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Before the Committee on Human Services
Council of the District of Columbia

Budget Oversight Hearing Regarding the Department of Human Services

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The Legal Aid Society of the District of Columbia\(^1\) submits the following testimony to raise concerns regarding the impact of the Mayor’s FY20 budget for the Department of Human Services (DHS) on safety net benefits that are critical to the lives of the vast majority of our clients. As we testified during the Committee’s performance oversight hearing,\(^2\) DHS continues to fall short on the everyday challenges of meeting the needs of District residents. Too many District residents are unable to obtain critical benefits because of agency errors in service delivery, long wait times at the service centers, inadequate training of service center staff, and lack of communication to consumers regarding program requirements. The Mayor’s proposed budget does little to address these issues.

In this testimony, we discuss two particular programs – Interim Disability Assistance and the Health Care Alliance – where the proposed budget’s investments fall short, leaving vulnerable populations without access essential social safety net programs. Indeed, in the case of the Health Care Alliance, the Mayor’s failure, for the second consecutive year, to fund legislative reforms, has implications for all District residents who seek assistance at DHS service centers. However, before discussing the budget, we want to share our alarm about recent revelations of fraud by DHS employees. This is unacceptable, and we hope that the Committee will use its oversight power to explore how these incidents occurred and ensure they do not happen again.

\(^1\) The Legal Aid Society of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Over the last 87 years, tens of thousands of the District’s neediest residents have been served by Legal Aid staff and volunteers. Legal Aid currently works in the areas of housing, family law, public benefits, immigration, and consumer protection. More information about Legal Aid can be obtained from our website, www.LegalAidDC.org, and our blog, www.MakingJusticeReal.org.

DHS Must Fully Address Recent Incidents of Fraud by Its Employees and Prevent Future Abuses of Power

Since we testified at DHS’s oversight hearing last month, two separate high profile instances of public corruption within the agency, resulting in the misuse of nearly $2 million dollars in SNAP and TANF benefits, have come to light.

The first case involved an employee who appears to have exploited the agency’s troubled “DCAS” computer systems to enrich himself with fraudulent underpayments of SNAP and TANF benefits in the amount of approximately $405,000. This scheme went on for nearly two years before he was discovered (March 2017 through December 2018).

The second, the details of which Director Laura Zeilinger rightfully described as “horrible and despicable,” involved a DHS employee who distributed approximately $1,500,000 in fraudulent payments in exchange for kickbacks and sexual favors. The employee engaged in this gross abuse of power over the course of three years, between April 2015 and July 2018.

It is unacceptable that these abuses of agency resources and exploitation of District residents were allowed to occur. That DHS’s internal safeguards were not sufficient to prevent them – or keep them from persisting for extended periods of time – is deeply alarming. Moreover, during the time period covered by this fraud, Legal Aid handled 458 SNAP and TANF cases, many of which involved benefit underpayments. For months on end, our clients encountered instances where agency IT specialists told them that there was a “ticket” on their case, with no definite timeline for resolution. Indeed, at least year’s oversight hearing, we raised concerns about the problems our clients were experiencing regarding the loading of benefits onto their EBT cards.

To the extent that DHS employees’ actions led to the disruption of our clients’ benefits, as well as the benefits of countless District residents by diverting agency resources to issue fraudulent underpayments, which could have otherwise been used to expeditiously address legitimate underpayments, these crimes caused real harm to our client community.

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The Committee should ask DHS about what steps it is taking to prevent such abuses of power in the future. And, in exercising oversight over DHS’s policy and budget decisions, it is important for the Committee to understand that agency policies that create barriers to lifeline benefits and services make benefits recipients more vulnerable to this sort of exploitation. These barriers both increase consumers’ desperation and give those who would exploit them a means for doing so. Removing unnecessary barriers to our social safety net must be a part of ensuring that no one is able to twist or distort the agency’s internal processes to deprive or abuse District residents who most need the agency’s help.

The Proposed Budget Underfunds Interim Disability Assistance, Leaving District Residents With Disabilities Without Life-Line Benefits

Legal Aid is concerned about that Mayor’s proposal to cut funding from the District’s Interim Disability Assistance (IDA) program. IDA is a vital safety net benefit for disabled individuals awaiting decisions on their federal disability applications. According to the Social Security Administration (SSA), the average wait time for a disability determination (from the time an applicant requests a hearing) was 579 days in FY19. Given that applicants must first go through processes that usually takes several months before they even get to request a hearing, it is not unusual for clients to wait three years to obtain an approval of disability benefits after they submit their initial applications.

IDA is the only District program that provides cash assistance to disabled individuals who are not the primary caretakers of minor children. Like the role TANF plays in assisting families in need, IDA allows recipients to pay for basic necessities which are not covered by SNAP and Medicaid, such as rent, transportation, toiletries and food above the amount paid for by SNAP.

In FY09, when the District awarded IDA benefits to all who qualified (based on disability and financial need) the District served roughly 2,750 residents per month. Currently, the District operates a “waitlist” system where individuals who are approved must wait for other IDA recipients to leave the program before they may being receiving benefits. In FY18 and FY19 to date, the District’s average monthly IDA caseload was between 950 and 1,100 – roughly a third of FY 2009 caseloads. However, this reduction does not reflect a reduced need for assistance. On the contrary, in the last 19 months, SSA’s Washington DC Office of Hearing Operations received 2,531 hearing requests.

