

# AWARDS & RECOGNITION

## 2006 Awards: Information Communications Technology (ICT) Innovations

### RECIPIENT: Michigan

Michigan Innovative Fraud Detection

View document at <http://www.nascio.org/awards/nominations/2006Michigan9.pdf>.

Listen to the Michigan Innovative Fraud Detection project team share success stories and lessons learned during their Recognition Awards Best Practices webinar. [View Archive](#).



Michigan's Department of Human Services (DHS) is one of the state's largest organizations, managing approximately \$4.5 billion for many of Michigan's critical programs, including food and cash assistance and child support services. Over 1.2 million Michigan residents depend on DHS programs for life's necessities.

To deliver these services to the state's neediest citizens, in a tightly-controlled fiscal environment, DHS must maximize each dollar spent. As part of its efforts to deliver value, DHS's Office of Inspector General (OIG), in partnership with the Department of Information Technology, implemented cutting-edge fraud detection methods. Using a sophisticated data warehouse/decision support system as an informational backbone, DHS's OIG has utilized advanced analytics in unprecedented ways. "As subsidized daycare programs expanded nationwide, we looked for new ways to strengthen program integrity in Michigan. Where fraud is suspected, sharing data across agencies allows us to target it efficiently. The success of this and other fraud detection efforts is a direct result of the development of a well-designed human services data warehouse. This project demonstrates the true value of data sharing within state government, saving millions of dollars for Michigan taxpayers and preserving child care funding for those who truly need it."

*Marianne Udow, Director, Department of Human Services, State of Michigan*

To combat fraud activities in the Child Development and Care (day care) program and fraud and trafficking in food and cash assistance areas, the OIG links provider and recipient data with wage, unemployment, and national food assistance data. In this way, they undertake the comparative analysis necessary to achieve breakthrough results.

In fiscal year 2005, the DHS OIG efforts identified more than \$9.2 million in documented day care fraud to be recovered. This was up from \$3.3 million in 2004, the first year of the data match. By identifying households who have left Michigan while failing to report their departure, some \$1.6 million in savings are generated. Other major benefits include:

- A deterrent effect on fraud since clients and retailers now know that the state has advanced fraud-fighting capability;
- Reduced investigation time since analysts and investigators are pulling data from one central source;
- Savings of time and money for partnering agencies by filtering out "bad" trafficking referrals;
- Savings for the U.S. Department of Agriculture's OIG which relies on DHS OIG data and analytics to support their documentation for trafficking search warrants and for evidence in legal cases.

By utilizing the rapid analytical capabilities of the data warehouse and integrating records from disparate databases, Michigan DHS has established a national model in innovative techniques to battle child day care, food assistance and cash assistance fraud. Investigators are more targeted in their efforts to fight fraud and abuse and are equipped with irrefutable statistics and information.