

States Develop Task Force with HHS to Address Fraud Prevention in the Low Income Home Energy Assistance Program

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State energy officials today announced the formation of a joint task force to address issues concerning waste, fraud and abuse in the Low Income Home Energy Assistance Program (LIHEAP). Established by National Energy Assistance Directors' Association (NEADA) in conjunction with the US Department of Health and Human Services (HHS), the task force is a response to a recent report by the US General Accounting Office (GAO) revealing the risk of fraud and abuse in the program due to a lack of systematic checking of applications and payments to utility vendors.

“There is no question that all of the state LIHEAP directors strongly support the accurate and appropriate awarding of grants funds,” says Jo-Ann Choate, chair of NEADA. “Any dollar wasted is a dollar that cannot be used to help a needy family have access to energy assistance.”

To that end, the states are requesting full access from GAO to the files in question in order to assess the accuracy of the review, develop appropriate measures to prevent waste, and eliminate weaknesses in the in-take system.

The task force will work with HHS to strengthen internal controls to ensure these funds are used properly.

While the purpose of the Task Force is to prevent waste, fraud and abuse in LIHEAP, it can only do so by addressing serious questions about the rate of error identified in the GAO report.

- Because the states have not had an opportunity to review the files GAO identified as suspicious, it is possible many of these cases are issues of paperwork, not fraud. For example, a recently widowed elderly woman who qualifies for LIHEAP might include her husband's name on the application so that it is consistent with the billing information her utility company has. Though the paperwork is inaccurate and must be updated, she is still eligible.
- The GAO study reported that LIHEAP programs give low-income residents checks made out to "Your Heating Supplier." In fact, vendor payments are generally marked with specific instructions to the bank that they are only to be deposited by the supplier. Some states pay LIHEAP benefits through the gas, electric and heating companies. A qualifying client's account is credited with the benefit they are eligible for. No payment is issued directly to the client. In rare instances - generally during a home-energy emergency - a two-party check may be issued to the vendor and the client jointly. However, in all cases, the payment is provided only for the purpose intended.
- In a letter to GAO commenting on their review of its program, the State of Ohio pointed out that draft report could be interpreted as finding widespread fraud in Ohio. However, the GAO identified only four questionable cases, with payments totaling \$1,400.
- New York State also submitted a letter commenting on the GAO report that raised an important issue: federally mandated deadlines for the delivery of emergency assistance.

As stated in the GAO report, federal LIHEAP funds are provided to assist households “in meeting their immediate home energy needs.” States have to move fast to meet household energy crises—within 18 to 48 hours, according to federal statutory requirements. The timeframe can make immediate fraud detection difficult. The state recommended, “Additional fraud and abuse prevention measures must take into account the need for states to be responsive to the immediate needs of eligible applicants.”

- Lastly, one of the key issues raised by the GAO report is the lack of Social Security numbers required on LIHEAP applications. Because of privacy concerns, until recently HHS would not allow states to require Social Security numbers on applications. HHS has since clarified that states can now do so. Officials believe this will be a significant help in identifying ineligible applicants. New York’s letter also recommended this measure.

For the states, the bottom line is that all funds should be spent accurately and in accordance with program regulations, according to Mark Wolfe, executive director of NEADA. “We will be working closely with the HHS to identify all potential strategies to support this outcome,” Wolfe said.

The National Energy Assistance Directors’ Association (NEADA) represents the state LIHEAP directors. www.neada.org.