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EASING BENEFIT ENROLLMENT AND RETENTION BY REDUCING THE BURDEN OF PROVIDING VERIFICATION

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Introduction

When a family applies for a major state-administered benefit program (Medicaid, SCHIP, child care assistance, food stamps, or TANF), it must complete an application form and provide proof — called "verification" — that this information is accurate. (For some programs, families must also participate in an interview.) Once enrolled in the program, a family may need to provide verification to the state human services agency if its circumstances change, if the program requires periodic reports about the family's circumstances, or if the family seeks to renew its eligibility.

Requiring verification is a central way for states to ensure that benefits are provided to eligible families and in the correct amounts. Yet verification requirements also are one of the biggest barriers that low-income families face in accessing and retaining benefits.

Failure to meet procedural requirements — which often reflect a failure to provide verification — is one of the primary reasons that applications for assistance are denied and that benefits are terminated at renewal.[i] It can be time-consuming and difficult for a family to locate and provide numerous documents that prove various aspects of its circumstances, such as income, assets, rent, utilities, past and current medical expenses, Social Security numbers of adult family members, and the like. Families that seek or receive benefits from multiple programs (such as food stamps and Medicaid) are often required to submit these documents to multiple caseworkers over the course of a year.

States have considerable flexibility over their verification policies. Under federal rules, states must verify the immigration status of non-citizens for all benefit programs.[ii] Beyond this, only the Food Stamp Program has *federal* verification requirements. Most states have their own verification requirements for other programs, though about ten states (as of 2004) have eliminated all verification for their children's health insurance programs.

As states consider their verification requirements, they must balance several important goals: assuring program integrity, managing caseworkers' workload, and easing access to benefits for families. This report discusses several ways to reduce verification burdens on families without undermining program integrity:

- **Reducing the number of eligibility factors that must be verified**. A state may conclude that requiring verification of certain eligibility criteria (for example, the value of assets) is "low-payoff." That is, it prevents relatively few eligibility or benefit calculation errors while significantly increasing paperwork burdens on families and caseworkers' workloads.

- **Reducing the extent to which a family must re-verify circumstances that have not changed or have not changed significantly.** A state may decide not to require verification of circumstances that have not changed (such as housing costs) or circumstances that have not changed significantly (such as small changes in earnings or assets).

- **Making it easier to satisfy verification requirements.** States can make the verification process easier for families by using databases or computer cross-matches, sharing verification information across programs, and reducing the number of documents (such as paystubs) the family must submit to verify a given eligibility factor.

Terminology Used in this Report

Verification or ***proof*** generally refers to client-produced information. Typically, this information is provided by the client and typically originates from a third party, such as an employer or landlord.

Database, shared, or ***cross-match information*** refers to information the state obtains or confirms without action from the client, such as by sharing data within the agency or cross-matching data with other agencies (typically through automated systems).

Self-declaration refers to accepting the client's statement of fact without further verification from the client. Self-declared information might be confirmed through data cross-matches, such as wage information available through the unemployment insurance system.

Why Reducing the Burden of Providing Verification Can Help Families and States

States that limit required verification can reduce both the amount of time and effort it takes for families to enroll in benefits and the workload on caseworkers making eligibility decisions.

If applications are denied or benefits terminated because of failure to provide verification, families do not receive benefits for which they may qualify, or they must begin the entire application process again to qualify for assistance. Repeated re-applications in such circumstances — often referred to as "churning" — add to families' burdens. By limiting the number of eligibility factors that need to be verified and by obtaining needed verification in a manner that is least burdensome for families, states can reduce churning and increase the successful enrollment and retention rates among eligible families.

Such steps would benefit states as well. Caseworkers spend considerable time requesting verification, reviewing and filing the documents, and requesting further verification when necessary. Reducing paperwork requirements on families would ease caseworkers' workloads.

At the same time, though, states have an important interest in ensuring that scarce public resources are focused on eligible families. The goal is to balance program accessibility, program integrity, and administrative efficiency. As states have found through their experience with children's health insurance programs, lessening or eliminating verification can significantly increase enrollment *without* compromising program integrity. (See discussion of research on page 9.)

Challenges to Reducing the Burden of Providing Verification

As states consider how to reduce verification burdens, they face fiscal, institutional and computer-related challenges. In addition, as discussed in the text box on page 4, states must comply with federal food stamp rules related to verification.

- **Policymakers may not want to make changes that enable more families to receive assistance and, thus, raise state costs.** If a state improves program access by limiting verification burdens, more families should be able to navigate the enrollment and retention processes and receive program benefits. Increased enrollment can raise state costs in those programs that have significant state financial participation. (Food stamp benefits, in contrast, are entirely funded with federal dollars.) It should be noted, though, that lessening verification requirements also can produce administrative savings for states by reducing the amount of time it takes them to process applications and renewals.

