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Hearing on Use of Data Matching to Improve Customer Service,
Program Integrity, and Taxpayer Savings

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Mr. Chairman, Members of the Committee, I am honored by the opportunity to testify today. I am Elizabeth Lower-Basch, a senior policy analyst at CLASP, the Center for Law and Social Policy. CLASP develops and advocates for policies at the federal, state and local levels that improve the lives of low income people. In particular, we focus on policies that strengthen families and create pathways to education and work.

Thank you for holding this hearing to draw attention to the ways that data matching can be used to improve the administration of public benefit programs. We share your concern with reducing error rates and fraud to save taxpayer funds, preserve funding for those who are truly eligible for programs, and protect public support for programs. Data matching can reduce administrative costs, by sharing information collected by one program with another, and reducing the number of visits that customers must make to various offices. This also improves customer service, and reduces the time that applicants must take away from work or other responsibilities.

In my testimony, I will start by reviewing the data matching activities that are in widespread use already. I will then highlight a few examples where states are taking data matching to the next step, and using it to proactively make sure that people are getting benefits or services for which they are eligible, and the Administration's Partnership Fund for Program Integrity Innovation. Finally, I will raise some cautions that should be kept in mind when considering expanded use of data matching in public benefits.

States Make Routine Use of Data Matches

States first were mandated to verify the accuracy of information provided in applications for AFDC, Food stamps, and Medicaid by matching against federal and state data systems with the Income and Eligibility Verification System (IEVS) in 1984. This was perhaps an idea somewhat ahead of its time -- states had to mail magnetic data tapes to the appropriate federal or state agency and receive tapes with the match mailed back. Not surprisingly, an Office of the Inspector General report found that states found the process cumbersome, and the federal data often inaccurate, or received too late to be of use.ⁱ The technology has since caught up with the idea, and states are still required to use this system today.

In 1997, staff at the Administration for Children and Families (ACF) within the Department of Health and Human Services (HHS) initiated a project to help states share eligibility information with one another and to access data on veterans' benefits and federal wage records. The Public Assistance Reporting Information System (PARIS) started with 16 states. The Qualifying Individual (QI) Program Supplemental Funding Act of 2008 required states to participate in PARIS as a condition of Medicaid funding, and so all states now participate.ⁱⁱ

Similarly, public housing authorities are now required to use a data matching system, Enterprise Income Verification, to validate eligibility information for participants in public and assisted housing programs.ⁱⁱⁱ Data matches are not only used for eligibility determinations. For example, the Fostering Connections act gave child welfare agencies access to certain data contained in the child support enforcement system's National Directory of New Hires to locate relatives who might be available to care for children removed from their homes.

Examples of Innovative Data Match Programs

So, that's what everyone does. Now, let me turn to some of the more exciting examples that are happening in a few states.

Washington State uses the PARIS system to identify Medicaid recipients who are eligible for Veterans' health insurance coverage and benefits. For example, disabled veterans who are in a nursing home receive a reduced benefit of just \$90 a month. Upon discharge from the nursing home, they are supposed to be restored to their full benefit, but this doesn't always happen. Washington can use the data in PARIS to identify cases of this nature. It has also used this match to identify veterans whose service-related disability has worsened, but who have not yet been certified for a higher level of benefits.^{iv}

Another example is the **Benefits Data Trust**, a nonprofit organization that works with government agencies to help enroll low-income seniors in benefit programs for which they are eligible. In Pennsylvania, this agency accessed data from tax and revenue, Medicaid, SNAP (food stamps), heating assistance, drivers' licenses, state pension systems and veterans' affairs and cross referenced them to identify senior citizens who appear to be eligible but are not enrolled in public benefit programs. It then conducts targeted outreach and application assistance to those individuals. One study found that, using this approach, Benefits Data Trust had the lowest cost per enrollee of 25 agencies that helped enroll seniors in Medicare's Low-Income Supplement program.^v

