

FRAUD 101: BASICS OF ELIGIBILITY FOR INVESTIGATORS

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WHAT IS CALWORKS & CALFRESH

- CalWORKS is a cash based monthly benefit payment paid to individuals who maintain primary care and control of a minor child in which they have familial linkage.

(Familial Linkage – relation by blood, marriage or adoption)

- CalFresh is a monthly benefits allotment paid to household who purchase and prepare together to obtain food-based products.

ELIGIBILITY FACTORS CALWORKS VS. CALFRESH

- CalWORKS Deprivation
 - *Death* – Either parent is deceased
 - *Incapacity*– Either parent in the home is physically or mentally incapacitated for more than 30 days
 - *Unemployment* – Either parent, who is the Primary Wage Earner (PWE) working less than 100 hours per month
 - *Absence* - Either parent is continually absent from the home
- CalFresh Eligibility Factors
 - Income eligible
 - Not a resident of an institution which provides meals

WHAT IS EVALUATED FOR ELIGIBILITY?

- **CalWORKS:**
 - Is there a minor child?
 - Income
 - Resources
 - Residency
- **CalFresh**
 - Income
 - Residency
 - Homeless

WHAT IS REQUIRED TO BE REPORTED?

- Any changes that have occurred since customer's last report.
 - Income – New income or income stopped, earned and unearned
 - Expenses – Rent, Utility, Childcare, Medical
 - Residency/Address – Out of District, County, State
 - Household Composition – Anyone move in or out regardless of relationship
 - Property/Resources
 - Felony warrants/Parole/Probation Violations

PROPERTY/RESOURCES CALWORKS

Resources can be cash, bank accounts, stocks and bonds, retirement accounts, personal property, motor vehicles and buildings/land, etc.

Resource Limits

- All other AU's - \$11,634
- AU's with at least one member over 60 - \$17,452
- Vehicle Equity Value - Less than \$32,968
 - Fair market value (FMV) (self certified or KBB, dealer or ads)
 - Encumbrance: Subtract encumbrance from FMV, then subtract \$32,968 to determine equity value
 - Without encumbrance: Subtract \$32,968 from FMV to determine equity value
 - Final equity value must be below resource limits for CalWORKS eligibility.

QUESTIONS?

MANDATORY REPORTING

- CalWORKs and CalFresh Semi Annual Reporting – Recipient circumstance reported every six months
 - Semi-Annual Report (SAR7) – submitted six months after initial application and annually thereafter
 - Re-evaluation/Recertification – submitted one year after initial application and annually thereafter
- CalWORKs Annual Reporting - Recipient circumstance reported once every year (Child Only cases)
 - Re-Revaluation - submitted one year after initial application and annually thereafter.
- CalFresh two- and three-year certifications
 - Two-year Cert: Adult members are elderly/disabled or residents of an Indian reservation and adult member has earned income. SAR7 due 6th, 12th, 18th months of cert period.
 - Three-year Cert: Adult members elderly and/or disabled with no earned income.

ELIGIBILITY DOCUMENTS SIGNED UNDER PENALTY OF PERJURY

- SAWS1 (application)
- SAWS2 PLUS (application and re-evaluation)
- SAWS2A (application and re-evaluation)
- CW 2.1Q and 2.1 N&A (application)
- CF 285 (application)
- CF 37 (recertification)
- SAR7 (semi-annual reporting)

MANDATORY MID-PERIOD REPORTING

- Mid-Period Reporting (10 days)
 - CalWORKS (SAR)
 - Income Reporting Threshold (IRT)
 - Address Change
 - Fleeing Felon or probation/parole status (warrants)
 - CalWORKS (AR)
 - All listed above
 - Changes in Family Composition
 - CalFresh
 - Income Reporting Threshold (IRT)
 - Able Bodied Adults without Dependent Children (ABAWD)
 - 36-month clock, work 20 hour per week minimum
 - Substantial gambling winnings

INCOME REPORTING THRESHOLD (IRT)

IRT is a monthly income amount that, if exceeded, must be reported mid-period with in 10 days of the change.

- Customer are notified of their IRT limit on the SAR2 at application, semi-annual report, re-evaluation/recertification and any time there is a change reported regarding income received by the AU/HH.
 - CalWORKS - There are 2 levels and are calculated as follows:
 - Level 1 – AU Income + 55% FPL for AU size of 3 regardless of actual size of the AU.
 - Level 2 – 130% FPL for AU size
 - CalFresh – There is just 1 level for CalFresh IRT:
 - Level 3 - 130% FPL for HH size
 - CalWORK/CalFresh combo cases will the Level 1 and Level 2 reporting requirements for both programs.

