Ohio SNAP program maintains strong anti-fraud protections
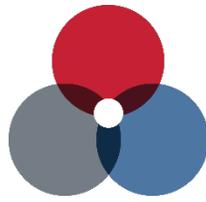
By: Rachel Cahill,
Consultant

March 29, 2021

THE CENTER FOR
COMMUNITY SOLUTIONS EST.1913
RESEARCH • ANALYSIS • ACTION

Ohio SNAP program maintains strong anti-fraud protections

Rachel Cahill, Consultant

March 29, 2021

Overview

Over the past few months, public attention has focused on widespread identify theft in new federal unemployment programs. By comparison, there has been no evidence of widespread fraud in Ohio or nationally in the Supplemental Nutrition Assistance Program (SNAP). It may not be as well known, but SNAP has a long record of impeccable program integrity. SNAP consistently delivers the right benefits to the right people at the right time, due to the program's rigorous quality control and accurate payment system. As the country emerges from the devastating hardship brought on by the pandemic – including continued high rates of food insecurity for families with children and in communities of color – Ohio policymakers should focus on reducing administrative burdens that prevent eligible families from accessing SNAP, rather than adding new burdens in the name of program integrity.

Highlights

- Ohio SNAP applicants must provide detailed information about their household composition, income, and expenses and be interviewed by a county caseworker who determines the household's precise benefit amount.
- Most Ohio SNAP recipients must proactively confirm their eligibility every six months through either an "interim report" – a form that must be completed and returned with updated proof of income – or a "recertification" – a re-enrollment process that requires more verification and yet another interview.
- County Job and Family Services offices in Ohio also use electronic databases to confirm the continued eligibility of SNAP participants.
- In 2018, Ohio reported using 19 different electronic data sources - including 14 national data sources and five state data sources – to confirm SNAP eligibility.
- In fiscal year 2019, Ohio's payment error rate remained low and in alignment with the national average.

How SNAP works

SNAP is often called America's first line of defense against hunger, and for good reason. In federal fiscal year (FY) 2020, SNAP provided nearly $85 billion in groceries to 44 million people nationwide, including 1.5 million struggling Ohioans.[1] In Ohio, SNAP eligibility determinations are conducted by County Job and Family Services (JFS) offices and are overseen and audited by the Ohio Department of Job and Family Services (ODJFS) and the U.S. Department of Agriculture's Food and Nutrition Service (FNS). Unlike other programs, like Medicaid, that determine eligibility as a binary (yes/no), SNAP requires a precise benefit calculation to achieve accuracy. SNAP applicants must provide detailed information about their household composition, income, and expenses and be interviewed by a county caseworker who determines the correct benefit amount.[2] Any variance in the benefit calculation of $37 or more is considered an "error" even when the SNAP household remains eligible for benefits.[3]

After initial enrollment, most SNAP recipients must proactively confirm their eligibility every six months through either an "interim report" – a form that must be completed and returned with updated proof of income – or a "recertification" – a re-enrollment process that requires more verification and yet another interview. SNAP recipients are also required to report changes in household composition or income (such as moving from part-time to full-time work) anytime their gross income exceeds the limit for their household size, which is set in Ohio at 130 percent of the federal poverty line.[4]

County JFS offices also use electronic databases to confirm the continued eligibility of SNAP participants, such as checking whether they receive income that has not yet been reported. Counties are required to immediately act on any information that would disqualify the household and is considered verified upon receipt. For unverified information, SNAP recipients will receive a "request for contact" notice that they must respond to in order to confirm their continued eligibility. In 2018, Ohio reported using 19 different electronic data sources - including 14 national data sources and five state data sources – to confirm SNAP eligibility.[5] For example, Ohio reported conducting monthly matches between SNAP recipients and the Prisoner Update Processing System and Social Security Administration's Prisoner Verification System to ensure no individuals receive SNAP benefits while incarcerated.[6]

Overpayment collection and benefits restoration

Anytime a county JFS office determines that a household received an incorrect benefit amount in any given month, the agency must act immediately to correct the inaccuracy. When the SNAP household received less benefits than they were entitled to, the county is supposed to restore the lost benefits in most circumstances.[7] When a SNAP household received more benefits than they were entitled to (called an overpayment), the county completes a review process that results in one of three types of "claims" – agency error, inadvertent household error or intentional program violation.[8]

Under federal SNAP regulations, all overpayment can be recouped, *even when the SNAP agency was responsible for the error.* Unfortunately, this harsh policy can exacerbate food hardship among eligible families, despite recipients having done nothing wrong. Furthermore, existing SNAP rules prioritize overpayment collection over benefits restoration. For example, benefits restoration can only look back 12 months from the date the error is discovered, whereas overpayment collections for agency errors or inadvertent household errors can look back up to six years. (There is no time limit on overpayment recoupment associated with intentional program violations).[9] In a forthcoming piece, Community Solutions will suggest state and federal recommendations to make SNAP's overpayment collection and benefits restoration policies more just.

