MEPD and Texas Works Bulletin 19-09

Date: October 21, 2019

To: Eligibility Services – Regional Directors
    Program Managers
    Eligibility Services Supervisors
    Regional Attorneys
    Hearings Officers

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Subject: 1. Alimony Paid for MAGI Expenses
          2. Data Broker - Predictive Analytics Phase II

Bulletins are sent to supervisors and other regional managers. Supervisors must share this information with all eligibility staff. Please ensure that copies are provided to staff that do not have access to e-mail. If you have any questions regarding the policy information in this bulletin, follow regional procedures.

Active bulletins are posted on the following websites:

- Texas Works Handbook (TWH) at http://hhs.texas.gov/laws-regulations/handbooks/texas-works-handbook/texas-works-bulletins;
1. Alimony Paid for MAGI Expenses

Background
The Tax Cuts and Jobs Act (Pub. L. 115-97), passed by Congress in December 2017, made changes to the Internal Revenue Code, including changes to the Modified Adjusted Gross Income (MAGI) rules.

Current Policy
Texas Works Medical Programs
Alimony paid by members of the MAGI household composition may be deducted when determining eligibility for a MAGI program. (TWH A-1410, General Policy and TWH A-1424, Diversions, Alimony, and Payments to Dependents Outside the Home)

Staff must verify the amount of alimony paid using one of the following verification sources (TWH A-1441):

- federal tax return for the person who paid the alimony;
- divorce decree;
- court order;
- court records; or
- statement from the person who is receiving the alimony.

If a person fails to provide the requested verification, the deduction is not allowed. (TWH A-1440)

New Policy
Texas Works Medical Programs
Alimony paid is no longer an allowable MAGI deduction for divorce or separation agreements:

- executed after December 31, 2018; or
- were executed on or before December 31, 2018, but were modified after December 31, 2018.

Whether or not a person can claim alimony paid as a MAGI deduction is dependent upon the date of the person’s divorce or separation agreement, or the date of the most recent modification to the agreement. The benefit application date does not impact the person’s ability to claim this deduction.

Note: Verification is not needed if the person states the divorce or separation agreement or the most recent modification to the agreement occurred after December 31, 2018.
A person with a divorce or separation agreement or a modification to the agreement effective on or before December 31, 2018, may continue to claim alimony paid as a MAGI deduction until the agreement is modified.

To allow for the alimony deduction, staff must verify that the person’s divorce or separation agreement or the most current modification to the agreement was effective on or before December 31, 2018, and the alimony amount paid, using one of the following verification sources:

- divorce decree;
- separation agreement;
- court order; or
- court records.

If the verification source only verifies the effective date of the divorce or separation agreement and does not include the amount of alimony paid, verify alimony paid using one with the following verification sources:

- federal tax return for the person who paid the alimony; or
- a statement from the person who is receiving the alimony that includes the person’s name, address and phone number.

**Automation**

The Texas Integrated Eligibility Redesign System (TIERS) **Support Details** page available in the **Support Expenses** LUW will be updated to capture the person’s divorce or separation agreement date and the source used to verify the date.

Additionally, new Verification Check List language will be added to request verification of the person’s divorce or separation agreement date. Form H1020, Request for Information or Action, will display the following:

"Send documents showing the date your divorce or separation agreement was executed or changed."

Changes to TIERS will be implemented on November 9, 2019 with Release 105.2.

**Forms**

Form changes are not required.

**Effective Date**

The policy is effective with the implementation of TIERS Release 105.2 on November 9, 2019.
Handbook
Texas Works Handbook updates are scheduled for April 2020.

Training
Training will be provided in the General Information Web-Based Training (WBT) with Release 105.2 on November 9, 2019.
2. Data Broker - Predictive Analytics Phase II

Background
HHSC contracts with a Data Broker vendor to provide financial and other background information for SNAP, TANF, and Medical Program applicants and recipients. The vendor collects and combines information from several sources into a Data Broker Combined Report. This report includes information such as driver’s license numbers, details of persons living at reported addresses, vehicle ownership, vehicle values, employment, income, unemployment benefits, and other information when available.