SAR2/AR2

STATE OF CALIFORNIA - HEALTH AND HUMAN SERVICES AGENCY

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

REPORTING CHANGES FOR CASH AID AND CALFRESH

DATE ISSUED:	
CASE NAME:	
CASE NUMBER:	
WORKER NUMBER:	

Because you get Cash Aid CalFresh, you must report within 10 days when your TOTAL income reaches a certain level. You must report anytime your household's total monthly income is more than your current Income Reporting Threshold (IRT).

Benefit Type	CalWORKs	CalFresh
Family Size		
Your Current Income		
Your IRT is		

Note: If your IRT for CalFresh is listed as "N/A", you are not required to report income changes for CalFresh until your next SAR 7 or recertification, whichever comes first. However, if you have an IRT amount listed for CalWORKs, you must report when your gross income goes over that amount.

How to report?

If your total income is over the IRT amount listed above, you must report this to the County **within 10 days**. You can report this information to the County by calling the county or reporting it in writing.

By "total monthly income" we mean:

- ⇒ Any money you get (both earned and unearned).
- ⇒ The amount *before* any deductions are taken out. (Examples of deductions are: taxes, Social Security or other retirement contributions, garnishments, etc.)

What will happen?

- ⇒ Your benefits may be lowered or stopped based on income over your IRT.
- ⇒ Your IRT may change when your income changes or when someone moves in or out of your home.
- ⇒ The County will let you know in writing each time your IRT changes.
- ⇒ You also need to report on your SAR 7 all income you get during the Report Month, even if you already reported that money.

Penalty for not reporting

If you do not report when your income is more than your household's IRT limit you might get more benefits than you should. You **must** repay any extra benefits you get. If you do not report on purpose to try to get more benefits, this is fraud, and you may be charged with a crime and/or may no longer get CalFresh for a period of time or life.

If you get Cash Aid, you **MUST ALSO** report the things below **within 10 days** of when they happen:

1. Anytime someone joins, or is in your household, who has been found by a court of law to be in violation of a condition of probation or parole.
2. Anytime someone joins, or is in your household, who is running from the law (has a warrant out for their arrest).
3. Anytime you have an address change.

If you get CalFresh, you **MUST ALSO** report the following:

- If you are an Able Bodied Adult Without Dependents (ABAWD), you must report anytime your work or training hours drop to *less* than 20 hours a week or 80 hours a month.

Voluntarily reporting information

You may also voluntarily report changes to the County anytime. *Reporting some changes may get you more benefits.* For example:

- Your income stops or goes down.
- Someone with income moves out of your home.
- Someone without income moves into your home.
- Someone in the house becomes pregnant.
- Someone on cash aid has a special need, such as: a pregnancy, a special diet prescribed by a doctor, household emergency, etc.
- The birth of a child.
- For CalFresh, if someone disabled or age 60 or older has new or higher out of pocket medical costs.

Note: Some changes you report voluntarily may result in a decrease in your CalFresh benefits.

IRT – 200% FPL

Note: If your IRT for CalFresh is listed as “N/A”, you are not required to report income changes for CalFresh until your next SAR 7 or recertification, whichever comes first. However, if you have an IRT amount listed for CalWORKs, you must report when your gross income goes over that amount.

Individuals with a gross income between 131% and 200% FPL do not have an IRT because they have already reported exceeding 130% of the FPL and, per regulation, are only required to report one time.

- Not required to report mid-period within 10 days
- Must report all income changes at SAR7 and Recertification

QUESTIONS?

WHAT IS FRAUD?

- Fraud exists when a customer has knowingly, and with intent to deceive, made a false statement or misrepresentation to obtain benefits, increase benefits, or avoid a reduction in benefits.
- Knowingly failed to disclose information that could result in denial, reduction, or discontinuance of aid.
- Accept benefits knowing he/she was not entitled to receive, or accepted any amount of benefits knowing it is more than what he/she was entitled to receive.

Under California State regulation, the county is responsible for the prevention and identification of fraudulent receipt of public assistance funds and CalFresh Benefits.

FRAUD INDICATORS

When eligibility staff speak with a customer, it is with the intention to obtain the most current information to ensure proper eligibility and benefits are provided to the recipient.

