ^f	No	Yes ^d	No	Indefinitely	Law/Continued Pursuit
W. Virginia	Yes	Yes		Yes	Yes	Yes	Yes		

NOTES: ^aState regulations in Georgia prohibit the suspension of claims; however, there is a period of time (from 5 to 10 years) from the date of establishment during which claims are kept in a separate active status prior to eligibility for termination.

^bThe first figure is for fraud, and the second figure is for nonfraud.

^cKansas expects full statewide implementation of the Comprehensive Automated Eligibility and Child Support Enforcement System (CAECSES) by 1989; detailed specifications of the claims collection capabilities of the system are still unclear.

^dNevada's new automated system is expected to be fully implemented in 1989, and will include some aging features, such as automatic suspension and termination; the current system reportedly contains no claims aging features.

^eNew Jersey processes claims accounts manually; the state automated system contains no aging features.

^fThis response is for nonfraud claims only.

1. Features of Claims Aging System

Among the 20 states, 18 currently use automated systems which contain claims aging features; two states use automated systems which reportedly contain no aging features. Sixteen state systems generate claims reports according to the chronological ages of the claims. Thirteen generate demand letters or delinquency and billing notices automatically at appropriate intervals; two additional systems generate letters and notices, provided that an eligibility worker has entered the mailing schedule.

The role of the automated aging system in claims suspension and termination depends on whether or not the agency routinely suspends and terminate claims according to the federal guidelines, as described in the paragraphs below.

2. Routine Suspension and Termination

Among the 20 states, six state systems (Missouri, Montana, New Mexico, Pennsylvania, Tennessee, and West Virginia) automatically suspend claims, and seven states (Colorado, Louisiana, Missouri, Montana, North Carolina, Pennsylvania, and West Virginia) automatically terminate suspended claims. In Colorado and Louisiana, in which the automated systems terminate but do not suspend claims, claims eligible for suspension are reviewed by eligibility workers to determine whether the appropriate number of demand letters have been sent or whether the claim amounts are sufficiently large to warrant alternate collection activities. Colorado staff manually recode the claims for suspension; in Louisiana, eligibility workers routinely recommend to their supervisors that claims be suspended.

In New Mexico and Tennessee, the automated systems suspend claims (only for nonfraud in Tennessee) and generate lists of suspended claims eligible for review and further action by eligibility workers. New Mexico respondents indicated that claims are kept in suspension for six years prior to their termination, a period that was considered to be longer than necessary, since

New Mexico does not continue to pursue collections following suspension and does not reopen cases during suspension. Although Tennessee law forbids the actual forgiveness of state or federal debts, claims are routinely placed in an inactive status after three years of suspension, and periodic writeoffs of debts are approved by the state.

Respondents in all of the states whose systems processed suspensions and terminations automatically indicated that their aging systems provided an effective management tool for dealing with backlogs of uncollected claims.

3. Other Suspension and Termination Policies

Eight of the 18 states with automated aging systems carry suspended claims on the books for longer than the required three years. In addition, Georgia carries fraud and nonfraud claims in a separate (but not officially suspended) status for ten years and five years, respectively, beyond the date of last payment; following those periods, the cases may be authorized for termination by system recodes. In these states, claims are rarely suspended or terminated automatically; intervention by workers in the functioning of the systems is generally required at both stages. Three of the nine states (Georgia, South Carolina, and Tennessee) carry the claims for longer than three years because their state laws prohibit debt forgiveness.

Six states (Arizona, Arkansas, Florida, Georgia, Nebraska, and South Dakota) continue to pursue collections on claims either for a few years beyond the required three or indefinitely. Although supporting statistics were not readily available, Arizona and South Dakota respondents believed that the continued pursuit of claims collection did increase recovery. The Arkansas respondent reported that the use of state income tax intercepts greatly increased collections from 1984 to 1986, and somewhat less so since then. The state believes the federal government may permit federal income tax intercepts in the future, in which case their experience with using state income tax intercepts should serve them well. In Florida, claims valued at greater than \$500 with

no pending court actions are forwarded to a special department within the state government which acts as a collection agency of last resort. The interview respondent indicated that claims collection has improved in Florida in recent years and credited the increase to the automated system in general and continued pursuit activities.

Among the respondents from the six states that continue to pursue collections beyond the three-year termination guidelines, the respondent from Georgia was the only one who indicated that state agency officials were uncertain about whether continued pursuit (through state income tax intercepts) was worthwhile given the costs of continued staff review and bookkeeping.

New Mexico carries suspended claims for longer than three years as well, although the rationale for doing so was not articulated.²

4. The Impact of the Aging System on Uncollected Claims

In general, the respondents who reported that their aging systems have a positive impact on managing caseloads of uncollected claims were from Arkansas, Colorado, Louisiana, Missouri, Montana, Tennessee, and West Virginia. Five of those states (Colorado, Louisiana, Missouri, Montana, and West Virginia) suspend and terminate claims according to federal guidelines; only two of those states (Arkansas and Tennessee) keep suspended claims on the books beyond the required three years due to a desire to continue collections or state law.

D. SELECTION OF STATES FOR IN-PERSON SITE VISITS

In the earlier FSPOS census and survey data analyses, we derived rough measures of "effectiveness" of the claims collection process from FY 1985 administrative program data on the value of claims collected for each \$100 of claims established and for each \$100 of claims issued

²Although the earlier FSPOS census interview respondent reported that suspended claims are terminated routinely after three years (see Appendix Table C.1), both follow-up telephone and in-person interview respondents indicated that they were carried on the books for six years.

in error. Appendix Table C.2 presents an expanded version of such measures, by state, for FY 1983 to 1987.

While there were no obvious relationships between the FY 1985-only measures and the census/survey topologies on relatively effective claims collection systems, measures over a five-year period were judged to be useful barometers of potentially "effective" processes. For that reason, we used the five-year measures to help us in recommending the states for possible site visits. States listed in Appendix Table C.2 are marked with asterisks if their values on the first (*), second (**), or both (***) measures are above the median for at least four of the five fiscal years.

Based on the interview, respondents' assessments of the usefulness of their aging systems, other telephone interview data, and on the effectiveness measures presented in Appendix Table C.2, the following states were identified as having aging systems that warranted further study:

- ** Arkansas
- Colorado
- Louisiana
- ** Missouri
- * Montana
- * Tennessee
- * West Virginia

The asterisks beside each state correspond to the state rankings on the rough effectiveness measures that appear in Appendix Table C.2.

Choosing from among these potential site visit states, we recommended to FNS that we conduct intensive assessments of the aging systems in Arkansas, Missouri, and West Virginia. As noted in the previous sections, the automated systems in those three states contain a number of aging features that reportedly facilitate effective claims management. Missouri and West Virginia routinely suspend and terminate delinquent claims according to federal guidelines. By contrast, the Arkansas FSA continues to pursue collections on delinquent claims beyond the required three years.

The objectives of the site visits were to Arkansas, Missouri, and West Virginia were to:

- Describe the aging systems in place in the sample agencies
- Describe the data collected by the aging system that support case management or data reporting functions associated with suspension and termination
- Describe how workers interact with the aging system to take advantage of the case management support provided by the system
- Summarize agency staff assessments of the usefulness of the aging system features, the system contributions to managing the claims suspension/termination process, and recommendations for modifications or refinements that would make the aging system more useful for case management and data reporting
- For those states that continue to pursue collections on suspended claims, summarize the perspectives of agency staff on the effectiveness of continued pursuit

E. THE RESULTS OF THE IN-PERSON SITE VISITS

As illustrated in the telephone interviews with state FSAs, automated systems that age claims are generally regarded by agency staff as useful tools for managing caseloads of uncollected claims. Automated features--particularly system-generated demand letters and delinquency notices, recoupments, and automatic suspensions and terminations--facilitate timely claims processing. This section describes the results of the site visit interviews with state agency staff in Arkansas, Missouri, and West Virginia on the role of their automated systems and aging features in managing claims suspension and termination. We first describe the features of the claims aging systems. Then we discuss the role of the aging systems in managing claims suspensions and terminations. The level of interaction between the caseworker and the system is described next. Then we present the perspectives of the state agency staff on the usefulness of the aging system features. The effectiveness of continued pursuit of collections on suspended claims is considered next. Finally, we summarize the key factors that seem to be associated with

effective aging and effective continued pursuit. Table 2 summarizes the information obtained during the site visits.

1. Features of Claims Aging Systems

Arkansas's state-level Recipient Overpayment Accounting System (ROAS), implemented in 1984, ages claims at the state level from the point at which they are established. It then generates demand letters and billing notices at appropriate intervals according to the date of last payment, and begins recoupment automatically if a client does not select a repayment plan within 30 days after the initial demand letter is mailed. Claims that are not paid within 120 days are referred to the Overpayment Unit's (OPU's) Recovery Unit or to the department legal division for civil collection and establishment as a delinquent account; the system then generates delinquency notices. Delinquent accounts are matched regularly against active food stamp files; when a match occurs, recoupment action is initiated.

ROAS maintains dates on letters sent to households and last payments made by households; it also generates billing notices and demand letters at the appropriate intervals, as well as final delinquency notices. In addition, once final delinquency notice has been sent, the system generates separate delinquent claims reports, and transfers the claims automatically to the jurisdiction of the accounts receivable unit or the Office of the General Counsel for further action (e.g., additional letters, state income tax intercepts, administrative disqualification hearings, judgments, garnishments, or liens). Since 1985 there have been provisions for debt forgiveness in Arkansas law; recently the state has begun forgiving some old accounts.

Missouri's statewide Claims Accounting Restitution System (CARS) was also implemented in 1984. Once an overissuance is detected in a county FSA office, county claims unit staff input case information, referral dates, data-entry dates, and "tickler" messages (flags) into CARS.

TABLE 2
SUMMARY OF AGING SYSTEM FEATURES AND SUSPENSION/TERMINATION POLICIES,
FROM SITE VISIT INTERVIEWS, 1989

State	Automated System Features that Aid Pending Suspension/Termination							Suspension/Termination Policies					
	Claims Aging System Implementation Date	Separate Claims or Collections Units	Separate Fraud Investigation/Other Classification Codes	Reg Matches Against Food Stamp Files	Demand Letters Billing and Delinquency Notices	Reports: Eligible Suspen/Term.	Automatic Suspension of Claims	Automatic Termination of Claims	State Susp. According to Federal Regs	State Terms. Suspended Claims After 3 Years	Reasons for Keeping Claims on Books More than 3 Years	Continued Pursuit Activities	Continued Pursuit Perceived as Effective
Arkansas	RDAS ^a 1984	Yes ^b	Yes	Yes	Yes	Yes	Yes	No	No	No	State Law, Continued Pursuit	State Income Tax Intercepts	Yes
Missouri	CARS ^c 1984	Yes ^d	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
West Virginia	ARTS ^e 1987	Yes ^f	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			

NOTES:

^aRecipient Overpayment Accounting System

^bState-level Accounts Receivable Unit for Nonfraud Overpayment Recovery Unit for delinquent accounts, Fraud Investigations Unit for fraud

^cClaims Accounting Restitution System

^dCounty claims unit for nonfraud, regional Welfare Investigations Unit for fraud

^eAutomated Repayment Tracking System

^fState-level collection unit

When claims information is first loaded, general debtor and claims data are input. These data include Welfare Investigation Unit (WIU) information and tickler messages. All claims are initially input under the program code for food stamp administrative errors and inadvertent household errors rather than intentional program violation. Claims information is printed out the next day and referred to one of five area welfare investigation units; staff on the welfare investigation unit decide whether or not to pursue individual cases as fraud. If no decision is made, or if welfare investigation unit staff decide against, pursuing the claim the case will be printed back (required to be within 30 days) to the county office that referred it.

The date on which the claim data are entered prompts the automated aging/tracking system for suspected fraud and nonfraud activities. If the area WIU decides to pursue the case for criminal prosecution, codes to indicate that decision are entered, the cases are no longer aged, and the system blocks the automated functions initiated for nonfraud. For nonfraud claims, the system performs monthly matches against the active food stamp household file in order to begin the recoupment process; it also generates demand letters, as well as repayment agreements at 30-day intervals.

If a household returns the repayment agreement, a code change prompts the billing/delinquency cycle ("recognized obligation"), which blocks further demand letters and starts the generation of monthly notices on past payments, current amounts due, delinquencies, etc. If a household is 60 days delinquent (because it has either not sent a payment or sent an incomplete payment), data on that claim are listed on monthly delinquency reports generated by the system. These reports are forwarded to a WIU for follow-up.

If no responses have been posted for four months (or if one letter is returned as undeliverable prompting the caseworker to change the claims status code) and the household is not currently receiving food stamps, the system automatically suspends the case 30 days later for 36 consecutive months. After 36 consecutive months of no activity, the system automatically

changes the claim status code to "C" (closed) and terminates the claim. Twice a year the system moves to tape all claims that have been terminated for at least six months.

West Virginia's statewide Automated Repayment Tracking System (ARTS), implemented in 1987, can track up to 20 claims and 18 payments per claim for each individual client. Repayment officers in the state-level collection unit are responsible for updating and maintaining food stamp claims in ARTS. Similar to the Arkansas and Missouri systems, each ARTS case file contains four separate but interacting screens that include information on clients, claims, and payments, as well as summary information.

Starting the system's clock on the date the claim is established, ARTS generates demand-payment letters (the number depending on the amount and type of claim) and delinquency notices at 30-day intervals; generates a wide range of managerial reports; automatically moves a claim to a suspended status if no response to the letters is received within 30 days after the mailing date of the last letter; and automatically terminates the claim 36 months after suspension.

2. The Role of Aging Systems in Managing Suspensions and Terminations

As each of the three state systems tracks the progress of claims, it generates (1) monthly claims history reports that list claims by category and type, (2) statewide and countywide statistical summaries of claims activities, (3) monthly payment histories, (4) daily verification transactions, and (5) list of client letters, billings, past-due notices, and final notices. In addition, the Missouri system generates reports on suspended and terminated claims.

The West Virginia ARTS also generates a printout of letters that have been sent, which has reportedly been helpful to staff in pursuing newer claims and claims with some payment activity. Respondents indicated that staff are in the process of developing reports on claims by specific pay statuses, to enable them to focus attention on claims with collection potential and to suspend or terminate others.

Most Arkansas claims remain in active status indefinitely because state law forbids the forgiveness of debts, the state has had some limited success in pursuing collections on the claims. For this reason, the Arkansas ROAS has not been programmed to suspend or terminate claims automatically.

3. Caseworker/System Interaction

Once Arkansas staff receive the claims delinquency reports, they recode the status and type of claim and append a date in the delinquent code field. As indicated above, this action puts the claim under the jurisdiction of the Collection Unit if it is less than \$200, or the Office of the General Counsel if it is more than \$200. For the limited cases under which claims may be suspended or written off in Arkansas, staff recode the status field to affect that action.

The Missouri CARS suspends all non-Welfare Investigation Unit or noncriminal cases after four demand letters have been sent and no response has been received (or after one demand letter is returned as undeliverable); the claims status date is assigned by the computer. Claims are held in continuous suspension for 36 additional months. The suspension code can be overridden manually if warranted; if the case is not reopened manually during the 36-month suspension, the case is automatically terminated. Following termination, claims can still be reactivated for up to six months, after which the database is purged, and the old data file is transferred to tape.

When collection actions are exhausted in West Virginia, claims may be suspended automatically or manually. Further collection activities are stopped. State policy does permit reopening cases in the event of further collections (i.e., when the client comes in voluntarily and agrees to pay); payments are accepted on claims while in either a suspended or terminated status. ARTS is designed to terminate a claim automatically after three years in suspension. Since post-

1979 suspended claims were loaded onto the system only in April 1987, April 1990 will be the first opportunity to terminate claims automatically.

4. The Perspectives of Agency Staff About the Usefulness of Aging System Features

Respondents in all three states were generally confident in and enthusiastic about the capabilities of their state systems. While some intervention by county- or state-level workers is required in the automated claims systems, each system generates letters, reports, disqualification data, and other information that provide considerable assistance in tracking the status of claims and prompting claims activities. However, the system-generated reports were often perceived by staff as not particularly useful.

The Arkansas automated system is perceived to be critical to the efficient and effective management of claims, and one that is being examined by other states for replication. Despite the system's high marks, the overall management process is believed to work as well as it does due largely to the unique cooperation among staff across state units.

Missouri staff report that CARS and its aging features save them from having to manage large amounts of paperwork and perform other "nonproductive" work. The system is credited for increasing the amount of collections between 1983 and 1989--in 1983, the last year of the totally manual claims system, food stamp collections totalled \$800,000; in 1989, collections totalled \$5,100,000, and the staff was reduced by three persons.

The automated suspension and termination features are perceived to be the most useful of all CARS features, although some of the automatic functions are considered to be problematic. Respondents pointed out, for example, that if more than one claim exists against an individual and one is being recouped while the other is in suspension, the suspended claim will be terminated on schedule rather than kept open until collection for the first has been recouped.

Respondents indicated that the system may be redesigned in the future to keep such claims in a separate active status pending recoupment.

In contrast, the West Virginia system has the flexibility of placing a suspended claim in a temporarily inactive status until another, older claim is paid off; the system then places the inactive claim into repayment status.

As in Missouri, the West Virginia FSA reports that an increase in collections is taken as evidence that ARTS has had a positive time-saving effect on claims activities. Respondents indicated that the automated demand letter/notice cycle has improved the claims production of workers by 65 percent since those features were introduced in May 1988. Monthly collections have increased from an average of 25,000 per month before the implementation of ARTS in 1987 to 50,000 per month since then. ARTS and the eligibility system monthly interface for recoupment is also considered to be a time-saver, since 74 percent of West Virginia collections are from automatic coupon reductions.

5. The Effectiveness of the Continued Pursuit of Suspended Claims

Of the three state systems studied, only the Arkansas FSA pursues collections on suspension-eligible claims.

While Arkansas has no established policies for mandating how old uncollected claims should be treated (either suspended or pursued further), most claims are kept in the system in active status indefinitely. Due to current interpretation of Arkansas law on forgiving debts, some limited success in pursuing claims, and the belief that the costs of keeping cases open are not high, the Arkansas FSA does not suspend or terminate claims at this time. Rather than writing off old accounts, the FSA is trying to establish a history of using state income tax intercepts as their primary alternative collection method.

The Accounts Receivable Unit undertakes state income tax intercepts annually on all cases. Although the tax intercepts have yielded considerable collections (particularly in 1984 to 1986, the first two years in which intercepts were conducted), staff are considering programming changes that would limit the number of years for which a case may be matched for tax intercepts without success.³

The Office of General Counsel has recently begun to take a more proactive role in continued pursuit as well, investigating the use of other alternative collection methods, such as liens and garnishments. In addition, respondents suggested that, at some point in the near future, state policy may allow accounts to be written off after a three- to five-year period of noncollection.

6. Summary of Effective Aging Features and Procedures

As noted earlier in this chapter, automated aging systems may be useful tools for facilitating the timely execution of claims activities. While the aging systems may be important aids, they are not the only (or even the most important) factors cited by state agency staff in effective management of delinquent claims.

To review, the Arkansas, Missouri and West Virginia FSAs use automated claims systems which contain aging features: all three systems distinguish among the different classifications of fraud and nonfraud claims, and generate demand letters, billing notices, and reports that vary according to classification and payment history. In addition, the Missouri and West Virginia systems routinely suspend and terminate delinquent claims. The Arkansas system continues to monitor delinquent claims as alternate collection activities are initiated against them.

³Arkansas officials hope the federal government will permit federal income tax intercepts in the near future, and their experience in state income tax intercepts will serve them well.

Despite the considerable automated case management support in those states, state agency staff cited the high level of across-agency cooperation as critical to effective management of delinquent claims.

Because each of the automated systems is relatively new, each is also in flux. For example, the systems often generate more reports (or poorly-designed reports) than are said to be useful to staff. In addition, as new issues arise (i.e., repayments against more than one claim per household), the systems are requiring design modifications to meet the new needs.

III. PROCEDURES FOR TRACKING RECLASSIFIED CLAIMS

In this chapter, we first present background information on the reclassification of case from suspected fraud to inadvertent household error so that agencies can collect on the claim prior to fraud establishment; the method used to identify the 20 state agencies which were interviewed by telephone on this issue, and the results of the telephone interviews. We then describe the methods used to identify the four state agencies interviewed in the follow-up site visits, and results of those site visits.

A. BACKGROUND

In referring a claim, the eligibility worker, supervisor, or specialized claims worker makes an initial determination about whether the overissuance should be pursued as a fraud claim or as household error. In most states, overissuances due to fraud are investigated more extensively than those due to inadvertent household error; many states have developed systems to prioritize overissuances due to suspected fraud to determine which cases should be investigated more aggressively.

Once a claim is classified as suspected fraud, the state must pursue collection on the overissuance as an inadvertent household error before it may establish fraud, unless the state requests a waiver from FNS that such collections would prejudice the fraud (intentional program violation) determination process. That is, unless the state has a waiver, the state must reclassify the overissuance from suspected fraud to inadvertent household error, and proceed with inadvertent household error collection activities on the total amount of the overissuance over the prior 12 months.

Federal Food Stamp Program regulations specify in part that "each state agency shall be responsible for maintaining an accounting system for monitoring claims against households and, as a minimum, shall readily accomplish the following:

1. Document the circumstances which result in a claim, the procedures used to calculate the claim, the method used to collect the claim, and if applicable, the circumstances which resulted in suspension or termination of collection action
2. Document how much money was collected in payment of a claim and how much was submitted to FNS.

Thus, in accepting the option of pursuing collection as an inadvertent household error on a case of suspected fraud, the state agency must be able to document the procedures followed in reclassifying the overissuance from suspected fraud to inadvertent household error and back to established fraud (or nonfraud), and must be able to account for and report on the claim collections accurately. Because federal regulations provide different financial incentives to a state agency for collecting fraudulent and household-error claims successfully, the accuracy of claims reporting by classification is crucial.

According to a 1985 report by the Office of Inspector General of the U.S. Department of Agriculture, a comparison of audit results with FNS-209 administrative data showed that the value of fraudulent claims was overreported by states by \$12.3 million (20 percent) and the value of household-error claims was underreported by \$27.9 million (21 percent). While state agencies are permitted to retain 50 percent of the value of fraudulent claims collected, they can retain only 25 percent of the claims collected for household error. Thus, the accurate accounting of and reporting on administrative error/inadvertent household errors and intentional program violations is crucial in determining the correct amount of a state's share of collections under the two-tier financial incentive system. State agencies have cited this incentive factor as a primary reason for

their relative emphasis on pursuing cases of suspected fraud over cases of nonfraud, including cases of household error.

To date, little is known about the relationship between case management and accounting processes for reclassifying claims from suspected fraud to inadvertent household error and back to fraud. FNS is interested in determining why some Food Stamp Agencies appear to be more successful than others at accurately reporting collections on reclassified claims, and whether those FSAs have monitoring systems in place to track claims that have temporarily been reclassified from fraud to inadvertent household error. Such a system would facilitate accurate reporting, accounting, and collecting reimbursement for fraud claims.