Under "express lane eligibility" states may establish eligibility for health insurance for children based on information collected for other programs, and may use those programs' income definition. A leading example is **Louisiana**, where the state sent the file containing all children receiving SNAP benefits from the Department of Social Services to the computer system at the Department of Health and Hospitals, which runs the Medicaid program. Children already receiving Medicaid were removed. The remaining file of children receiving SNAP but not Medicaid were determined eligible for Medicaid, based on the information the state already had about their income, age, residence, and immigration status. More than 10,000 children were sent cards and letters about potential eligibility, and were considered enrolled when they actually used the card to access health services. If children were found to have other health insurance coverage, Medicaid was made the payer of last resort.^{vi}

Pennsylvania's unemployment insurance (UI) agency (through a non-profit contractor) sent a mailing to all workers exhausting their UI benefits notifying them of their rights to various benefit programs. The same list was shared with the one-stop workforce centers, the state SNAP (food stamps) offices, and other state agencies directing them to individually reach out to the workers to determine their eligibility for non-UI benefits and social services.

The Partnership Fund for Program Integrity Innovation

The Partnership Fund for Program Integrity Innovation, operated by the Office of Management and Budget, is designed to identify innovative ideas like those just mentioned and conduct rigorous demonstrations of their ability to reduce administrative costs and error rates without denying. This project was funded at \$37.5 million in FY 2010, with funds permitted to be carried over in FY 2011.

OMB has spent the past year soliciting and refining proposals and has just started to fund projects. The first one it has selected uses state data from public benefit programs to verify family relationships for Earned Income Tax Credit (EITC) eligibility. This is a very promising approach since as the Internal Revenue Service has lots of information about income but does not have information about family relationships or where children reside, which are needed to determine eligibility for the EITC.^{vii}

Unfortunately, the continuing resolution recently passed by the House would rescind \$10 million of the funding provided for this initiative. This is disappointing, as this type of rigorous evaluation is exactly what is needed to identify models for further dissemination.

Cautions to Consider in Data Matching

Finally, I want to draw attention to some cautions that need to be kept in mind when using data matching.

First, data matching is only as good as the data that goes in. If there are mistakes in the data, it's easy to have false matches. People can have similar names – that's how Senator Ted Kennedy got caught by the no-fly list. Social security numbers are unique – but people can make mistakes typing them in. States have learned using PARIS that some apparent matches are obviously wrong – it is highly unlikely that “an 8 year old girl and 76 year old man were one and the same”^{viii} The states that are making best use of data matches have developed systems for filtering out these sorts of matches so they do not waste caseworker time.

When a matching system flags a discrepancy, this should be a basis for further investigation, but not an automatic ineligibility or assumption of fraud. When families are applying for assistance because they are in the midst of a crisis, they should not be automatically denied benefits because of a computer match that has not been confirmed.

The Social Security match to verify citizenship is a good example of a matching system with solid due process protections. This match, which was authorized under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), allows states to verify citizenship for Medicaid and CHIP applicants through a data match with social security records rather than making clients bring in their birth certificates. The states that have adopted this option are reporting match rates of 90 percent or higher, saving a great deal of effort on the part of both caseworkers and customers. However, if the Social Security Administration doesn't report a match, clients get 90 days to prove their citizenship through another mechanism and cannot be denied benefits in the meanwhile.

Evidence of the importance of this protection comes from Alabama data on the results of its first year of data matching under CHIP:^{ix}

- 33,670 records for CHIP applicants were submitted to Social Security in 2010
- 1,114 records were returned as not matched
- Of these, approximately 800 were reconciled by correcting errors in the name, date of birth, or Social Security number and then resubmitting to Social Security.
- Approximately another 200 were then reconciled through data matches with Alabama birth records
- Only 114 applicant letters sent requesting proof of citizenship
- Only 14 terminated for failure to provide proof, with 14 more still within the 90 day period.

