

**REPORT TO THE TWENTY-SEVENTH HAWAII STATE
LEGISLATURE 2013**

**IN ACCORDANCE WITH THE PROVISIONS OF ACT 106,
SECTION 128.1, SESSION LAWS OF HAWAII (SLH) 2012,
ON INTERIM ASSISTANCE REIMBURSEMENT**

**DEPARTMENT OF HUMAN SERVICES
Benefit, Employment, and Support Services Division
January 2013**

**Report to the Hawaii State Legislature
Report on the Interim Assistance Reimbursement Program**

Benefit Employment and Support Services Division
Department of Human Services

Introduction

In accordance Section 128.1 of Act 106, Session Laws of Hawaii 2012, the Department of Human Services (DHS) is required to submit a report to the 2013 Legislature regarding the DHS participation in the Interim Assistance Reimbursement Program (IAR) with the Social Security Administration (SSA).

This report shall include, but not be limited to:

- 1) The number of general assistance recipients who applied for supplemental security income;
- 2) The number of general assistance recipients who signed the interim assistance reimbursement agreement;
- 3) The number of interim assistance reimbursement agreements transmitted to the Social Security Administration;
- 4) The number of general assistance cases that were denied supplemental security income benefits;
- 5) The number of cases where the department of human services was not reimbursed due to the missing interim assistance reimbursement agreement;
- 6) The total amount of funds not reimbursed to the department of human services due to the missing interim assistance reimbursement agreement; and
- 7) The total number of overpayment claims established for the amount of funds not reimbursed.

The report shall include actual data for fiscal year 2011-2012, and actual and projected data for fiscal year 2012-2013.

Overview

The Department of Human Services provides financial assistance to eligible Hawaii residents under the state-funded General Assistance (GA) program, authorized by the provisions of Hawaii Revised Statutes §645-71. Individuals under age 65 must have a physical or behavioral health condition that prevents them from engaging in 30 hours of substantial gainful activity (SGA) per week for a 60 day period. Individuals who cannot meet the SGA requirement for a period exceeding 12 months may qualify for Supplemental Security Income (SSI) from the Social Security Administration (SSA). The SSA may provide reimbursement of State funds under the Interim Assistance Reimbursement Program (IAR) for periods where an SSI beneficiary was receiving State-funded assistance while

the SSI application was pending. The GA recipient must sign an IAR agreement that authorizes the SSA to provide IAR payments to the DHS for the amount of the GA paid in the months the individual was eligible for SSI. The Legal Aid Society of Hawaii (LASH) is contracted by the DHS as the Social Security Advocate to assist GA recipients who are required to apply for SSI benefits.

On April 17, 2012, the DHS provided a report to State Senator Donna Mercado-Kim regarding IAR payments for GA recipients who qualify for SSI. The report addressed the causes of the DHS failure to receive IAR payments from the SSA for approved SSI applicants. The report attributed the main source of the problem as the failure of the SSA to enter information into their database to record that an SSI applicant has a properly executed an IAR agreement. The DHS provides the SSA with an original hard copy of the IRA agreement for each GA recipient who is required to apply for SSI as a condition of eligibility for GA. The SSA files away the IAR agreement until the individual applies for SSI, and must then link the IAR agreement with the individual's SSI application. The SSA creates an electronic record for the SSI applicant and the SSA must indicate that the applicant has an IAR agreement on file. The DHS will not receive IAR payments if the IAR agreement indicator code is not included in the SSA electronic record.

In an effort insure that the SSA had received IAR agreements for GA recipients who were referred to apply for SSI, the DHS established a special project in April 2011. The SSA agreed to provide the names of SSI applicants who did not have the IAR agreement indicator in their database to LASH. LASH would then provide a copy of the agreement to the SSA. The expected result of the project was that all GA/SSI applicants would have the IAR agreement included in the SSA database and the DHS would be reimbursed when the SSI application was approved. Unfortunately, due to apparent workforce issues, the two SSA Offices in Hawaii failed to initiate their part of the agreement and did not provide any data to LASH. To date, they have not provided information of the number of SSI applications submitted by GA recipients who do not have the IAR agreement indicator code in the SSA database.