Given the administrative and FSPOS census/survey information available to investigate reclassifications of cases of suspected program violation, we defined the following objectives for this study: (1) to gather data on state automated systems that track reclassified claims; (2) to determine the role of those systems accounting inaccurately for those claims in the FNS-209 reports; and (3) to identify and describe the reclassification and accounting procedures that may be considered exemplary in managing caseloads of reclassified claims.

B. CLASSIFICATION OF TRACKING SYSTEMS

In order to identify states that may have exemplary procedures for tracking and accounting for reclassified claims, MPR identified agencies in our sample of 20 states that have (1) established tracking systems that follow the status of the claim, and (2) established reporting and accounting procedures for reclassifying claims prior to establishing fraud establishment.

FSPOS census respondents reported that many of the state agencies in our sample reclassify overissuances as inadvertent household errors in order to pursue collections. In this study, we were interested in determining how the overissuances are reclassified, whether collections are in fact pursued, and how those collections are accounted for in the correct claims

categories upon establishment. If a state agency indicated that it reclassifies overissuances but does not pursue collections prior to establishment, the "reclassification" was considered to be a holding status only--FNS does not require states to report on pre-establishment collections. Thus, we held detailed interviews with respondents only in the 13 states in which collections were actually pursued pending fraud establishment in at least some cases. For those agencies that reclassify for the purposes of collections, the policies and procedures for tracking and accounting for reclassified claims were examined.

C. THE RESULTS OF THE TELEPHONE INTERVIEWS

Table 3 presents a summary of the data collected on reclassification procedures among the 20 states in our sample. Of those 20 states, 12 states reclassify some or all cases of suspected fraud as inadvertent household errors in order to pursue collections on the claims; these states are Arizona, Arkansas, Colorado, Georgia, Louisiana, Missouri, Montana, Nebraska, Nevada, New Jersey, Oregon, and West Virginia.⁴ In four of those states (Arkansas, Colorado, Georgia, and Louisiana), the suspected fraud cases which are reclassified as inadvertent household errors to start the collections cycle are generally those with small claim amounts or those deemed non-prosecutable for other reasons.

With the exception of New Jersey, all of the states that reclassify suspected fraud for collection purposes have automated systems that support the reclassification process in some manner; New Jersey's reclassification process is entirely manual. Ten of the 11 automated systems track or report on reclassified claims.

⁴Kansas also reclassifies cases of suspected fraud for the purposes of collection. However, because the state is currently in the early stages of implementing its new automated claims system, the specifics on the capabilities of its system were unclear at the time of the telephone interview.

TABLE 3

SUMMARY OF CLAIMS RECLASSIFICATION PROCEDURES,
FROM TELEPHONE INTERVIEWS, 1988

State	State Reclassifies Suspected Fraud for Collection Purposes	Automated System Supports Reclassification Process	System Distinguishes Between Regular IHE and Those Pending Fraud Investigation	System Tracks/ Reports on Reclassified Claims	System Reconciles Accounting After Reclassification	FRS-209 Reports Are Generated/Prepared By			
						Claims System	Integrated Accounting System	Stand-Alone Accounting System	Manual Process
Arizona	Yes	Yes	No	Yes	Yes	X			
Arkansas	Some cases	Yes	Yes	Yes	Yes		X		
Colorado	Varies across state	Yes	No	Yes	Yes	X			
Florida	No								
Georgia	Some cases	Yes	Yes	No	DK		X		
Kansas	Yes ^a								
Louisiana	Some cases	Yes	Yes	Yes	Yes	X			X
Missouri	Yes	Yes	Yes	Yes	Yes	X			
Montana	Yes	Yes	Yes	Yes	Yes	X			X
Nebraska	Yes	Yes	No	Yes	No			X	
Nevada	Yes	Yes	Yes	Yes	Yes		X		
New Jersey	Yes	No							X
New Mexico	No								
North Carolina	No								
Oregon	Yes	Yes	Yes	Yes	Yes	X			
Pennsylvania	No								
South Carolina	No								
South Dakota	No								
Tennessee	No								
West Virginia	Yes	Yes	Yes	Yes	Yes			X	

DK Respondent did not know answer.

^aKansas expects a full/statewide implementation of the Comprehensive Automated Eligibility and Child Support Enforcement System (CAESES) by 1989; detailed specifications of the system's claims collection capabilities are still unclear.

1. System Capability for Distinguishing Reclassified Claims

Eight of the 12 state systems that reclassify claims distinguish between regular inadvertent household error cases and those pending fraud investigations. Six of those eight systems (Georgia, Missouri, Montana, Nevada, Oregon, and West Virginia) maintain regular category codes for inadvertent household errors plus codes to indicate method of recovery or remarks codes that indicate the status of pending fraud establishment. The systems in Arkansas and Louisiana contain unique claims status codes for suspected fraud.

Nine of the systems contain features that transfer case data automatically from the inadvertent household error classification to the intentional program violation classification once fraud is established and the establishment status is encoded. In essence, the systems reconcile the accounts--moving the relevant collections information from inadvertent household error to intentional program violation--ensuring the retention of the enhanced federal funding available for investigating, establishing, and collecting fraud claims.

2. System Capability for Generating Federal FNS-209 Reports

The FNS-209 report is an administrative report that is completed by a state agency on a quarterly basis and submitted to the federal FNS offices. The report contains summary data on the state's claims collections by classification (administrative errors, inadvertent household errors, and intentional program violations), which form the basis for determining the value of the state's share of the collections.

In seven of the 12 states, either the automated claims system or an accounting system that is integrated with the claims system generates the FNS-209 reports (Arizona, Arkansas, Colorado, Georgia, Missouri, Nevada, and Oregon). The automatic generation of the FNS-209 reports was cited by respondents as the primary reason for the perceived accuracy of the data on reclassified claims in their 209 reports and, therefore, accurate filing for enhanced funding.

In two states (Nebraska and West Virginia), collections data on reclassified and other claims cases are reviewed by accounting office workers and re-entered in stand-alone systems in the accounting offices; the stand-alone systems generate the FNS-209 reports. Like the rest of the claims process FNS-209 reports are prepared manually in New Jersey.

3. Confidence in Reclassification Procedures

In general, in those states in which respondents expressed a high degree of confidence with the established reclassification procedures and the accuracy of the FNS-209 reports, the automated systems play a major role in processing the reclassified claims. The respondents cited several system capabilities to support the confidence: the capacity of the system to distinguish reclassified claims (through either unique status/category codes or other combinations of codes for inadvertent household errors methods of recovery, types of errors, or status remarks), to generate reports on reclassified claims, to transfer and reconcile of accounts following establishment, and to generate the FNS-209 reports (either by the claims recovery system or an integrated accounting system), as well as the fact that the recovery or accounting procedures of the system require limited intervention by eligible workers. In addition, good communications among the recovery units, courts, and accounting offices--and thus in the timely (if limited) eligibility worker interaction with the system--were mentioned as secondary factors in the confidence of respondents with their system.

Based on these primary and secondary factors, the states whose systems appear to be particularly successful at handling reclassified claims are Arkansas, Missouri, Nevada, and Oregon.

D. THE SELECTION OF THE STATES FOR SITE VISITS

As discussed in the chapter on aging systems, we used both telephone interview data and rough effectiveness measures (see Appendix Table C.2) to reach our recommended set of states for the possible site visits. Because the respondents in the following states expressed a high

degree of confidence in their reclassification and accounting procedures we considered those states to be of interest for further study:

- ** Arkansas**
- ** Missouri**
- *** Nevada**
- *** Oregon**

As the asterisks beside the states indicate, these states also ranked high on the rough effectiveness measures that appear in Appendix Table C.2. We recommended to FNS that we intensively examine the reclassification procedures in Arkansas, Missouri, both of which were to be studied for aging systems as well, and Nevada.

In addition, although we were interested primarily in collecting data from states with established procedures for reclassifying cases of potential fraud and collecting payments on them prior to establishment, FNS suggested that we study one additional state that does not pursue collections prior to establishment, so as to compare reclassification procedures. For that reason, we added New Mexico to our list of states for in-person interviews.

The objectives of the site visits were to:

- Describe the procedures by which cases of suspected program violation are reclassified to nonfraud for purposes of collection prior to their establishment as fraud
- Provide a summary assessment of the significance of tracking systems and their perceived role in managing the reclassified claims
- Describe the data collected by the system that form the basis for case management or data reporting functions to ensure that the reclassified claim is properly accounted for
- Describe how workers interact with the system to take advantage of the case management support provided by the system
- Summarize the views of agency staff about the usefulness of the system features and their recommendations for modifications or refinements that

would make the system more useful for case management and data reporting

E. THE RESULTS OF THE IN-PERSON SITE VISITS

In this section, we explore in greater detail the selected systems for tracking and accounting for reclassified claims, based on the results of site visit interviews with state agency staff in Arkansas, Missouri, Nevada, and New Mexico. We first describe the established procedures for reclassifying cases of suspected program violation to inadvertent household error. Then we discuss the role of the automated tracking system in managing reclassified claims. The level of interaction between the caseworker and the system is considered next. Then we present the perspectives of agency staff on the usefulness of their reclassification procedures. Finally, we summarize the key factors associated with effective reclassification and accurate accounting. Table 4 summarizes the claims reclassification procedures in these states.

1. Reclassification Procedures

Arkansas reclassifies cases of suspected fraud as inadvertent household errors only under limited circumstances--cases determined by the Fraud Investigations Unit (FIU) to be non-prosecutable or too small a claim amount.

County FSA staff refer cases of suspected program violation to the state overpayment Unit (OPU). OPU staff complete special computer input forms that denote suspected fraud, and enter unique referral-status codes into the system. The case is then referred to the FIU for review; the FIU retains the cases that it feels are prosecutable; all others are processed by the OPU. OPU staff enter a unique code in the claim-type field to indicate that the FIU has jurisdiction on the case. The FIU investigates the claim, establishes the facts, calculates the overpayment amount by computer, and recommends that the case go to an administration disqualification hearing or to a prosecuting attorney.

Table 4
SUMMARY OF CLAIMS RECLASSIFICATION PROCEDURES,
FROM SITE VISIT INTERVIEWS, 1989

State	Automated System Features That Support Reclassification					Source for Generating of FNS-209 Reports
	State Reclassifies Suspected Fraud for Collection Purposes	Separate Pending Fraud/Other Classification Codes	Generation of Reports on Reclassified Claims	Transfer and Reconciliation of Accounts After Reclassification		
Arkansas	Limited Cases ^a	Yes	Yes	Yes	Integrated claims/Accounting System, State Accounts Receivable Unit Staff	
Missouri	Yes	Yes	Yes	Yes	Integrated Claims/Accounting System; State Division of Finance Staff	
Nevada	Yes	Yes	Yes	Yes	Integrated Claims/ Accounting System ^c	
New Mexico	No ^b	Yes	Yes	Yes	Accounting Office Manual Process	

NOTES: ^aCases determined by Fraud Investigations Unit to be non-prosecutable or too small a claim amount.

^bWhile New Mexico does not technically reclassify cases of suspected fraud in order to collect on them as IHEs prior to establishment, the system does monitor IHE cases coded as "pending fraud determination."

^cException reports and adjustments more than one quarter old are prepared manually by state accounting office.

If an administrative disqualification hearing is recommended, OPU staff are alerted. They encode the claim-type and status fields to denote an administrative disqualification hearing, prompting the system to process the case for collection as an inadvertent household error prior to fraud establishment. The accounts receivable prompt the system to generate demand letters to the client (as described in the previous chapter on the Arkansas claims aging system). The status code also acts as a flag on the system to note that fraud establishment is pending. If no payment is received after 30 days, a fair hearing notice is sent, and the case is matched against the active food stamp caseload; if active, 30 days later, recoupment starts. Once an administrative disqualification hearing decision is rendered, a courier for the hearing staff delivers the fraud or nonfraud determination paperwork to the OPU; the OPU changes the status, type, and reason-for-action codes. The system then reconciles the accounts. The OPU worker manually completes a decision notification to alert the client to changes in the recoupment amount. The Office of General Counsel hearings staff are responsible for notifying the client of the decision.

If, however, the FIU refers the case for prosecution, OPU is notified and the status code is changed to denote that a fraud determination is pending. The pending status blocks the start of the demand-letter cycle, and remains on the file until fraud is established. The FIU manually completes a memo of disposition and sends it both to the county FSA office of origin for the client's file and to the OPU. Letters sent to clients to alert them to the prosecution sometimes prompts them to request (and receive) an in-person interview about their case and to pay off the claim rather than risk conviction. If a conviction is rendered, the FIU notifies the OPU by memo, and the OPU updates the file in the system. The status field is recoded as an active criminal fraud claim, and the restitution amount is entered so that collection may begin.

In Missouri, cases of suspected program violation are classified as inadvertent household errors prior to establishment. County claims unit caseworkers identify cases of suspected program violations, and enter the initial case data into CARS. These data include case information,

referral dates, data entry, dates, and tickler message information.⁵ As mentioned in the previous chapter, claims are initially input under the program code for administrative errors and inadvertent household errors.

The county office then refers suspected program violation cases (via system printout) to the appropriate Welfare Investigation Unit. The WIU has 30 days to decide whether to investigate the case of suspected fraud. Investigations by WIUs generally lead to (1) criminal prosecution, civil prosecution, administrative disqualification hearings, voluntary repayment, waivers of administrative disqualification hearings, or disqualification consent agreements, (2) referral back to the county office for an administrative disqualification hearing action, or (3) no action due to a lack of evidence of fraud.

If the WIU accepts the suspected program violation for action, staff enter codes indicating its acceptance--Department of Legal Services status, WIU action, and the date on which the action was taken by the WIU. While the program code remains an inadvertent household error until fraud establishment, the WIU codes block the demand letter schedule and take the case out of the aging/tracking system. Once a decision against an individual is reached, decision reports are returned to the county offices; the court judgment serves as a guide for determining the disqualification period for cases of established fraud. County caseworkers change the program code to an intentional program violation, and recompute the remaining eligibility and benefit levels of the household.

If the WIU decides not to pursue the case, the file is printed back to the county, which may choose to pursue the case through the civil courts or an administrative disqualification hearing. At that point, the county caseworkers override the demand letter block and pursue the

⁵Dedicated claims units exist in all metropolitan offices and in most nonmetropolitan offices as well. Claims unit staff persons have their own terminals at their desks; central terminal banks exist in the St. Louis and Kansas City offices.

case as an administrative error/inadvertent household error. If an administrative disqualification hearing is chosen by the client or the caseworker, the system will send out demand letters and attempt collections as an inadvertent household error.

Nevada's current statewide automated food stamp system includes both claims and accounting components. The claims system was originally designed to produce the data required for the federal FNS-209 report.⁶ Nevada district office staff identify a case of suspected fraud and enter relevant data into the statewide automated system in the inadvertent household error category; the remarks section on the screen contains notes that the case is pending an administrative disqualification hearing or prosecution.

The case is then referred for investigation by the state FSA.⁷ A decision is made about whether to refer the case for an administrative disqualification hearing or try to collect on the case as an inadvertent household error. All referrals at this point are handled by telephone or by paper. Pending a fraud determination, the district office pursues collection on the claim as an inadvertent household error. Based on the data entered into the system, the system automatically generates payment demand letters at 30-day intervals. If payments are not received within 90 days, the household is matched against the active caseload; if active, automatic allotment reductions are initiated.

The Parole and Probation Office (county administrative offices separate from the FSAs) are responsible for handling collections on fraud claims. Once established as an intentional

⁶Nevada is currently in the process of switching over to a new computer system, designed in-house and based largely on the old system. The new system will interface the Food Stamp Program system with all other PA programs.

At the time the telephone interviews were conducted, respondents believed that the new system would be operational by spring 1989; by the time that the in-person interviews were arranged, the new system was still pending (the current date of implementation is late 1989). The results of this interview are based on the current system and include notes on the planned enhancements about which the respondents were knowledgeable.

⁷However, The Las Vegas District Office handles claims investigations internally.

program violation or nonfraud, the type code is changed, and the system updates the action field and reconciles the account automatically.

As described earlier in this study, we were interested primarily in collecting data from states with established procedures for reclassifying potential fraud claims and collecting on them prior to establishment. Because New Mexico law stipulates that the acceptance of payments from such cases prior to establishment could jeopardize case prosecution, the FSA does not attempt collections prior to fraud establishment. Even so, an in-person interview was conducted with New Mexico FSA staff for purposes of comparing its general procedures for managing claims that move between pending fraud and established fraud/nonfraud categories.

New Mexico county caseworkers input overpayment/overissuance information directly on the claims screen of the automated eligibility system. The majority of the data for establishing the claim are then transferred directly from the eligibility files to the automated claims system. The transferred data include the cause of the overissuance, the referral source, the fraud status, and the reason for the demand letter. Cases of suspected fraud are routed to the state FSA and referred for investigation, prosecution, or administrative disqualification hearing.

Alternatively, county caseworkers refer cases of suspected program violation to the state Restitution Unit via "Debtor Claim Record" data input forms. The data include debtor, claim, claim agreement, and demand letter information, monthly amount overissued, and narrative tickler messages, and are entered into the claims system by Restitution Unit staff. After entry, the form is initialed by Restitution Unit staff and returned to the caseworkers for inclusion in the county office case file.

Within the debtor information section, a send-bills field is encoded with a "no" to indicate that fraud is suspected and that the case is being referred to investigation, prosecution, or an administrative disqualification hearing. Data in the claim information section include the program code, appeal status, and fraud status (which must be consistent with the program code). If the

fraud status code indicates potential fraud, demand letters are blocked. Separate codes denote referral for investigation, prosecution, or an administrative disqualification hearing.

Information in the repayment agreement section includes method of repayment, the frequency of the payment, repayment start date, and the amount agreed to be paid. Data in the narrative section of the form include circumstances surrounding the overissuance/overpayment and method of computation; although not routinely data-entered by Restitution Unit staff, the information is considered useful in fair hearings, in administrative disqualification hearings, and for historical review.

Hearing or court decision reports are generally delivered to the restitution unit on the

updated by Restitution Unit staff and collection is initiated, and the system reconciles the accounts automatically. Demand letters (from the eligibility system) and overpayment statements (from the claims system) are generated at 30-day intervals. If no repayment agreement is reached, recoupment action from the eligibility begins. Data on recoupment are collected in the

that are over six years old are identified for termination by system-generated reports and are manually terminated by Restitution Unit staff.

2. The Role of the Tracking System in Managing Reclassified Claims

Special claim status and type codes in the Arkansas automated accounting system (integrated with the claims system) denote the different classifications of claims. The accounting system reconciles the varying recoupment amounts for the reclassified claims cases.

Arkansas staff currently receive a series of claims-system-generated case management reports, including cases that are in the process of being verified, referred to administrative disqualification hearings, computer matches, statewide listings of all claims, arrearage, cases referred to the Office of General Counsel, and collections by claim type and category.

The Fraud Investigation Unit's separate standalone system--down-loaded from the claims system--tracks court-ordered fraud cases under its jurisdiction. Data are available on cases that are pending fraud disposition, pending administrative hearings, have been waived for fraud by the client, and those that will be processed as civil cases or not processed; prosecutor/fraud hearing actions; and legal actions/final dispositions. Case management reports are generated from the fraud tracking systems, including reports on cases that are pending or assigned to prosecutors; monthly case disposition summaries, fraud disqualifications, prosecutor billings, fraud statistics; and investigations completed or assigned, by investigator, supervisor, and county.

When claims information is first loaded into the Missouri CARS, general debtor information is input. The system assigns a status to the case. Other data include Welfare Investigation Unit information which can be entered only by WIU staff and tickler messages. Claims record information includes program code, date established, total owed, cause, referral source, food stamp budget, billing status, WIU status, method of repayment, payment frequency, payment amount, a send-letters field, claim status, and reason for case closing.

Based on the date established, CARS tracks cases of suspected fraud that are pursued for collection prior to establishment. The system generates reports for cases that are pending prosecution in the Welfare Investigation Unit, but does not otherwise "track" reclassified claims.

While cases of suspected program violation are classified and processed initially as inadvertent household errors in Nevada, the system can sort those cases whose notes field contains information that indicates a pending administrative disqualification hearing or prosecution. Based on that sort capacity, the system automatically generates monthly reports on pending cases.

System-generated reports in New Mexico include the daily and monthly cumulative and summary listings of claims by category, copies of which are sent to the county offices and to the Restitution Unit. These data are also entered into a separate state-level PC system that generates quarterly tracking reports that are shared with county offices. In addition, the system generates monthly list of demand letters sent, monthly exception reports, and summary transfer analysis reports.

3. Caseworker/System Interaction

Arkansas Overpayment Unit staff reclassifies cases of suspected fraud as fraud or inadvertent household error cases by entering new codes for claim status and type into the system. The system reconciles the accounting for the appropriate classification. Previous classification activity on the case is erased from the accounting system.

The Arkansas claims and accounting systems are integrated, although interaction between the system and workers is constrained by the department in which the worker is employed. OPU staff, for example, input data on decisions (changing the status code), but cannot make entries on payments; Accounts Receivable Unit staff input payment data. All reconciled data on

reclassified cases are system-generated. However, the system does not generate the FNS-209 reports.

The recoding for claims category for reclassified claims is manual in Missouri; CARS automatically reconciles the accounting. CARS generates the monthly county and statewide FNS-209 reports. Staff in the Division of Finance then manually prepare the quarterly reports based on the monthly report data. Respondents indicated that staff are satisfied with this dual system, since FNS and the Missouri Department of Social Services are currently on different fiscal-year schedules.

Once the type code is changed to an intentional program violation in the Nevada system, the eligibility worker is responsible for sending out another letter to the client to inform him or her of the overpayment amount and provide a repayment agreement. Once the repayment agreement is complete, the eligibility worker enter that information into the system and the system automatically generates late-payment notices.

The current system can hold and process up to five simultaneous claims per household; claims are paid off via an allotment reduction beginning with the oldest claim. Once an uncollected case is eligible for suspension, however, the claim is de-activated regardless of whether or not the household is paying on other, earlier claims.⁹

Once the hearing/prosecution results are delivered to the local office, data on the established claim are input manually into the system; the overpayment status is recoded to intentional program violation; the previous comments and dates remain on the file as historical

⁹The new system will age claims from referral, generate up to three late-payment notices (depending on the amount of the claim), generate a report that lists all claims for which no payments have been made in 90 days and other case management reports, and will automatically suspend and terminate cases. In addition, the new system is expected to improve collections: the new system will have the capacity for holding an indefinite number of claims per individual in a household, processing payments serially, and permitting the reactivation (through the intervention of workers) of claims which have been suspended prior to collection attempts.

data unless the manually caseworker removes them. Collections up to that point are transferred automatically to the intentional program violation category, reconciling all case accounting.¹⁰ Printouts of case-action screens are generated as hard-copy case documentation.