- **Policymakers may be concerned that lessening verification burdens will lead to benefit determination errors and compromise program integrity.** Research in the children's health insurance context has shown that simplified application procedures — including the elimination of income verification in some states — did *not* result in large increases in eligibility errors. Concerns about such errors remain important, however, and may be a reason to test new approaches to determine their costs and benefits.

- **Establishing information-sharing mechanisms may require some up-front work.** Making better use of information already known to the agency (or another agency) through cross-match processes, information sharing, or "look-up" rights may require cross-agency agreements, important discussions about privacy, and changes in computer systems.

- **State and federal laws and rules may limit what states can do.** Federal rules (discussed below) require verification of some eligibility factors in the Food Stamp Program. In addition, many states have laws or rules limiting the extent to which verification can be eliminated. States should evaluate the flexibility they have and whether changes are needed in state laws or rules.

Steps States Can Take to Reduce Verification Burdens

When a family applying for benefits is required to provide documentation proving a certain element of eligibility, the following generally must occur:

- The caseworker must inform the applicant in writing that certain documentation is required and the date by which it must be submitted.

Verification Requirements in the Food Stamp Program

The Food Stamp Program is the only federal program that requires states to verify eligibility factors other than immigration status. All programs require the verification of non-citizens' immigration status, but the Food Stamp Program also requires all households to verify four additional factors: (1) gross income, (2) identity, (3) residency, and (4) Social Security numbers (7 C.F.R. § 273.2(f) (1)(i), (v), (vi), (vii)).

In addition, the Food Stamp Program has other federal verification requirements that apply only to particular categories of households. For example, individuals seeking to claim their actual utility costs — rather than the Standard Utility Allowance used by most households — must verify their actual utility expenses. (See Appendix for a chart of federal food stamp verification requirements at three stages of the eligibility process: application, change reporting, and recertification.)

Once a household has been certified for food stamps, it should need to re-verify only some of these eligibility factors in order to retain eligibility. In general, households must verify changes in income only if the income source has changed or the amount of the change exceeds $50. Under federal rules, a household should never be required to verify a circumstance that is not subject to change, such as age. Moreover, if a household reports that a circumstance is unchanged, it should not be required to re-verify the circumstance unless the state deems that the verification information is incomplete, inaccurate, inconsistent, or outdated. Yet many states routinely require households to re-verify many eligibility factors at recertification or in a semi-annual report, even if they are unchanged, adopting a view that the information has become "outdated."

Most states require more verification than is federally required because of concerns related to program integrity and quality control. For example, while federal rules do not require states to verify a household's housing costs when determining their shelter deduction, most states verify this information to ensure that they are issuing the proper level of benefits. If a state issues the wrong level of benefits because the shelter expenses are incorrect, that mistake (if large enough) will be treated as a quality control error, raising the state's error rate.

- The family must gather the necessary paperwork.
- The family must deliver that paperwork to the caseworker, either in person (which would require a trip to the welfare office), by mail (which would require the family to photocopy the document first), or by fax (which would require access to a fax machine).
- A worker must record that the document was received.
- The caseworker must review the document, ensure that it verifies the information on the application, and decide whether further checking is required.
- The caseworker must file the paperwork.
- If the requested documentation is not received, reminders often are sent to the applicant.

Similar steps are necessary when verification is required of a recipient who reports changed circumstances, submits a periodic report, or seeks to renew eligibility.

There are three ways states can reduce the burden posed by verification requirements:

1. Reduce the number of eligibility factors (such as income, assets, household expenses, age, etc.) that must be verified.
2. Do not require re-verification of factors that have not changed or have not changed significantly.

3. Make it easier to meet the verification requirements when proof is required.

Specific policy options in each of these three areas are discussed below.

Reduce the Number of Eligibility Factors that Must be Verified

States should consider whether certain verification requests can be eliminated entirely. There are two circumstances when this might occur. First, a state might decide to eliminate a given eligibility requirement, which would eliminate the need for clients to verify that they meet that requirement. For example, if a state no longer considers the value of a person's car when determining eligibility for a program, the need to verify the value of a car disappears.

Second, a state might determine that requiring proof of a particular eligibility factor has a "low payoff." That is, eliminating the requirement probably would not increase the likelihood that families will provide inaccurate information. In such cases, the state would accept the client's information and would ask for proof only if the eligibility worker considers the statement to be questionable.

