

GAO

Report to the Chairman, Subcommittee
on Department Operations, Oversight,
Nutrition, and Forestry, Committee on
Agriculture, House of Representatives

June 1999

FOOD STAMP PROGRAM

Relatively Few Improper Benefits Provided to Individuals in Long-Term Care Facilities



G A O

Accountability * Integrity * Reliability

**Resources, Community, and
Economic Development Division**

B-282480

June 4, 1999

The Honorable Bob Goodlatte
Chairman, Subcommittee on Department Operations,
Oversight, Nutrition, and Forestry
Committee on Agriculture
House of Representatives

Dear Mr. Chairman:

In 1997 and 1998, we reported that the U. S. Department of Agriculture (USDA), through its Food Stamp Program, potentially paid millions of dollars in food stamp overpayments to families that included ineligible individuals such as prisoners and deceased individuals as members of their households. In 1998, we also reported that thousands of individuals were potentially improperly counted in food stamp households in at least two states at the same time.¹

In response to these reports, you asked that we examine the extent to which individuals residing in long-term care facilities are improperly included as members of food stamp households. The Food Stamp Program's regulations prohibit individuals who are residing in long-term care facilities from participating in the program because they receive meals from the care facility.

Specifically, we determined for seven states (1) how many individuals were included as members of food stamp households while they were residing in long-term care facilities and the estimated value of the overpayments to those households and (2) whether computer matching is a practical means for identifying such overpayments.

To identify individuals counted as members of households receiving food stamps while they were residing in long-term care facilities, we conducted a computer match using calendar year 1997 information.² Our computer match compared the food stamp rolls of seven states (California, Florida, Kansas, Illinois, New York, North Carolina, and Texas) against Medicaid

¹Food Stamps: Substantial Overpayments Result From Prisoners Counted as Household Members (GAO/RCED-97-54, Mar. 10, 1997) and Food Stamp Overpayments: Thousands of Deceased Individuals Are Being Counted as Household Members (GAO/RCED-98-53, Feb. 11, 1998) and Food Stamp Overpayments: Households in Different States Collect Benefits for the Same Individuals (GAO/RCED-98-228, Aug. 6, 1998).

²Calendar year 1997 was the latest year for which information on food stamps and long-term care were available.

records of individuals residing in long-term care facilities. These seven states accounted for about 42 percent of the nation's participants in the Food Stamp Program. See appendix I for more details on our scope and methodology.

Results in Brief

In the seven states we reviewed, we identified about 4,500 individuals who were potentially improperly included as members in households receiving food stamps while residing in long-term care facilities. These households could have received an estimated \$500,000 in food stamp overpayments during calendar year 1997. These potential overpayments represented a very small percentage of the \$8.5 billion in benefits distributed in the seven states during fiscal year 1997. We are providing the states our computer match results for their use in eliminating or recovering the overpayments.

In view of the relatively small amount of potential food stamp overpayments made to households that included residents of long-term care facilities compared to the cost of computer matching, routine computer matching may not be practical for all the states included in our review. None of the seven states we visited were using computer matching to identify such overpayments. Officials in California and Kansas, which had the smallest amount of potentially improper benefits—in one case less than \$25,000 and in another about \$1,800—said that computer matching for these types of overpayments would not be practical or cost-effective to them. Officials in the remaining five states said they would assess the potential benefits of computer matching, either as a tool for routinely identifying overpayments or as a means for periodically evaluating the effectiveness of procedures used to prevent such overpayments.

Background

The Food Stamp Program is designed to promote the general welfare and to safeguard the health and well-being of the nation's population by raising the nutritional levels of low-income individuals. Recipients use their food stamp benefits to purchase allowable food products from authorized retail food merchants. USDA's Food and Nutrition Service (FNS) manages the program through agreements with state agencies. FNS approves the states' plans to operate the program and ensures that states administer the program in accordance with regulations. The federal government pays all of the costs for benefits and one-half of the administrative costs for each state. In fiscal year 1998, FNS provided about \$17 billion in benefits to about 20 million recipients.

Food stamps are issued to households, which can consist of an individual, a family, or another group that lives together and customarily purchases and prepares food in common. Households applying for benefits must provide a Social Security number for each member. The value of the food stamp benefits for a household is determined by the number of eligible household members and their income, adjusted for costs such as shelter and utilities. Therefore, a household's monthly food stamp allotment could increase or decrease as household membership changes. The average monthly benefit for elderly single-person households in 1997 was about \$47 nationally.