The Nevada claims system was originally designed to produce the FNS-209 reports. The state's Accounting Office is responsible for receiving and reviewing both district and statewide 209 reports generated by the automated claims system and for forwarding them to FNS. The system's datafile automatically takes the previous month's ending balance and updates that balance as the current month's beginning balance when a new date is encoded; all other current month's data are pulled from the system according to the date encoded. Exception reports and adjustments more than one quarter old are currently prepared manually.

Case management information available to a New Mexico Restitution Unit worker includes payment and adjustment data that alerts the worker about whether or not appropriate actions (i.e., calls to the client or case, closure) have been taken. System-generated reports also prompt Restitution Unit staff to follow up on cases if too much time seems to have elapsed since the last action. Follow-up alerts are received every three months for suspected program violations that have been referred for investigation. At some point, the RU staff will alert county administrative disqualification hearing officials that cases will be recoded permanently to inadvertent household error if decisions are not rendered promptly. RU staff also check with state investigators located in the county offices about investigation and court statuses. (Respondents indicated that, unfortunately, once claims are in the District Attorney's office, Restitution Unit workers and investigators have no control over the cases. Many cases reportedly sit in the District Attorney's

¹⁰The state's automated system integrates both claims and accounting systems, and reconciles the accounting following reclassification for many of the cases. If a case in the old system was reclassified in a month previous to the current month, an eligibility worker had to reconcile the accounting manually. The new system will reconcile all accounts, automatically regardless of when reclassification was completed.

office for longer than the six-year limit and are never sent back to the county FSA for alternative pursuit through administrative disqualification hearings.)

Eligibility staff in New Mexico can interact with and update the eligibility system, but have inquiry capabilities only on the claims system; claims workers have inquiry capability on the eligibility system but can only interact with and update the claims system (on the accounting screens); accounting workers have inquiry capabilities on the eligibility and on much of the claims system, but can update only on the accounting and payment screens. The claims system is the accounting system, so all data input by RU workers on the background of cases are available to the Accounting Office workers who have update capabilities on repayments only.

While the automated claims system has the capability of producing the FNS-209 reports, it does not do so currently. The system totals the previous month's ending balance with the current month's activity, but does not update the current month's beginning balance from the last month's.

4. The Perspective of Agency Staff about the Usefulness of Tracking System for Reclassified Claims

Arkansas respondents indicated that, for those limited situations in which cases are reclassified for the purpose of collection, the claims system does contribute to the effective management. While the system-generated reports that list data on cases under the jurisdiction of a Fraud Investigation Unit or an administrative disqualification hearing were mentioned as potentially useful management tools, workers reportedly do not really use them, but instead assume that the cases are effectively tracked once they leave their hands. The administrative disqualification hearing section, for example, is considered to be well-organized and current, tracking the claims for which they are responsible on an internal stand-alone system (that is loaded from the claims system).

The office units handling various aspects of claims cases are located in different buildings, and not all computer systems that track the claims are integrated. However, a high level of communications across units is said to exist and is considered to be a major contributor to effective claims management. Respondents mentioned that future enhancements to the system should include increased on-line capabilities in all the offices to facilitate inter-office communications.

Missouri staff believe that the automated reclassification procedures and system-generated management reports are effective tools for monitoring most reclassified cases. However, cases that are being pursued for prosecution by Welfare Investigation Unit are not easily tracked by CARS; once under the jurisdiction of the welfare investigation unit, they are no longer subject to the system's "aging," although monthly system-generated reports that list cases accepted by the WIU are available. Court-ordered restitutions are also difficult to track. The circuit court clerks (or probation and parole officers) can either forward the payments to the county offices as they collect them or pay them in full at the end of the payment period. Respondents indicated that most of the legal offices choose the latter course, so that they may place the payments in interest-bearing accounts and send in the total amount later (minus the interest which stays in the county legal system).

Nevada respondents indicated they had considerable faith in the current, largely manual system for processing and tracking reclassified claims; the system-generated information on reclassified claims is reportedly not useful.

However, respondents indicated that the future system will include features that will help workers significantly: system differentiation between the types of claims which will make system-generated reports more useful; tickler files; inter-office tracking (among local, state, and parole and probation offices); claims entered into the system at the pending level, with the clock starting at data entry; delinquency notices generated every three months; three-month delinquency reports

generated to alert eligibility workers about the necessity for further actions (i.e., small claims court, allotment reductions); and automatic suspensions.

Although the New Mexico systems do not track claims that were reclassified for the purposes of collection, and thus do not reconcile accounts, state FSA respondents deem that both the on-line claims and the standalone PC tracking systems are helpful in managing individual claims.

5. Summary of Effective Reclassification Procedures

As discussed earlier in this chapter, the accurate accounting for and reporting on claims by classification is critical to determining a state's correct share of claims collections under the differing financial incentives.

State agency respondents in Arkansas, Missouri, Nevada, and New Mexico indicated that automation is an important component in effective claims case management, whether the state reclassifies all, some, or none of the cases of suspected fraud. All of the systems contain features that support reclassification, with varying degrees of eligibility worker intervention: the systems distinguish and report on cases that are pending fraud determination, and transfer/reconcile accounts following establishment. While only the Nevada system generates the quarterly FNS-209 reports, all four systems generate most or all of the data needed to prepare the reports.

The automated systems are perceived by state agency staff to be important case management tools; however, good inter-office communication is perceived to be equally important in effective claims management. Such cooperation is especially critical for reclassified claims which may fall under the jurisdiction of several agency units (or even outside the agency's jurisdiction).

As discussed in the chapters on aging systems, automated systems often generate a wide array of reports, some useful and some not.

IV. CONCLUSIONS

The results of telephone and site visit interviews illustrate that automated systems that age and monitor claims and claims payment histories--for nonfraud, fraud, and reclassified claims--are critical case management tools.

For example, system-generated reports (by claim category or status) provide overviews of case actions taken, and prompt needed worker intervention. Letter and notice generation ensure the timely delivery of important claims information to food stamp clients. Regular matches of claims households against active food stamp caseloads can result in initiation of recoupment activities. Systems are also often programmed to monitor more than one claim per household. Accuracy of claims data in FNS-209 reports is increased by features such as automatic transfer and reconciling of reclassified claims accounts, and limited worker intervention.

In addition, in those states that suspend and terminate claims according to established federal or state guidelines, the automated systems facilitates executing those actions efficiently, by either routine suspension and termination or generation of lists of cases eligible for suspension or termination. In Arkansas, where state law precludes claims suspension and termination, the system also continues to monitor and process delinquent claims. As noted earlier in this report, the Arkansas system is programmed to match those claims files against state income tax records, in order to collect on delinquent claims through state income tax intercepts.

While crediting automated systems with increased efficiency, accuracy, and collections, state FSA staff acknowledge limitations with their various systems, and report that system modifications are being developed to handle new issues and needs. For example, automatic termination of claims is not always desired, particularly for cases being held in suspense while a second claims against the same household is in a repayment status. As described in Chapter II, the West Virginia FSA has alleviated that dilemma by programming a "temporarily inactive" status flexibility

into their system. Because the automated systems often generate more reports than agency staff believe are necessary or helpful, report content and quantity are being streamlined as well.

In addition, the automated systems often cannot keep track of all claims processing or payment activity at all times. Cases being pursued for prosecution, for example, are often outside the jurisdiction of the state or county FSA. Some claims sit in a legal quagmire, with no action taken on them, until the statutes of limitations expire. Court-ordered restitutions are often difficult to track as well. For those difficult-to-track cases, and for all claims cases in general, state agency staff report that good intra- and inter-agency communication is as important to effective case management as are automated systems.

APPENDIX A
INTENSIVE ASSESSMENT INTERVIEW SUMMARIES
(JULY-AUGUST 1989)

AGING SYSTEMS

1. ARKANSAS

Overview

Arkansas's Recipient Overpayment Accounting System (ROAS), administered by the Accounts Receivable Unit (ARU) of General Accounting in the state Division of Finance, was implemented in 1984. The system ages claims from the point of establishment at the state level, generating demand letters and billing notices at appropriate intervals, counting from the date of last payment; to active food stamp households, recoupment begins automatically if a client does not select a repayment plan within 30 days after he or she has been mailed the repayment agreement. Claims that go 120 days without payment are referred to the state Overpayment Unit's Recovery Unit, or to the state Legal Services office for civil collection as a delinquent account. Delinquent accounts are also regularly matched against active food stamp files; when a match occurs, recoupment action is initiated.

Most uncollected claims are kept in active or suspended status indefinitely; claims due to data entry error or for which the client is deceased are closed. Since 1985 there have been provisions for debt forgiveness in Arkansas law; recently the state has begun forgiving some old accounts.

Aging Procedures

Claims documents or fraud reports (in cases of suspected program violation) are routed from the Arkansas county offices to the state OPU for processing. OPU staff date the receipt of and check documents for completeness, register the claims, forward cases of suspected fraud to the Fraud Investigations Unit (FIU) in the Office of General Counsel, and prepare initial systems input documents. These input documents contain data that indicate claim receipt, a temporary status of work-in-progress, the estimated value of the claim, and the cause of the overpayment.

Claims are then forwarded to OPU claims representatives for further processing--verifying the claim reports, and referring claims to appropriate administrative or legal support units (FIU or Appeals and Fair Hearing Section). Once in the legal support units, most claims remain in the temporary work-in-process status until establishment, and are not processed for collection. For cases of nonfraud, claims representatives prepare input documents that permit encoding the date of establishment, overpayment amount, and a variety of other claims information to create accounts receivable files. Once the data are entered into ROAS, the system clock starts.

ROAS information includes the following: the category of the claim (05 = food stamp); the status of the claim (01 = active, 02 = closed due to death or other reasons, 03 = temporarily suspended, 05 = pending court action, 06 = work-in-process, and 07 = pending administrative hearing); recovery methods (S = restitution, C = recoupment, and B = recoupment and restitution); claim types (ASE = agency error, CHE = client household error, CFA = client fraud agreement, CFC = client fraud court, CFE = client fraud expired, ADF = administrative disqualified fraud, and CFW = client fraud waiver); a wide range of action reasons (including a code for termination following 3 years in suspension that is rarely used, codes for transfer from status "06" to "01," and codes for overpayment causes); and demand letter codes (separate codes for client errors and agency errors and reasons for overpayment).

Arkansas's ROAS generates monthly reports listing all claims 0 to 12 months old, 12 to 24 months old, 25 to 36 months old, and over 36 months old; maintains dates on letters sent to households and last payments made by households; generates billing notices and demand letters at appropriate intervals; and, following recodes by eligibility workers for the status and type of claim at the point of delinquency, generates final delinquency notices.

Once claims have been recoded as delinquent, separate delinquent claims reports are generated, and the claims are put under the jurisdiction of the ARU or the Office of the General

Counsel for further action (e.g., additional letters, state income tax intercepts, administrative disqualification hearings, judgments, garnishments, and liens).

Aging System Reports

POAS automatically generates the following: monthly claims history reports (including

Worker-System Interaction for Case Management

At the point of delinquency, the system recodes claim status and type and a date in the delinquent code field. This action puts the claim in the jurisdiction of the Collection Unit if it is less than \$200, or in the jurisdiction of the Office of the General Counsel if it is more than \$200.

Staff Perceptions about the Utility of the Aging System

While intervention by EWs in recoding claims is still required, the Arkansas automated accounting system does generate letters, reports, and disqualification data that facilitate tracking claims status and prompting claims activities. Early in the system's existence, staff perceived that the large number of reports being generated was overwhelming and not particularly useful; since that time, the less useful reports have been discontinued.

While the "fairly basic" system is perceived to be critical to the efficient and effective management of claims, and one that is being examined by other states for replication, staff indicated that the overall system would not work as well as it does without the unique cooperation of staff across state units. In addition, because much of the claims calculations are conducted on standalone PCs at the state level or manually at the county level, staff believe that future claims case management will be more efficient once a statewide automated system (that performs automatic calculations) is implemented.

Continued Pursuit of Suspended Claims

ARU suspends about 25 percent of the claims if (1) a correct address for the client cannot be found, (2) the client is deceased, or (3) there is strong belief that the costs associated with continued pursuit would outweigh the collection of the claim or the client is deemed to be unable to pay (inability to pay must be verified by county EW staff). All other claims remain in active status indefinitely.

The Arkansas ROAS does not automatically suspend or terminate claims at this time. Under limited circumstances (as outlined above), EWs will manually recode the claim to place it in suspended or closed status.

While there are no real policy procedures to mandate how old uncollected claims should be treated (either suspended, as indicated above, or pursued further), most claims are kept in the system in active status indefinitely. Current interpretation of Arkansas law on debt forgiveness, some limited success in the continued pursuit of claims, and the belief that the costs of keeping cases open are not high preclude the Arkansas FSA from suspending or terminating claims at this time. Rather than writing off old accounts, the FSA is trying to establish a history of using income tax intercepts.

State income tax intercepts, the primary alternative collection method, are conducted yearly by ARU. Although the tax intercepts have yielded considerable collections (particularly in the first year or two after the claims were moved to the Office of General Counsel), staff are considering programming changes that would limit the number of years in which a case may be matched for tax intercepts without success.

The policy of continued pursuit by ARU was considered to be very effective especially in the first two years of state income tax intercepts (1984 to 1986), but somewhat less so in the last two years. Arkansas officials hope the federal government will permit federal income tax intercepts in the near future, and their experience in state intercepts will serve them well.

Outside of responsibility for the administrative disqualification hearings, the Office of General Counsel has only recently begun to take a more proactive role in continued pursuit, investigating the use of other alternative collection methods, such as obtaining judgements, liens, and garnishments. Ultimately, ARU is responsible for determining when pursuit of a claim should be ceased. The initial assessment, after the first 9 months of operations, is that this activity will

be an effective method for recovery of overpayment debts. Recent clarifications will allow accounts to be written off after a 3- to 5-year period of no collections.

2. MISSOURI

Overview

Missouri's statewide Claims Accounting Restitution System (CARS) was implemented statewide in July 1984 under the jurisdiction of the Department of Social Services. Although much of the basic information was derived from the Iowa claims system, Missouri staff significantly redesigned the system to fit their needs.

CARS is not integrated with the automated food stamp eligibility system, although it does occasionally interact with the system in subroutines that match the tapes via the client number common to all databases.

CARS contains many aging features--from the generation of letters and reports to automatic suspension and termination--that facilitate managing claims from referral through termination. The following description is based on information from the interview and the 1985 claims procedures manual only; more current documentation on the features of the aging system was requested on several occasions but has not been received to date.

Aging Procedures

Once an overissuance is detected in a county Division of Family Services (DFS) office, case information, referral date, data-entry date, and tickler message information are input into CARS by county claims unit staff. (Dedicated claims units exist in all the metropolitan offices and in many nonmetropolitan offices as well. Each staff person has a terminal at his/her desk, except in the St. Louis and Kansas City offices, in which central terminal banks exist.)

When claims information is first loaded, the general debtor information is input into fields 14-26. The system assigns the case status ("A" for active and "C" for closed) in field 15. Fields

19-21 contain Welfare Investigation Unit (WIU) information, which can be entered only by WIU staff. Tickler messages are input into fields 22-26.

Fields 27-52 include program code, date established, total owed, cause, referral source, food stamp budget, billing status, Division of Legal Services status (WIU use only), method of repayment, payment frequency, payment amount, a send-letters field (the default is "Y"), claim status ("A" for active, "C" for closed, and "S" for suspended), and reason for closure. All claims are initially input under program code "12" (food stamp AE administrative error--or inadvertent household error--IHE) rather than "11" (food stamp IVP); in fact, the system will not accept an "11" for new claims. Codes that indicate WIU jurisdiction block the generation of bills.

Claim information is printed out the next day and referred to one of five area WIUs; WIU staff decide whether or not to pursue individual cases as fraud. If no decision is made, or if WIU staff decide against pursuing fraud, the case will be printed back (required to be within 30 days) to the county DFS that referred it.

The date on which the claims data are entered starts the automated aging/tracking system for claims coded "12." The clock prompts the system's subsequent activities in one of two directions:

1. If the area WIU decides to pursue the case for criminal prosecution, codes to indicate that decision are entered, the aging of the cases ceases, and the system blocks the automated functions mentioned in (2) below; or
2. The claim is forwarded to the administrative side of CARS, and several automated functions are initiated:
 - a. Monthly matches are performed against the active FSP household file in order to begin the administrative procedure for recoupment.
 - b. Demand letters and repayment agreements are mailed at 30-day intervals--if, after the first, the client requests a fair hearing, the caseworker intervenes in the system to stop the generation of additional demand letters; if there is no request, the system generates 3 additional demand letters.

- c. Demand letter response codes reset the internal clock.
- d. If a household returns the repayment agreement, the billing process will be initiated depending on the method chosen for repayment, and further demand letters will cease.
- e. If no responses have been posted for 4 months (or if one letter is returned as undeliverable and the caseworker changes the claims status code) and the household is not currently receiving food stamps, the system automatically suspends 30 days later for 36 consecutive months.
- f. After the 36 consecutive months of no activity, the system automatically changes the claim status code to "C" (closed) and terminates the claim.
- g. Twice a year, the system will move to tape all claims that have been terminated for at least 6 months.

If the household has agreed to pay, a code change prompts the system into a billing/delinquency cycle ("recognized obligation"), which blocks further demand letters and starts the generation of monthly notices on past payments, current amounts due, delinquencies, etc. If a household is 60 days delinquent (either no payments or incomplete payments), data on that claim are listed on monthly system-generated delinquency reports. These reports are forwarded to criminal investigators in the WIU for follow-up.

Aging System Reports

The system generates a variety of claims status reports on a case-by-case and summary basis, from monthly to annually. Reports include the following: monthly information on new claims, active claims, demand letters sent, delinquent cases, suspended claims, and closed claims; quarterly case management information on delinquent claims; and semi-annual collections reports. The reports are generated from the state Data Processing office and mailed to the county offices for use by caseworkers and supervisors.

On-Line Suspension/Termination Case Management Data

The system suspends all non-WIU or noncriminal cases after four demand letters and no response posted (or one demand letter returned undeliverable as noted above). Either the system or a caseworker changes the claims status field to suspension; the code can be overridden if warranted. The claims status date is assigned by the computer.

Claims are kept in continuous suspension for 36 additional consecutive months. During suspension, the case may be reopened for a variety of reasons. If the case is not reopened during the 36-month suspension, the case is terminated. Respondents believe that the 3-year suspension may be too long--the cases must still be managed and reported, and the case files take up necessary database space.

Following termination, claims can still be reactivated for up to six months. The database is then purged every six months; old file data are transferred to tape.

Worker-System Interaction for Case Management

Caseworkers are responsible for recoding status fields as necessary; the system will generally prompt the workers to correct status codes if other claims information is inconsistent. Dates are automatically updated as status codes are changed or when payments are posted.

Staff Perceptions about the Utility of the Aging System

Staff perceive that the new automated system, including its aging features, is extremely useful because they are no longer required to manage large amounts of paperwork and perform other "nonproductive" work. The automated suspension and termination features are perceived to be the most useful of all system features, although some of the automatic functions are considered to be problematic. Respondents pointed out, for example, that if more than one claim exists against an individual and one is being recouped while the other is in suspension, the suspended claim will be terminated on schedule rather than being kept open until recoupment

of the first is made. Respondents indicated that the system may be redesigned in the future to keep such claims in a separate active status pending recoupment.

The system is credited for an increase in collections between 1983 and 1989. In 1983, the last year of the totally manual claims system, food stamp collections totalled \$800,000; in 1989, collections totalled \$5,100,000, with a staff reduction of 3 persons.

Respondents indicated that, although the information that is provided in the system-generated reports is potentially useful to caseworkers, the large number of reports precluded staff from examining them and utilizing the information.

Continued Pursuit of Suspended Claims

Beyond a pilot project in Green County to match county employment files with claims files (in anticipation of continued pursuit), suspended claims are not currently pursued for collection. Liens and wage garnishment are possible, however, through civil judgments.

3. WEST VIRGINIA

Overview

West Virginia's statewide Automated Repayment Tracking Systems (ARTS) was implemented in April 1987. ARTS is a standalone mainframe database system, containing household-level files on all established claims through pay out or termination. Because it was designed as a managerial tool (rather than as a benefit issuance system), few edits were built into the system; the system's flexibility permits area offices to adapt the system to meet their needs.

While respondents described the system as "fairly basic," ARTS is actually quite sophisticated and performs many functions. ARTS tracks claims from establishment, initiates the generation of demand letters, delinquency notices, and reports, and suspends and terminates claims. The system is capable of following up to 20 claims and 18 payments per claim for each individual claim record. The entire ARTS file is backed up on microfiche on a monthly basis.

Aging Procedures

Repayment officers in the state-level Collection Unit of the Investigations and Fraud Management (IFM) division are responsible for updating and maintaining food stamp claims in ARTS. While the repayment officers are state employees, they are physically located in the area offices.

Each ARTS case contains 4 separate but interacting screens:

Screen 1 contains basis information on the claims, grouped together under 1 ARTS case number. Selected fields require input (general client identification information, minimum monthly fraud payment, and minimum monthly nonfraud payment); others are system-assigned or system-determined (repayment number, total fraud claim amount, and total nonfraud claim amount).

Screen 2 contains information on each individual claim (up to 20 claims) grouped under 1 ARTS case. If more than 20 claims exist against an individual, previously entered paid-off claims are written over to make room for the new claims; data on the removed claims are retrievable on microfiche.

Screen 2 data include the date on which the claim was established, claim months, a generate-letter field, claim type, IFM worker ID, current pay status, how the claim was discovered, the cause of the claim, claim category, and current amount due. Pay status includes codes for claims that are new, that require repayment notice, or that are in coupon reduction, suspension, termination, or inactive status because another older claim is being paid and takes precedence. In addition, the change-in-type field is used for claims that have been reclassified from fraud to nonfraud (or one type of nonfraud to another type of nonfraud); a change in this field automatically triggers a change in the claim type field and recomputes original and current amounts on all screens.

Screen 3 contains information on payments received for claims grouped under 1 ARTS number. Entries on this screen update the currently owed amounts shown on Screens 1 and 2.

A maximum of 18 payments are stored in the system. Lines 16 to 18 are always blank, so that when the 16th payment is entered, the 1st payment is removed from the screen (but is still available for computing the current amounts owed and retrievable from the monthly microfiche printout).

Screen 3 data include the system-assigned repayment number (from Screen 1), payment receipt date, claim number, payment month, and payment type (cash, check, or money order; food stamps; offsetting; and coupon reduction).

No entries are made on Screen 4. The screen serves as a claim summary of the other 3 screens. Screen 4 is updated automatically as information is updated on the other screens.