Eliminating Low-Payoff Verification

Requiring verification of certain eligibility factors may not be worth the trouble. For example, eligibility errors related to asset limits may be rare or nonexistent in states that have raised their asset limits, so these states may want to eliminate asset verification except in cases when the information provided by a family seems questionable. Similarly, states that have raised their vehicle limits may no longer need to verify the value of families' cars (or may only want to verify the value if it is close to the vehicle limit.) A study on self-declaration of assets for family Medicaid in California projected that the policy's administrative savings would exceed the cost of any increased enrollment it caused by nearly $2 million annually.[iii]

To help them identify cases of low-payoff verification, states can consult the different kinds of data they collect about the reasons why benefits are denied, cases are closed, or benefit errors are made. All states have some such data. They include:

- **Quality control or audit information.** States often use information from the food stamp quality control (QC) system to identify error-prone aspects of the eligibility process and then to decide the types of information for which verification will be required. For example, a state is likely to know from its food stamp QC system whether erroneous claims regarding assets or utility costs are a significant source of errors. Routinely requiring verification of eligibility factors that rarely lead to errors in eligibility determinations or benefit calculations may be a "low-payoff" exercise.

  The QC data also can help a state determine whether errors related to a particular eligibility factor could have been prevented through verification. In the area of assets, for example, an error could arise either because an asset was incorrectly valued (in which case verification could have prevented the error) or because a family failed to report the asset (in which case

Using Administrative Data on Case Closures and Application Denials To Assess the Impact of Eliminating Verification Requirements

State data on case closure and denial codes are a mixed bag. Often they are not a good source of information on the precise *procedural* reasons why families' benefits are terminated or their applications are denied, because caseworkers sometimes use several different codes for one type of procedural denial or termination (such as the failure to provide required verification). For example, a caseworker might label a case that is denied for failure to provide required income verification as a denial based on "income," on "failure to complete the application process," or on some catchall basis such as "other."

Despite these problems, the denial and case closure data may be a source of useful information for states that want to investigate the extent to which a particular eligibility factor is a reason for denial or termination. Consider a state that is interested in eliminating asset verification and wants to determine the potential impacts of such a policy.

First, the state could determine how many cases were terminated and applications denied because a family's assets exceeded the asset limit by looking at cases closed or denied due to "assets." The state then could examine a sample of those cases to determine how many were denied or terminated because the family's assets exceeded the limit (as opposed to because the family did not provide the required verification); this step may not be necessary, depending on how caseworkers code case closures that relate to a failure to provide required verification.

Second, the state can examine the cases that were denied or terminated because the assets exceeded the limit to determine how often the state obtained this information about a family's ineligibility through the family's self-reporting versus through verification. If verification rarely uncovered the ineligibility — that is, if most families that exceeded the asset level accurately reported this fact — eliminating asset verification may have little impact on program integrity.

Third, the state may want to examine a sample of *procedural* denials and terminations that resulted from families' failure to provide asset verification and try to determine how many of these families likely would have been found eligible for benefits if all of the required information had been submitted. This will enable the state to estimate how eliminating asset verification might affect the program caseload. It is important to note that such an estimate may overstate the impact of eliminating asset verification because many families that fail to provide verification for one eligibility factor fail to do so for other factors as well.

verification could not have prevented the error, since it is impossible for a family to prove that it does *not* own a particular asset). If most of the asset-related errors found in the QC system are a result of families failing to report an asset (rather than errors related to valuing claimed assets), eliminating asset verification requirements is unlikely to increase error rates significantly.

In addition to food stamp QC data, states may have data from audits or other internal program integrity studies for other benefit programs that can help identify areas that may not be error prone and thus may be potential areas for removing verification requirements.

- **Case closure or denial codes.** A state also can examine data from denial and closure codes to determine which eligibility factors are frequent sources of ineligibility. A state can determine how many applications are denied or cases are closed because of a given factor (such as assets or certain expenses) and then select a sample of these cases and find out if the verification played a role in the denial. In other words, how many households claimed to have assets below the required level but were found through the verification process to have assets in excess of this limit? If asset verification led to the denial of eligibility for a relatively low number of households, there is little risk of increasing the state's error rate by eliminating this form of verification. (See box above for more information on how case closure codes could be used.)

Testing Verification Changes

It is possible that requiring households to provide verification will lead more of them to represent their assets accurately on the application form. Some states may be concerned that if they eliminate the verification requirement, more households may provide inaccurate information.

To address this concern, a state may want to conduct pilots in several offices or counties to see if the elimination of this verification requirement increases inaccurate approvals of benefits. States also should consider continuing to require applicants to list the names of the financial institutions at which their assets are held, even if universal verification is eliminated. This will allow states to seek third-party verification if an applicant's asset claim appears suspicious. In addition, continuing to require the names of financial institutions may deter client misrepresentation by showing applicants that the state has the information needed to verify the information they are providing.

A Number of States Have Eliminated Verification Requirements

A number of states have chosen to eliminate low-payoff verification for specific programs or eligibility factors. In these states, a caseworker does not request verification unless s/he believes that the client's statement is questionable. Some of the most common areas where verification has been eliminated are:

- **Assets.** Various states have eliminated asset verification requirements for some or all key benefit programs for low-income families. A few examples are:

  - **South Carolina** has an asset test in TANF, but does not require verification of assets.