In a continued effort to strengthen program oversight, integrity and accuracy, a new tool, Predictive Analytics, will be piloted to assist staff with identifying and preventing fraud. Predictive Analytics is a tool within Data Broker that automatically compares data from existing and new Data Broker sources that will determine a risk level for each household. Feedback from pilot participants will help determine whether Predictive Analytics and the new data sources are successful in helping to identify case clues and deter fraud to implement statewide.

Detailed information about Predictive Analytics can be found in the Predictive Analytics Reference Guide. The guide will be available prior to the pilot start date under the Resources tab in the online training and will be available through the Data Broker Portal in the User Options section of the left navigation bar.

Current Process

All Programs
When a Data Broker Combined Report provides information that is discrepant with the information provided by the household, the household’s circumstances become questionable. Staff must follow policy in Texas Works Handbook (TWH) C-920, Questionable Information, to resolve the discrepancy.

When taking adverse action based on information received either directly or indirectly from a credit report, the Fair Credit Reporting Act (FCRA) requires notification to the household. Staff must follow policy in TWH C-829, Case Actions, when taking adverse action as a result of a credit report and include the appropriate notice language. In addition, staff must complete the Credit Agency-Details page in TIERS to ensure the required notice language is included on the TF0001, Notice of Case Action.
New Process

All Programs

Beginning November 4, 2019 through December 31, 2019, a Predictive Analytics pilot will take place in two Region 8 San Antonio offices - Castroville Road and Nacogdoches Road. Staff in these offices will obtain a Predictive Analytics Report that includes a risk level using existing data from the Data Broker Combined Report for each adult household member as well as data from new sources.

Pilot staff must continue to pull a Data Broker Combined Report at application and recertification following current policies and procedures. In addition, pilot staff must complete a new Data Broker Predictive Analytics Questions page in TIERS that consists of the following seven questions to obtain the Predictive Analytics Report:

1. Number of household members.
2. How many household members age 16 or older do you need a Data Broker report for?
3. Last names of up to three children on the case whose last names are different from the adults, starting with the youngest (if applicable).
4. Two or more children born within 12 months of each other? (yes or no)
5. Any income reported on application? (yes or no)
6. Any household member receives RSDI or SSI? (yes or no)
7. Select all programs client is applying for.

Responses to these questions provide the information to create the Predictive Analytics Report.

Processing Report Information

Information in the Predictive Analytics Report should be treated as a case clue and should not be considered verified upon receipt. Pilot staff must review the risk level of the information in the report, then address and clear all discrepancies following policy in TWH C-920, Questionable Information, and the process described in the training.

When denying a case for failure to provide information based on the Predictive Analytics Report, pilot staff must document in case comments any outstanding information that was not returned. If a household is denied benefits and later reapplies, and outstanding information from the Predictive Analytics Report still exists, pilot and non-pilot staff must address the discrepant information following policies found in TWH C-920, Questionable Information, to resolve discrepancies when determining eligibility.
Risk Levels
Each risk category consists of several “checks,” which explain the specific information that is questionable based on the data available. A risk level will be included for each category.

There are four possible risk levels:

- No Risk;
- Low Risk;
- High Risk; or
- Potential Fraud.

In addition to the risk level, the Predictive Analytics Report includes the specific reason(s) for the risk level indicated and additional key details. Staff must address all Low Risk, High Risk, and Potential Fraud flags in the report before disposing the case.

For example, the household may have a Potential Fraud risk level for the specific reason of “Input identity is reported as deceased.” In this example, the comments on the report explain the reason in further detail: “The identity for this individual is reported by the data source as being deceased effective 01/01/2019. Verify SSN as needed.”