Screen 4 data include name, repayment number, establishment date, claim type, claim category, current payment status, how the claim was discovered, claim cause, original amount owed, and current amount owed.

Starting the system's clock at the date of claims establishment, ARTS generates demand-payment letters (the number depending on the amount and type of claim) and delinquency notices at 30-day intervals; generates a wide range of managerial reports; automatically moves a claim to a suspended status if no response is received from the letters within 30 days after the mailing date of the last letter; and automatically terminates the claim 36 months after suspension.

Aging System Reports

The key data item in ARTS are the current-pay-status field, which includes information on the pay status and the date on which the claim was moved to that particular status. Based on those data, the system generates many data processing reports used in the IFM division, including monthly county-level and state-level summary reports that show activity on all claims, new claims, and collections; the system also generates statistical summary reports used to prepare the FNS-

209 reports, weekly printouts that show the demand letters mailed out, and worker "productivity" reports.

The printout of letters sent is reportedly helpful in pursuing newer claims and claims with some payment activity. West Virginia staff are in the process of developing reports on claims by specific pay statuses to enable them to focus attention on claims with collection potential and to suspend or terminate others.

Respondents indicated that the reports are used more for post-action informational purposes than for pre-action alerts; staff use the reports to check whether the system has credited them with their recent activities.

On-Line Suspension/Termination Case Management Data

When all collection actions have been exhausted, claims are suspended under two conditions: (1) if the case is in a "generate letter" status and no payments have been received, the system automatically suspends; or (2) if the case is in another status (e.g., repayment), a worker can manually recode the current-pay status to move the case into suspension. Once in suspended status, further collections are stopped, although payments are accepted on claims while in either a suspended or terminated status. (Policy does permit reopening cases in the event of further collections by offset; that situation occurs rarely--usually when the client comes in voluntarily and agrees to pay.)

The system is designed to terminate automatically a claim after three years in suspension. Since post-1979 suspended claims were loaded into the system only in April 1987, April 1990 will be the first opportunity for automatic termination. (Pre-1979 claims were not loaded into the system.) Respondents indicated that the data on the terminated claims will likely be moved to tape.

If more than 1 claim exists on a household, repayment will be pursued on the oldest claim. It is quite possible for a claim to be held in suspension while the other is in repayment status. Despite the client's agreement to repay on the one claim, the claim in suspension will be terminated after 3 years unless a pay status "08" exists. As indicated above, this pay status designates an inactive claim that is currently not being paid solely because another older claim is being paid and takes precedence. (For food stamp purposes, the claim being paid must be of the same type--fraud or nonfraud--as the claim with the inactive-pay-status code in order for the system to move the claim to payment status once the older claim is paid off.)

Worker-System Interaction for Case Management

Workers enter the initial claims and subsequent payment information into the system, and manually suspend some claims; the system generally takes care of most of the rest of the claims procedures (as described above). System-generated reports are reviewed by district office repayment officers and financial clerks to ensure that the system shows their most recent claims activities.

Staff Perceptions about the Utility of the Aging System

The new system is perceived by workers and management as "a real boost." The increased collections are seen as evidence that the system--and particularly its generation of demand letters and delinquency notices, and automatic suspension and termination--has had a positive time-saving effect on claims activities. Respondents indicated that the automated demand letter/notice cycle has improved the claims production of workers by 65 percent since those features were introduced in May 1988.

In addition, they credited ARTS with the recent increase in monthly collections--from an average of 25,000 per month before the implementation of the ARTS in 1987 to 50,000 per month since then. Because ARTS files claims by benefit group member responsible for payment,

its integration with the agency mainframe's eligibility data permits collection unit staff to identify responsible debtors. (The eligibility and claims systems share a common index of clients, which can be referenced by name, Social Security number, and the eligibility case file number or claims case file number.) ARTS and the eligibility systems interface monthly to post coupon allotment reductions from current benefits automatically as payments on ARTS claims. The procedure is deemed to be a time-saver, since 74 percent of West Virginia collections are from automatic coupon reductions.

While the system is still relatively new, and automatic termination has not been tested on actual claims caseloads, the respondents believe that the automatic suspension and termination features are effective features as well.

Continued Pursuit of Suspended Claims

No continued pursuit.

RECLASSIFICATION PROCEDURES

1. ARKANSAS

Overview

Arkansas reclassifies cases of suspected fraud to IHE only under limited circumstances-- cases determined by the Fraud Investigations Unit (FIU) in the Office of General Counsel to be non-prosecutable or too small a claim amount. Special claim status and type codes in the system denote the different classifications of claims. The automated accounting system is integrated with the Recipient Overpayment Accounting System (ROAS) in the Accounts Receivable Unit (ARU)

decides whether or not a case should be referred for an administrative disqualification hearing (ADH) (if the claim amount is more than \$100). Currently, OPU staff then prepare an input document for the Accounts Receivable Unit (ARU) to set up an accounts receivable file. (That input document will soon be the responsibility of OPU as well.) At that point:

- a. The system then begins the letter-generation cycle based on the date on which the case data were keyed in. The client communications include an initial repayment agreement and demand letter, a second demand letter 30 days later, and a final delinquency notice 30 days after that.
 - b. If no payments are received after 120 days, and the account is equal to or greater than \$200, the case is referred to OGC for further investigation.
 - c. If no payments are received after 120 days, and the account is less than \$200, the case is referred to ARU for further work (e.g., telephone calls, additional collection letters, and annual income tax intercepts).
 - d. If payments or an agreement to pay are received, the client receives a payment/billing notice. If the client misses a monthly payment, the system automatically generates notices of payments due and final delinquency notices. Separate codes in the system signify whether the nonpayment is an original nonpayment or a "quit-payment" situation.
2. If the FIU accepts the claim for investigation, it will investigate the claim, establish the facts, calculate the overpayment amount, and recommend to OPU that the case go to an ADH or to a prosecuting attorney. The following outline the procedures for an ADH:
- a. If FIU believes that there is ample evidence for some level of fraud (though non-prosecutable), the claim is referred to an ADH, and the FIU alerts the OPU.
 - b. OPU staff then open an active accounts-receivable file on ROAS, and encode the claim type and status files to denote an ADH. These codes allow the system to process the case for collection as an IHE prior to establishment. The accounts receivable file starts generating demand letters to the client.

- c. The status code also acts as a flag on the system to note that fraud establishment is still pending.
 - d. If no payment is received after 30 days, a fair hearing notice is sent, and the case is matched against the active food stamp caseload; 30 days later recoupment starts.
 - e. It generally takes about 3 months between the initial referral for an ADH and a decision to be rendered. Once established, a courier for the hearing staff (located in the Office of General Counsel, OGC) delivers the fraud or nonfraud determination paperwork to the Overpayment Unit; the OPU changes the status, type, and reason-for-action codes.
 - f. Respondents indicated that they believed the system then reconciles the accounts.
 - g. The OPU worker then manually completes a decision notification to alert the client to changes in the recoupment amount. The OGC hearings staff are responsible for notifying the client of the decision.
3. If the FIU refers the claim for possible prosecution, the following occur:
- a. FIU notifies OPU of its referral and OPU changes the status code from CAF to PFD (pending fraud determination). The pending status blocks the start of the demand-letter cycle, and remains on the file until establishment.
 - b. FIU manually completes a memo of disposition and sends it to the county FSA office of origin for the client's file and to OPU.
 - c. Letters sent to the clients to alert them of the possible prosecution periodically prompt clients to ask for/receive an in-person interview about the case and to pay off the claim rather than risk conviction.
 - d. If a conviction is rendered, FIU notifies OPU by memo, and OPU updates the file in the system. The status field is recoded to an active claim, the type is recoded to criminal fraud, and the recoupment or restitution amount is entered so that collection may begin.

On-Line Reclassification Case Management Data

Currently, the ARU staff receive a series of system-generated reports that are helpful to them in managing their caseloads. These include reports on status 6 cases (those in the process

of being verified), status 7 cases (referred to ADH), computer matches, statewide list of all claims, arrearages, cases referred to OGC, and collections (by claim type and category).

FIU's separate standalone system--loaded from the claims system--tracks court-ordered fraud cases under its jurisdiction. Data are available on cases that are pending fraud disposition (PFD), are pending administrative hearings (PAH), have been waived for fraud by the client (CFW), and will be processed as civil cases or not processed (ACO and ACN); data are also available in prosecutor/fraud hearing actions, and legal actions/final dispositions. Case management reports (including food stamp, Medicaid, AFDC, and other assistance programs) are generated from the fraud tracking systems, including reports on cases that are pending or referred to prosecutors; monthly case disposition summaries; fraud disqualifications; prosecutor billings; and fraud statistics (the number of cases and the amounts); and investigations completed or assigned, by investigator, supervisor, and county.

Worker-System Interaction for Case Management

An EW in the Overpayment Unit reclassifies the case of suspected fraud to fraud or IHE by entering new claim status and type codes into the system. The system reconciles the accounting for the appropriate classification. Previous classification activity on the case does not remain in the accounting system.

Claims System/Accounting System Interaction

Just a few years ago, Overpayment Unit staff were responsible for completing paperwork on claims case decisions and sending the paperwork to the Accounting Unit for re-keying into a separate system. The claims and accounting systems are now integrated, although system-worker interactions are constrained by the type of department in which the worker is employed. For example, OPU staff now key-in data on decisions (changing the status code), but cannot make entries on payments; ARU staff can key-in only payment data.

Preparation of Form-209

The OPU accounting system is integrated with the ROAS, so all reconciled data on reclassified cases are available for the 209 reports. However, the ROAS does not actually generate the reports.

Staff Perceptions about the Utility of Reclassification Procedures

Respondents indicated that, for those limited cases in which claims are reclassified for the purpose of collection, the claims system does facilitate managing those cases effectively. While the system-generated reports that list data on cases under the jurisdiction of the FIU or ADH (in OGC) section were mentioned as potentially useful management tools, workers reportedly do not really use them but assume that the cases are controlled efficiently once they leave their hands. The ADH section, for example, is considered to be well-organized and current, tracking the claims for which it is responsible on an internal standalone system (that is loaded from the claims system).

The office units that handle various aspects of claims cases--OPU, FIU, ARU, OGC, and the ADH section within OGC--are all located in different buildings, and not all computer systems that track the claims are integrated, but a high level of communications across units is said to exist and is considered to be a major contributor to effective claims management. Respondents mentioned that future enhancements to the system should include increased on-line capabilities in all offices to facilitate inter-office communications.

2. MISSOURI

Overview

Missouri's statewide Claims Accounting Restitution System (CARS) was implemented statewide in July 1984 under the jurisdiction of the Department of Social Services. Although much of the basic information was derived from the Iowa claims system, Missouri staff

significantly redesigned the system to fit their needs. CARS is not integrated with the automated food stamp eligibility system, although it does occasionally interact with the system in subroutines that match the tapes via the client number that is common to all databases.

All cases of suspected program violation are classified prior to establishment as IHEs. Those that are pursued through routes other than criminal prosecution are processed for collection prior to establishment; collection is blocked for those cases that are pursued through criminal prosecution.

CARS appears to be quite sophisticated in handling cases of suspected fraud: the system will not permit a worker from entering data that are inconsistent with the case status; the system generates management reports that include cases that are pending fraud determination; the system reconciles the accounting of reclassified claims; and reclassification data are kept on the system for historical purposes until the file is purged. The total CARS system contains three records per case--a record that contains identifying information on the household, the claims record, and the payments record.

The following description is based information from the interview and the 1985 claims procedures manual only; more current documentation on reclassification procedures was requested on several occasions but has not been received to date.

Reclassification Procedures

County Department of Family Services (DFS) claims unit caseworkers identify cases of suspected program violation (SPVs), and then enter the initial case data into CARS. These data include case information, referral date, data-entry date, and tickler message information.¹ All

¹Dedicated claims units exist in all metropolitan offices and in most nonmetropolitan offices as well. Claims unit staff persons have their own terminals at their desks; central terminal banks exist in the St. Louis and Kansas City offices.

claims are initially input under program code "12" (food stamp AE--administrative error--IHE) rather than "11" (food stamp IPV); in fact, the system will accept only a "12" for new claims.

The county office then refers SPV cases (via system printout) to the appropriate area Welfare Investigation Unit under the jurisdiction of the state Division of Legal Services (DLS). The WIU has 30 days during which to decide whether to investigate the case of suspected fraud. Investigations by WIU generally lead to criminal prosecution, civil prosecution, ADHs, voluntary repayment, the waiver of an ADH, or a disqualification consent agreement, referral back to the county office for county ADH action, or no action due to a lack of evidence of fraud.

If the WIU accepts the SPV for action, codes to indicate their acceptance are entered into the system--the DLS status code, WIU action, and WIU action date. While the program code remains a "12" until fraud establishment, the WIU codes block the demand-letter schedule and take the case out of the aging/tracking system. (These codes are kept in the case file until the case is purged.) Once a decision against an individual is reached, decision reports are returned to the county offices; the court judgment serves as a guide for determining the disqualification period for cases of established fraud. County caseworkers change the program code to an "11," and recompute the remaining eligibility and benefit levels of the household.

If the WIU decides not to pursue the case, the file is printed back to the county, which may choose to pursue it through the civil courts or an ADH. At that point, the county caseworkers override the demand-letter block and pursue the case as an AE/IHE. If an ADH is chosen by the client or the caseworker, the system will send out demand letters and attempt collections. Respondents indicated that the "vast majority" of eventual IPV's occur because clients send the state office promissory notes to acknowledge their guilt and waive ADHs.

On-Line Reclassification Case Management Data

When claims information is first loaded, the general debtor information is input in fields 14-26. The system assigns the case status ("A" for active and "C" for closed) in field 15. Fields 19-21 contain WIU information which can be entered only by WIU staff. Tickler messages are input in fields 22-26.

Fields 27-52 include program code, date established, total owed, cause, referral source, food stamp budget, billing status, Division of Legal Services status (for WIU use only), method of repayment, payment frequency, payment amount, a send-letters field (default is "Y"), claim status ("A" for active, "C" for closed, and "S" for suspended), and reason for closure.

Based on the date established, CARS tracks cases of suspected fraud that are pursued for collection prior to establishment. The system generates reports for cases that are pending prosecution in WIU, but does not "track" reclassified claims otherwise.

Worker-System Interaction for Case Management

Once fraud has been established, that information is entered into CARS; the system will not accept the establishment data until the category code has been changed to "11," indicating IPV. If the county Division of Family Services has sent out demand letters, and the client has chosen an ADH (or if the caseworker chooses an ADH in order to establish an IPV), the system will not accept the code for a hearing decision unless the caseworker changes the category code to "11." While the recoding for category is manual, the system automatically reconciles the accounting of the reclassified claim.

Eligibility System/Accounting System Interaction

The eligibility and CARS systems are not integrated. CARS is the automated accounting system.

Preparation of Form-209

CARS generates the monthly county and statewide Form-209 reports. Staff in the Division of Finance then manually prepare the quarterly reports based on the monthly report data. Respondents indicated that staff are satisfied with this dual system since, FNS and the Missouri Department of Social Services are currently on different fiscal year schedules.

Staff Perceptions about the Utility Reclassification Procedures

Staff believe that the automated reclassification procedures and system-generated management reports are effective case management tools for most cases. However, cases that are being pursued for prosecution by WIU are not tracked as easily by CARS--once under WIU jurisdiction, they are no longer subject to the system's "aging," although monthly reports that list WIU-accepted cases are system-generated.

Court-ordered restitutions are also difficult to track. The circuit court clerks (or probation and parole officers) can either forward the payments to the county offices as they collected them or pay them in full at the end of the payment period. Respondents indicated that most of the legal offices choose the latter, so that they may place the payments in interest-bearing accounts and send in the total amount later (minus the interest that remains in the county legal system).

3. NEVADA

Overview

Nevada's current statewide automated food stamp system includes both claims and accounting components. The claims system was originally designed to generate the data necessary for the federal Form-209; that system went statewide in 1974. (Claims information was then keypunched into a separate accounting system.) The accounting system was revised and integrated with the claims system in the late 1970s.

Nevada is currently in the process of switching over to a new computer system, designed in-house and based largely on the old system. The new system will interface the food stamp program system with all other PA programs.

At the time that the telephone interviews were conducted, respondents believed that the new system would be operational by spring 1989; by the time that the in-person interviews were arranged, the new system was still pending (the current date of implementation is late 1989). The results of this interview are based on the current system and include notes on the planned enhancements about which the respondents were knowledgeable.

Reclassification Procedures

Nevada district office staff identify a case of suspected fraud and enter data on it into the statewide automated system as an IHE; the remarks section on the screen contains notes that the case is pending an ADH or prosecution. Recommendations for ADH or prosecution must be approved by the district office manager and the state office. (Claims of less than \$100 are pursued as an IHE due to the small amount, unless a blatant fraud violation appears to exist.)

The case is then referred for investigation by the State Office. (The Las Vegas District Office, however, handles claims investigations internally.) A decision is made about whether to the case should be referred for an ADH or a collection on the case should be attempted at the administrative level--all referrals at this point are handled by telephone or by paper.

Pending a fraud determination, the district office will pursue collection on the claim as an IHE. Based on the data entered into the system, the system automatically generates the payment-demand letters at 30-day intervals. If payments are not received within 90 days, the household is matched against the active caseload, and automatic allotment reductions are initiated.

The Parole and Probation Office (county administrative offices separate from the FSAs) are responsible for handling the collections on fraud claims. Once established as an IPV or nonfraud, the type code is changed, and the system automatically updates the action field and reconciles the accounting. The 209 reports are generated in the state's Accounting Office from the same integrated system.

District Office Collection Unit staff currently have access to Department of Motor Vehicles and state/local government employment files, which is considered helpful in pursuing collections. Currently, all collections activities are handled manually.

On-Line Reclassification Case Management Data

While cases of suspected program violation are classified and processed initially as IHEs, the system can sort cases that have information in the notes field that indicate pending ADH or prosecution ("PROS PEND" or "ADH PEND"). Based on that sort capacity, the system automatically generates monthly reports on all pending cases. Respondents indicated that these reports are not used as case management by EWs except in the larger offices.

Once the type code is changed to IPV, the EW is responsible for sending out another letter to notify the client about the overpayment amount and including a repayment agreement. Once the repayment agreement is complete, the EW recodes and the system automatically generates late-payment notices.

Respondents indicated that most of the system-generated report data are not particularly useful for case management.

The current system can hold and process up to 5 simultaneous claims per household; claims are paid off beginning with the oldest claim. Once an uncollected case is eligible for suspension, however, the claim is de-activated regardless of whether or not the household is paying on other earlier claims. The new system will age claims from referral, generate up to 3 late-payment

notices (depending on the amount of the claim), a report that lists all claims for which no payments have been made in 90 days, and other case management reports, and will automatically suspend and terminate cases. In addition, the new system is expected to improve collections--the new system will have the capacity for holding an indefinite number of claims per individual in a household, processing payments serially, and through the intervention of workers permitting the reactivation of claims that have been suspended prior to collection attempts.

Worker-System Interaction for Case Management

Once a case of suspected fraud is processed and established as an IPV (or nonfraud), the hearing/prosecution results are delivered to the local office, and the caseworker handles the further processing of the claim.

Data on the established claim are input manually into the system by the local office caseworker; the overpayment status is recoded to an IPV; the previous comments and dates remain on the file as historical data unless the caseworker removes them manually. Any collections up to that point are transferred automatically to the IPV category, reconciling all case accounting. Printouts of all case-action screens are generated as hard-copy documentation for the case files.

Eligibility System/Accounting System Interaction

The state's automated system integrates both claims and accounting systems, and reconciles the accounting following reclassification for many of the cases. If a case was reclassified in a month previous to the current month, an EW had to reconcile the accounting manually.

The new system will reconcile automatically all accounts regardless of when reclassification was completed.

Preparation of Form-209

The claims system was originally designed to generate the Form-209 reports. The state's Accounting Office is responsible for receiving and reviewing both district and statewide 209 reports (WL60209-A) generated by the automated claims system and for forwarding them to FNS. The system's datafile automatically takes the previous month's ending balance and updates that balance as the current month's beginning balance when a new date is encoded; all other current month's data are pulled from the system according to the date encoded. Currently, exception reports and adjustments more than one quarter old are prepared manually. (The new system will generate exception reports and will make adjustments automatically.)

Because the state must rely on the accuracy of the data input by the local offices, occasionally the state's accounts may contain a discrepancy due to a claim having been entered into the system more than once; once discovered, however, the state office can delete the extra claim in the system to reconcile the bookkeeping. Respondents believed that the local offices were generally reliable in inputting accurate and timely data into the system.

Staff Perceptions about the Utility of Reclassification Procedures

Respondents indicated they had considerable faith in the current, largely manual system for processing and tracking reclassified claims. System-generated information on reclassified

reports to alert EWs of the necessity for further actions (e.g., small claims court or allotment reductions); and automatic suspension.

The latter feature--automatic suspension--is perceived as a particularly useful tool by the state office and the larger district offices. Currently, the smaller district offices have total control over claims suspensions (but not terminations, which are a state-level responsibility). Due to their dedication and the smaller volume of claims in the smaller offices, the collections workers often have the time and resources to pursue claims indefinitely. (Judgment claims, for example, may be pursued for 6 years.) The state office is not convinced that the continued pursuit is effective.

4. NEW MEXICO

In this study, we were interested primarily in collecting data from states that had established procedures for reclassifying potential fraud claims, collecting them prior to establishment, and preparing Form-209 reports to accounting for those reclassifications. Because New Mexico law stipulates that the acceptance of payments from such cases prior to establishment could jeopardize case prosecution, the FSA does not attempt collections prior to fraud establishment. Even so, an in-person interview was conducted with New Mexico FSA staff for purposes of comparison.

The following information reflects the general procedures in place in New Mexico for managing claims that move between pending fraud and established fraud/nonfraud categories.

Overview

New Mexico's claims system (HBOV) is derived from the Iowa claims system and was introduced statewide in 1984; approximately 18,000 claims were input into the system at that time. The system was enhanced in 1987, and now interfaces with the older ISD2 eligibility system.

The data on suspected fraud cases are entered into New Mexico's HBOV, which is integrated with the state's accounting system and includes a special "pending fraud determination"

category of IHE. While the system tracks that category, the pend code blocks the start of the collections cycle. Collections start only after the establishment of fraud.

Reclassification Procedures

Caseworkers in New Mexico's county offices refer to the state RU all cases of suspected program violation. The following outlines the two primary procedures for referring cases of potential fraud:

1. Caseworkers route "Debtor Claim Record" data input form (Form ISD 143) to the state Restitution Unit (RU). The data include debtor, claim, claim agreement, and demand-letter information, monthly amount overissued, and narrative tickler messages. The data are entered into the HBOV system by RU staff. After entry, the form is initialed by RU staff and returned to the caseworkers for inclusion in the county office case file.