Eligibility workers in service centers work directly with applicants or their designees to certify household eligibility and determine the amount of benefits at the time of the application. Food stamps can be certified for up to a 2-year period. Households that receive food stamps are required to report changes in household membership, such as the loss or the addition of a member, to the administering state or local agency. Food stamp regulations prohibit individuals who are residing in long-term care facilities from participating in the program because they receive their meals from the care facility.

Medicaid paid about \$42 billion for long-term care for about 1.8 million individuals during fiscal year 1997. The Health Care Financing Administration (HCFA), within the U.S. Department of Health and Human Services, administers the Medicaid Program. Medicaid is a grant-in-aid medical assistance program financed through joint federal and state funding and administered by each state according to an approved state plan. Under this plan, a state reimburses providers of medical assistance, for such aid as long-term care in nursing facilities and mental institutions, for eligible individuals. As with the Food Stamp Program, eligibility for Medicaid benefits is generally determined by caseworkers at the local level. Long-term care assistance is also provided to other eligible individuals through the Department of Veterans Affairs (VA).³

³In the same seven states, we also conducted a computer match comparing food stamp rolls with individuals residing in long-term care facilities funded by the VA. We found less than \$25,000 in potential overpayments for all seven states. Appendix II contains the results of this computer match.

Ineligible Individuals in Long-Term Care Facilities Are Participating in the Food Stamp Program

For calendar year 1997, we found about 4,500 individuals who resided in long-term care facilities at the same time they were being counted as a member of households participating in the Food Stamp Program in seven states. We estimate that improper food stamp benefits provided to households for these long-term care residents could have amounted to about \$500,000. The number of individuals and the associated dollar loss to the Food Stamp Program are very small portions of the totals for the program in the seven states. (See app. II for more details.)

Table 1 shows the results of our computer match of food stamp rolls in seven states against records of individuals whose long-term care was being funded by Medicaid. The table identifies the number of individuals, months of improper food stamp payments, and the estimated amount of food stamp overpayments we found in our review.

Table 1: Extent of Ineligible Individuals and Overpayments in Seven States, Calendar Year 1997

States	Number of potentially ineligible individuals	Total months of possibly improper participation	Potential overpayments
California ^a	195	524	\$24,628
Florida	627	1,007	47,329
Illinois	645	1,435	67,445
Kansas	28	38	1,786
New York	1,134	3,486	163,842
North Carolina	831	1,843	86,621
Texas	1,058	2,238	105,186
Total	4,518	10,571	\$496,837

^aThe low number of individuals and estimated overpayments in California may partly be attributed to the state's "cash out" policy, under which the state provides a cash supplement in lieu of food stamps to Supplemental Security Income recipients.

Source: GAO's analysis of states' data.

Individuals identified in our match were generally improperly included as household members for a relatively short period of time—an average of about 2.3 months. Also, many of these individuals were in single-person households.

By way of perspective, the 4,518 individuals whom we found improperly counted as members of food stamp households represented less than 0.04 percent of the total 12.8 million people participating in the Food Stamp

Program in the seven states. The \$496,837 in potential overpayments for these individuals represented less than 0.01 percent of the \$8.5 billion of food stamp benefits distributed by the seven states in 1997.

States Have Not Used Routine Computer Matching

In view of the very small potential food stamp overpayments made to households that included residents of long-term care facilities, routine computer matching would not be practical for all the states included in our review. However, periodic computer matching by the states could be a useful tool for evaluating the effectiveness of the procedures states use to prevent food stamp overpayments and ensuring the integrity of their data.

While none of the states we reviewed used computer matching to identify such improper payments, officials in all the states told us that the states had procedures in place that were designed to prevent overpayments. In every state, eligibility workers, including both food stamp and Medicaid workers, routinely examined all sources of assistance when applicants applied for benefits. As a result, when applicants applied for long-term care Medicaid benefits, workers were supposed to determine if the applicants were receiving food stamp assistance and take appropriate action. Nevertheless, as our computer match revealed, these procedures were not fail-safe.

