

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

Katherine Luster
INITIATED BY



Phil Boutwell
DRAFTED BY

Human Services Board
SUBMITTED BY

September 18, 2017
DATE DRAFTED

**Awarding Contract for Fraud Prevention Investigations to Central States
Investigation Agency, LLC**

1 **WHEREAS**, The new State Budget increased Fraud Prevention Investigations (FPI) funding statewide
2 from \$1.0 million to \$1.5 million in 2018 to investigate economic support cases flagged for potential
3 overpayments due to fraudulent application or misrepresenting continued eligibility; and,
4
5 **WHEREAS**, the Southern Income Maintenance Consortium partners wish to pool their funding totaling
6 \$145,000 in 2018 and seek a qualified contractor to conduct FPI services; and,
7
8 **WHEREAS**, the Purchasing Department solicited proposals for the Rock County Human Services, which
9 serves as the lead administrative agency for the Southern Consortium; and,
10
11 **WHEREAS**, eight raters representing the seven counties in the Southern Consortium evaluated proposals
12 from six firms and selected the Central States Investigation Agency, LLC as their top choice.
13
14 **NOW, THEREFORE, BE IT RESOLVED** by the Rock County Board of Supervisors duly assembled
15 this 28th day of September, 2017, does hereby approve entering into a contract for
16 paraprofessional services with Central States Investigation Agency, LLC of Madison, Wisconsin under the
17 terms set forth in Request for Proposal #2017-45, and authorize the County Board Chair to approve the
18 contract.

Respectfully submitted,

HUMAN SERVICES BOARD

Brian Knudson
Brian Knudson, Chair

Sally Jean Weaver Landers
Sally Jean Weaver-Landers, Vice Chair

Karl Dommershausen
Karl Dommershausen

Terry Fell
Terry Fell

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Linda Garrett

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Shirley Williams
Shirley Williams

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FISCAL NOTE:

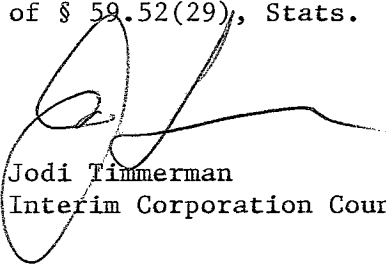
This resolution approves a 2018 contract for fraud investigation services for the Southern Income Maintenance Consortium for which Rock County is the fiscal agent. These services would be funded by state revenue.



Sherry Oja
Finance Director

LEGAL NOTE:

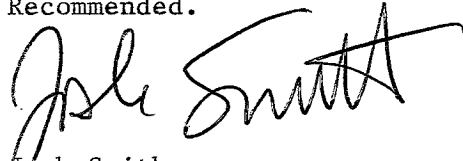
The County Board is authorized to take this action pursuant to secs. 59.01 and 59.51, Wis. Stats. Professional services are not subject to bidding requirements of § 59.52(29), Stats.



Jodi Timmerman
Interim Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.



Josh Smith
County Administrator

Executive Summary Fraud Prevention Investigations (FPI)

Eight raters representing the seven counties in the Southern Consortium evaluated six proposals and selected Central States Investigation, LLC as their top choice. Seven of the eight raters picked Central States as their top choice. Central States will charge \$405 to conduct an investigation. At present, it does investigations for two IM Consortia in Wisconsin, and comes highly recommended through reference checks.

The Southern Consortium wished to solicit proposals for a FPI contractor in 2018. The additional state funding was seen as an opportunity to ask for higher standards of investigation under a new contract for FPI. O'Brien and Associates, the current contract provider did not submit a proposal, and its contract will lapse at year end.

The Southern Consortium has approximately 55,000 open economic support cases for Foodshare and Medicaid. In 2016, 428 cases, or less than 1% of the caseload was referred to O'Brien and Associates for FPI. Referrals are made when ES workers see irregularities in the cross references of state databases. Often, they are a result of changes in work status that are not reported that result in the overpayment of benefits. Whether fraudulent or not, when benefits are owed to the state, it is called a "claim" and incentives exist for repayments on the claim. When intentional acts of fraud are uncovered, the case is referred to the District Attorney for prosecution.

The Southern Consortium Directors believe that effective fraud prevention improves program compliance and overpayment recovery. Statewide statistics from 2016 show that for every dollar spent on fraud investigations, 23 dollars are recovered through reimbursement on overpayments. Counties receive 15% of every dollar recovered on claims, with the remainder going back to the state and federal government. In 2018, Rock County Human Services has budgeted an \$80,000 claims recovery as its share of the Southern Consortium fraud prevention effort.

Some of the referrals for FPI involve cases where the recipient disputes the overpayment finding and request an administrative hearing. An impartial administrative law judge examines the facts and makes a finding. The hearings require the investigations to meet a "Clear and Convincing Proof" standard. If the law judge finds the standard has not been met, he/she will rule in favor of the client. Thus, the contract will hold Central States to a high standard for investigation so that the Southern Consortium counties prevail in cases that go to an administrative hearing.

The 2018 State Fraud Funding allocation to the Southern Consortium would pay for 360 investigations. Should the number of referrals exceed the funding to pay for them, the Southern Consortium will either stop making referrals, or ask for an additional appropriation to fund the estimated referrals through the end of 2018.



PROPOSAL SUMMARY FORM

PROPOSAL NUMBER: 2018-45
 PROPOSAL NAME: FRAUD PREVENTION INVESTIGATIONS
 PROPOSAL DUE DATE: JULY 31, 2017 - 12 NOON
 DEPARTMENT: HUMAN SERVICES - ECONOMIC SUPPORT DIVISION

	CENTRAL STATES INVESTIGATIONS LACROSSE WI	NORTH SHORE INVESTIGATIONS PORT WASHINGTON WI	GREGG INVESTIGATIONS JANESVILLE WI	MARKLEY INVESTIGATIONS BELOIT WI	INTERSTATE REPORTING MENOMONEE FALLS WI
RATER 1	87	85	79	79	71
RATER 2	90	85	82	82	60
RATER 3	87	88	86	85	55
RATER 4	91	77	77	80	40
RATER 5	90	85	85	80	65
RATER 6	90	90	90	90	55
RATER 7	95	85	80	10	0
RATER 8	90	70	70	70	50
TOTAL SCORE	720	665	649	576	396

Proposals were evaluated based on the following criteria:

- Cost - 50 Points Maximum
- Experience - 20 Points Maximum
- Meets County Expectations - 20 Points Maximum
- References - 10 Points Maximum

Request for Proposals was advertised in the Janesville Beloit and on the Internet.

PREPARED BY: JODI MILLIS, PURCHASING MANAGER

DEPARTMENT HEAD RECOMMENDATION: Central States Investigations
 SIGNATURE: [Signature] DATE: 9/19/17

GOVERNING COMMITTEE APPROVAL:
 CHAIR: [Signature] DATE: 9-27-17