Within the debtor information section, field 9 is encoded with an "N" (no) to indicate that fraud is suspected, the case is being referred to investigation, prosecution, or ADH, and thus no bills should be forwarded to the client. Data in the claim information section include:

- The program code--field staff may enter only "S34" nonfraud, to be updated later to "S33" fraud by RU staff
- The date established, total owed, the cause of the claim, and referral source
- Appeal status--usually "1," indicating no appeal in progress initially, to be updated by RU staff later
- Fraud status (must be consistent with the program code). If the fraud status code indicates potential fraud, demand letters are blocked. If referred for investigation, prosecution, or an ADH, codes "2" (pending ADH) or "4" (a question that fraud exists) are used. Codes "3" (pending court hearing), "6" (IPV), and "7" (court-ordered fraud) are used by RU staff only.

Agreement-section information includes method of repayment, frequency of payment, repayment start date, and amount agreed to pay. The demand-letter section must be completed in order for the system to generate demand letters; field 25 is coded "N" (no) if the case is referred for investigation, prosecution, or ADH, and thus no demand letters should be sent.

Data in the narrative section of the form include the circumstances surrounding the overissuance/overpayment and method of computation; although not routinely data-entered by RU staff, the information is considered useful in fair hearings, ADHs, and historical reviews.

2. Caseworkers input overpayment/overissuance information on the claims screen of the ISD2 eligibility system. The majority of the data used to establish the claim are then transferred directly from the ISD2 files to the HBOV claims system. The transferred data include the cause of the overissuance, the referral source, fraud status, and demand-letter reason.

If overpayments occurred for two distinct reasons (i.e., agency- and client-caused) and the time periods for the two overpayments do not overlap, two claims are filed. If a single claim involves both agency and client error during the same time period, the error that contributed to the majority of the claim amount is considered to be the primary cause.

As indicated under both situations outlined above, cases of suspected program violation are identified in the claims system with a program code of "S34," and "N" in both field 9 and field 25. The earned income deduction sanction is applied manually on the ISD34 form or the ISD2 system, and recomputed manually later if fraud is not established. County staff refer these cases of suspected fraud to the state Audit and Investigations Bureau via "Investigations Referral Forms" and appropriate accompanying documentation. The cases are then reviewed and routed for investigation/prosecution or an ADH.

Hearing or court decision reports are generally delivered to the RU on the same day that the decisions are rendered. Once fraud has been established, the claim file is updated by RU staff and collection is initiated. Program codes are changed from "S34" (IHE) to "S33" (IPV), and

status codes are changed from "C" (closed) to "A" (active). These changes close out the claim in one classification and reopen it under another, and the system automatically reconciles the accounts.

Demand letters (from the ISD2 system) and overpayment statements (from HBOV) are then generated at 30-day intervals until repayment is made or until collection activity is suspended. If no repayment agreement is reached with the household, recoupment action from the ISD2 begins. Data on recoupment are collected in the ISD2 system and transferred to HBOV; data on direct payments and tax intercepts are logged in RU and sent to Accounting for inputting into HBOV.

If an IPV claim is over 90 days in arrears, delinquency notices are mailed to indicate that the client will be subject to state income tax intercepts. (The tax intercept program began in 1988; due to programming problems, no collections were made in tax year 1989. Respondents were hopeful that the system redesigns would reconcile those problems in future years.)

Claims are suspended manually when the household cannot be located or the cost of further collection activity is likely to exceed the amount that can be recovered. The system automatically suspends other claims that have shown no activity in the last 90 days and whose date established indicates that the claim is over 3 years old. Claims (suspended or active) that are over 6 years old (as indicated by the date established) are identified for termination by the system. A system-generated report of claims eligible for termination is reviewed by RU staff; to terminate the claim, RU staff encodes a "29" (terminated).

While the claim is terminated, a record of the closed claim is kept on-line for historical purposes. (Closed case records may be purged in the future should storage space become an issue.)

Claims may also be written off if a fair hearing finds that no claim is due, if the claim is determined to be invalid by field or supervisory staff, or if the only household member is

deceased. In addition, RU staff may reduce claims to amounts that they determine can more reasonably be repaid within three years.

On-Line Case Management Data

Claims system-generated reports include the daily and monthly cumulative and summary listings of the S33 and S34 cases, copies of which are sent to the county offices and to the RU. These data are also entered into a separate state-level RU PC system that produces quarterly tracking reports that are shared with county offices.

In addition, the system generates monthly lists of demand letters sent, as well as monthly exception and summary transfer analysis reports.

Worker-System Interaction for Case Management

Case management information available to an RU worker includes payment and adjustment data that alert the worker to whether or not appropriate actions (e.g., client calls or closures) have been taken.

System-generated reports also prompt RU staff to followup on cases if too much time seems to have elapsed since the last action. Follow-up alerts are received every 3 months for SPVs that have been referred for investigation. At some point, the RU staff will alert county ADH officials, that if decisions are not rendered promptly, cases will be recoded permanently to IHE. RU staff also check in with state investigators located in the county offices about the status of investigations and court proceedings. (Respondents indicated that, unfortunately, once claims are in the DA's office, RU workers and investigators have no control over the cases. Many cases reportedly sit in the DA's office for more than the 6-year limit and are never sent back to the county FSA for alternative pursuit through ADHs.)

EWs can interact with and update the ISD2 system, and have inquiry capabilities only on the claims system; claims workers have inquiry capability on ISD2 and can interact with and

update (up to the accounting screens) on the claims system; accounting workers have inquiry capabilities on the ISD2 and much of the claims system, and can update only on the accounting and payment screens.

Eligibility System/Accounting System Interaction

The claims system is the accounting system, so all data input by RU workers on case background is available to the Accounting Office workers, who have update capabilities on repayments only.

Preparation of Form-209

While the HBOV claims system has the capability of producing the FNS 209 reports, it does not do so currently. The system does total the previous month's ending balance with the current month's activity, but does not update the current month's beginning balance from the last month's. Respondents indicated that the system has some difficulty reconciling more than one claim per individual per month. They expect that the system will be redesigned early in 1990 to resolve those problems.

Staff Perceptions about the Utility of the Tracking System

Respondents indicated that RU staff perceive that both the on-line claims and the standalone PC tracking systems are helpful in managing individual claims and their current status.

Respondents also indicated that a separate code to designate a system-generated claim was needed; such claims are currently coded as regular AEs.

APPENDIX B
TELEPHONE INTERVIEW SUMMARIES
(AUGUST-NOVEMBER 1988)

AGING SYSTEMS

1. ARIZONA

Overview

Although the powerful new Arizona Technical Eligibility Computer System (AZTECS) is now operational statewide, not all of the claims previously held in the old automated system have been moved to the new one. Until all claims are moved onto AZTECS, claims will not be suspended or terminated. (In fact, claims in Arizona have not been suspended for about four years.) Thus, respondents' comments about the claims-aging features of AZTECS--and its relationship to the Human Services Overpayment Accounting System (HSOPACS) in Accounts Receivable--were not always consistent. At a minimum, the system currently tracks claims and generates some reports, but does not automatically suspend or terminate claims.

Features of the Automated System

AZTECS maintains information on claims referrals in the field offices, tracks claims from establishment through suspension in the state office, and generates monthly management reports that show claims recovery productivity and lists of uncollectible claims. HSOPACS is a repository of collection information, and has few aging features beyond generating these monthly reports. Because claims collection is still considered a low priority in Arizona, automated claims functions are limited.

Extent of Eligibility Worker Intervention

System-generated reports are more informational than prompt-oriented; undertaking; follow-up activities and inputting the results of those activities are the responsibility of the workers. Suspension and "termination" activities are largely manual (see below).

Suspension and Termination Policies

Currently, Arizona prohibits suspending or terminating claims. Once all claims have been transferred to AZTECS, the appropriate claims will be suspended according to federal guidelines. The system, however, will not suspend the claims automatically--EWs review each case and enter a suspension code into AZTECS where warranted.

Claims are kept on the books indefinitely in Arizona, and continue to be pursued. Although they have no statistical evidence, respondents believe that the continued pursuit has increased recovery. However, collection actions may be terminated due to the death or bankruptcy of the client; requests for collection terminations are made to the Overpayment Review Committee.

Impact of the System on Backlogs

Backlogs of unestablished and uncollected claims are considered to be a continuing problem in Arizona's field offices due to staff shortages and the feeling that claims activities are a lower priority than eligibility determinations. The state office currently has "Project Backlog" in effect to review approximately 43,000 potential claims, identify them as "workable" or "unworkable," and establish them quickly in order to begin collection proceedings. Cases of agency error prior to 1985 or 1986 were grouped, reviewed, and written off. Other cases of suspected fraud were sent to the Attorney General's Office and the Office of Special Investigations for establishment. The system has had little impact on these backlogs. "Project Backlog" was initiated to reduce the number of existing claims that must be entered into AZTECS.

Staff Perceptions about the Effectiveness of the Aging System.

Respondents believe that it is too early to tell what the impact of the aging system will be on collection activities. In addition, claims collections are still perceived to be a low priority function.

2. ARKANSAS

Overview

Arkansas's Recipient Overpayment Accounting System ages claims from the point of establishment, generating demand letters and billing notices at appropriate intervals, counting from the date of last payment. Claims are kept in active status indefinitely because Arkansas has had some limited success in the continued pursuit of collections on the claims.

Features of the Automated System

Arkansas's accounting system (1) generates monthly reports that list all claims 0 to 12 months old, 12 to 24 months old, 25 to 36 months old, and over 36 months old; (2) maintains dates on letters sent to households and last payments made by households; (3) generates billing notices and demand letters at the appropriate intervals; and (4), following eligibility worker recodes for the status and type of claims at the point of delinquency, generates final delinquency notices.

Once claims have been recoded as delinquent, separate delinquent claims reports are generated, and the claims are put under the jurisdiction of the Collection Unit or the Office of the General Counsel for further action (e.g., additional letters, state income tax intercepts, judgments, garnishments, and liens). These reports are considered to be useful for tracking the status of claims.

The Arkansas system does not automatically suspend or terminate claims at this time.

Extent of Eligibility Worker Intervention

At the point of delinquency, EWs recode the status and type of claim and a date in the delinquent code field. This action puts the claim in the jurisdiction of the Collection Unit if it is less than \$200, or the Office of the General Counsel if it is more than \$200.

Suspension and Termination Policies

Claims are kept in the system in active status indefinitely. Current interpretation of Arkansas law on forgiving debts, some limited success in continued pursuit of claims, and the belief that the costs of keeping cases open are not high preclude the Arkansas FSA from suspending or terminating claims at this time. Rather than writing off old accounts, the FSA is trying to establish a history of using income tax intercepts.

The policy of continued pursuit was considered to be very effective in the first two years of state income tax intercepts (1984 to 1986), but somewhat less so in the last two years. Arkansas officials hope that the federal government will permit federal income tax intercepts in the near future, and their experience in state intercepts will serve them well. Respondents suggested that at some point state policy will change to allow accounts to be written off after a 3- to 5-year period of no collections.

Impact of the System on Backlogs

Because Arkansas officials do consider old uncollected accounts to be active cases rather than "backlogs," and because claims are neither suspended nor terminated, the system has little impact on backlogs.

Staff Perceptions About the Effectiveness of the Aging System.

While EW intervention in recoding claims is still required, the Arkansas automated accounting system does generate reports that facilitate tracking claims and is perceived by staff to be far better than the old, totally manual system.

3. COLORADO

Overview

Colorado's new statewide Automated Food Stamp System (CAFSS) contains eligibility and claims subsystems. The Automated Claims Tracking System (ACTS) was implemented into the claims subsystem in July 1987. Claims information is entered into the system after referral, and the system tracks and reports on claims from that point on for reporting purposes. In addition, ACTS generates demand letters (if the proper codes are entered each month to instruct the system to do so) and billing statements, automatically terminates claims that have been held in suspension for three years, and generates the Federal 209 reports.

Features of the Automated System

ACTS maintains claims information from the referral stage, including claims category (AE, IHE, and IPV), method of establishment (state or local administrative hearing, waiver of hearing, court prosecution, or disqualification consent agreement), overissuance reason (hearing or waiver for IPV; court of DCA for other fraud), in addition to attaching dates to all activities. Demand letters are system-generated if the demand-letter field is completed each month; billing notices are system-generated automatically. If a payment is received and entered into a suspended case file, ACTS will automatically recode the disposition field from "S" (suspension) to "A" (active). The system also routinely terminates suspended claims.

In addition, ACTS generates a wide variety of informational reports--weekly and monthly demand-letter reports; monthly recoupment, payments, delinquent accounts, billing notices, and suspended claims reports; and quarterly status reports by claims category. The reports are generated by the state FSA by county and district office (with EW-level detail) and forwarded to the county and district offices for their follow-up.

Extent of Eligibility Worker Intervention

While the system automatically generates many reports and automatically terminates claims, EWs are generally responsible for coding and recoding category and disposition fields as necessary, and completing the demand-letter field each month to prompt the generation of demand letters by the system.

Suspension and Termination Policies

Following recoding by workers, claims are suspended by the system after 90 days of no activity unless an EW has already recoded for suspension under hardship conditions, because the household cannot be located, or because the cost of pursuing the case is greater than the amount of the potential collection. The system will not permit an EW to recode to suspension if payments have been posted during the previous 90 days.

The system automatically terminates a suspended claim after three years of no activity. However, one month in advance of that three-year deadline, the system generates lists of the termination-eligible cases to the EWs to give them a chance to determine whether new information has been received that should stop termination. If that is the case, the information is entered on-line and the automated termination is blocked.

Impact of the System on Backlogs

Because the Colorado claims operations (1) were not automated for many years, (2) had no special claims units or automatic recoupment procedures, and (3) were considered to be a low priority, backlogs of uncollected claims were a significant problem. They are no longer as great an issue, due largely to the automated system (and particularly automatic recoupment and termination).

from the state office) alert the EWs and unit supervisors of the status of individual cases. Three reports present data that are used as the basis for making claims suspension and/or termination decisions--the Age Analysis, Historical Date Activity, and Accounts with No Payment Activity reports.

Extent of Eligibility Worker Intervention

District office EWs and EW unit supervisors are responsible for processing claims suspensions and most terminations. While the system does generate reports that list claims that may be eligible for either outcome, the decision-making and the recoding are manual.

Suspension and Termination Policies

Claims suspension and termination are manual processes in Florida. Near the end of each fiscal year, the system generates a report that lists delinquent claims with no activity for three consecutive years and those with no activity for six consecutive years. Delinquent claims with no activity for three years are eligible for suspension, and the district office EWs enter a suspension code in the system. After three additional years with no activity, EW unit supervisors review claims eligible for termination and enter a termination code into the system for claims less than or equal to \$500. Claims valued at greater than \$500 with no pending court actions are forwarded to the state Department of Comptroller and Finance; they may act as a collection agency of last resort or authorize the termination of the claims. Recoding instructions are sent back to the district offices.

Impact of the System on Backlogs

Because the system is helpful in determining when a case should be suspended, it is believed to have a positive impact on reducing backlogs.

Staff Perceptions about the Effectiveness of the Aging System

Respondents indicated that the management of uncollected claims seems to have improved since claims collections and recoupment have increased; they believe that the automated system's reporting, demand-letter-generating, and recoupment capabilities have facilitated in those improvements.

6. GEORGIA

Overview

While Georgia respondents indicated that their Public Assistance Reporting and Information System (PARIS) (implemented in 1984) does not currently include claims-aging features that are helpful in managing uncollected claims, the system does generate demand letters at regular intervals and claims payment status reports, and has the capacity to (but does not currently) report on individual claims by status, including eligibility for termination. (The full-fledged claims collection component of PARIS is not expected to be implemented until the early 1990s.)

Features of the Automated System

PARIS generates demand letters, maintains a history of and tracks case actions and claim payments, and generates summary reports on all claims at various stages of claims collections (but few that list individual case data). Reports on claims that are eligible for termination will be generated for the first time next year.

Extent of Eligibility Worker Intervention

While the system does generate demand letters and limited individual case reports, respondents indicated that the claims-aging process is largely manual.

Suspension and Termination Policies

Georgia law forbids the suspension of claims in the strict definition of the word; however, there is a period of 5 years (for AE cases) to 10 years (for IHE and IPV cases) from the "scheduled" date during which established claims (claims classified as in "payment mode") are kept in a separate active status prior to eligibility for termination. Further collections are pursued. If no payments have been received in the last year of the 5- to 10-year period, the state Fraud Unit, in conjunction with the District Attorney's office, will review cases eligible for termination; once recommended for termination, the automated system will terminate the claim. Given the relative newness of PARIS, the first round of possible terminations will not occur until 1989.

While no studies have been undertaken on the continued pursuit of collections beyond the 3 years of suspension, respondents mentioned that they were uncertain about whether continued pursuit was worthwhile; continued tax intercepts have led to some additional collections, but the continued review and bookkeeping are unlikely to be cost-effective.

Impact of the System on Backlogs

Because PARIS tracks claims more effectively than did the previous system, and will terminate uncollected claims after the legally required no-payment period, PARIS is expected to reduce the backlog of uncollected claims. Respondents indicated that most staff (with the exception of claims managers) are indifferent to the system's capacity to control backlogs and increase collections because claims collection is a low priority activity in Georgia.

Staff Perceptions about the Effectiveness of the Aging System

Given the relative newness of PARIS, respondents expressed uncertainty about the effectiveness of the few aging features at managing uncollected claims at the present time. System enhancements that have been discussed and that may be implemented over the course of the next few years include county-to-county claims account transfers, expanded inquiry

capabilities, automatic fraud disqualifications (hooked in with DRIPS), expanded automated claims aging, automated accounts restitution, generation of management reports for various classifications of claims, and special coding to designate the different classifications of claims.

7. KANSAS

Kansas is currently in the early stages of implementing their new Comprehensive Automated Eligibility and Child Support Enforcement System (CAECSES); statewide implementation is expected by summer 1989. The Income Maintenance Division respondent indicated that the new system will have the flexibility to include aging features in which FNS is interested, but detailed specifications on how the suspension and termination features will work are not available. (Kansas does terminate claims held in suspension for three years.)

8. LOUISIANA

Overview

The Louisiana Management Information System (LAMIS) consists of two parts: (1) the pending referrals system, which tracks the claims establishment process and generates reports on pending claims; and (2) the recovery accounts system, which tracks post-establishment claims, generates initial and regular-interval demand letters, reports on active claims and claims eligible for suspension, and automatically terminates claims held in suspension for 3 years.

Features of the Automated System

LAMIS tracks claims cases from the date on which they are entered into the pending referrals system after referral to the state office by the parish offices; once a claim is established and the status code is changed, the claim is transferred automatically from the pending referrals system to the recovery accounts system. The recovery accounts system generates the initial demand letters on the date of transfer to that system, and generates demand letters at 30-, 60- and 90-day intervals. If payments are made, the dates and amounts of the payments are entered into

the system, adjusting the "clock." If no payments are made during a 120-day period, the system generates a delinquent claims listing. The delinquent reports are used as worker prompts for further action or suspension. Once put into suspension, a claim will be terminated automatically after 3 additional years of nonpayment.

Extent of Eligibility Worker Intervention

While the LAMIS recovery accounts system has many automatic features, EWs are required to be quite involved in the decisions on further actions after 120 days of nonpayment. The 120-day list is used by the EWs to identify claims that have a record of no payment, and to recommend claims for suspension. Once a decision has been reached to suspend, the EW must change the status code manually.

Suspension and Termination Policies

Each claim account with over 120 days of nonpayment is reviewed individually by an EW. If the claim was due to administrative error or was for a small amount, and the required number of demand letters have been mailed, the EW will likely recommend suspension; if the case involves a larger amount of money, the EW will likely perform a computer match against the state's DOL lists (which include quarterly earnings and unemployment compensation), issue a special letter, or begin some form of alternative collection. EW recommendations for suspension are reviewed and decided upon by an EW supervisor. Once approved, the EW must change the status code to "suspended," beginning the clock for termination. Claims are automatically terminated after 3 years of further nonpayment.

Impact of the System on Backlogs

Although some intervention by workers is involved in tracking and processing claims accounts, the Louisiana respondents believe that LAMIS is a great management tool and, as such, has a positive impact on backlogs of uncollected claims.

Staff Perceptions about the Effectiveness of the Aging System

Staff believe that the current system is effective at aging and tracking claims, although an automated "tickler" system is perceived to be an even more effective management tool for tracking active claims.

9. MISSOURI

Overview

Missouri's statewide Claims Accounting Restitution System (CARS) was implemented statewide in July 1984. (This description is based on the interview only; documentation on the features and reclassification procedures of the system was requested on several occasions but has not been received.) CARS contains many aging features that facilitate managing claims from referral through termination.

Features of the Automated System

Once an overissuance is detected in a county Division of Family Services office, case information, referral date, and date-entry date are input into CARS. The date on which the claim data are entered starts the automated aging/tracking system (usually within 60 to 90 days after referral). The clock prompts the system's subsequent activities in one of two directions:

1. If the Welfare Investigations Unit (WIU) decides to pursue the case for criminal prosecution, codes to indicate that decision are entered, and the system blocks the automated functions mentioned in (2) below; or
2. The claim is forwarded to the administrative side of CARS, and several automated functions are performed--(a) monthly matches are performed against the active FSP household file in order to begin the administrative procedure for recoupment, (b) four demand letters are mailed on a monthly basis, (c) demand-letter response codes reset the internal clock, (d) if no responses have been posted for four months (or if one letter is returned as undeliverable and the caseworker changes the claims status code) and the household is not currently receiving food stamps, the system will suspend the claim automatically for 24 consecutive months, and (e) after the 24 consecutive months of no activity, the system automatically terminates the claim.

If the household has agreed to pay, a code change prompts the system into a billing/delinquency cycle ("recognized obligation"), which blocks further demand letters and starts the generation of monthly notices on past payments, current amounts due, delinquencies, etc. If a household is 60 days delinquent (either no payments or incomplete payments), data on that claim is listed on monthly system-generated delinquency reports. These reports are forwarded to criminal investigators in the WIU for follow-up.

In addition, the system generates a variety of (monthly to annual) reports on a case-by-case and summary basis; data are current, given that CARS is an on-line system. The reports are generated from the state Data Processing office and mailed to the county offices.

Extent of Eligibility Worker Intervention

EWs are responsible for recoding status fields as necessary; the system will generally prompt the workers to correct status codes if other claims information is inconsistent.

Suspension and Termination Policies

The system suspends all non-WIU or noncriminal cases after four demand letters and no response posted (or one demand letter returned undeliverable, as noted above); the system suspends in the fifth month. Either the system or a caseworker changes the claims-status field to suspension, although, if warranted, the code can be overridden. The claims-status date is assigned by the computer.

Claims are kept in continuous suspension for 24 additional consecutive months. During suspension, the case may be reopened for a variety of reasons. If the case is not reopened during the 24-month suspension, the case is terminated. Respondents believed that even a two-year suspension may be too long--the cases still must be managed and reported, and the case files take up necessary computer space.