Officials' views on the benefits of using computer matching to ensure the effectiveness of their procedures varied. Officials from California and Kansas questioned the value of periodic computer matching in their particular states because of the small number of matches. Officials in the remaining five states reserved judgment until they further assessed whether computer matching would complement their current procedures, either as a means of routinely identifying overpayments or as a means of periodically checking the effectiveness of their procedures. For example, Florida officials said that computer matching might be cost-effective in identifying the Supplemental Security Income recipients who enter long-term care facilities without food stamp or Medicaid caseworkers knowing.

Agency Comments

We provided a draft of this report to the U.S. Department of Agriculture and the Food and Nutrition Service for their review and comment. We met with and obtained comments from Food and Nutrition Service officials, including the Directors of the Grants Management Division and Program Accountability Division. These officials said that the report was accurate.

They also provided comments to clarify technical information presented in the report. We incorporated these changes in the report, where appropriate.

We also provided to the seven states included in our review sections of the draft report pertaining to them for their review and comment. Officials in those states were in general agreement with the information contained in the report. A New York official suggested that the report should characterize the overpayments as possible or potential and that some of the benefits authorized may not have been actually used. We agree and revised the report, as appropriate. An Illinois official said that some of the potential overpayments resulted from errors in the Medicaid data rather than in the food stamp data. We agree that some of the potential overpayments may have resulted from errors in the Medicaid data. However, the extent to which overpayments result from such errors is unknown. The states provided other comments to clarify technical data, and we revised the report, as appropriate.

We conducted our review from May 1998 through May 1999 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 15 days from the date of this report. At that time, we will make copies available to congressional committees with responsibility for appropriations and legislative matters for USDA and to the Honorable Daniel Glickman, Secretary of Agriculture. We will also make copies available to others on request.

Please contact me at (202) 512-5138 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink, reading "Lawrence J. Dyckman". The signature is written in a cursive style with a large, prominent "D" and "Y".

Lawrence J. Dyckman
Director, Food and
Agriculture Issues

Contents

Letter	1
Appendix I Objectives, Scope, and Methodology	10
Appendix II Results of Matching Food Stamp Participation Data With Long-Term Care Data in Selected States	13
Appendix III Major Contributors to This Report	14
Tables	
Table 1: Extent of Ineligible Individuals and Overpayments in Seven States, Calendar Year 1997	4
Table II.1: 1997 Food Stamp Program Recipients and Medicaid Long-Term Care Residents	13
Table II.2: 1997 Food Stamp Program Recipients and Department of Veterans Affairs Long-Term Care Residents	13

Abbreviations

FNS	Food and Nutrition Service
GAO	General Accounting Office
HCFA	Health Care Financing Administration
SSN	Social Security Number
USDA	U.S. Department of Agriculture
VA	Department of Veterans Affairs

Objectives, Scope, and Methodology

To determine how many individuals were included as members of food stamp households while they were residing in long-term care facilities and the estimated value of the overpayments to those households, we conducted a computer match of the food stamp rolls for calendar year 1997 (the latest data available) against Medicaid long-term care information for each of the seven states we selected for our review. We selected five states with the largest benefit issuance in the food stamp program—California, Florida, Illinois, New York, and Texas—and judgmentally selected two additional states—North Carolina and Kansas because they are in the mid-range to low-range category of Food Stamp Program participants.

Kansas, Florida, Illinois, New York, North Carolina, and Texas state agencies provided us with computer files containing information on all individuals who received food stamps during any part of calendar year 1997. The data provided personal identifiers, including name, Social Security Number (SSN), date of birth, gender, and the months in which food stamp benefits had been issued to the household of which each individual was a member.

California maintains a database of eligibility information at the state level while issuance data are maintained at the county level. For California, we determined that eligibility was predictive of participation. We matched calendar year state eligibility information against calendar year Orange County, California, issuance information and found that over 74 percent of the eligible individuals participated. Our match of calendar year 1997 was similar to a match we did for calendar year 1996 when we found that over 75 percent of the eligible individuals participated in Orange County.

Kansas, Illinois, North Carolina, and Texas state agencies provided us with computer files containing information on all individuals who resided in long-term care facilities during calendar year 1997 and whose care was funded by Medicaid. New York provided similar information for fiscal year 1997. We obtained calendar year 1997 Medicaid long-term care information for California and Florida from the Health Care Financing Administration's Medicaid Statistical Information System. For all states, the data we obtained provided personal identifiers, including name, SSN, date of birth, gender, and specific time period(s) that the individual resided in a long-term care facility.