Rather than waiting for the SSA to address the backlog of unrecorded IAR agreements, the DHS initiated action to exchange IAR information with the SSA electronically. The DHS informed the SSA of its intention to modify the Hawaii Automated Welfare Information System (HAWI) to transmit the IAR agreement information electronically to the SSA database. This was a "win-win" situation that eliminated: 1) the need to submit hardcopies of IAR agreements to the SSA by the DHS; 2) the necessity for the SSA to manually track then link the hardcopy IAR agreement with the SSI application; and 3) the necessity for hardcopy document storage by both the DHS and the SSA. The SSA agreed to the automated transmission and assisted in the development, testing and monitoring of the modification. HAWI successfully transmitted the IAR information to the SSA in November 2012. Effective January 2013, the expectation is that every

GA recipient who is referred to the SSA to apply for SSI benefits will have the IAR indicator in the SSA database, thereby ensuring that the DHS will receive IAR payments when SSI benefits are approved.

IAR Reimbursements

As of the end of November 2012, the SSA IAR database showed 456 pending SSI applications and 404 approved applications. 267 applications were denied in 2012. DHS received \$1,353,725.44 in IAR payments for the GA payments provided to the SSI beneficiaries while the SSA processed their applications.

YEAR	SSI APPROVALS	IAR PAID TO DHS	SSI DENIALS	PENDING APPLICATIONS	TOTAL APPLICATIONS
2011	658	\$1,832,485.34	313	425	1,396
2012*	404	\$1,353,725.44	267	456	1,127
TOTAL	1,062	\$3,156,210.78	580	N/A	2,523

* Only provides statistics from January 2012 to November 2012

SSI Applicants without an IAR Agreement

The SSA does not provide a report to the DHS that identifies the SSI approved applicants that do not have an IAR agreement indicator and the amount of their SSI payments. The DHS initiated an ex parte study/review to identify SSI applicants who do not have the IAR agreement indicator recorded in the SSA database. The review also sought to determine the potential amount of IAR payments that the DHS did not receive prior to the electronic notification because the IAR agreement was not in the SSA database. The ex parte review extrapolated data from matches between various reports from HAWI, SSA, and LASH.

The review identified former GA recipients who are currently receiving SSI benefits and the total amount of GA benefits provided prior to the termination of GA benefits. The actual IAR payment to the DHS would be significantly less than the GA benefits provided because of the following factors:

- 1) the DHS receives IAR payments only for the period where a SSI beneficiary was receiving State-funded assistance while the SSI application was pending;
- 2) the period of GA eligibility is almost always greater than the period of SSI eligibility because a GA recipient is referred to apply for SSI only when it becomes apparent that the GA recipient may be disabled for more than a year; and
- 3) the IAR payments would be made for only those SSI beneficiaries who signed a valid IAR agreement, regardless of whether the SSA failed to enter this information into their database.

A match between HAWI and the SSA State Data Exchange (SDX) identified 187 SSI beneficiaries whose eligibility for GA benefits were terminated in SFY 2012 and DHS did not receive IAR payments. DHS paid \$658,759 in GA benefits to the identified SSI beneficiaries. Again, the actual amount of IAR payments is dependent on the SSI eligibility date and if an IAR agreement had been properly executed. For SFY 2013, the projected number of SSI beneficiaries for whom the DHS will not receive IAR payments is 184 and the projected GA payments would be \$656,482. These figures are based on the SFY 2012 amounts and the actual number of identified SSI beneficiaries from July 2012 to September 2012. DHS fully expects that the actual amount for SFY 2013 will be significantly less due to the implementation of the electronic transmission of the IAR agreements that was initiated in November 2012.

Overpayments

Overpayment claims are established if a GA recipient receives SSI payments that exceed the GA payment standard. The SSI payment standard, currently \$710, is more than double the GA payment standard of \$319, so the receipt of SSI invariably results in the termination of GA payments. In accordance with HAR 17-676-34 and 17-68-14, if a GA recipient did not sign an IAR agreement (usually because the DHS did not refer them to SSI and they failed to inform us that they applied) and received SSI retroactive payments in a lump sum, the lump sum is used to calculate a period of ineligibility going forward. There is no overpayment to compute or repay. A review of the HAWI Hawaii Automated Recovery Inquiry files showed there were 144 active overpayment claims established since 2009 for state-funded financial assistance programs. An ex parte review found 16 claims for GA individuals whose overpayment was related to SSI eligibility. The amount of overpayment claims was \$25,155 of which there is an outstanding balance of \$19,755.

Follow-up

The DHS will monitor the impact the electronic transmission of the IAR agreements and provide the results to Senator Donna Mercado Kim in March 2013 per the agreement in the April 17, 2012 report. In addition, the DHS will continue to seek information from the SSA regarding pending Hawaii SSI applicants who do not have the IAR agreement indicator in the SSA database.