  - **Washington State** has an asset test in TANF and for some categories of Medicaid applicants, but does not require asset verification in either program.

  - **Utah** does not require verification of assets for TANF, child care, or food stamps.

  - **Ohio** does not require verification of assets for food stamps.

  In **Ohio, South Carolina, and Washington State,** no family applying for any of the core benefit programs (TANF, food stamps, Medicaid, SCHIP, or child care) is required to produce asset verification. In these states, some programs have no asset test; other programs do have asset tests but do not require verification of assets unless the information provided appears questionable.

In family Medicaid, many states have eliminated the asset test altogether, and nine of the 28 states that have retained an asset test accept the client's declaration. In children's Medicaid, only five states have asset tests, and three of them (**Colorado, Idaho,** and **Texas**) accept the client's declaration.

Finally, some states seek verification of assets only if the declared value is close to the asset limit; for example, **Florida** seeks verification of assets for family Medicaid only if reported assets are valued within $100 of the asset limit.

- **Shelter and utility costs.** These costs typically are relevant only to the computation of food stamp eligibility and benefits. Moreover, in many cases a state only needs to determine *whether* the household incurs utility costs, not the precise amount of those costs, because the state provides all families that incur certain expenses with the Food Stamp Program's Standard Utility Allowance.

  While some states routinely require families to provide copies of utility bills and leases, others have determined that this is a form of low-payoff verification and do not require it. In **California,** counties can choose whether to require verification of certain food stamp factors, including shelter costs. San Francisco County, which in 2000 implemented a policy of not verifying shelter costs unless the reported information appears questionable, has not seen any quality control errors related to this policy change.

- **Medicaid and SCHIP eligibility factors.** Many states have reduced the number of factors for which verification is required for Medicaid (especially for children) and SCHIP. Most states accept self-declaration for a large number of eligibility factors, such as age, residence, and household composition, but require verification of income and certain expenses such as child care costs. About ten states go further and do not require verification of income or expenses. (As noted earlier, all states must verify immigration status for non-citizen applicants.) Studies have shown that eliminating income verification for children's health programs has not led to an increased enrollment of ineligibles. See further discussion in box on page 9.

Reducing Verification by Changing Eligibility Rules

Changing program eligibility rules — specifically, reducing the number of eligibility factors — is another way to reduce the need for verification, since it reduces the number of eligibility factors to verify. A key example is asset tests. Eliminating the asset test obviously reduces the need for verification of assets. Similarly, states that significantly increase their asset limit may find it easier to eliminate asset verification because it is unlikely that an applicant or recipient will have assets exceeding the new, higher asset limit while meeting all other eligibility criteria. Such a state could choose to verify asset values only when reported assets are very close to the asset limit.

Alternatively, a state could choose to exclude certain *types* of assets that may cause truly needy families to exceed the asset limit. For example, many states no longer consider the value of cars when determining asset eligibility for various programs. This simplifies the application itself, because information about families' cars does not have to be requested, and eliminates the need for verification as well.

Eliminating Income Verification in Children's Health Programs Does Not Lead to High Error Rates

While many states may be unwilling to eliminate income verification altogether — and such a policy is not permissible in the Food Stamp Program — recent research suggests that states could reduce income verification requirements significantly without jeopardizing program accuracy. An examination of 12 states that do not require families to provide verification of their income when they apply for children's Medicaid or SCHIP found increases in both program enrollment and caseworker productivity. Moreover, most state officials reported that error rates did *not* increase as a result of the self-declaration policy.[a]

Studies in individual states have produced similar results. For example:

- **Michigan:** In August 2000, Michigan stopped requiring families to provide documentation of their income when applying for Medicaid and SCHIP. Before this change, three-fourths of all applications were rejected because they were incomplete; after this change, fewer than one-fifth were. Between June 2000 and June 2001, program enrollment grew by 8.5 percent, following three years of declines. Michigan also reports that the change did not result in a high error rate: audits of Medicaid and SCHIP applications found an overall error rate of just 3 percent.[b]

- **Maryland:** Quality control reviews for Maryland's Children Health Program (composed of the state's children's Medicaid and SCHIP programs) released in 2002 and 2003 found that the state's self-declaration policy for children's health coverage did not result in high error rates. As part of each review, examiners requested income verification from a subset of families; the 2002 review found only one eligibility error in 109 cases and the 2003 review found only nine eligibility errors in 269 cases. In both years, the payment error rate was less than 1 percent.[c] (The payment error rate is the amount of funds spent on claims for ineligible cases divided by the amount of funds spent on all cases for which income verification was completed.)