We matched the SSNs of Medicaid long-term care residents with the SSNs of members of food stamp households. For each resident identified as a

member of a food stamp household, we determined whether the month(s) in which food stamp issuance occurred overlapped the period(s) the individual resided in a long-term care facility. We estimated the dollar value of the improperly issued food stamp benefits by applying the national average monthly issuance for elderly single-person households from 1997 to each month in which the ineligible participation occurred.

Food stamp benefits are calculated for households, not for individuals. As such, it is difficult to determine the exact value of overpayments issued to a long-term care resident included in a household, unless he or she is the only member of the household. Even then, the amount will vary from individual to individual, on the basis of such factors as income and the cost of shelter. Our estimates of overpayments were conservative in that we assumed that most long-term care residents are elderly. Therefore, we relied on the national average monthly benefit of \$47 provided to elderly single-person households.

Notification and processing time frames allow 10 days for the food stamp client to report household changes and 10 days for the state agency to take action. Therefore, we did not consider any month in which an individual entered a long-term care facility to be an instance of overlap, and we did not consider the following month to be an instance of overlap if the individual entered a long-term care facility on or after the tenth day of the month. In addition, we excluded the month in which the individual was discharged from the long-term care facility unless the individual was discharged on the last day of the month.

Because of the quality control program operated by the Food and Nutrition Service and the states' ongoing quality assurance efforts, we accepted their computerized food stamp data as reliable. To provide additional confidence in the data's accuracy, we visited each state; discussed the results of the match with state food stamp program representatives; and reviewed food stamp and Medicaid information for a limited number of matched individuals.

To obtain information on whether computer matching offers a practical means of identifying overpayments for persons residing in long-term care facilities, we shared our match results with state food stamp program officials and discussed the results with them. We also discussed whether the states had previously used computer matching of food stamp program participants and long-term care residents. Finally, we discussed with state

officials, the procedures, in place, designed to prevent food stamp benefits to residents of long-term care facilities.

The Department of Veterans Affairs (VA) also provides long-term care for eligible individuals. VA funds care in its own facilities as well as in community-owned facilities. To determine if individuals being counted as members of food stamp households were residing in VA-funded long-term care facilities, we obtained similar information from VA that we had obtained for Medicaid-funded long-term care residents. VA provided information for the seven selected states, and we compared this information with the food stamp information from those states. We determined how many individuals were included as members of food stamp households at the same time they were residing in VA long-term care facilities and the estimated value of the benefits that were improperly issued to those households. We used the same methodology described earlier in this section.

Results of Matching Food Stamp Participation Data With Long-Term Care Data in Selected States

Table II.1: 1997 Food Stamp Program Recipients and Medicaid Long-Term Care Residents

State	Food stamp recipients	Medicaid long-term care residents	Results		Estimated dollar value
			Persons	Months	
California	3,654,573	101,311	195	524	\$24,628
Florida	1,738,555	67,046	627	1,007	47,329
Illinois	1,217,756	84,579	645	1,435	67,445
Kansas	226,096	17,465	28	38	1,786
New York	2,329,448	145,628	1,134	3,486	163,842
North Carolina	863,423	51,933	831	1,843	86,621
Texas	2,810,617	56,248	1,058	2,238	105,186
Total	12,840,468	524,210	4,518	10,571	\$ 496,837

Table II.2: 1997 Food Stamp Program Recipients and Department of Veterans Affairs Long-Term Care Residents

State	Food stamp recipients	VA long-term care residents	Results		Estimated dollar value
			Persons	Months	
California	3,654,573	4,592	122	220	\$10,340
Florida	1,738,555	2,362	12	15	705
Illinois	1,217,756	2,143	43	66	3,102
Kansas	226,096	845	9	17	799
New York	2,329,448	3,168	17	32	1,504
North Carolina	863,423	970	15	28	1,316
Texas	2,810,617	3,223	48	81	3,807
Total	12,840,468	17,303	266	459	\$21,573

Note: Our computer match of food stamp rolls in the seven states against the lists of individuals residing in facilities funded by VA did not, as shown in table 2, find a significant number of food stamp recipients who were receiving improper benefits.

Major Contributors to This Report

Ron E. Wood, Assistant Director
John Schaefer, Project Leader
Leo G. Acosta
Oliver Easterwood
Donald Ficklin
Jerry D. Hall
Alan R. Kasdan

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100

Address Correction Requested