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7 See Kate Coventry, What’s In the Proposed Fiscal Year 2020 Budget for Interim Disability Assistance?, April 1, 2019, available online https://www.dcfpi.org/all/whats-in-the-proposed-fiscal-year-2020-budget-for-interim-disability-assistance/.
As a result of inadequate funding, District residents with disabilities (who cannot work as a result of these disabilities), who must wait years to get a decision on their federal disability claims, already have to wait several months for interim benefits. Our clients have reported wait times of four to six months to receive IDA benefits. And despite this need, the mayor’s proposed FY20 budget reduces funding for IDA by nearly $1 million to roughly $3.3 million. The DC Fiscal Policy Institute estimates that this would limit average monthly caseloads to just 673 recipients – resulting in even longer wait times to receive IDA.\(^9\)

We urge the Committee to restore sufficient funding to the IDA budget so that District residents with disabilities do not have to wait months in order to receive this crucial benefit.

**The Proposed Budget Fails to Fund Legislative Reforms to the Alliance, Leaving Members of the District’s Immigrant Communities Vulnerable to Losing Health Coverage**

We are disappointed that the Mayor’s proposed budget yet again fails to fund changes to the burdensome Health Care Alliance recertification requirements. As Legal Aid and other advocates have repeatedly testified over the past few years,\(^{10}\) the current requirement for an in-person interview to recertify for Alliance every six months places a significant burden on Alliance beneficiaries, many of whom are immigrants.

The Council acknowledged this problem and presented a solution by unanimously passing two different pieces of legislation in the fall of 2017 to fix the broken Alliance recertification system.\(^{11}\) However, this change was not realized for Alliance beneficiaries because the FY19 budget failed to include funding to the recertification changes for either bill. In her FY20 budget, the Mayor has again failed to fund Alliance reforms.

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\(^9\) Id.


Legal Aid urges the Council to work with the Mayor to fully fund the “D.C. Healthcare Alliance Re-Enrollment Reform Amendment Act of 2017,” which would repeal the current six-month, in-person recertification requirement and replace it with an annual certification schedule similar to what is already in place for Medicaid enrollees. The requirement that Alliance enrollees recertify twice as often as Medicaid enrollees doubles the likelihood that they can mistakenly lose coverage for failure to complete a difficult-to-obtain in-person interview.\(^\text{12}\) In addition to protecting the health of Alliance beneficiaries, funding the Act protects the health of the Alliance program by reducing churn, making it more likely that younger, healthier individuals will stay in the program (thus lowering overall program costs) and allowing for greater continuity of coverage that makes it easier for individuals to access preventive treatment rather than more expensive emergency care.\(^\text{13}\) Moreover, removing the six-month, in-person recertification requirement would likely lower the costs of the program in future years.\(^\text{14}\)

In addition to improving the operation of DHS service centers, funding legislation that aligns Alliance recertification requirements with Medicaid recertification requirements would show our immigrant community that the Council does not believe that they are any more likely to commit fraud than other recipients of public benefits. Alliance and Medicaid beneficiaries have virtually identical demographics. They are all low-income, and they are all District residents. In fact, many mixed immigration status households contain both Alliance and Medicaid beneficiaries. The only difference between the two populations is the fact that Alliance beneficiaries do not have the federally required immigration status to obtain Medicaid benefits. The District should not continue to make this difference translate into disrupted coverage for a population that is already struggling under policies of the current federal Administration.

**Conclusion**

In closing, Legal Aid is concerned that the Mayor’s FY20 budget fails to address long standing service delivery issues impacting our clients and threatens to make these issues even worse by reducing funding for Interim Disability Assistance. We urge the Committee to restore this funding. Additionally, funding the “Department of Healthcare Finance D.C. HealthCare Alliance Amendment Act of 2017” would go a long way in alleviating some of the agency’s

\(^{12}\) DHCF’s oversight data show that during FY18, between 44% and 52% of Alliance enrollees up for recertification each month did not complete the recertification process. Over the opening months of FY 2019 (October, November, December, and January), these percentages ranged from 51% (October 2018) to nearly 66% (January 2019). DHCF FY18 - FY19 Performance Oversight Responses, Q49. While the data does not include the reasons that Alliance beneficiaries failed to complete their recertification, we believe that lines outside of the service centers undoubtedly played a role.

\(^{13}\) See E. Lazere, No Way to Run a Healthcare Program: DC’s Access Barriers for Immigrants Contribute to Poor Outcomes and Higher Costs, D.C. Fiscal Policy Institute (March 17, 2019), [https://www.dcfpi.org/all/no-way-to-run-a-healthcare-program-dcs-access-barriers-for-immigrants-contribute-to-poor-outcomes-and-higher-costs/](https://www.dcfpi.org/all/no-way-to-run-a-healthcare-program-dcs-access-barriers-for-immigrants-contribute-to-poor-outcomes-and-higher-costs/)

\(^{14}\) See id.
service delivery issues by reducing the number of people who must conduct business in person, while ensuring that our immigrant neighbors retain much needed access to healthcare. We look forward to working with this Committee between now and budget mark-up to ensure that the FY 20 budget meets the needs of the District’s most vulnerable residents.