Some indicators of possible fraud are when the applicant/recipient customer:

- Provides documents that appear to be forged or altered,
- Makes inconsistent statements or is evasive,
- Is unable to provide verification or lacks important documentation, or
- Reports shelter costs are current, and shelter cost exceeds income

BUDGETABLE PROGRAMS

- CalWORKS
- CalFresh
- Immediate Need
- Homeless Assistance
- Child Care
- Welfare to Work
- Foster Care/KinGap
- Adoption Assistance

COMMON FRAUD

- **No Eligible Child**
 - CW – EAS: 82-804.1, 82-808.2, 82-808.3.31-.36
 - CF – MPP 63-402, 63-301.733
- **Unreported Income**
 - CW – EAS 44-207.1-.21, 40-181.2
 - CF – MPP 63-409.11, 63-502.11-.137
- **Absent Parent in the home with Income**
 - CW – EAS 44-209.31, 44-207.1-.21, 40-181.2
 - CF – MPP 63-402.143, 63-409.11, 63-502.11-.137
- **Out of State**
 - CW – EAS: 42-403, 42-405. 42-407
 - CF – MPP: 63-401
- **EBT Theft/Trafficking**
 - 7 CFR 271.2
 - MPP: 16-005

LESS COMMON FRAUD

Out of County

- CW – EAS: 42-403, 42-405. 42-407
- CF – MPP: 63-401

ChildCare

- EAS: 47-220.2.211

Welfare to Work

- EAS: 42-750.1.112

Homeless

- EAS: 44-211.517

Employee Fraud

- PC 487 Grand Theft, PC 530.5 Identity Theft, PC 186.10 Money Laundering
- W&I 10980 Welfare Fraud, PC 484E Theft of Card Info, PC 424 Misappropriation of Public Funds

WHEN SHOULD FRAUD GET INVOLVED?

- When customer is providing information that appears suspicious and cannot be clarified during a fact-finding interview completed by eligibility staff.
- When IEVS reports show unreported and under-reported income.
 - IFD
- Report comes into the WeTIP hotline.
- An employee is suspected of internal fraud.

QUESTIONS?

INVESTIGATING POTENTIAL FRAUD

What an Investigator needs to know and look for

- The allegation – Information that led the reporting party to suspect fraud is being committed
- Identification of who may be involved
- Summary of interviews and statements made by the customer/suspect
- Copies of suspicious verification provided by the customer
- Explanation of what was reported vs. what should have been reported from an eligibility standpoint.
- Include Names, DOB, SSN, Person Numbers (PN) and/or CDL if multiple people on the case with the same name.

WHAT DOES A REGULATION VIOLATION LOOK LIKE?

Example 1

- Referral Allegation submitted 10/1/2024
 - Mom and three minor children receiving CalWORKs and CalFresh (SAR).
 - Last RE completed in 12/2023.
 - Employed absent father (A/F) moved into the home in 10/2023.
 - Payee fails to report A/F in the home on her 12/2023 RE and 5/2024 SAR7 submitted in 6/2024.
- Violation
 - Failed to report change in HH Comp.
 - A/F is a mandatory inclusion and should have been reported at her 12/2023 RE to be added to case effective 1/2024.
 - OP/OI computed 1/2024-10/2024.

WHAT DOES A REGULATION VIOLATION LOOK LIKE?

Example 2

- Referral Allegation submitted 9/15/2024
 - Single, CalFresh only recipient applied 6/1/2024.
 - On application and at interview, applicant reports no income.
 - Investigation discovers recipient has been working for Amazon since 2/14/2024.
- Violation
 - Failed to report income at application which, after computing budget, resulted in total ineligibility from beginning date of aid.
 - OI computed 6/2024-10/2024.

WHAT DOES A REGULATION VIOLATION LOOK LIKE?

Example 3

- Referral Allegation submitted 10/5/2024
 - Mom and two minor children have been receiving CalWORKS and CalFresh benefits since 2013.
 - Mom submitted last SAR7 in 4/2023, RE 10/2023, SAR7 4/2024.
 - In 1/2023 both children left the home and are now living with their father.
 - Mom maintains weekend visitation.
- Violation
 - Failed to report children out of the home and no longer maintaining primary care and control as of 1/2023.
 - This should have been reported on 3/2023 SAR7 submitted in 4/2023. (Further, at RE 10/2023 and following SAR7 in 4/2024)
 - OP computed 5/2023-10/2024.

ELIGIBILITY OVERPAYMENTS/OVER ISSUANCES

What a Budgeter needs to know and look for

- Dates
 - Dates are necessary to determine when ineligibility begins and ends
- Verification
 - Verifications are need to prove Fraud
 - Income – paystubs, Tax docs (schedule C), The Work Number
 - Court docs, school records, customer statement
 - SARS or EBT Edge print out
 - Employer statements or verification
- A clear and concise outline on interview and findings will aid the budgeter in determining regulation violation and timeframe.

** Who, What, Where, When, Why and How **

ALWAYS REMEMBER

- Take time to create clean, correct cases, for both eligibility and benefit.
- Don't make assumptions, ask questions and always clarify.
- Write clear and concise narratives of interviews, collateral contact statements and eligibility outcomes and investigation findings.
- If you don't have it, get it.
- Eligibility and Fraud Investigations are a team, work together.

QUESTIONS?

**THANK YOU FOR
ATTENDING!**