So, there are over 1000 children who would have been denied benefits incorrectly if the failure to match with Social Security had been treated as evidence of lack of citizenship.

Second, income can be very volatile, particularly for hourly workers who often do not work the same number of hours every week. A worker may say he earns \$280 a week – but his actual pay may be \$267 one week, \$340 during Christmas, or \$190 if there’s a snowstorm and the store doesn’t open. That’s not fraud – and it shouldn’t trigger constant adjustment of benefits. Doing so drives up administrative costs. It can also discourage programs from serving low-income workers – under food stamps, states used to consider cases with earned income “error prone” cases because of this volatility. It just makes sense to ignore variations under a certain amount, and most states now use their policy discretion to do so.

Third, we need to think seriously about privacy – make sure systems are secure, and control who has access to data to protect against abuse and identity theft. It is not immediately obvious whether private contractors or nonprofits administering programs should have the same level of access as state employees. Some programs have highly confidential information about their clients.

Finally, it’s worth remembering that state data systems are in varying conditions – some still use legacy systems or paper records. It’s important to encourage states to move forward, but particularly given the condition of state budgets, you should be cautious about mandates. However, as states modernize their systems, they should certainly build in the capacity to share information across programs as much as possible. One resource that is an excellent roadmap to this process is the recommendations of the Health Information Technology Policy and Standards Committee on electronic eligibility and enrollment, as mandated by Section 1561 of the Patient Protection and Affordable Care Act.^x

ⁱ *The Income and Eligibility Verification System (IEVS): Time for Reform?*, Office of Inspector General, Department of Health and Human Services, 1991, <http://oig.hhs.gov/oei/reports/oei-01-90-00510.pdf>.

ⁱⁱ For more information on PARIS, visit the U.S. Department of Health and Human Services, Administration for Children and Families web site:

<http://www.acf.hhs.gov/programs/paris/about/index.html#history>.

ⁱⁱⁱ “Enterprise Income Verification (EIV) System”, U.S. Department of Housing and Urban Development, <http://www.hud.gov/offices/pih/programs/ph/rhiip/uivsystem.cfm>.

^{iv} “Success Stories and Examples of Savings using PARIS”, U.S. Department of Health and Human Services, Administration for Children and Families,

http://www.acf.hhs.gov/programs/paris/state_info/succ_par.html#wa.

^v Paul Jablow, “A friend in benefits: Benefits Data Trust is a sort of secret-pal fairy godmother of government programs, finding eligible seniors and guiding them through complicated enrollments”, Philadelphia Inquirer, July 12, 2010,

<http://www.bdtrust.org/links/newsinquirerjul2010.html>.

^{vi} Families USA, *Express Lane Eligibility: Early State Experiences and Lessons for Health Reform*, 2011, <http://www.familiesusa.org/assets/pdfs/chipra/Express-Lane-Eligibility-State-Experiences.pdf>.

^{vii} *Pilot Concept: Assessing State Data for Validating EITC*, Partnership Fund for Program Integrity Innovation, Office of Management and Budget,

http://partner4solutions.gov/sites/www.partner4solutions.gov/files/EITC_Data_Matching_pilot_concept.pdf.

^{viii} U.S. Department of Health and Human Services Administration for Children and Families, Public Assistance Reporting System, “State Implementation Techniques: Best Practices”,

http://www.acf.hhs.gov/programs/paris/state_info/state_tech.html.

^{ix} Caldwell, Cathy. “Social Security Administration Citizenship Verification: Alabama’s Process and Results”, Presentation at *Past, Present, and Future: A Report on State CHIP Programs* Webinar, January 20, 2011, <http://www.nashp.org/webinars/chipiv-survey/alabama.ssa.pdf>.

^x Health Information Technology Policy and Standards Committee, *Patient Protection and Affordable Care Act, Section 1561 Recommendations*, September 2010,

<http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>