- **Ohio:** In 2001, with funding from the U. S. Department of Health and Human Services, Cuyahoga County (the Cleveland area) conducted a pilot project to test the reliability of allowing families to apply for Medicaid for their children without verifying their income. The evaluation of the pilot project found that the new policy not only contributed to the enrollment of at least 24,000 eligible children, but also had a 98 percent accuracy rate. While five percent of applicants understated their income, only two percent were found to be ineligible. The simplified process led to higher approval rates (which rose from 65 percent before the new policy was implemented to 85 percent afterwards) and faster processing of applications (which had previously taken 30-60 days but took only 14-30 days after the policy was implemented).[d]

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[a] Danielle Holahan and Elise Hubert, *Lessons from States with Self-Declaration of Income Policies*, United Hospital Fund, 2004.

[b] U.S. General Accounting Office, *Medicaid and SCHIP: States' Enrollment and Payment Policies Can Affect Children's Access to Care*, (GAO-01-883), September 2001.

[c] Maryland Children's Health Program Quality Review Program, *Corrective Action Plan and Final Report, November 2000 to October 2001*, Maryland Department of Health and Mental Hygiene, March 6, 2002 and Maryland Children's Health Program Quality Review Program, *Annual Corrective Action Plan and Final Report for November 2001 to October 2002*, Maryland Department of Health and Mental Hygiene, March 2003.

[d] Catherine Penn and R. Staib, *Income Self-Declaration Boosts Enrollment for Healthy Start/Healthy Families*, Ohio Department of Job and Family Services, Cuyahoga Health and Nutrition, Project Number 11P-91269/5-01, January 2002.

Similarly, states may want to exclude retirement savings from their asset tests, so that a family with a parent who has been laid off can obtain needed help without being forced to jeopardize its retirement security by using up its retirement savings (and likely incurring a significant financial penalty for early withdrawal). States also may want to exclude other assets that are difficult to access, rarely held, or difficult to value. These steps can reduce verification requirements and simplify the application process.

Finally, some states continue to count the value of relatively inaccessible assets such as life insurance and burial plots toward programs' asset limits. Eliminating consideration of these types of assets, can help simplify the application form and reduce verification requirements.

States also can reduce verification requirements by excluding certain uncommon or infrequent forms of income when determining program eligibility, such as cash and in-kind donations from friends, relatives, and community of faith organizations, and proceeds from garage sales or the sale of blood.

Similarly, a number of states still follow the old AFDC "deprivation" rules requiring that a child be deprived of parental support in order to qualify for TANF income assistance or family Medicaid. These rules often require the household to establish — and verify — that one parent is missing or, in the case of a two-parent family, at least one parent is incapacitated or "unemployed." The verification required to establish that a parent is incapacitated may include medical forms; verification to establish that a parent meets a prescribed definition of "unemployed" may include current *and past* information on the hours worked. If a state eliminates these "deprivation" rules as eligibility factors and, instead, evaluates the eligibility of two-parent families on the same basis as single-parent families, it will no longer have to consider whether a child is deprived of parental support and will no longer need to seek verification of these circumstances.

Do Not Require Re-Verification of Factors that Have Not Changed (or Have Not Changed Much)

States routinely seek more verification from program recipients than is required under federal law or is needed to maintain program integrity. Typically, recipients must provide verification when renewing their eligibility, when submitting a periodic report (such as a semi-annual food stamp report), or when reporting changes in their circumstances. A recent major study found that about one-quarter of food stamp recipients who did not complete the recertification process cited the difficulty of verification requirements as a reason.[iv]

The Food Stamp Program is the primary source of federal verification requirements, and prohibitions. Federal law includes limitations on the extent to which states should seek to re-verify the circumstances of recipients when they submit a periodic report or complete a recertification:

- Once an applicant has verified an eligibility factor that is not subject to change, such as date of birth, states may not require re-verification of that factor.

- For an eligibility factor that could change (such as the level of assets) but has not, states may not require a recipient to re-verify the eligibility factor unless the state concludes that information the state previously collected is incomplete, inaccurate, inconsistent, or outdated.[v]

- States may not require verification of changes in income if the source of income is unchanged and the amount of the change is less than $50, unless the information provided by the recipient is incomplete, inaccurate, inconsistent, or outdated.[vi] (See Appendix for a chart describing the federal food stamp verification rules.)

When a household submits a food stamp semi-annual report or seeks to recertify its eligibility and none of the family's circumstances have changed, a state need not (and in some instances may not) require re-verification of eligibility factors. Yet many states do require verification in this circumstance, even if the state has no information suggesting that the client-provided information is inaccurate or incomplete. Most commonly, states do this because they consider the past verification "outdated." States have flexibility to define "outdated" in this context, and some states consider all information that is subject to change to become outdated between recertifications and semi-annual reports (and thus require all such information to be re-verified at each renewal or semi-annual report). Other states require re-verification of *income* even if it is unchanged, but do not require re-verification of other unchanged factors.

Some states also routinely require re-verification of unchanged circumstances in other programs as well.