Following termination, claims can still be reactivated for up to six months. The database is purged every six months, and old file data are transferred to tape.

Impact of the System on Backlogs

Respondents believe that the system has had a direct and positive effect on backlogs.

Staff Perceptions about the Effectiveness of the Aging System

Respondents indicated that the new automated system, including its aging features, is extremely useful because they need no longer to manage large amounts of paperwork and perform other "nonproductive" work.

10. MONTANA

Overview

Montana fully implemented its suspension and termination functions into the state-level Accounts Receivable System (ARS) in 1986. Respondents believe that those automated functions have played a significant role in reducing the state's backlog of uncollected claims. The state system tracks claims activities following claims establishment at the county level, generates delinquency notices and reports, and automatically suspends and terminates uncollected claims.

Features of the Automated System

The system's clock tracks and initiates claims activities from the point at which data are entered into the system. The system generates introductory letters to the households to remind them that they have not responded to the county's demand letters, and follows up with three delinquency notices at regular intervals. At the end of each year, the system suspends claims that have been delinquent for longer than of 90 days and terminates claims suspended for three years. In addition, the system generates regular case activity and state- and county-level summary reports.

Extent of Eligibility Worker Intervention

EWs seldom intervene in the system's activities. When the county offices forward information on delinquent claims to the state, those data are entered into the system by EWs. Occasionally, an EW will manually recode a case to a suspended status when the situation warrants (see below).

Suspension and Termination Policies

In mid-December of each year, the system suspends all claims automatically if no activity has been posted for 90 days. Suspended claims are then transferred to the Department of Revenue for possible collection via income tax offsets. In addition to automated suspension, an EW can recode the status field to suspended in some instances. For example, a code in the frequency field may signify "infrequent payment" if the household has indicated to the county that it intends to make a lump-sum payment at some point in the future; that code will block automatic suspension until an EW intervenes and recodes that field.

After three years in a suspended status with no further case activity, the system terminates the claim automatically.

Impact of the System on Backlogs

Respondents believe that the tracking capabilities and the new suspension and termination components of the ARS (including the automatic transfer to the Department of Revenue for tax offsets) have had a significant and positive impact on backlogs; they now collect on 60 to 65 percent of all established claims.

Staff Perceptions about the Effectiveness of the Aging System

Staff are quite pleased that the system relieves them of what had been a considerable degree of manual effort.

11. NEBRASKA

Overview

Nebraska has two non-integrated automated food stamp systems, one for eligibility determinations and one for claims collection processes. The state-level claims system tracks active claims from the point of establishment, and generates monthly lists of active and suspended claims which are forwarded to the district offices for follow-up. Claims are suspended and terminated manually at the state level.

Features of the Automated System

The claims system generates monthly printouts (by district office and EW) that list information on all active and suspended claims. Once the reports are reviewed by EWs in the district offices, EWs can prompt the system to send out demand letters.

Extent of Eligibility Worker Intervention

While the claims system has a built-in clock and generates routine reports, the system will not initiate case activities without intervention by workers.

Suspension and Termination Policies

District EWs review cases that are eligible for suspension and recommend (in writing) that the state office suspend. Cases are kept in suspension for six years--the first three years are considered to be "active" suspension, and further collection actions are pursued; the second three years are considered to be "real" suspension. If no activity has occurred during the second three years, the state office makes a decision to terminate. Suspension and termination are manual activities.

Impact of the System on Backlogs

While the system-generated reports provide more information to EWs than had readily been available in the past, backlogs are still a problem in Nebraska, due largely to staff shortages. Respondents mentioned that backlogs are less of a problem in the larger district offices, where specialized claims/fraud units manage their caseloads more efficiently.

Staff Perceptions about the Effectiveness of the Aging System

Respondents indicated that the system-generated reports are useful for case management, and that recent district office staff training on the use of system-generated reports seems to have helped EWs improve their follow-up activities.

12. NEVADA

Overview

Nevada is currently in the process of redesigning its automated claims system. The new system, which is expected to be implemented in spring 1989, will include some aging features, such as automatic suspension, termination, and purging. Respondents indicated that these features should help reduce the considerable backlog of uncollected claims in Nevada. The current system contains no claims-aging features.

13. NEW JERSEY

Overview

Local offices in New Jersey are responsible for all stages of claims collection activities. The local offices that contain most of New Jersey's food stamp caseload process claims accounts manually. These claims systems contain no aging features, manual or automated.

14. NEW MEXICO

Overview

New Mexico implemented its automated claims system in May 1988. Currently, the system tracks and reports on claims from establishment, generates demand letters, suspends claims automatically, and provides the information necessary to make termination decisions.

Features of the Automated System

The automated claims system tracks and ages claims from the point of establishment, generating monthly reports on collections, delinquencies, overrecoupment, cases eligible for termination, and monthly management reports that show completed claims activities by caseworker. The system also generates regular demand letters (but not delinquency notices--a function that is currently being programmed into the system). If a demand-letter is returned as undeliverable, a worker-entered recode stops the demand-letter cycle and starts the suspension-eligibility clock. (Codes which indicate that a claim is pending a hearing decision or fraud investigation also block the collection cycle.) In addition, the system suspends automatically claims.

Extent of Eligibility Worker Intervention

Restitution Unit workers are responsible for reviewing system-generated reports and initiating follow-up activities, and inputting new data or recodes into the system as necessary. For example, reports on overrecoupment are reviewed, the individual case record is checked, and information is fed into a separate stand-alone system that triggers the restoration of benefits every two weeks. Workers also review the termination-eligible case reports and related files, and then manually enter recodes to authorize termination.

In addition, once the proposed tax intercept system is implemented (probably in 1989), workers will be responsible for initiating alternative collection procedures after a specified number of months of no-payment activity and no returned demand letters.

Suspension and Termination Policies

Claims for which no-payment activity has been posted in the previous 90 days and which are over three years old are recoded to a suspension status ("06") by the system. (These include claims for which demand letters were returned to the FSA as undeliverable.) After an additional three years of no activity, the system identifies and generates a list of claims that are eligible for termination upon the review of caseworkers. Following the review, the caseworker recodes the status field to "29" (terminated). Closed-case data are not purged currently, but are available on-line for reference. The purging of files may be necessary in the future as storage becomes a problem.

Respondents indicated that the six-year pre-termination period may be too long, since New Mexico does not continue to pursue collections, and since cases cannot be reopened during suspension.

Impact of the System on Backlogs

The system is so new that its impact on backlogs is unknown. However, respondents believe that it will be effective at deleting old uncollected claims.

Staff Perceptions about the Effectiveness of the Aging System.

Respondents believe that the current system is improving the management of claims caseloads and will eventually help clean up the backlog of uncollected claims. Since implementation, the system has generated many reports that give staff more accurate and timely data on claims that are truly collectible, making their jobs easier than in previous years. In

addition, staff believe that the establishment of specialized claims units (Restitution Units) contributes greatly to effective claims case management.

15. NORTH CAROLINA

Overview

North Carolina's automated system contains some limited features that can be defined as an aging system, the most important of which are demand-letters generation at regular intervals and automatic claims termination. The claims termination capability is perceived to have contributed to a significant reduction in the number of uncollected claims accounts in the past few years.

Features of the Automated System

North Carolina's automated system tracks claims and claim payments, generates demand letters, generates delinquent claims and other reports (although none that present date-specific claims information), and automatically terminates a claim three years after the last payment (provided that termination date was entered on the system).

Impact of the System on Backlogs

Claims reviews conducted by state officials in 1986 pointed to the existence of backlogs of uncollected claims in the local offices. The automated termination of uncollected claims has reduced the backlogs considerably.

Staff Perceptions about the Effectiveness of the Aging System

Although limited in its aging features, the current automated system is perceived to be much more effective than the old manual system at tracking active claims and terminating suspended claims.

16. OREGON

Overview

Oregon's on-line overpayment system was implemented in 1983 and contains aging-related features that are perceived to contribute to the effective management of uncollected claims. The state-level automated system tracks and reports on claims from the point of establishment when they are received in the state's Overpayment and Recovery Unit (ORU). (Claims are generally investigated in the local and district offices; nonfraud claims are established in the district offices as well, but cases of suspected fraud are established in the state office.) The system generates a variety of transaction reports, as well as reports that prompt follow-up by workers.

Features of the Automated System

The state automated system primarily tracks and reports on claims transactions from data input by ORU workers. Such weekly and monthly reports include "priority listings" that present data on delinquent and other accounts that prompt workers to initiate alternative collection procedures. Separate reports on accounts with three or more years of no activity are also generated and used as the basis for suspension and termination decisions.

The system generates demand letters if codes have been entered into the "notice type" field. A "recovery status" code of "SK" (skip, address no good) blocks the demand letter schedule. Once a recovery status code of "DL" (delinquent account) is entered into the system, the system generates delinquency notices.

Extent of Eligibility Worker Intervention

While the system tracks and reports on claims transactions well, changes from one recovery status to another and the initiation of certain activities (e.g., the generation of demand letters and delinquency notices, and the suspension and termination of claims) require worker recodes.

Suspension and Termination Policies

System-generated monthly reports on claims with no activity posted for three years are routed to caseworkers who review the case records manually and authorize suspension or termination. The caseworkers enter two-letter suspension or termination codes into the system, and the system automatically enters the dates of entry. Respondents mentioned that this review process was probably unnecessary given that suspension/termination authorizations were fairly routine, and that the system should be programmed to suspend and terminate claims automatically.

Impact of the System on Backlogs

Backlogs of uncollected claims are still a problem in Oregon, despite the positive impact of the automated system on collections. (For example, collections rose by 700 percent in the first month following the implementation of the system in 1983.) Respondents indicated that many claims are extremely difficult to collect given that very mobile FSP population.

Staff Perceptions about the Effectiveness of the Aging System

Respondents called the Oregon system "ideal . . . without question one of the best systems available" for tracking and reporting on claims activities.

17. PENNSYLVANIA

Overview

Pennsylvania has been in a unique position for the past few years in terms of collecting on claims cases. Due to lawsuits brought on the state by Community Legal Services, FSP collections activities were discontinued in 1986, but started up again in spring 1987 when FNS began sanctions against the state. The state is currently being sued again by Community Legal Services.

The state's automated system (FAIR) contains many aging features that are believed to contribute to some reduction in the backlog of uncollected claims.

Features of the Automated System

Once a claim is referred to the state from the County Assistance offices, the overpayment calculation, the date on which the overpayment occurred, and that day's date are immediately entered into FAIR by Claims Unit workers. During the period when collections were pursued, FAIR aged claims from establishment through termination, generated demand letters on a regular 30-day basis and delinquency notices for both active and inactive cases, automatically suspended claims under certain circumstances, and automatically terminated three years after suspension if no payments had been received. However, the system did not generate reports on claims cases at various stages of processing.

Extent of Eligibility Worker Intervention

Worker intervention is limited to those cases in which suspension or termination occurred outside the regular guidelines.

Suspension and Termination Policies

Once the regular mailing of demand letters has begun, the system will track the responses of clients and react according to established guidelines: (1) if no response has been received within the first 30 days, and the claim amount is less than \$100, the system will automatically suspend the case; (2) if the amount is more than \$100 but less than \$400, and no response is received following the mailing of a second letter, the system will automatically suspend the case; and (3) if the amount is greater than \$400 and no response has been received following the mailing of a third letter, the case will be suspended. In addition, the Claims Unit worker can suspend a case if the current address is incorrect and a new address cannot be found; the worker manually recodes the appropriate field, and the system suspends the case automatically.

If no further payment activity has occurred for three following suspension, the system will terminate the case automatically. In addition, if the client is deceased, or the recipient has received a hearing that has upheld the case, or if the case has been in prosecution and the court orders the claim vacated, the Claims Unit worker can recode for case termination.

Impact of the System on Backlogs

Respondents indicated that the system's aging features should have a considerable impact on backlogs; however, because the state has been enjoined, the impact has been limited in recent years.

Staff Perceptions about the Effectiveness of the Aging System

Respondents indicated that the system was generally quite effective at managing claims caseloads when recoupment operations were in effect.

18. SOUTH CAROLINA

Overview

South Carolina is currently in the early stages of implementing a new statewide computer system, the Client History Information Profile System (CHIPS). (By November 1988, 11 of 46 counties had switched to the new system; statewide implementation is expected by May 1989.) The new system will integrate the current eligibility and claims systems (including the accounts receivable system), will contain features of the old system that have been enhanced to track and report on claims at various stages of claims operations, and will provide new alerts to EWs on case actions required. Respondents were hopeful that the new system will help resolve South Carolina's high error-rate problem.

Features of the Automated System

The current systems generate reports on referred and active claims, payments, delinquent claims, and claims eligible for suspension and termination. The new integrated CHIPS will include those features, and will alert EWs to specific claims activities and will contain automatic recoupment capabilities. Neither system suspends or terminates claims automatically.

Extent of Eligibility Worker Intervention

Under the current systems, EWs are responsible for any claims follow-up activities (e.g., sending demand letters, making client telephone contacts, or arranging for payment) based on case reports that have been sent to them. Suspension and write-off occur only when EWs recode the classification fields.

Suspension and Termination Policies

Claims that are eligible for suspension are reviewed by EWs; recommendations for suspension are made by the EWs and approved by EW supervisors. The claims are suspended according to federal guidelines by recoding the classification field. South Carolina law was revised

in May 1988 to permit some limited forgiveness of debts, so write-off activities now occur. (The claims are still not considered to be terminated.) Once claims have been in suspension for three years, they are placed in an additional inactive status and are eligible for write-off; the claims are not pursued further for collection. The state/county has the option of writing-off the claims if (1) the client is deemed unable to pay, cannot be located, or is deceased (responsibility is no longer transferred to the new head of the household), or (2) the claim amount is considered to be too small to be worth continued pursuit.

Impact of the System on Backlogs

According to respondents, backlogs were clearly a difficult issue in South Carolina in the past, largely because claims referrals were often made for questionable cases--wage-match hits and hunches about cases. (State reviews of suspected claims in one county turned up a 95 percent incorrect referral rate.) The state FSP is currently asking the county offices to review all outstanding claims, send one more demand letter a month for three additional months, and then suspend all cases with no payments. As an additional "clean-up" effort, the state is hoping to perform an SDX wage match for all uncollected claims over three months old, reducing payments by \$25 per month. (The respondent noted that a similar successful effort took place in Florida.) These actions are expected to reduce the number of uncollected claims cases that will be transferred to CHIPS. Once fully implemented, CHIPS is expected to continue to reduce and control the "backlog" of uncollected claims.

Staff Perceptions about the Effectiveness of the Aging System

Because the current systems do little more than generate monthly case-status reports, and because all follow-up activities are the responsibility of the EWs, staff are looking forward to the full implementation of CHIPS. They believe that CHIPS will enable the EWs to manage claims collection activities more effectively and expediently.

19. SOUTH DAKOTA

Overview

The suspension and termination components of South Dakota's automated claims system have been operational for less than four years, so their impact is not well-documented at this time. Claims are tracked from the point of referral to the state-level Recovery Unit, and monthly reports are generated showing the number of claims in each classification, payment histories of active claims, delinquent claims, and the productivity of workers.

Features of the Automated System

The state claims system tracks claims from the point of referral to the Recovery Unit, generates demand letters, and reports on all claims classifications. The system does not suspend or terminate claims automatically.

Extent of Eligibility Worker Intervention

Delinquent claims reports are used by investigators as management tools to initiate alternative collection activities, such as referring the case to small claims court and placing liens. Once cases are determined to be uncollectible, investigators must input suspense codes into the system to suspend the claims and start the clock for eventual termination. Claims are terminated in the system after an investigator inputs the appropriate code.

Suspension and Termination Policies

Suspension-eligible case reports are not currently generated as regular monthly reports, although the system can generate them. Inactive case reports, generated by the system every three to six months, list inactive claims cases and are used as guides on cases that may eligible for suspension according to program regulations. Respondents indicated that most of these cases continue to be worked by Recovery Unit investigators for three additional years before a decision is reached to suspend the case; in addition, during the three years of suspension, the claim

continues to be pursued. (Six years is South Dakota's statute of limitations.) Although no supporting statistics are available, respondents believe that the continued pursuit has been effective. The investigator inputs the suspension code into the system to start the clock for termination eligibility three years hence. Currently, the system contains very few suspended claims.

Following three years in suspension, the system will generate lists of claims that are eligible for termination. As is the case for suspension, Recovery Unit investigators must input the appropriate closure code to terminate a claim.

Impact of the System on Backlogs

Because the suspension and termination functions of the system are so new, the system's impact on backlogs is unknown. Respondents indicated that a few years ago the claims backlog was effectively wiped out when an overall claims "housecleaning" was undertaken prior to implementing the new system.

Staff Perceptions about the Effectiveness of the Aging System

Perceptions about the system's effectiveness are premature at this time.

20. TENNESSEE

Overview

Tennessee's Claims On-Line Tracking System (COTS), implemented statewide in spring 1987, is the second phase of the new ACCENT system and is an automated tracking and recovery system designed to maintain on-line records of claims cases. The system contains two clocks, one for early claims activities and one for post-establishment activities, and generates informational reports at the EW-level and in summary form for managers, as well as demand letters and delinquency notices. In addition, the system suspends nonfraud claims automatically.

Features of the Automated System

The system contains two counters, one that starts at referral to track the early claims activities and one that, after claims establishment, starts putting claims in repayment status and switching them to the fiscal side of the automated system. The system generates many age-related claims reports--referrals, claims by dollar amounts, potential allotment reductions, collections, delinquencies, and nonfraud cases eligible for suspension; these reports are generated on a weekly, monthly, and quarterly basis, and are forwarded to investigators and EWs. Condensed versions of these reports are forwarded. In addition, the system generates demand letters and routinely suspends eligible nonfraud claims.

Extent of Eligibility Worker Intervention

District office EWs are responsible for processing claims suspensions manually for intentional program violation. They receive 90-day delinquency reports on IPV claims, prompting them to review the caseload for post-adjudication activities.

Suspension and Termination Policies

Tennessee has a two-tier suspension system, one for fraud cases and one for nonfraud cases. The automated system suspends IHE/AE cases automatically after six months of nonactivity according to federal guidelines. Cases in suspension can be reactivated manually if necessary, and the six-month suspension clock starts over again.

For IPV cases, however, the suspension process is almost entirely manual. If an IPV case is three months delinquent, the case file is forwarded to the state fraud unit for further investigation and alternative collections; once the fraud unit feels that it has exhausted the available collections methods, a worker can manually suspend the case.

Although Tennessee law forbids the actual termination of state or federal debts, claims are routinely placed in an inactive status after three years of suspension. This procedure is currently

manual; the state FSA believes that it is important that a person, rather than a computer, make the decision about which cases should be declared inactive. Suspended cases are forwarded to Fiscal Services for final review and the official recommendation that the claim be declared uncollectible; the Division of Accounts must approve the recommendation prior to the manual recoding by Fiscal Services to an inactive status. Once a claim is placed in inactive status, it cannot be reactivated.

Periodically, the state office will send a list of inactive cases to the state Attorney General and Comptroller and FNS requesting permission to write them off the database. A writeoff for a large group of older inactive cases was granted two years ago.

Impact of the System on Backlogs

The system has had little impact on backlogs of uncollected claims given the state's no-forgiveness-of-debts policy. However, in 1986, the state FSA received permission to write off a large number of uncollected claims all at once.

Staff Perceptions about the Effectiveness of the Aging System

Staff apparently like the new system, which provides more information on the caseload than was previously available. In addition, they like the separate procedures for suspending IPV's and IHE/AEs.

21. WEST VIRGINIA

Overview

West Virginia's statewide Automated Repayment Tracking Systems (ARTS) was implemented in April 1987. While respondents described the system as "fairly basic," ARTS actually performs many functions--it tracks claims from establishment, initiates the generation of demand letters, delinquency notices, and reports, and suspends and terminates claims.

Features of the Automated System

Starting the system's clock at the date of claims establishment, ARTS generates demand letters and delinquency notices at appropriate intervals; generates monthly reports that show activity on all claims, new claims, and collections; generates statistical summary reports used to prepare the 209 reports, weekly printouts that show the demand letters mailed out, and worker "productivity" reports; and suspends and terminates claims automatically.

Extent of Eligibility Worker Intervention

Workers enter the initial claims and subsequent payment information into the system, and the system generally takes care of most of the rest of the claims procedures (see below). System-generated reports are reviewed by district office repayment officers and financial clerks to ascertain that the system shows their most recent claims activities.

Suspension and Termination Policies

When all collection actions have been exhausted, claims are suspended under two conditions: (1) if the case is in a "generate letter" status and no payments have been received, the system suspends claims automatically; or (2) if the case is in another status (e.g., repayment), a worker can manually recode the current pay status to move the case into suspension. The system automatically terminates a claim after three years in suspension.

Impact of the System on Backlogs

The new system is believed to have had a positive impact on backlogs of uncollected claims; collections have increased from about 25,000 per month prior to the implementation of ARTS to about 50,000 per month since May 1988.

Staff Perceptions about the Effectiveness of the Aging System

The new system is perceived by workers and management to be "a real boost." The increased collections are seen as evidence that the system--especially its demand-letter and delinquency-notice generation capabilities--has had a positive effect on claims activities.



RECLASSIFICATION PROCEDURES

1. ARIZONA

Overview

Arizona's state-level Human Services Overpayment Accounting System (HSOPACS) tracks claims collections (administrative errors, inadvertent household errors, or intentional program violations only) and reconciles the accounting of claims once they have been reclassified from IHE to IPV. The HSOPACS generates the 209 reports. Claims collection data are entered into the Arizona Technical Eligibility Computer System (AZTECS).

Identification of Suspected Program Violations

All cases of suspected fraud (SPVs) are entered into HSOPACS and AZTECS as IHEs initially; there are no separate codes to signify regular IHEs from those that are pending fraud determinations. Although SPVs are kept on HSOPACS and AZTECS as IHEs, separate hardcopy SPV case files are kept and monitored manually in a fraud review unit. Cases of suspected fraud are referred by the review unit to the Office of Special Investigations and the District Attorney's Office.

Establishment of Claim

Once a decision is reached, hearing/prosecution reports are forwarded to the collections unit.

Entry of Claim Establishment Data into the System

A collections unit worker recodes the claim status from IHE to IPV in AZTECS and HSOPACS, and HSOPACS reconciles the accounting for that case. Recoding on both systems is necessary because, although the two systems interface, they are not integrated.

Preparation of Form-209

The state accounting office has responsibility for preparing the 209 reports. HSOPACS generates the reports from the system data.

Staff Perceptions about the Reclassification Procedures

Although staff indicated that AZTECS and HSOPACS should be integrated in order to eliminate the necessity for double-entering of claims data, they generally believe that the current system contributes to the effective management of reclassified claims--they believe that recoding occurs promptly, and that the system's accounting adjustment feature controls for accounting discrepancies.

