

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

FRONT END DETECTION SYSTEM ANALYSIS

December 2003

Alex J. McLaughlin, Comptroller

December 10, 2003

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has performed an analysis of the Front End Detection System. Our principle objectives were to measure the value of Social Services costs avoided and the cost effectiveness of Security Division's Front End Detection System.

The results of our analysis are outlined in the following pages.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Daniel A Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Arthur R. Johnson, Commissioner of Social Services
Carl A. Fenescey, Director of Security

Background:

Broome County uses the term FEDS (Front End Detection System) to refer collectively to the efforts of both what is actually FEDS and what is actually the Eligibility Verification Review Unit (EVR). We analyzed the efforts of both FEDS and EVR for our report.

The primary objective of both FEDS and EVR is to identify fraudulent or erroneous information supplied by social service applicants *prior* to the paying out of benefits. The Front End Detection System (FEDS) is mandated (Chapter 41 of the Laws of 1992) and is tied to pre-selected indicators (red flags). EVR is not tied to pre-selected indicators and is not mandated, however, under the broad authority of Social Services Law § 132, local districts can establish procedures to ensure verification of eligibility for applicants in addition to FEDS.

At the beginning of 2003, FEDS had three (3) investigators, (1) one Examiner and one (1) Keyboard Specialist. Two (2) investigators have been subsequently reassigned to FEDS. Additionally, a Social Services Examiner that is assigned to FEDS is paid directly out of Social Service's Budget. FEDS charges back Social Services for all operating expenses (about \$250,000 annually). Prior to July 2002, the Department of Social Services operated its own Front End Detection Program.

The objective of our review was to measure the value of Social Services costs avoided as a direct result of the efforts of the Security Division's FEDS unit. Also, as part of our review, we compared the value of those avoided costs with the expenditures of the FEDS unit. Finally, we benchmarked the design, effectiveness and return on investment of Broome County's efforts with that of our peer counties. The period reviewed was 1/1/03 through 6/30/03.

FRONT END DETECTION SYSTEM EFFORTS PROJECTED TO SAVE MORE THAN \$2.67 MILLION IN AVOIDED COST THIS YEAR

Presently all new applications for Social Services assistance are reviewed by the County's FEDS unit. The recommendations of the FEDS unit were adhered to by the Department of Social Services in all instances that we examined.

Our analysis indicates that the efforts of the FEDS unit should result in gross avoided cost savings in excess of \$2.67 million this year. The county's portion of these projected savings should be about \$700,000.

Calculation of the savings is detailed on attached schedule-1.

BROOME COUNTY'S FEDS UNIT DELIVERS A RETURN ON INVESTMENT OF MORE THAN 700%

We compared the staffing, structure and costs of Broome County's FEDS unit with those of Ulster, Onieda, Orange and Dutchess Counties to benchmark performance. We looked at dollars invested in FEDS and costs avoided in each County.

The results of our comparison are outlined on attached schedule-2.

Schedule 1: FEDS Program - Estimated Savings, 2003

Category of Assistance	# of cases	Value of Costs	Gross Monthly Savings	Est. Savings Period	Total Est. Savings	County Share	County Savings
Family Assistance Cases:	297						
With Medicaid Savings		\$998	\$166,666	2 months	\$333,332	25%	\$83,333
Without Medicaid Savings		\$482	\$62,543	2 months	\$125,086	25%	\$31,272
Safety Net Cases:	219						
Medicaid Component		\$753	\$111,974	2 months	\$223,948	25%	\$55,987
Assistance Component		\$459	\$68,255	2 months	\$136,510	50%	\$68,255
Safety Net without Medicaid savings		\$459	\$32,266	2 months	\$64,532	50%	\$32,266
Family Assistance - Disqualification Consent Agreements :	40						
Disqualification Consent Agreement with Medicaid Savings		\$998	\$15,524	6 months	\$93,147	25%	\$23,287
Disqualification Consent Agreement without Medicaid Savings		\$482	\$11,782	6 months	\$70,693	25%	\$17,673
Safety Net - Disqualification Consent Agreements:	10						
Disqualification Consent Agreement - Medicaid Component		\$753	\$5,379	6 months	\$32,271	25%	\$8,068
Disqualification Consent Agreement with Assistance Component		\$459	\$3,279	6 months	\$19,671	50%	\$9,836
Safety Net -Disqualification Consent Agreements without Medicaid Savings	10	\$459	\$1,311	6 months	\$7,869	50%	\$3,934
Family Assistance - Food Stamps	297	\$164	\$48,708	2 months	\$97,416	6.5%	\$6,332
Safety Net - Food Stamps	219	\$95	\$20,805	2 months	\$41,610	6.5%	\$2,705
Family Assistance - Disqualification Consent Agreement Food Stamps	40	\$164	\$6,560	12 months	\$78,720	8.5%	\$6,691
Safety Net - Disqualification Consent Agreement Food Stamps	10	\$95	\$950	12 months	\$11,400	8.5%	\$969
Estimated 6 Months Savings					\$1,336,205		\$350,607
Estimated 12 Months Savings					\$2,672,410		\$701,214

Schedule 2: Front End Detection Peer County Cost Avoidance - 2003

County	Broome	Ulster	Onieda	Orange	Dutchess
Employees	4FT	1 FT	4 PT	7 FT	4 FT
Total Salary Invested	125,348.00	40,000.00	60,000.00	245,000.00	160,000.00
Cost Avoidance	1,018,458.00	105,326.00	95,844.00	1,927,272.00	923,600.00
Return on Investment	713%	163%	60%	687%	477%

Note: These numbers are for FEDS efforts only, and do not include EVR. Cost avoidance numbers are based on State standard values to facilitate comparison. The number of employees are for period examined not including subsequent reassignments.