States may want to conduct a self-assessment of their policies to determine the extent to which they require families to re-verify unchanged circumstances and then explore how these occasions could be reduced. For example, states may want to examine a sample of semi-annual reports and recertifications to see how often re-verification of information the client reports as unchanged enabled the state to discover inaccurate claims by clients. If this seldom occurs, states may conclude that they can change their policy without compromising program integrity, such as by:

- **Eliminating verification for some or all information that has not changed, according to the client.** For example, re-verifying rent and utility costs may be wholly unnecessary when the client reports that his address and rent are unchanged. A state could decide to eliminate this re-verification requirement, even if it continues to require income verification whether or not the reported income has changed.

- **Eliminating verification for some or all information that has changed only modestly.** If a client reports that her employer has not changed and her earnings have changed only modestly, re-verifying her income may be an unnecessary hassle. (In the Food Stamp Program, verification may be required if the change is more than $50 per month, but in other programs — such as Medicaid or child care — there are no federal rules governing re-verification.) Similarly, re-verifying rent when a client reports that her address has not changed and her rent has changed only modestly may be "low payoff."

- **Redefining when information should be considered "outdated" so that the re-verification of circumstances that have not changed according to the client (or have changed only modestly) occurs less frequently.** For example, a state may want to seek new verification of certain eligibility factors — such as income — periodically, even if the family reports that the circumstance is unchanged. Such a state could establish a policy that says that certain eligibility factors do not have to be re-verified if the family reports that the circumstance has not changed, unless the verification was received more than X months/years ago. States also could decide to forego re-verification when periodic reports (such as the food stamp semi-annual report) are filed, but require re-verification of unchanged circumstances at the time of eligibility renewals. This would enable the state to obtain updated verification periodically while eliminating the need for families to re-verify various circumstances on a semi-annual report (or at every recertification, depending on the length of certification periods and the timeframe adopted by the state under this policy) when those circumstances have not changed. Similarly, a state may not want to rely on rent verification that is more than a year or two old, even if families do not report a change in their address or rent.

States could adopt different approaches for different eligibility factors. For example, a state may be more concerned about obtaining recent verification of income than of rent or assets. Under any of these approaches, caseworkers could request verification if the information they were provided appeared inaccurate (for example, if it did not match a computerized wage match).

The state's self-assessment may also uncover misapplied policies. For example, caseworkers may be conducting more re-verification than the state requires. If this is the case (or if the state decides to change its policies), caseworker training, updated manual instructions, and desk verification "check-off" guides can modify caseworker actions in this area.

The self-assessment also should consider whether the state's renewal notices and semi-annual report notices request more verification than agency policies require. For example, these forms may tell all families to provide verification of a set of eligibility factors, even though agency policy is not to require re-verification of certain eligibility factors if those circumstances have not changed. States can revise these forms to provide more targeted verification instructions by:

- **Using pre-populated forms with instructions to provide verification of certain factors only if the family's circumstances have changed.** Pre-populated forms typically provide the latest information the family has provided about its circumstances and instruct families to provide new information for circumstances that have changed. The state could make clear on the pre-populated form that the client only needs to provide verification of those circumstances that it indicates have changed. Or, if the state decides that all families must provide verification of income but no verification is required of unchanged circumstances, the instructions to the form could make that policy clear.

- **Making sure that all forms — including applications, report forms, and renewal forms — clearly state *which* circumstances need to be verified and when.** Even if states do not use pre-populated report or renewal forms, states can indicate on these forms that the family does not need to provide verification in a particular area if its circumstances have not changed, though families may have difficulty remembering if their income and assets are exactly the same as six or twelve months ago. Of course, the simpler the state's policy on when to require re-verification, the easier it will be to tailor the notices accordingly.

If a state decides to re-verify some information, even if unchanged, periodically — but less frequently than at every renewal or periodic review — some programming may be required to tailor the renewal and reporting notices so that they accurately reflect the verification requirements that apply to an individual family that particular month.[vii]

Make it Easier to Meet the Verification Requirements When Proof is Required

Even when a state does require verification of an eligibility factor, it still can lessen the verification burden for the client and the caseworker. The state can confirm the client's statements using information already known to the agency (or other state or federal agencies), rather than ask the client to provide proof. In addition, a state can be flexible about the types of proof it will accept.

Sharing Verification Across Programs

A family applying for a benefit program may already participate in other benefit programs or may have participated in a benefit program in the recent past. States can use current information from other programs or past information from any program to reduce verification requests of an applicant.

For example, if a family is participating in (or has participated in) a benefit program, the state should not re-verify information that was already verified and does not change, such as birthdates and Social Security numbers (unless the state has reason to doubt the client's identity). Moreover, if a family is participating in another benefit program, the state can use the current information from that program in areas such as income and assets to limit the need for additional verification requests.