In this case, staff should follow procedures for verifying SSNs, such as checking State Online Query (SOLQ), before disposing the case. (TWH A-440, Verification Requirements)

Predictive Analytics Report Risk Categories
The following are all the current and new Data Broker sources used in the Predictive Analytic Report along with who provides it and what it provides.

Identity
Uses information from Experian and LexisNexis to check for potential identity theft, such as evidence the Social Security Number provided by the person belongs to a deceased person. These are new data sources.

This check will also include any existing Integrity Support Services (ISS) findings related to the case (see MEPD and Texas Works Bulletin 19-8).

Citizenship & Alien Status
Uses information in the Systematic Alien Verification System for Entitlements (SAVE) database to check for expired alien status documentation and uses data from LexisNexis to flag Social Security Numbers (SSNs) issued to non-citizens if the person did not indicate they were a non-citizen on their application.
Address
Uses existing data from the Texas Office of the Attorney General (OAG) and the Texas Workforce Commission (TWC) as well as new data from Experian and LexisNexis to check for fraudulent addresses.

Residency
Uses existing data sources such as the National Directory of New Hires (NDNH), Department of Public Safety (DPS) vehicle information, Out of State Shopping Reports, and LexisNexis, as well as new data from Experian and LexisNexis that indicate the person does not live in Texas and may be ineligible for benefits.

Household Composition
Uses existing data from the Department of Motor Vehicles (DMV) and new data sources from LexisNexis, Experian, TransUnion, and First American to check for household members that should be included in the certified group and were not listed on the application.

Income & Employment
Uses existing sources, including TWC, OAG, NDNH, Texas Lottery Commission (TLC) and Employer New Hire Report (ENHR) data as well as new data from Experian and TransUnion to check for unreported income and employment that could affect eligibility for benefits.

Criminal History & Incarceration
Uses existing data from the Texas Department of Criminal Justice (TDCJ) and new data from LexisNexis to check for incarcerated household members who may not be eligible for benefits.

Property
Uses existing data from the DMV and the National Automobile Dealers Association (NADA) and new sources (LexisNexis, First American) to check for potential ownership of property, including sale of property, unreported by the household which could affect eligibility for benefits.

Fair Credit Reporting Act (FCRA)
The Predictive Analytics Report includes data obtained from Experian Income Insight, which uses information from a person’s credit report. When taking adverse action based on information included in the Predictive Analytics Report from this source, staff are required to follow policy in TWH C-829, Case Actions and include the appropriate notice language.

Automation
There are no automation changes to TIERS. Functionality will be added to Data Broker to enable staff to request a Predictive Analytics Report.
Staff in the designated pilot offices are required to answer additional questions when completing a task in the Eligibility Workload Management System (EWMS). Process information is located in the Eligibility Operations Procedures Manual (EOPM) and/or EWMS release notes.

Predictive Analytics information is available in Data Broker Case History and in the TIERS case comments. Staff must not print Predictive Analytics Reports.

**Forms**
Form changes are not required.

**Effective Date**
The policy is effective November 4, 2019 through December 31, 2019 for applications and recertifications processed by staff in designated pilot offices.

If a household reapplies for benefits after December 31, 2019 and there is still discrepant information related to a Predictive Analytics Report, staff must clear the discrepancy before certifying the household for benefits.

**Handbook**
Handbook updates are not required.

**Training**
The new training module will be available through the Data Broker Portal on Monday, October 21, 2019.

To access the training, staff in the designated pilot offices will log into the Data Broker Portal at https://portal.pcgtxdatabroker.com/Account/Login and select “Training” on the left navigation bar. The training module will take approximately 45 minutes to complete.

To ensure that all staff involved in the Predictive Analytics pilot are familiar with new Data Broker functionality, Field Operations staff in the two Region 8 pilot offices (Castroville Road and Nacogdoches Road) and staff who support Eligibility Operations with Data Broker must complete the training by **November 1, 2019**.