

Notice of Filing

Reporting Agency: Department of Children and Families

Recipient Agency: President of the Senate
Speaker of the House of Representatives
Chairs of Legislative Children and Families Committees
Governor's Office of Policy and Budget
Department of Financial Services/ Division of Public Assistance Fraud

Subject: Administrative Complaints and Disciplinary Actions Involving
Food Assistance Violations

Report Due Date: January 2018

Statutory Requirement: Section 414.34, Florida Statutes

Abstract: Section 414.34, Florida Statutes, requires an annual report to the Legislature regarding the status of food assistance program violations and the Department's Electronic Benefit Transfer (EBT) initiative. This report contains 2016-17 state fiscal year (SFY) data from both the Department of Children & Families and the Department of Financial Services, Division of Public Assistance Fraud. The data are summarized as follows:

1. The total number of complaints received was 92,668¹. These complaints generated 25,683 investigations.
2. The number of findings of probable cause was 1,865.
3. The number of findings of no probable cause was 144.
4. The number of administrative complaints filed was 1,337.
5. The number of dispositions of administrative complaints was 1,012 disqualified and 151 not disqualified with 190 awaiting completion of the administrative process.
6. The number of criminal complaints brought under s. 414.39, Florida Statutes, was 1,153 with 905 being disposed.
7. The status of the development and implementation of rules governing the EBT program is also provided.

Additional copies of this report may be obtained by contacting the Department of Children and Families, Public Benefits Integrity, 1317 Winewood Boulevard, Building 3, Room 103-A, Tallahassee, Florida 32399-0700, (850) 717-4115.

¹ Total number of complaints includes reports from the public pursuant to s. 414.39(11), Florida Statutes, some of which are referred to the Department of Children & Families, Office of Public Benefits Integrity, and the Department of Financial Services, Division of Public Assistance Fraud for investigations.

The 2016-2017 Legislative Annual Report on Food Assistance Program Violations and the Electronic Benefit Transfer (EBT) System

Pursuant to s. 414.34, Florida Statutes, the Department of Children and Families (DCF) is required to submit a report annually concerning administrative complaints and disciplinary actions involving food assistance program violations. The Department also is required to report on the progress of the implementation of the EBT system, which replaced the previous system of food assistance benefit issuance.

Pursuant to s. 414.39, the DCF contracts with the Department of Financial Services, Division of Public Assistance Fraud, to conduct investigations of suspected public assistance fraud and, if warranted, pursue prosecution of violations through administrative or judicial means. This report provides a complete view of the volume and disposition of fraud complaints, investigations, and prosecutions.

Effective October 1, 2014, the DCF Office of Public Benefits Integrity established a Fraud Reward Assessment Team to implement and administer the provisions of s. 414.39(11), Florida Statutes. This team receives, evaluates, and refers reports of public assistance fraud provided by the public. Referrals from the Fraud Reward Assessment Team are forwarded to the Office of Public Benefits Integrity fraud investigators (to prevent and detect fraud) and to the Division of Public Assistance Fraud (to investigate cases in which benefits already have been fraudulently obtained). The Fraud Reward Assessment Team does not conduct investigations.

The number of fraud complaints received by the Fraud Reward Assessment reflects the total number of complaints¹ received from July 2016 through June 2017. The complaints received by the Division of Public Assistance Fraud and the Office of Public Benefits Integrity fraud investigators include referrals from the Fraud Reward Assessment Team. When possible, the numbers provided in this report are presented by the three sources identified above.

The following responses are correspondingly numbered as they appear in the authorizing legislation and represent activities during SFY 2016-17.

1. Number of food assistance fraud complaints received and investigations completed during SFY 2016-17.

In SFY 2016-17, the Fraud Reward and Assessment Team received 16,838 allegations from citizens relating to potential public assistance fraud, waste, or abuse. These allegations were reviewed and referred to the Office of Public Benefits Integrity or the Division of Public Assistance Fraud as appropriate and are

¹ The DCF Fraud Reward Assessment Team handles complaints regarding potential fraud involving the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Medicaid programs. Fraud complaints relating to Medicaid providers are forwarded to the Medicaid Fraud Control Unit in the Attorney General's Office.

included among the respective totals of complaints received and investigations completed:

Source	Complaints Received	Investigations Complete
Fraud Reward and Assessment Team	16,838	
Office of Public Benefits Integrity	53,952	22,656
Division of Public Assistance Fraud	21,878	3,027
Total	92,668	25,683

2. The Division of Public Assistance Fraud handles criminal prosecutions and reported 1,865 investigations produced findings of probable cause.
3. The Division of Public Assistance Fraud reported 144 investigations produced findings of no probable cause.
4. The Office of Public Benefits Integrity and the Division of Public Assistance Fraud can file administrative complaints relating to public assistance fraud cases.

Source	Administrative Complaints Filed
Office of Public Benefits Integrity	628
Division of Public Assistance Fraud	709
Total	1,337

5. Disposition of administrative complaints resolved in SFY 2016-17, potentially in disqualification from the food assistance program. Complaints "Awaiting Decision" include those with pending administrative disqualification hearings.

Source	Disqualified	Not Disqualified	Awaiting Decision
Office of Public Benefits Integrity	314	103	99
Division of Public Assistance Fraud	698	48	91
Total	1,012	151	190

6. The Division of Public Assistance Fraud handles criminal prosecutions and reported that it referred 1,153 criminal complaints to the various state attorneys under s. 414.39, F.S.

The disposition of criminal complaints adjudicated in SFY 2016-17 was as follows:

Filed:	733
Not Filed:	100
Filed – Not Prosecuted:	71
Filed – Court Action Delayed	1
Pending SAO/ Court Action	<u>248</u>
	1,153

The disposition figures for filed criminal complaints are lower than the number of cases referred to the various state attorneys because there was no resolution of a portion of the referrals during the report period. Dispositions of criminal complaints against individuals contain multiple program violations (SNAP, TANF, and Medicaid), therefore separate data for only food assistance violations is unavailable. Court actions result in a single disposition against the individual, which includes all program violations.

7. Electronic Benefits Transfer (EBT)

Subsection 414.095(14), Florida Statutes, limits the use of TANF benefits out of state to 30 consecutive days. Recipients using benefits out of state for more than 30 days with no subsequent in-state usage must have their temporary cash assistance benefits terminated unless the Department determines the recipient is temporarily absent and has intent to return to the state. Activities and accomplishments related to this provision (effective October 1, 2014) are as follows:

- In SFY 2016-17, there were 544 households with benefits that were used greater than 30 days out of state
 - 22 (4%) were verified as temporary absence.
 - 13 (2%) households failed to verify temporary absence and the recipient's intent to return to the state and were closed.
 - 509 (94%) were not processed.

Subsection 402.82(4), Florida Statutes, restricts the use of EBT cards at gaming facilities, liquor stores, and adult entertainment establishments. EBT fraud reduction activities and accomplishments related to this implementation (effective October 1, 2013) are as follows:

- In SFY 2016-17, EBT blocked access to 1,317 transactions for \$68,185 in benefits at these establishments.
- No Rule development was required for implementation.