The Food Stamp Program can provide current, verified information that other programs can use when families apply or seek to renew benefits in other programs. A state will have information on food stamp households that is typically no more than six months old and meets stringent verification requirements, because of federal food stamp rules and state QC-related practices.[viii] If an eligibility factor has been established for a family's current food stamp benefits, a state can consider that factor to be verified for other benefit programs as well. The Centers for Medicare and Medicaid Services has instructed states that information in files of current food stamp recipients should be considered accurate for Medicaid purposes.[ix]

States could consider not requiring a family to re-verify elements of eligibility — including elements that can change over time — if the family has recently provided verification of that information for another program. For example, suppose a family that is receiving food stamps applies for child care assistance. On her child care application, the parent provides the name of her employer and her earnings; if her employer is the same as it was when she last verified this information for the Food Stamp Program and her level of earnings is the same or close to the same, the state likely gains very little by requiring her to re-verify her employer and earnings.

Even when benefit programs are administered by different eligibility workers or different agencies, this information-sharing may still be possible. Many states have designed inquiry-access to their benefit program databases so that eligibility workers in other programs or agencies can access (but cannot change) information about a family.

It is important to note that caseworkers for a particular program — such as Medicaid — may need to know information about *individual* household members, not just summary information about the entire family or household. For this reason, states should design their information-sharing systems so that the underlying information about a household that was provided by the client — such as the amount of income attributable to individual household members — can be shared.

One way for states to ensure that different caseworkers and programs can readily access verification that has been provided is to digitally image all such verification. (See the box below.) If a state does not scan every piece of documentation it receives, it still can use its automated system to share *whether* an eligibility factor has been verified (and eliminate the need for duplicate requests) through its coding of the factor in its eligibility system.

Using Databases and Cross-Matching to Confirm an Eligibility Factor

Caseworkers may be able to verify many eligibility factors by cross-matching with existing databases. States have long used databases to check for unreported income as a way of detecting erroneous benefit payments. More recently, they have begun to use database cross-matching to confirm information provided by program applicants, in lieu of seeking verification from the applicant. A recent study of self-declaration of income in children's health insurance programs noted that most states use four to five different databases to confirm the information declared by the applicant. These include databases of other benefit programs (food stamps or TANF), the Social Security Administration, the Internal Revenue Service, and wage databases maintained by the state labor agency.[x]

Database information can be used to track current or recent income and to provide a basis for accepting a client's statement of income. While some of the routinely matched databases — such as recent earnings reported by employers to the unemployment insurance system — do not provide immediately current income, they can tell an agency whether the client's statements appear questionable. For example, if a family applies for child care assistance and provides the name of its employer and current earnings, the caseworker can check that information against unemployment insurance records. If the two match, or nearly match, the state may decide there is no reason to verify the client's statement further. In addition, some state human service agencies use The Work Number, an automated service that provides current wage information for over 1,000 employers (including many big chains) and has over 80 million wage records.[xi]

Databases can verify other eligibility factors as well. In many states, caseworkers can link to other state agency records, such as the Department of Motor Vehicles (to establish car ownership) or Vital Statistics (to establish date of birth). Workers often engage in cross-match searches anyway, to help ensure that payments are accurate, and using the cross-match process in lieu of demanding verification from the client can reduce burdens on clients and caseworkers.

Being Flexible About What Type or Amount of Verification Is Required

States that choose to continue requiring client-provided income verification may want to examine how much verification they are requiring and of what type. For example, states can consider:

- **Reducing the number of pay stubs they require to verify earnings.** Given the positive results from studies of no-income-verification policies, states likely can require fewer pay stubs from families without significant increases in their error rates than many states now require.

- Accepting alternative forms of verification, such as contacting third parties by phone. If a family does not have its pay stubs, child care receipts, or even bank statements available, states can offer to call the individual's employer, child care provider, or bank to seek the information. This may be particularly useful during a face-to-face interview where a client can call the individual first and give them permission to disclose the information to the state.

Conclusion

When families report that the process for applying and retaining eligibility for benefits such as food stamps, child care, and Medicaid/SCHIP is difficult, time consuming, or onerous, they often are referring to the steps they must take to comply with verification rules. Verification rules, along with lengthy applications and requirements for face-to-face interviews, can serve as a source of significant frustration for families. These rules also are time consuming for caseworkers to enforce. At the same time, states have a strong interest in ensuring that benefits are computed correctly and awarded only to eligible families.

There are opportunities for states to reduce verification requirements — easing access barriers and reducing agency workloads — without sacrificing program integrity. States should consider reviewing their verification policies to identify areas where verification is unnecessary and produces little pay-off, where verification from one program can be used in other programs, and where data matches can simplify the verification process. States can test different approaches to reducing verification requirements and determine whether the changes significantly increase errors.

