



Department of Justice

Acting United States Attorney Jeffrey M. Anderson
Western District of Wisconsin

FOR IMMEDIATE RELEASE

APRIL 13, 2017

WWW.JUSTICE.GOV/USAO/WIW

CONTACT: DAN FRUCHTER

PHONE: (608) 264-5158

TTY: (608) 264-5006

WISCONSIN DEPARTMENT OF HEALTH SERVICES AGREES TO PAY NEARLY \$7 MILLION TO RESOLVE ALLEGED FALSE CLAIMS FOR SNAP FUNDS

MADISON, WIS. - The Wisconsin Department of Health Services (WDHS) has agreed to pay the United States \$6,991,905 to resolve allegations that it violated the False Claims Act in its administration of the Supplemental Nutrition Assistance Program (SNAP), the Department of Justice announced today. Until 2008, SNAP was known as the Food Stamp Program.

Under SNAP, the U.S. Department of Agriculture (USDA) provides eligible low-income individuals and families with financial assistance to buy nutritious food. Since 2010, SNAP has served on average more than 45 million Americans per month, and provided more than \$71 billion annually.

“This settlement reflects the Justice Department’s commitment to ensuring that taxpayer funds are spent appropriately so that the public can have confidence in the integrity of programs like SNAP,” said Acting Assistant Attorney General Chad A. Readler of the Justice Department’s Civil Division.

Although the federal government funds SNAP benefits, it relies on the states to determine whether applicants are eligible for benefits, to administer those benefits, and to perform quality control to ensure that eligibility decisions are accurate. USDA requires that the states’ quality control processes ensure that benefits are correctly awarded, are free from bias, and accurately report states’ error rates in making eligibility decisions. The USDA reimburses states for a portion of their administrative expenses in administering SNAP, including expenses for providing quality control. The USDA also pays performance bonuses to states that report the lowest and the most improved error rates each year, and can impose monetary sanctions on states with high error rates that do not show improvement.

As part of the settlement, WDHS admitted that, beginning in 2008, it utilized the services of Julie Osnes Consulting, a quality control consultant, to review the error cases identified by WDHS quality control workers. WDHS further admitted that based on instructions from Julie Osnes Consulting it implemented several improper and biased quality control practices, including: (1) finding a basis for dropping error cases from the

review by discouraging beneficiaries from cooperating with information requests and pursuing unnecessary information; (2) selectively applying requirements and policies to overturn and reduce errors; (3) asking beneficiaries leading questions to obtain desired answers to eliminate error potential; (4) arbitrating any and all differences with USDA; (5) subjecting error cases to additional scrutiny and quality control casework with the goal of overturning an error or dropping a case; and (6) omitting verifying information in documents made available to USDA. These practices improperly decreased WDHS's reported error rate, and as a result, WDHS earned performance bonuses for 2009, 2010, and 2011 to which it was not entitled.

This is the second settlement with a state agency for manipulating its SNAP quality control findings. On April 7, 2017, the Virginia Department of Social Services agreed to pay over \$7 million to resolve its liability associated with the use of Julie Osnes Consulting to improperly reduce its reported error rate.

"While I am deeply troubled that these actions happened within a state agency entrusted with assisting vulnerable and needy Wisconsin residents, I am heartened that WDHS has cleaned up its act and that it cooperated with our investigation," said Acting U.S. Attorney Jeffrey M. Anderson for the Western District of Wisconsin. "Together with our partners in the Civil Division and the USDA, we will continue to investigate and hold accountable entities, including government entities, which misuse and wrongfully obtain SNAP funding."

"We appreciate the commitment and investigative assistance provided by our partners at the Department of Justice's Civil Division and the U.S. Attorney's Office throughout this multi-state investigation," said Special Agent-in-Charge Bethanne M. Dinkins of the USDA Office of Inspector General (OIG). "We also wish to note the technical assistance provided by our colleagues in the Office of Audit at OIG. During the investigation, conducted by OIG's Northeast Regional Office, we worked together to address the concerns of employees of multiple states and others who alleged that the integrity of the SNAP quality control process was weakened by third-party consultants. These concerned individuals reported that cases were not being treated in a consistent manner, and that certain advice from consultants resulted in identified errors being diminished rather than used to improve eligibility determinations. The settlements reached to date send a strong message regarding the Government's commitment to work across agency lines to protect the integrity of SNAP."

The settlement was the result of a joint investigation conducted by the USDA Office of Inspector General, the Civil Division's Commercial Litigation Branch, and the U.S. Attorney's Office for the Western District of Wisconsin, that arose out of a nationwide audit of SNAP QC processes by the USDA-OIG.

###