

SNAP “Agency Error” Fact Sheet
House Human Services Committee
23 January 2014

I. Agency Errors – What are they and how do they occur?

A. What are Agency Errors? An Agency Error (AE) occurs when Agency action or inaction causes an overpayment of benefits. This includes, but is not limited to, cases in which the Agency:

- **Fails to take prompt action on a reported change**

Example: A client reports that her/his rent went down, and the Agency does not act on this for five months. This is an AE which causes an overpayment of benefits the household was not entitled to receive.

- **Incorrectly computes a household’s income, deductions, or otherwise assigns an incorrect allotment**

Example: A worker incorrectly calculates a client’s business income allowing more deductions than the client is eligible for (one common error is including depreciation in the calculation, and this is not allowed per federal rules); this is an AE resulting in an overpayment of benefits to that household.

- **Continues to issue benefits after a household’s certification period expired**

Example: Annual reviews are required for 3SQVT certification. In this example, a worker moves a client’s 3SQVT review date to align it with another program review date (client is also receiving Reach Up and the worker pushes the 3SQVT review date back by a few months to align with the RU review date). Extending the 3SQVT benefit beyond the certification period is not allowed and the benefits issued during those two months between the original review date and the actual one is a period of ineligibility. The amount paid during that period would be an Agency Error overpayment.

B. An AE is discovered in one of three ways:

1. By a Quality Control (QC) review,
2. By a fraud investigation (overpayments occurring in the time period between when a client error is identified and when the worker makes the correction in the system is considered an Agency Error Overpayment), or
3. By a supervisory case review (SCR), Quality Assurance (QA) review, or by another worker who discovers the error.

C. When is a claim established?

1. QC identified errors must result in establishing a claim regardless of the amount of the error.
2. AEs identified by the other ways described above would need to exceed \$400 in order for a claim to be established.

**Vermont reviews approximately three percent (3%) of the total
3SquaresVT caseload – 1,728 cases last year.**

II. Vermont's options for reducing the burden of recoupment on families

As stated in 273.18(a)(3), Vermont is required to have a federally approved claims plan.

- Vermont has chosen to establish our own “cost-effectiveness threshold” regarding AEs – that level at which the cost to benefit ratio is favorable to the state.
- The current threshold for AEs is \$400, except those discovered by the Quality Control process. Agency Errors discovered by the QC process *must be established* regardless of the amount.
- Within the approved Claims Plan there is a Compromise Policy which allows us to reduce claims we establish. All Agency Error Overpayments are eligible for a compromise (forgiveness) upon request of the household (see example of client notice).
- Vermont is seeking approval from FNS (Food and Nutrition Services/USDA) to increase the threshold to \$600 for AEs. This would reduce the amount of non-QC related claims that would need to be established.
- Once a claim is established, Vermont has two methods it can use to reduce a claim. The method that is most *beneficial to the client* is chosen:
 1. An amount derived from a federal formula that calculates the overpayment amount and spreads it out over 36 months. [If the household's economic situation makes the repayment unlikely, the compromise amount is calculated by taking the federal “thrifty food plan”, multiplying it by 36 months and then multiplying that number by 10 percent or .10.]
 2. 50% of the overpayment amount.
- Currently a compromise must be requested by the client; Vermont has submitted a request to be able to automatically compromise claims resulting from Agency Error.

Examples:

A. A single person owes \$1,000

Method #1 (federal formula):

\$200 “thrifty plan” monthly benefit x 36 months = \$7,200 x .10 = \$720

This means they have to pay \$720 and the remaining \$280 is forgiven

Method #2:

50% would allow for a \$500 reduction

this method would be used ←

B. A single person owes \$500

Method #1 (federal formula):

\$200 monthly benefit x 36 months = \$7,200 x .10 = \$720

This means they have to pay the full \$500

Method #2:

50% would allow for a \$250 reduction

this method would be used ←

III. Number of families impacted and the average cost of Agency Errors to families

A. Agency Error overpayment claims, federal fiscal years 2000-2012:

Year	Households Receiving 3SQVT	# Agency Error Claims Established	Amount of Agency Error claims	Average Error per Household	Total Issuance for FFY	% of Agency Error \$ to Issuance \$
FY 2000	19,928	104	\$64,303	\$618	\$31,996,215	0.002%
FY 2001	19,118	85	\$51,908	\$611	\$31,103,256	0.002%
FY 2002	19,605	90	\$44,682	\$496	\$34,252,771	0.001%
FY 2003	20,317	130	\$62,975	\$484	\$37,629,392	0.002%
FY 2004	21,122	96	\$37,876	\$395	\$40,076,383	0.001%
FY 2005	22,133	93	\$57,644	\$620	\$44,999,412	0.001%
FY 2006	23,185	81	\$58,578	\$723	\$50,092,041	0.001%
FY 2007	25,609	52	\$42,054	\$809	\$55,659,902	0.001%
FY 2008	27,100	90	\$64,949	\$722	\$62,169,303	0.001%
FY 2009	32,679	114	\$48,045	\$421	\$99,238,170	0.0005%
FY 2010	41,466	85	\$81,494	\$959	\$124,311,833	0.001%
FY 2011	45,308	175	\$191,554	\$1,095	\$134,856,526	0.001%
FY 2012	48,480	204	\$200,622	\$983	\$141,255,732	0.001%
FY 2013	52,330	130	\$127,199	\$978	\$150,054,164	0.0008%

B. The number and amount of compromises, federal fiscal years 2000-2013:

Year	# of Households	Dollar Amount
FY 2000	0	\$0
FY 2001	0	\$0
FY 2002	0	\$0
FY 2003	35	\$31,267
FY 2004	44	\$11,154
FY 2005	1	\$2,025
FY 2006	7	\$10,874
FY 2007	3	\$1,434
FY 2008	12	\$7,215
FY 2009	6	\$7,060
FY 2010	23	\$10,929
FY 2011	59	\$28,137
FY 2012	133	\$46,362
FY 2013	43	\$21,403

IV. Steps DCF is taking to reduce Agency Errors

- *3SQVT Intensive Training* for ESD staff, including: eligibility workers, supervisors, regional managers and QC staff. Completed summer 2013
- *New Employee Training* was recently updated and is on-going.
- *Refresher Training* – Ongoing training that focuses on identified trouble areas that continue to cause errors.
- *Supervisors Accuracy Meeting* – Monthly meeting to discuss errors. This involves supervisors, operations staff, QC and policy staff. Supervisors are required to discuss the errors their district caused and what steps they took for corrective action. Districts with no errors are asked what steps they have taken to ensure no errors. Initiated in Aug. 2013
- *Quality Assurance Strategy Team* – This is a quarterly meeting to discuss error rates, trends, and best practices. This group is comprised of policy staff, QC staff, operations, and district representatives. Information from the supervisor’s accuracy meeting is also brought to this team. Started in Jan. 2013
- *Quality Assurance Project* – One staff member is reviewing cases specifically identified based on an error-prone sample. Staff is currently reviewing wage related cases (the number one error area) and sending them to the district for correction. Initiated in Aug. 2013
- *Management Evaluation/QC Trends Meeting* – This is a meeting of QC staff and the 3SQVT policy team. This group discusses policy issues, compares trends from management evaluation and QC data, and policy areas that may be confusing. Meets quarterly and initiated in June 2013
- *Individual Worker Tracking* – The QC Chief tracks all workers’ performance and identifies workers who cause frequent errors. This information is sent to Operations as well as the worker’s managers. The report is comprised of a combination of data from QC, QA, and supervisory case reviews (SCR). Started in 2011, ongoing, QA and SCR data added in October 2013
- *Monthly QC emails* – Monthly emails are sent notifying all central office and district leadership what areas the errors are occurring in, and reminders to help avoid them in the future. On-going
- *Supervisory Case Reviews* – Supervisors are required to complete twelve reviews per month. Information is reviewed by the QC Chief regularly and added to data being collected through other means to track worker performance. Initiated in Summer 2013
- *QC/Policy Training* – ESD will be working with a contractor to have QC training for all of the QC unit as well as policy staff. This training will focus on reviewing cases from an accuracy-based viewpoint and to make sure reviewers stay within the guidelines of the QC process and the CFR. Pending

VIII. Update on the federal sanctions

We will know more about the amount of our sanction once all the project areas (53 states and territories) have submitted their payment accuracy data to FNS. Our sanction amount will be determined based on our payment error rate and how the rate compares to other project areas. **An estimated amount based on our current FY 2013 YTD error rate of 9.69% would be \$553,699.**