Appendix
When Verification Is Required by Federal Law for the Food Stamp Program[1]

	At Application	Changes Reported During Certification Period	At Recertification
Income	Yes, unless impossible.	If change in amount exceeding $50 or in source. Otherwise, only if info is incomplete, inaccurate, inconsistent or outdated	If change in amount exceeding $50 or in source. Otherwise, only if info is incomplete, inaccurate, inconsistent or outdated
Immigration status of non-citizens	Yes, if immigrant is applying (household must be given option to apply without the immigrant)	Only if changed.	Only if changed. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Citizenship	Only if questionable	Only if questionable	Only if questionable
Residency	Yes, unless it cannot be reasonably accomplished	Only if changed.	Only if changed. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Identity	Yes	Not subject to change. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated	Not subject to change. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
SSN	Yes, unless already verified by another IEVS program	Only if newly obtained and reported during certification period.	Only if newly obtained during certification period.
Household composition	Only if questionable	Only if changed and questionable	Only if questionable. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Shelter expenses	Only if questionable; failure to verify results in disallowance of deduction, not denial of application.	Only if changed and questionable	Only if questionable. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated

[1] In addition to this chart, for certain households that reapply for food stamps after being terminated for non-cooperation with Quality Control reviews, all factors must be verified.

	At Application	Changes Reported During Certification Period	At Recertification
Utility expenses	Only if household wishes to claim actual expenses in excess of SUA or if existence of costs is questionable, failure to verify results in disallowance of deduction, not denial of application.	If actual utility costs claimed change by more than $25. Otherwise, only if changed info is incomplete, inaccurate, inconsistent or outdated	Only if actual utility costs claimed changed by more than $25. Otherwise, only if info is incomplete, inaccurate, inconsistent or outdated.
Resources	Only if questionable	Only if changed and questionable. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated	Only if questionable. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Medical expenses	Only if deduction sought; failure to verify results in disallowance of deduction, not denial of application.	Only if deduction sought and expenses changed by more than $25. Otherwise, only if info is incomplete, inaccurate, inconsistent or outdated	Only if deduction sought and expenses changed by more than $25. Otherwise, only if info is incomplete, inaccurate, inconsistent or outdated
Disability status	Only if status claimed	Only if status claimed and changed	Only if status claimed and changed. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Work hours	Only for ABAWDs	Only if changed and for ABAWDs	Only for ABAWDs
Dependent care costs	Only if questionable and deduction sought; failure to verify results in disallowance of deduction, not denial of application.	Only if changed and questionable	Only if questionable. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated
Child support obligations and payments	Only if deduction or exclusion sought and either not available through automated files or if HH claims a discrepancy from automated information	Only if changed and not available through automated files or if HH claims a discrepancy from automated information	Only if changes in amount paid or amount of legal obligation. Unchanged information shall not be reverified unless it is incomplete, inaccurate, inconsistent or outdated

[i] See for example, a study on why households do not complete the application and recertification process in the Food Stamp Program. Susan Bartlett, Nancy Burstein, and William Hamilton, with the assistance of Ryan Kling, *Food Stamp Program Access Study: Final Report*, Abt Associates Inc., November, 2004, available at http://www.ers.usda.gov/publications/efan03013/efan03013-3/

[ii] 8 U.S.C. §1642 and 42 U.S.C. §1137(d)

[iii] Lisa Chimento et al., *Simplifying Medi-Cal Enrollment: Options for the Assets Test*, The Lewin Group, pp. 32-6, June, 2003.

[iv] Susan Bartlett, Nancy Burstein, and William Hamilton, with the assistance of Ryan Kling, *Food Stamp Program Access Study: Final Report*, Abt Associates Inc., pp. 6-8, November, 2004, available at http://www.ers.usda.gov/publications/efan03013/efan03013-3/

[v] 7 CFR 273.2(f)(8)(i)

[vi] 7 CFR 273.2(f)(8)(ii)

[vii] For example, if a state decides to re-verify income at least every twelve months if it remains unchanged, then some families whose income remains unchanged will need to re-verify income in connection with a semi-annual report while others will not. A family's whose income was verified at renewal and whose income remains unchanged at the time of the semi-annual report would not need to re-verify its income. Another family whose income had remained unchanged for a full year, however, would need to re-verify its income in connection with a semi-annual report. The instructions related to when verification of unchanged income is required would need to be individualized to the circumstances of each family under this policy.

[viii] Most states have adopted semi-annual reporting in the Food Stamp Program. Under this reporting structure, families must provide updated information about their circumstances every six months, either at a full recertification or on a semi-annual reporting form.

[ix] Letter to State Medicaid Directors, April 7, 2000 letter and Question and Answers are available at http://www.cms.hhs.gov/states/letters/smd40700.asp. CMS was HCFA at the time this letter was issued.

[x] Danielle Holahan and Elise Hubert, *Lessons from States with Self-Declaration of Income Policies*, United Hospital Fund, 2004.

[xi] http://www.theworknumber.com/SocialServices/index.asp.