Integrated Data Systems –

Michigan’s Child Day Care Fraud Solution

October 28th, 2011
Background – Michigan Budget Crisis

Medicaid caseload grew while revenue declined

Office of Health and Human Services, SBO, 9/13/11
Background – Michigan Budget Crisis

Food assistance expenditures are four times 2004 numbers

One out of every five people in Michigan receives food assistance

Source: OHHS-AV, 7/18/2011
Background – DHS

The Michigan Department of Human Services (DHS) is one of Michigan’s largest and most important organizations.

- Manages ~ $5 billion in funds annually
- Food and Cash Assistance
- Child Support Services
- Services more than 1.2 million citizens annually;
- 473,000 families receive assistance via EBT, resulting in 3.6 million transactions per month
- $121 million in purchases and withdrawals per month
- $90 million in food assistance purchases per month

As such it’s paramount that DHS gets the greatest value possible (ROI) from every dollar it spends.
DHS’ Office of Inspector General (OIG) in concert with Department of Technology, Management and Budget (DTMB) have implemented some of the most innovative fraud detection models in the country.

**Integrated data:**
- Benefit program providers and recipients data
- Tax and wage reporting data
- Unemployment claims data
- National food assistance data
- And smaller internal program data sets

Comparative analysis leads to break-through results.
Enablers

- Data Warehouse / Decision Support –
  - Reverse Wage Match – correlating clients who are receiving high level child care benefits due to “employment” but have low or no income being reported
  - RDBC

- Advanced Analytical Tools –
  - Geocoding to cases and data to gain a graphical depiction of store locations
  - Query and reporting tools

- Data Sharing Agreements – “Information-sharing…is absolutely critical to have units of government deliver the best to assist taxpayers. If you cannot share data, then you are not delivering the biggest bang for your buck…” Former Governor Granholm

- Executive Sponsorship

- Documented ROIs
### Costs

#### Start-up Costs
- 2 Analysts: $200k
- Data Warehouse: $750k
- Analytic and Reporting Tools: $750k
- Data Sharing Agreements: $100k
- Admin Costs: $200k
- **Total:** $2.0m

#### On-going Costs
- 2 Analysts: $200k
- Data Warehouse: $150k
- Analytic Tools: $150k
- Admin Costs: $75k
- **Total:** $575k
First year of the data match identified $3.3 million in documented day care fraud

Year 2 - identified more than $9.2 million in documented day care fraud

Now DHS can identify households that have left Michigan while failing to report their departure - $1.2 million annual savings

Substantially increased ‘hit rates’ for potential fraud resulting in better focused investigations and efficient use of staff time
Return on Investment

- First two years yielded more than $17.3 million in documented fraud to be recovered; Reverse wage match alone has identified $10 million in potential fraud, with greater potential beyond that.

- Ability to access multiple databases to cross reference elements had led to a means of identifying cases with a greater potential for mis-payment. Cost avoidance has improved more than 200% due to more efficient use of data.

- All of these savings have been achieved with a total analyst population of 1-2 full-time staff members supporting investigators. Queries were developed with existing resources in a few months; thus ROI is very high.

- As analysts become more familiar with the data sets, additional savings are expected which means ROI will increase significantly.
Michigan – Center for Shared Solutions and Technology Partnerships

Other Michigan Initiatives

- State Police / Courts Data / Unemployment Data – Studying effects of Michigan’s Conviction Set-Aside Law on social well-being

- House Bill 4721 – Public Assistance: Match with Warrants
  - Estimated ROI: 2.5 million persons on public assistance (20% of MI population)
  - Experience demonstrates 20% of outstanding felony warrants are on public assistance
  - Currently 29,000 outstanding warrants; estimating 5,800 persons could be identified and removed from public assistance (federal revenue savings for Food Assistance Program and Medicaid expenditures)

- Participating in the Multi-site Study of Educational Well-being of Children in Assisted-Housing Programs

- Michigan’s performance management initiative
Open Discussion / Questions

Questions * Comments * Feedback *

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