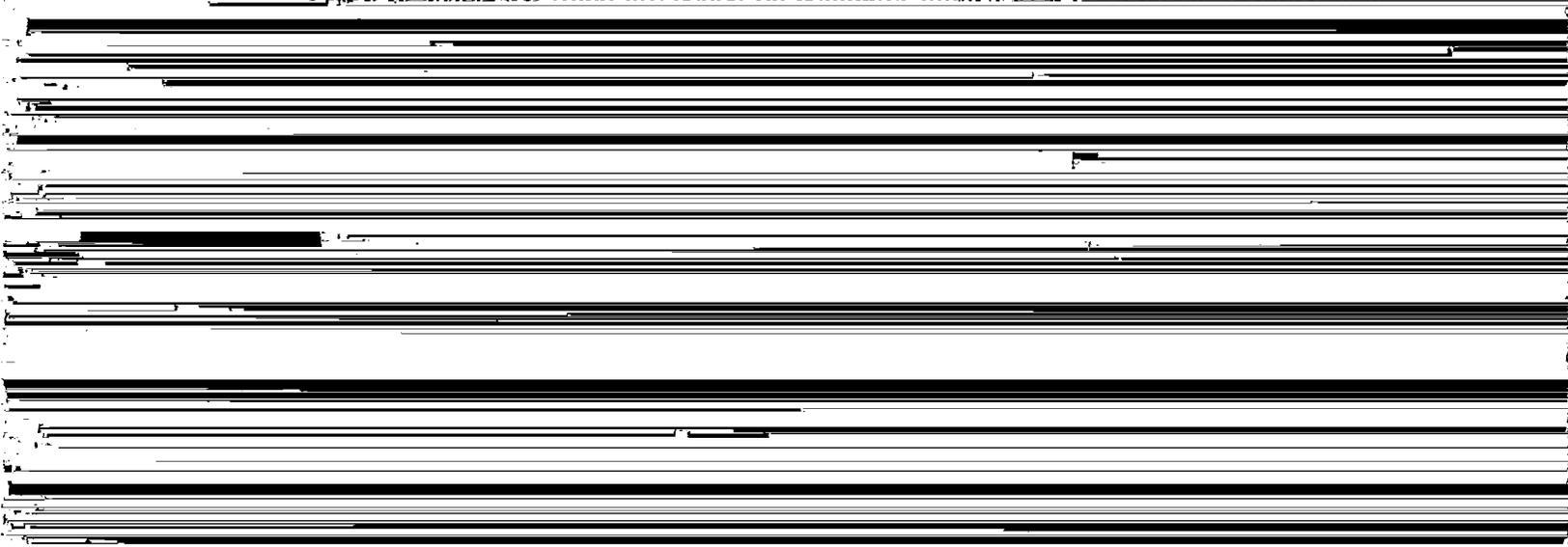
2. ARKANSAS

Overview

Arkansas reclassifies cases of suspected fraud to IHE only under limited circumstances--cases determined by the Fraud Unit to be non-prosecutable or too small a claim amount. Special claim-status and type codes are entered into the system by EWs to denote the different classifications of claims. The automated accounting system, which is integrated with the accounts receivable system, reconciles the varying repayment amounts for the reclassified claims cases. The accounts receivable system generates the Form-209 reports.

Identification of Suspected Program Violations

Cases of suspected fraud are coded on computer input forms by the county offices and



calculates the overpayment amount by computer, and routes the case to a prosecuting attorney. If a conviction is rendered, the Fraud Unit notifies the Overpayment Unit by courier, and the Overpayment Unit updates the file in the system. The status field is recoded as an active claim, the type is recoded as criminal fraud, and the recoupment amount is entered so that collection may begin.

2. If the Fraud Unit sends the claim back to the Overpayment Unit declaring that there was insufficient evidence to prosecute or the claim amount was too small, the claim type code is changed to a civil case. If the EW believes that there is ample evidence for some level of fraud (though non-prosecutable), the claim can be referred to an ADH and given suspected claim-type and status codes that differ from the first situation described above. These codes allow the system to process the case for collection as an IHE prior to fraud establishment. The status code acts as a flag on the system to note that fraud establishment is still pending; once fraud or nonfraud is established, the status code is changed.

Establishment of Claim

For the limited cases of suspected fraud that are rejected for prosecution by the Fraud Unit, ADHs are held to establish fraud. Once established, a courier delivers the fraud or nonfraud determination paperwork to the Overpayment Unit.

Entry of Claim Establishment Data into the System

An EW in the Overpayment Unit reclassifies the case of suspected fraud to fraud or IHE by entering new claim-status and type codes into the system. The system reconciles the accounting for the appropriate classification. Previous classification activity on the case does not remain in the accounting system.

Preparation of Form-209

Because the Overpayment Unit's accounting system is integrated with the Accounts Receivable Section's system, all reconciled data on reclassified cases are available for the 209 reports. The Accounts Receivable System generates the reports.

Staff Perceptions about the Reclassification Procedures

Respondents indicated that, for those limited cases in which claims are reclassified in order to pursue collection, the system does contribute to the effective management of those cases. The system's capability to generate reports that list data on cases under the jurisdiction of the Fraud Unit or ADH section was mentioned as a useful management tool. The office units responsible for handling various aspects of claims cases--Overpayments Unit, Fraud Unit, Accounts Receivable, Office of General Counsel, and the ADH section--are all located in different buildings, so good communication is important to effective claims management as well. Respondents mentioned that future enhancements to the system should include increased on-line capabilities in all offices to facilitate inter-office communications.

3. COLORADO

Overview

Because Colorado is a county-administered system, there is great variety in how and whether claims are reclassified. In general, cases of suspected fraud are reclassified as an IHE in order to begin the collections process. (However, some county courts systems will not try a case of suspected fraud if the county FSA has temporarily reclassified it as an IHE.) Colorado's new on-line Automated Claims Tracking System (ACTS) tracks claims (although does not differentiate between regular IHEs and those pending fraud determination) and reconciles the accounting of reclassified claims upon establishment.

Identification of Suspected Program Violations

Once a case of suspected program violation (SPV) is identified, case data are entered into the system to indicate an IHE, starting the generation of demand letters and delinquency notices.

Establishment of Claim

SPV cases are established in a court or other hearing. The fraud determination (e.g., court order) is forwarded to the local FSA by mail or courier.

Entry of Claim Establishment Data into System

The claims establishment recodes (from "H" for IHE to "V" for IPV) are entered into the system, and the system handles the transfer from one category to the other and reconciles the accounts.

Preparation of Form-209

County ACT systems generate the county 209 reports, which are forwarded to the state central accounting system for review. The state office system then generates the state-level reports and attaches the county reports.

Staff Perceptions about the Reclassification Procedures

Respondents indicated that staff generally believe that the reclassification procedures are adequate. Initial problems with the transfers from one category to another and the reconciliation of accounts caused concern in the district offices, but those problems have apparently been resolved.

4. DISTRICT OF COLUMBIA

Overview

Because the D.C. Commission on Human Services was under reorganization during the late summer and fall of 1988, contact with the Commissioner's office (to whom the initial FNS letter and subsequent copies were sent) and the Income Maintenance Administrator's office to request permission to conduct the follow-up calls to agency personnel proved to be very difficult. Based on the data available to us from the census, it appeared unlikely that the D.C. automated system

would contain many features of interest for this study. With the concurrence of FNS, we did not continue to pursue these interviews.

5. FLORIDA

Overview

Reclassifying cases from suspected fraud to IHE and back to fraud has been a problem in Florida, often taking up to six months to reconcile the crediting for the cases in the 209 reports. Although census respondents reported that cases of suspected fraud (SPV) were reclassified to IHE prior to fraud establishment for the purposes of collection, current interview respondents indicated that the SPV cases are actually placed in an inactive status prior to establishment, and collections do not occur. This procedure is in compliance with guidelines from the state Auditor General's office, which handles the investigation and establishment of such cases. Prior to establishment, the case is coded on the statewide automated system as a "40," awaiting court decision, rather than "42" (IHE). The "40" code blocks the demand-letter collection schedule.

6. GEORGIA

Overview

Some cases of suspected fraud are entered into the Georgia system and collected on as an IHE until fraud is established and a county Office of Food Assistance (OFA) worker recodes the file to denote IPV. Although the new Public Assistance Repayment Information System (PARIS) does have tracking capabilities, the full implementation of the claims collection component and tracking/reporting functions is years off, according to respondents. System enhancements, which will include the capacity to track reclassified claims, are unlikely for some time.

Identification of Suspected Program Violations

Once the state FSA, in conjunction with the District Attorney's office, decides whether a case will be pursued as suspected fraud, the state Claims Unit and the relevant county OFA are

alerted immediately. The county office receives a computer input form that instructs the EW to key in data to signify an IHE case pending fraud establishment. The case is investigated at the state level and collected as an IHE at the county level. PARIS generates demand letters at the appropriate intervals.

Establishment of Claim

Once the District Attorney's office establishes fraud, the state Office of Financial Services (OFS) and the county OFA are forwarded copies of the decision.

Entry of Claim Establishment Data into System

The county OFA workers input the establishment data.

Preparation of Form-209

The state OFS prepares the state and county 209 reports from county-level data maintained in PARIS; the OFS accounting system interfaces with PARIS.

Staff Perceptions about the Reclassification Procedures

Respondents indicated that staff were generally indifferent to the system for reclassifying claims for the purpose of collections. While automation certainly facilitates claims processing, claims collection is such a low priority in Georgia that staff have not reacted strongly for or against the current procedures.

7. KANSAS

Kansas is currently in the early stages of implementing its new Comprehensive Automated Eligibility and Child Support Enforcement System (CAECSES); statewide implementation is expected by summer 1989. The respondent from the Income Maintenance Division indicated that Kansas does reclassify cases of suspected fraud to IHE for the purposes of collection, and that

the new system will have the flexibility to include tracking features, but detailed specifications on those features (what is tracked and how) have yet to be worked out.

8. LOUISIANA

Overview

Cases of suspected fraud are reclassified to IHE for collection purposes only when the cases are deemed to be nonprosecutable. The tracking of reclassified claims is a joint EW-system effort. The system maintains the data from which the 209 reports are developed, but does not generate the reports.

Identification of Suspected Program Violations

Once a claim overpayment amount is calculated in the field office, it is referred to the state office for further action. Once data from the pending-referrals system are transferred to the recovery accounts system, EWs in the Recovery Bureau process the claim. Initially, all cases of suspected fraud are coded as a status "00" and disposition "08," and are referred to a special investigator. If the special investigator decides that the case should be pursued for prosecution, the initial status code of "00" is left unchanged, and the system defers sending demand letters. If the special investigator decides that the case is not prosecutable, the status code is changed to reflect an active case, and collection proceedings begin. Initial demand letters are sent by the special investigator; the remaining letters are generated by the system.

Establishment of Claim

In nonprosecutable cases, suspected fraud is established through ADHs or waivers-of-hearing.

Entry of Claim Establishment Data into System

Once fraud is established, the status and disposition codes are changed by an EW to indicate an IPV; the system then reconciles the accounting. The status code is considered to be the only "flag" on the system which indicates that fraud establishment is pending; once fraud is established and the codes are changed, the previous classification history is erased. However, historical data are available in the case files, in the form of the hard-copy turnaround documents.

Preparation of Form-209

The Accounting Division prepares the 209 reports from data generated by the accounts receivable system.

Staff Perceptions about the Reclassification Procedures

Although the total system for tracking reclassified claims is a combination of manual and automatic procedures, respondents indicated that it is far superior to the entirely manual system that had been used in the past.

9. MISSOURI

Overview

While Missouri's Claims Accounting Restitution System (CARS) is not yet integrated with the certification system, it appears to be quite sophisticated in terms of handling cases of suspected fraud--the system will not permit a worker to enter data that are inconsistent with the case status; it generates management reports that include cases that are pending fraud determination; the system reconciles the accounting of reclassified claims; and it keeps reclassification data for historical purposes until the file is purged. The total CARS system contains three records per case: a record containing identifying information on the household; the claims record; and the payments record. (This description is based on the interview only;

documentation on the features and reclassification procedures of the system was requested on several occasions, but has not yet been received.)

Identification of Suspected Program Violations

Local offices identify cases of suspected program violations. Local office caseworkers enter the initial case data into CARS. The system is programmed to accept only two codes for FSP claims--"11" for IPV's and "12" for IHEs/AEs. When the claim is written up and the data are initially loaded into the system at the local level, the system will accept only a "12."

The local office then refers SPV cases to the state Welfare Investigations Unit (WIU) in the Legal Services Division. The WIU has 45 days to decide whether to prosecute the cases as suspected fraud. If the WIU accepts the SPV for criminal prosecution, two codes are entered into the system--one indicating "WIU action" and one indicating "WIU action date." These codes block the demand-letter schedule. (These codes are kept in the case file until the case is purged.) If the WIU decides not to pursue the case for fraud at the state level, the county may choose to pursue it and override the demand-letter block. If an ADH is chosen (by the client or the caseworker) in order to pursue suspected fraud, the system will send out demand letters and attempt collections. Respondents indicated that the "vast majority" of eventual IPV's stem from clients' sending the state office promissory notes to acknowledge their guilt and waive ADHs.

Establishment of Claim

Once the courts decide a case, that information is forwarded to WIU, and a caseworker recodes selected case fields.

Entry of Claim Establishment Data into System

Once fraud has been established, the information is entered into CARS; the system will not accept the establishment data until the category code has been changed to an "11," indicating an IPV. If the county Division of Family Services has sent out demand letters, and the client

has chosen an ADH (or if the caseworker chooses an ADH in order to establish an IPV), the system will not accept the code for a hearing decision unless the caseworker changes the category code to "11." While the recoding for category is manual, the system automatically reconciles the accounting of the reclassified claim.

Preparation of Form-209

CARS generates the monthly 209 reports; staff in the Division of Finance prepare the quarterly reports based on the monthly report data.

Staff Perceptions about the Reclassification Procedures

Staff believe the automated reclassification procedures and system-generated management reports are effective case management tools.

10. MONTANA

Overview

Claims are reclassified from suspected program violation to inadvertent household error at the state level. Once fraud has been established, an EW manually recodes the category and method-of-recovery fields. The system generates reports that include the data required by the Audit and Program Compliance (APC) Division to prepare the 209s manually.

Identification of Suspected Program Violations

When a county office forwards an SPV case to the state office, a worker initially sets it up on the Accounts Receivable System (ARS) as an SPV by entering the case data and excluding a related dollar amount. The case is then sent to the Department of Revenue (DOR) for further investigation.

Establishment of Claim

The DOR reviews the case file and officially determines the overpayment status. At that point, the EW will recode the case category field to an IHE to begin the collection process and to signify that the case is pending a DOR claim; the DOR will begin prosecution/other procedures. When a decision has been reached, the court orders are forwarded to the state office for recoding from IHE to fraud or nonfraud.

Entry of Claim Establishment Data into System

All claims establishment data are entered into the system by the APC Division. EWs recode the category and method-of-recovery fields to indicate a prosecuted/fraud case. The system reconciles the accounts.

Preparation of Form-209

The ARS generates the reports that contain the data required to prepare the 209s. However, the actual preparation of the reports is a manual process undertaken by APC staff.

Staff Perceptions about the Reclassification Procedures

Staff believe that the system's assistance in reclassifying claims contributes to effective case management.

11. NEBRASKA

Overview

Cases of suspected fraud are processed as IHEs prior to establishment. Pre- and post-establishment data are input into the automated eligibility and claims systems; the reconciliation of accounts is a manual process. The federal 209 reports are system-generated; however, discrepancies between district data and state data must be resolved manually.

Identification of Suspected Program Violations

All claims sent to the state office are initially treated as an IHE. No distinctions are made between those cases that are potential fraud and those that are nonfraud.

Establishment of Claim

Cases of suspected fraud are investigated by the state-level Fraud Unit. Once the Fraud Unit establishes fraud, the staff assistant in the state's Food Program Division (FPD) is notified via a fraud-referral form, and the staff assistant notifies the district office EW.

Entry of Claim Establishment Data into System

Fraud-establishment data are entered into the state automated eligibility system by a district-level EW and into the claims system by the FPD staff assistant. (The Lincoln and Omaha district offices are exceptions to this rule; they maintain their own Fraud Units that handle the establishment-recoding responsibilities.) Because the systems are not integrated, over-recoupment sometimes occurs. Accounting adjustments are initiated by the FPD staff assistant.

Preparation of Form-209

The FPD staff assistant is responsible for forwarding the 209 reports to the national office. The claims system generates the actual reports from district-reported data (generated by the automated eligibility system) that were input into the state claims system by the staff assistant. Respondents indicated that discrepancies sometimes appear between the data reported by the district offices and the data on the state claims system. The FPD staff assistant is responsible for reconciling the discrepancies.

Staff Perceptions about the Reclassification Procedures

Respondents believe that the largely manual monitoring of reclassified claims is unwieldy and that the role of the claims system in monitoring these claims is minimal. However, the

establishment of claims/fraud units in the district offices is considered to be a vehicle for managing claims activities more effectively.

12. NEVADA

Overview

A case of suspected fraud is coded initially in the Nevada automated system as an IHE, with a note of referral for prosecution or hearing. Once established as an IPV or nonfraud, the case is recoded, and the system reconciles the accounting. The 209 reports are generated in the state's Accounting Office from the same integrated system.

Identification of Suspected Program Violations

Local offices in Nevada identify a case of suspected fraud and enter data on it in the statewide automated system as an IHE; the remarks section on the screen will contain a note that the case is pending an ADH or prosecution. The system generates the payment demand letters at 30-day intervals.

Establishment of Claim

Once a case of suspected fraud is processed and established as an IPV (or nonfraud), the hearing/prosecution results are delivered to the local office, and the caseworker handles the processing of the claim.

Entry of Claim Establishment Data into System

Data on the established claim are input manually into the system by the local office caseworker; the overpayment status is recoded to IPV; the previous comments and dates remain on the file as historical data, unless the caseworker removes manually them. Any collections up to that point are transferred automatically to the IPV category, reconciling all case accounting. Printouts of all case-action screens are generated as hard-copy documentation for the case files.

Preparation of Form-209

The state's Accounting Office prepares the 209 reports from local office data generated by the statewide automated system. Because the state must rely on the accuracy of the data input by the local offices, the state's accounts may occasionally contain a discrepancy, since a claim may have been entered into the system more than once; once discovered, however, the state office can delete the extra claim in the system to reconcile the bookkeeping. Respondents believe that the local offices were generally reliable in inputting accurate and timely data into the system.

Staff Perceptions about the Reclassification Procedures

Respondents indicated they had considerable faith in the current system for processing and tracking reclassified claims. Future system changes that may further facilitate tracking will include the capacity to generate more reports.

13. NEW JERSEY

Overview

Cases of suspected fraud are initially reclassified as a general IHE to begin the collection process, and are tracked manually in most of the New Jersey local offices. The state's Claims Unit manually compiles local-office data to prepare the 209 reports on a quarterly basis.

Identification of Suspected Program Violations

Local Claims Units are responsible for identifying and processing cases of suspected fraud. Prior to claim establishment, the case is classified as a generic IHE for the purposes of collection. In a few New Jersey counties, these data are entered on a PC, and the systems generate the appropriate demand letters; in most of the New Jersey counties, the collection process is manual. The process of tracking these cases is generally manual as well.

Establishment of Claim

Fraud is established by court proceedings, ADHs, and pre-trial intervention programs. Upon establishment, the county judge (or other legal source) notifies the local office Claims Unit via official "findings documents."

Entry of Claim Establishment Data into System

The local office reclassifies the claim on Form 524, attaching the findings documents as proof of fraud. In most offices, the papers generated on the case are kept in the case file, and are used as the basis for preparing and reconciling the local office accounting records. In the few offices that use PCs, the findings data and reconciled accounting data are input in the system.

Preparation of Form-209

The state Claims Office prepares the quarterly 209s by manually compiling the data forwarded to the state by the 21 local offices on a regular basis. In general, respondents indicated

14. NEW MEXICO

Overview

Although the data on suspected fraud cases that are entered into New Mexico's automated system (which is integrated with the state's accounting system) include a special "pending fraud determination" category of IHE, and the system tracks that category, the pending code blocks the start of the collections cycle. Collections start only after fraud is established.

15. NORTH CAROLINA

Overview

Nearly all claims collection activities take place in the local offices in North Carolina. In general, if a county has an overissuance due to suspected fraud, an EW inputs a code into the Claims Tracking System to signify a "suspected" rather than an "undetermined" status; the suspected status blocks the start of the collection process. The system generates demand letters only after establishment or after an EW manually recodes the account as "undetermined."

16. OREGON

Overview

Oregon has reclassified cases of suspected fraud for the purposes of collection for less than one year, but the state's Overpayment System appears to handle the reclassification and eventual reconciliation of accounts with ease.

Identification of Suspected Program Violations

Cases of suspected program violations are referred from the district offices to the state office. Data entered into the Overpayment System include an error type of "possible fraud" (rather than an AE or IHE); the claim is then reviewed by the Investigations Unit (IU), and collection procedures are started (system-generated demand letters, delinquency notices, etc.). An audit trail of up to 999 payments is possible prior to establishment.

Establishment of Claim

Once IU establishes the claim (through prosecution, hearings, or waivers of hearings), a written report is forwarded to an Overpayment/Recovery Unit (ORU) caseworker responsible for reclassified claims.

Entry of Claim Establishment Data into System

The ORU caseworker recodes the error-type and reason fields to indicate an IPV. The system transfers and reconciles the accounting of the reclassified claim to IPV.

Preparation of Form-209

The 209 reports are system-generated and prepared for mailing in the state Finance Office.

Staff Perceptions about the Reclassification Procedures

Respondents indicated that the ORU and Finance Office staff who handle reclassified claims think highly of the system's assistance; the automated functions are "light years" ahead of those that were available previously.

17. PENNSYLVANIA

Overview

Once a case is referred for investigation as suspected fraud in Pennsylvania (at either the local or state level), the courts consider the case weakened if any collection activities have been initiated. Thus, cases of suspected fraud are not reclassified to an IHE prior to establishment for the purposes of collection. The respondent indicated, however, that if Pennsylvania permitted the use of ADHs, rather than prosecution exclusively, reclassification might also be permitted; she felt that cases of suspected fraud that were referred to an ADH would not be weakened by collection activities prior to establishment.

18. SOUTH CAROLINA

Overview

South Carolina does not reclassify cases of suspected fraud to IPV or IHE until establishment. The respondents indicated that the agency feels better equipped to collect on claims once they are established, and that policy is less confusing to the EWs who are responsible for processing the cases.