Intentional program violations and trafficking

As described above, SNAP has many processes and systems in place to ensure that participating households are eligible and benefit amounts are calculated correctly. Individuals who knowingly provide false information to enroll in SNAP – called an Intentional Program Violation (IPV) – face very serious consequences, including program disqualification, overpayment collection, and referral for criminal prosecution.[10] Fortunately, this is not a significant problem in SNAP, with only a tiny fraction of SNAP participants each year disqualified for an IPV.[11]

Entirely separate from SNAP's routine certification process and quality control reviews, are state and federal investigations to identify and prosecute "trafficking" of SNAP benefits. Trafficking is defined as "the buying, selling, stealing, or otherwise effecting an exchange of SNAP benefits...for cash or consideration other than eligible food" and usually involves a complicit retailer.[12] FNS takes SNAP trafficking very seriously and "has a team of analysts and investigators located across the country that is dedicated to monitoring retailers' compliance with rules."[13] This includes the use of SNAP purchase data to "identify suspicious transaction patterns, conducting undercover investigations, and collaborating with other investigative agencies," including the Ohio Department of Public Safety. FNS has studied SNAP trafficking extensively and found it to be very rare, with fewer than 1 percent of SNAP benefits – or one cent out of every dollar – diverted due to trafficking.[14]

Quality control reviews

Beyond case-level monitoring to ensure accuracy, SNAP has a sophisticated quality control (QC) review process that uses statistical sampling to determine the accuracy of state eligibility determinations and benefit calculations.[15] Through the QC process, SNAP cases are randomly selected and reviewed for accuracy, which involves re-interviewing the SNAP household and re-collecting and verifying all eligibility details in the case record.[16] This labor-intensive process provides county, state and federal SNAP administrators and policymakers with crucial information about the overall performance of the program. It also helps identify where additional investments in staffing, training, or technology may be needed. QC data also gives

researchers and policymakers rich information about the characteristics and needs of the households that participate in SNAP.[17]

Payment accuracy

Because SNAP benefits are 100 percent federally-funded, FNS closely monitors states to ensure they are issuing benefits with a high degree of accuracy. Each year, FNS uses QC data to generate a "payment error rate" for each state. The rate is fundamentally a measure of caseworker and system performance, not fraud. The payment error rate includes both overpayments and underpayments which are added together to calculate the state's overall rate, rather than looked at in "net" terms (which is a common misunderstanding).[18] For this reason, the payment error rate should not reflect overspending in the SNAP program. In FY 2019, Ohio's payment error rate remained low and in alignment with the national average.[19]

Conclusion

SNAP is a highly effective, efficient, and accurate program that delivers critically-important nutrition assistance to the lowest-income Ohioans every month. SNAP eligibility determinations are so thorough and reliable, in fact, that many other assistance programs use SNAP enrollment as a proxy for their own eligibility (such as the WIC Program, Free and Reduced-Price School Meals, and the Lifeline Program.[20]) If SNAP has a structural fault, it is that it prioritizes accuracy over access. Federal and state policymakers should consider opportunities to ease SNAP's administrative burdens without sacrificing the program's well-earned reputation for exceptional program integrity.

---

[1] https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap

[2] During the COVID-19 pandemic, all households are receiving the maximum benefit for their household size as long as the state and federal public health emergencies remain in place.

[3] https://www.fns.usda.gov/snap/qc-memo-19-04

[4] http://codes.ohio.gov/oac/5101:4-7-01v1

[5] See Page 285, https://fns-prod.azureedge.net/sites/default/files/resource-files/SNAPComputerMatching-Summary.pdf

[6] Ibid.

[7] See 5101:4-8-03

[8] See 5101:4-8-15 in the Ohio Administrative Code

[9] See 5101:4-8-17

[10] https://ecfr.io/Title-7/Part-273/Subpart-F

[11] https://www.federalregister.gov/documents/2020/08/31/2020-18850/agency-information-collection-activities-proposed-collection-comment-request-supplemental-nutrition

[12] See 7 CFR 271.2

[13] https://www.fns.usda.gov/snap/fraud

[14] https://fns-prod.azureedge.net/sites/default/files/Trafficking2006Summary.pdf

[15] https://fns-prod.azureedge.net/sites/default/files/snap/FNS_310_Handbook.pdf

[16] 7 CFR 275.12(f)(2)
https://www.fns.usda.gov/snap/qc-memo-19-04

[17] https://www.fns.usda.gov/snap/characteristics-supplemental-nutrition-assistance-program-households-fiscal-year-2018

[18] https://fns-prod.azureedge.net/sites/default/files/resource-files/Keys-to-Payment-Accuracy.pdf

[19] Ohio vs. National Average Payment Error Rates for FY2019 were: Overpayment (6.56% vs. 6.18%) and Underpayment (1.48% vs. 1.18%). See https://fns-prod.azureedge.net/sites/default/files/resource-files/FY2019SNAPQCPaymentErrorRateChartGeneric.pdf

[20] https://www.fcc.gov/general/lifeline-program-low-income-consumers