19. SOUTH DAKOTA

Overview

The statewide claims system is considered to be a repository of claims information, initiating little activity on its own. The system does track claims at all stages, including claims that have initially been classified as SPV and subsequently reclassified to IPV. Once a district-level worker alleges that an IPV has occurred, data on the case are entered into the system at the district level, and the case is referred to the state Recovery Unit; the system automatically recodes to an SPV if a worker tries to send it as an IPV. The Recovery Unit is notified by memo of the official hearing decision, and an investigator is then responsible for recoding the category field to fraud.

Because no collections are made on SPV cases for legal reasons, the interview did not pursue reclassification procedures further.

20. TENNESSEE

Overview

Tennessee law forbids agencies from reclassifying cases of suspected fraud to an IHE for the purpose of collections, even on a temporary basis. Such cases are recoded in the automated system by the Claims Unit as a suspected IPV (SIPV); however, this recode is only a holding

status and does not prompt the start of collection activities. Once established, the SIPVs are recoded to IPV or IHE, and collections begin.

21. WEST VIRGINIA

Overview

The old manual claims system in West Virginia precluded the state from attempting to collect on cases of suspected fraud. Because the new Automated Repayment Tracking Systems (ARTS) handles reclassification and accounting reconciliation so well, West Virginia now reclassifies and attempts to collect on cases of suspected fraud.

Identification of Suspected Program Violations

Cases of suspected fraud are identified and referred at the district-office level.

Establishment of Claim

Fraud is established in court at the district level. The decisions of the hearing officers are forwarded to repayment officers in the district offices.

Entry of Claim Establishment Data into System

The repayment officers enter the change-in-type code into ARTS. ARTS reconciles the accounting to reflect the fraud status.

Preparation of Form-209

Form-209s are prepared on a separate stand alone cash payments system in the Division of Finance based on data from the cash payments system and the statistical summary printouts generated by ARTS. Respondents believe that the numbers are generally in balance.

Staff Perceptions about the Reclassification Procedures

Staff perceive that the current reclassification procedures contribute to effective case management. Because the procedures are relatively new, there are no strong feelings about how the procedures could be enhanced.

APPENDIX C

FSPOS CENSUS/SURVEY DATA TABLES

APPENDIX TABLE C.1

CHARACTERISTICS OF SYSTEMS FOR AGING CLAIMS, AND THE SUSPENSION/TERMINATION PROCESS,
BY STATE AND LOCAL FSA, 1986

Jurisdiction	System for Aging Claims (Q3.16)	System for Aging by Status of Claim (Q3.17)	System for Aging is Automated (Q3.18)	Claims Are Suspended Within This Jurisdiction	Existence of a Claims Review Process To Determine Which Claims Are Eligible for Suspension (Q9.01)	Claims Suspension Decisions Are Reviewed by Higher-Level Staff (Q9.18)
Alabama	No			Yes	Yes	No
Bibb	No			Yes	Yes	No
Etowah	No			Yes	Yes	No
Franklin	Yes	R,D	Yes	Yes	Yes	No
Mobile	No			Yes	Yes	No
Morgan	No			No ⁶	No	No
Alaska	No			Yes	No	No
Anchorage-Muldoon	No			**		
Ketchikan	Yes	R	No	**		
Arizona	Yes	D	Yes	Yes	No	No
Maricopa	No			**		
Navajo	No			**		
Arkansas	Yes	O,R,I,D,S	Yes	No	Yes	
Clay	No			**		
Phillips	No			**		
^a California						
Los Angeles	No			Yes	No	No
San Bernardino	No			Yes	Yes	No
San Joaquin	No			Yes	Yes	No
^b Sonoma						
^c Yolo						

TABLE C.1 (continued)

Jurisdiction	System for Aging Claims (Q3.16)	System for Aging by Status of Claim (Q3.17)	System for Aging is Automated (Q3.18)	Claims Are Suspended Within This Jurisdiction	Existence of a Claims Review Process To Determine Which Claims Are Eligible for Suspension (Q9.01)	Claims Suspension Decisions Are Reviewed by Higher-Level Staff (Q9.18)
Idaho	No			Yes	Yes	No
* Ada						
* Bonneville						
* Canyon						
* Owyhee						
* Shoshone						
Illinois	No			Yes	No	Yes
Cook Co. (Ashland)	No			No		
Cook Co. (Englewood)	No			No		
Cook Co. (Garfield)	No			No		
Cook Co. (S. Suburban)	No			No		
Greene	No			No		
Indiana	No			Yes	No	No
Adams	No			Yes	No	Yes
Allen	Yes	D,S	No	Yes	Yes	No
Marion	No			Yes	Yes	No
Scott	No			Yes	No	Yes
Wayne	Yes	I	No	Yes	Yes	No
Iowa	No			Yes	Yes	No
Iowa	No			**		
Webster	No			**		
Kansas	Yes	D,S	Yes	Yes	No	Yes
Cherokee	No			No		
Franklin	No			No		
Linn	No			No		
Wichita	No			No		
Wyandotte	No			No		

TABLE C.1 (continued)

Jurisdiction	System for Aging Claims (Q3.16)	System for Aging by Status of Claim (Q3.17)	System for Aging Is Automated (Q3.18)	Claims Are Suspended Within This Jurisdiction	Existence of a Claims Review Process To Determine Which Claims Are Eligible for Suspension (Q9.01)	Claims Suspension Decisions Are Reviewed by Higher-Level Staff (Q9.18)
Michigan	No			Yes	Yes	No
Berrien	No			Yes	Yes	No
Branch	No			Yes	DK	No
Macomb	No			Yes	Yes	Yes
St. Clair	No			Yes	DK	DK
Wayne	No			Yes	Yes	Yes ^b
Minnesota	No			Yes	Yes	Yes
Clay	No			Yes	Yes	Yes
Dakota	No			Yes	No	No
Hennepin	Yes	R ^b , I ^b , D, S	Yes	Yes	Yes	No
Ramsey	No			Yes	No	No
Waseca	No			Yes	Yes	No
Mississippi	No			Yes	Yes	No
Attala	No			No		
Hinds	No			No		
Lowndes	No			No		
Madison	No			No		
Tishomingo	No					
Missouri	Yes	O, R, I, D, S	Yes	Yes	Yes	No
Buchanan	Yes	R, I	Partial	Yes	Yes	No
Jackson	No			No		
Lafayette	Yes	I	No	No		
Pettis	No			No		
St. Louis	No			No		
Montana	No			Yes	Yes	No
Cascade	No			No		
Lewis & Clark	No			No		

TABLE C.1 (continued)

Jurisdiction	System for Aging Claims (Q3.16)	System for Aging by Status of Claim (Q3.17)	System for Aging Is Automated (Q3.18)	Claims Are Suspended Within This Jurisdiction	Existence of a Claims Review Process To Determine Which Claims Are Eligible for Suspension (Q9.01)	Claims Suspension Decisions Are Reviewed by Higher-Level Staff (Q9.18)
North Carolina	No			Yes	Yes	No
Craven	No			Yes	Yes	Yes
Forsyth	Yes	R	No	Yes	Yes	No
Halifax	No			Yes	Yes	Yes
Haywood	No			Yes	Yes	Yes
Yancey	Yes	S	Yes	Yes	Yes	No
*North Dakota						
Cass	No			Yes	No	No
Emmons	No			Yes	Yes	No
Grand Forks	No			Yes	No	Yes
Mountrail	No			Yes	No	No
Stutsman	No			Yes	No	No
Ohio	Yes	O,R,S	No	Yes	Yes	Yes
Cuyahoga	No			Yes	Yes	No
Delaware	No			Yes	Yes	No
Franklin	No			Yes	Yes	Yes
Mahoning	Yes	S	No	Yes	Yes	No
Richland	No			Yes	Yes	No
Oklahoma	No			Yes	Yes	No
Carter	No			**		
Custer	No			**		
Oregon	Yes	D,S	Yes	Yes	Yes	No
Albany	No			No		
Cottage Grove	No			No		
East Portland	No			No		
Springfield	No			No		
West Eugene	No					

TABLE C.1 (continued)

Jurisdiction	System for Aging Claims (Q3.16)	System for Aging by Status of Claim (Q3.17)	System for Aging Is Automated (Q3.18)	Claims Are Suspended Within This Jurisdiction	Existence of a Claims Review Process To Determine Which Claims Are Eligible for Suspension (Q9.01)	Claims Suspension Decisions Are Reviewed by Higher-Level Staff (Q9.18)
Utah	No			Yes	No	Yes
Region 2B	No			**		
Region 7A	No			**		
Vermont	No			Yes	No	Yes
Hartford	Yes	0,R,I,D,S	Yes	**		
St. Albans	No			**		
Virginia	No			Yes	Yes	Yes
Charlotte	No			Yes	No	No
Hampton IC	No			Yes	Yes	Yes
Norfolk IC	No			Yes	Yes	Yes
* Portsmouth						
Pulaski	No			Yes	Yes	No
Virgin Islands ^a	No			No		
Washington	No			Yes	Yes	Yes
Benton	No			No		
King-Rainier	No			No		
Pierce	No			No		
Spokane	No			No		
Vancouver	No			No		
West Virginia	No			Yes	No	No
Beckley	Yes	I,D	No	**		
Charleston	Yes	I	No	**		

TABLE C.1 (continued)

Jurisdiction	Claims Are Terminated Within This Jurisdiction	Length of Time Suspended Claim Is Carried on Books Prior to Termination (Years) (Q9.16)	Reasons for Carrying Suspended Claim on Books Beyond Required Three Years (Q9.17)	Claims Termination Decisions Are Reviewed by Higher-Level Staff (Q9.18)	Existence of a Backlog of Overissuances and Claims To Be Processed (Q10.08)	Reasons for the Backlog of Overissuances and Claims (Q10.08)
Alabama	Yes	6	N	No	Yes	S,L
Bibb	Yes	3	S	No	Yes	S
Etowah	Yes	3		No	Yes	S
Franklin	Yes	Indefinitely	C,L	Yes	Yes	P, ⁰⁰
Mobile	Yes	Indefinitely	S,C	No	Yes	S,L,P
Morgan	Yes	NA ^f	S ^g	No	Yes	S
Alaska	Yes	3		No	Yes ^m	P
Anchorage-Muldoon	**				No	
Ketchikan	**				Yes	S,L,P, ⁰ⁿ
Arizona	Yes	Indefinitely	L	No	Yes	S
Maricopa	**				Yes	L
Navajo	**				No	
Arkansas	No	Indefinitely	L		Yes	S,L
Clay	**				Yes	S,L
Phillips	**				Yes	S,P
*California						
Los Angeles	Yes ⁰	3	S	No	Yes	D,P
San Bernardino	Yes ^h	3		No	Yes	S
San Joaquin	Yes	3		No	Yes	S,D,P
■ Sonoma						
■ Yolo						

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TABLE C.1 (continued)

Jurisdiction	Claims Are Terminated Within This Jurisdiction	Length of Time Suspended Claim Is Carried on Books Prior to Termination (Years) (Q9.16)	Reasons for Carrying Suspended Claim on Books Beyond Required Three Years (Q9.17)	Claims Termination Decisions Are Reviewed by Higher-Level Staff (Q9.18)	Existence of a Backlog of Overissuances and Claims To Be Processed (Q10.08)	Reasons for the Backlog of Overissuances and Claims (Q10.08)
Hawaii	No				Yes	S,L
Honolulu	..				Yes	S,L,D
Maui	..				Yes	L,D,P
Idaho	Yes	3		No	No	
Ada						
Bonneville						
Canyon						
Owyhee						
Shoshone						
Illinois	Yes	Indefinitely	C	Yes	No	
Cook Co. (Ashland)	No				Yes	P
Cook Co. (Eaglewood)	No				Yes	L
Cook Co. (Garfield)	No				Yes	S,P,O ^S
Cook Co. (S. Suburban)	No				Yes	S,D
Greene	No				No	
Indiana	Yes	Indefinitely, ^{3C}	C	No	Yes	S,D
Adams	Yes ^g	Indefinitely	C,R	Yes ^g	No	
Allen	Yes	3		No	Yes ^m	P
Marion	Yes	3		No	Yes	S,L,D
Scott	Yes	Indefinitely	L,C	No	Yes	S,L
Wayne	Yes	3	C	No	Yes ^m	S,P
Iowa	Yes	4	L	No	Yes	S
Iowa	..				Yes ^m	P
Webster	..				Yes	S,L,D,P

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TABLE C.1 (continued)

Jurisdiction	Claims Are Terminated Within This Jurisdiction	Length of Time Suspended Claim Is Carried on Books Prior to Termination (Years) (Q9.16)	Reasons for Carrying Suspended Claim on Books Beyond Required Three Years (Q9.17)	Claims Termination Decisions Are Reviewed by Higher-Level Staff (Q9.18)	Existence of a Backlog of Overissuances and Claims To Be Processed (Q10.06)	Reasons for the Backlog of Overissuances and Claims (Q10.08)
Massachusetts	Yes	3		Yes	Yes	P
Malden	No				No	
Roslindale	No				No	
Michigan	Yes	3		No	Yes	N
Berrien	Yes	3		No	Yes ^{RM}	P
Branch	Yes	3		No	No	
Macomb	Yes	Indefinitely	R	Yes	Yes	L
St. Clair	DK				Yes	S,L,D,P
Wayne	Yes	3		Yes ^h	Yes ^{RM}	P
Minnesota	Yes	3		Yes	Yes	S,L
Clay	Yes	3		Yes	Yes	P
Dakota	Yes	Indefinitely	L	No	Yes	S,L,D,P
Hennepin	Yes	1	OJ	No	Yes	S,L,P
Ramsey	Yes	3		No	Yes	S,L,P
Waseca	Yes ^Q	3		No	No	
Mississippi	Yes	3		No	Yes	S
Attala	No				Yes	S,L,D,P
Hinds	No				No	
Lowndes	No				Yes	S,D,P
Madison	No				Yes	S
Tishomingo	No				Yes	S
Missouri	Yes	3		No	Yes	S,P
Buchanan	Yes	3		Yes	Yes	S
Jackson	No				Yes	S
Lafayette	No				Yes	S,L
Pettis	No				Yes	S
St. Louis	No				Yes	S,D

TABLE C.1 (continued)

Jurisdiction	Claims Are Terminated Within This Jurisdiction	Length of Time Suspended Claim Is Carried on Books Prior to Termination (Years) (Q9.16)	Reasons for Carrying Suspended Claim on Books Beyond Required Three Years (Q9.17)	Claims Termination Decisions Are Reviewed by Higher-Level Staff (Q9.18)	Existence of a Backlog of Overissuances and Claims To Be Processed (Q10.06)	Reasons for the Backlog of Overissuances and Claims (Q10.08)
New York	Yes	> 3 ^d ,3	N	Yes	Yes	S
* Broome						
Cortland	Yes	3		No	Yes	S,D,P
Erie	Yes	Indefinitely	L,C,R	Yes	Yes	S,D,P
New York City	Yes	3		No	Yes	S
* Onondaga						
North Carolina	Yes	3		No	Yes	N
Craven	Yes	3		No	No	
Forsyth	Yes	3		No	Yes	S,0 ^v
Halifax	Yes	3		Yes	Yes	S,D,P
Haywood	No				Yes	S
Yancey	Yes	Indefinitely	L,C	No	Yes	S,L
*North Dakota						
Cass	Yes	3		No	No	
Emmons	Yes	3		No	No	
Grand Forks	Yes	Indefinitely	DK	Yes	No	
Mountrail	Yes	3		No	No	
Stutsman	Yes	3		No	No	
Ohio	Yes	3		Yes	Yes	S
Cuyahoga	Yes	Indefinitely	L	No	Yes	S,P,D
Delaware	Yes	3		No	No	
Franklin	Yes	3		Yes ^m	Yes ^m	P
Mahoning	Yes	Indefinitely	L,C	No	Yes	D,P,0 ^m
Richland	Yes	3		No	Yes	S,D,P
Oklahoma	Yes	3		No	Yes	S,D
Carter	**				Yes	S,L,D
Custer	**				Yes	S

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TABLE C.1 (continued)

Jurisdiction	Claims Are Terminated Within This Jurisdiction	Length of Time Suspended Claim Is Carried on Books Prior to Termination (Years) (Q9.16)	Reasons for Carrying Suspended Claim on Books Beyond Required Three Years (Q9.17)	Claims Termination Decisions Are Reviewed by Higher-Level Staff (Q9.18)	Existence of a Backlog of Overissuances and Claims To Be Processed (Q10.08)	Reasons for the Backlog of Overissuances and Claims (Q10.08)
Texas	Yes	5	C	No	No	
^a Bexar	.					
Dewitt	Ref.				Ref	
^a Harris						
Salth	Yes	Indefinitely,DK ^c	C	Yes ^d	Yes	S
Tarrant	DK				Yes	S
Utah	Yes	3		Yes	Yes	S,R
Region 2B	**				Yes	S,L,P
Region 7A	**				No	
Vermont	Yes	Indefinitely	A	Yes	No	
Hertford	**				No	
St. Albans	**				Yes ^m	S
Virginia	Yes	3		No	Yes	S,L
Charlotte	Yes	Indefinitely	C	No	Yes	S
Hampton IC	Yes	Indefinitely ^h	Ok	Yes	Yes	S
Norfolk IC	Yes	3		No	Yes	S,L,D,P
^a Portsmouth						
Pulaski	Yes	3		No	Yes	S,P
Virgin Islands ^a	No ^o				Yes	N
Washington	Yes	3		Yes	Yes	L,P
Benton	No				Yes	S
King-Rainier	No				Yes	S,L,D,P
Pierce	No				Yes ^m	S,L
Spokane	No				DK	
Vancouver	No				Yes	S,L,D,P

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TABLE C.1 (continued)

- ^aThe District of Columbia, Guam, and the Virgin Islands were not included in the local FSA survey because most claims collection activities are centralized in the state-level FSA.
- ^bThis reason was not included in the census instruments but was listed by census respondents often enough to be included as an alternative in the survey instruments.
- ^cThe first figure is for fraud claims, the second for nonfraud claims.
- ^dThe length of time a suspended claim is carried varies across the state.
- ^eThere is also no suspension of claims.
- ^fBecause of backlog, suspensions of claims are not undertaken but terminations are.
- ^gThis reflects nonfraud claims only.
- ^hThis refers to fraud claims only.
- ⁱThe county collection agency which is under the court system.
- ^jThe computer system is set up that way for auditing purposes.
- ^kThe claims that are established in court are carried.
- ^lThe claims collection system is not yet automated.
- ^mBacklog is of suspected fraud and fraud claims only.
- ⁿThere are no established procedures for following up on backlogs.
- ^oBacklog is due to a lack of information or difficulty in obtaining information.
- ^pAgency error must be established, but, because clients do not pay, following up the backlog wastes time.
- ^qBacklog is due to a lack of understanding of the claims process by staff.
- ^rBacklog is due to high staff turnover.
- ^sBacklog is due to cumbersome procedures for claims.
- ^tBacklog is due to the high percentage of fraud cases.
- ^uBacklog occurs when casefiles cannot be located.
- ^vBacklog is due to poor administration by previous FSA officials.
- ^wBacklog occurs because privacy laws restrict the availability of necessary information.
- ^xBacklog occurs because the ADM is not within the FSP.
- ^yBacklog is due to the conversion to an automated system.

APPENDIX TABLE C.2 (continued)

State	Claims Collected for Each \$100 of Claims Established (Dollars)						Claims Collected for Each \$100 of Issuance in Error (Dollars)					
	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	AVG. 1983 - 1987	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	AVG. 1983 - 1987
**Maine	32.36	32.55	41.97	49.80	42.42	39.82	1.31	4.86	5.94	11.02	13.05	7.24
Maryland	24.48	18.75	12.95	31.29	44.96	26.49	1.29	1.80	3.43	5.50	7.13	3.83
Massachusetts	14.82	15.01	37.97	33.25	27.16	25.64	1.21	2.62	5.87	4.59	6.63	4.19
Michigan	22.43	22.98	25.76	23.38	24.19	23.75	1.09	1.57	2.46	2.80	4.36	2.46
Minnesota	23.95	23.45	15.88	21.08	51.33	27.14	1.54	1.30	1.27	2.49	10.24	3.37
Mississippi	16.43	30.43	17.46	30.78	81.18	35.26	1.29	2.68	3.15	4.89	4.77	3.36
**Missouri	20.14	27.57	32.74	32.83	49.23	32.50	3.90	5.93	9.64	11.13	12.68	8.66
*Montana	38.75	61.56	51.93	59.24	51.72	52.64	4.54	3.95	5.45	6.14	11.72	6.36
Nebraska	17.87	31.25	36.05	35.50	38.44	31.82	2.94	5.52	5.74	7.77	8.98	6.19
***Nevada	57.35	71.50	55.53	45.53	37.88	53.56	34.46	30.74	26.96	20.99	16.30	32.78
**New Hampshire	27.93	32.60	55.29	36.46	47.65	39.99	3.04	8.45	21.62	29.13	21.15	16.68
**New Jersey	12.31	27.35	33.36	37.77	38.95	29.95	4.03	9.58	11.49	18.85	20.25	12.80
New Mexico	13.72	35.91	15.44	35.50	31.45	26.40	0.89	1.25	3.45	2.87	4.26	2.54
New York	15.29	20.15	28.94	30.71	23.20	23.66	0.57	1.16	3.60	3.59	3.87	2.56
***North Carolina	34.15	43.89	59.06	72.96	74.81	56.97	4.98	8.91	11.15	13.42	11.34	9.96
***North Dakota	49.54	30.84	52.08	58.23	50.87	48.31	7.73	9.96	16.04	33.03	24.93	18.34
Ohio	22.89	36.55	29.09	31.90	138.35	51.76	1.84	3.60	3.13	3.61	4.44	17.16
Oklahoma	7.10	24.45	44.15	22.54	30.82	25.81	0.98	2.34	2.25	2.73	3.46	2.35
***Oregon	33.08	18.64	47.86	74.04	60.18	46.76	2.07	7.20	11.16	14.29	15.33	10.01
Pennsylvania	1.96	8.13	17.32	15.04	16.82	11.85	0.37	0.84	2.35	4.62	5.29	2.69

APPENDIX D
GLOSSARY OF TERMS

GLOSSARY OF TERMS

ADH	Administrative Disqualification Hearing
AE	Administrative Error
ARTS	Automated Repayment Tracking System (West Virginia automated claims system)
ARU	Accounts Receivable Unit (Arkansas)
CARS	Claims Accounting Restitution System (Missouri automated claims system)
CE	Client Error
DLS	Division of Legal Services
EW	Eligibility Worker
FIU	Fraud Investigation Unit (Arkansas)
FSA	Food Stamp Agency
FSP	Food Stamp Program
FSPOS	Food Stamp Program Operations Study
IHE	Inadvertent Household Error
IPV	Intentional Program Violation
OPU	Overpayment Unit (Arkansas)
PA	Public Assistance
ROAS	Recipient Overpayment Accounting System (Arkansas automated claims system)
RU	Restitution Unit (New Mexico)
SPV	Suspected Program Violation
WIU	Welfare Investigations Unit (Missouri)