



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Dr. Steven Corsi, Chief Executive Officer  
Nebraska Department of Health and Human Services  
301 Centennial Mall South  
Lincoln, Nebraska 68509

Dear Dr. Corsi:

As you know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the Aid to the Aged, Blind, or Disabled (AABD) Program. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Department of Health and Human Services (DHHS). Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

## **Background Information**

DHHS administers the AABD Program, which was established to provide financial aid and medical assistance to individuals in need who are either age 65 and older or age 64 and younger and have been determined to be blind or disabled according to the Retirement, Survivors, and Disabled Insurance (RSDI) or Supplemental Security Income Program (SSI) via the Social Security Administration (SSA). In order to be eligible for the AABD Program, in addition to being over 65 or determined to be blind or disabled, an individual must be a United States citizen or have a qualified alien status, such as being: (1) lawfully admitted for permanent residence under the Immigration and Nationality Act (Act); (2) granted asylum under section 208 of the Act; (3) admitted to the United States, as a refugee, under section 207 of the Act; (4) paroled into the United States under section 212(d)(5) of the Act; or (5) a Cuban and Haitian entrant, among other statuses. An eligible individual must also reside in Nebraska, have a Social Security Number, and meet resources and income limits.

AABD applicants/recipients are also required to apply immediately for SSI. To calculate the AABD payment, DHHS determines the budgetary needs of each individual and then reduces that amount by the SSI Federal Benefit to calculate the State supplemental monthly payment amount.

For the period July 1, 2023, to January 31, 2025, DHHS made AADB payments, totaling \$13,968,905, to 6,014 recipients.

## **Comments and Recommendations**

### **1. Alleged Fraud**

During our analysis, the APA noted a husband and wife who had separate cases and received AABD payments through November 2024 as two one-unit households instead of as one two-unit household.

The couple was married and living together but used a separate address belonging to another family member to avoid having the cases combined. According to the couple, they were told that doing so would result in more benefits being paid to each.

For example, we recalculated the budget for November 2023. The couple received \$684 each, or \$1,368 total, for the month, as two separate households; however, they should have received \$1,067 for one household with a unit size of two. Therefore, they were overpaid \$301 for the month of November 2023.

The following table summarizes the AABD payments to the couple from November 1, 2023, until November 30, 2024, as well as what the payments should have been had their household been reported correctly:

Budget Period	Husband	Wife	Total received	APA Calculation	Overpayment
November 2023	\$684	\$684	\$1,368	\$1,067	\$301
December 2023	\$684	\$684	\$1,368	\$1,067	\$301
January 2024	\$713	\$713	\$1,426	\$1,111	\$315
February 2024	\$713	\$713	\$1,426	\$1,111	\$315
March 2024	\$713	\$713	\$1,426	\$1,111	\$315
April 2024	\$713	\$713	\$1,426	\$1,111	\$315
May 2024	\$713	\$713	\$1,426	\$1,111	\$315
June 2024	\$713	\$713	\$1,426	\$1,111	\$315
July 2024	\$713	\$713	\$1,426	\$1,111	\$315
Supplement	\$250	\$250	\$500	\$250	\$250
August 2024	\$713	\$713	\$1,426	\$1,111	\$315
September 2024	\$713	\$713	\$1,426	\$1,111	\$315
October 2024	\$713	\$713	\$1,426	\$1,111	\$315
November 2024	\$713	\$713	\$1,426	\$1,111	\$315
<b>Total</b>					<b>\$4,317</b>

The husband arrived from Cuba in November 2022 and initially applied for Supplemental Nutrition Assistance Program (SNAP) and Refugee assistance, but he was denied Refugee assistance due to his age and was referred to AABD. However, he did not apply at that time. The wife then arrived from Cuba in May 2023 and applied for AABD and SNAP in June 2023, declaring that she lived with only her grandson, and they purchased and prepared food separately. She did not declare living with her husband or that he already had an open case with DHHS. The husband then applied for, and was approved to receive, AABD in November 2023 in his original case.

Not until December 2024, when the couple inquired with DHHS about the husband’s SNAP benefits, was it discovered that they were married and shared the same address. In December 2024, DHHS combined the cases.

Title 469 NAC 3-004.02(B)(iv) (“SPOUSE ON AGED, BLIND, OR DISABLED OR STATE DISABLED PROGRAM”) states the following:

*The needs of the eligible Assistance to the Aged, Blind, or Disabled or State Disability Program couple who are living together, either independently or in an unlicensed board and room, are shown on the same budget form and the payment is divided equally.*

Further, Title 469 NAC 3-004.02(B)(iv)(1) (“LIVING INDEPENDENTLY”) provides the following:

*When the couple is in an independent living situation, the budget must show:*

- (a) The standard of need for two;*
- (b) Actual shelter expense paid up to the multiple shelter amount; and*
- (c) Special requirements for each, if applicable.*

We recommend DHHS determine what overpayments have been made due to false reporting and follow procedures for recovering those amounts. We further recommend DHHS determine the appropriate legal action to be taken in response to the apparently fraudulent activity that resulted in the payments at issue.

*DHHS Response: The Department is in agreement with the comment and recommendation provided. This situation has been sent for review of overpayment as well as a referral to our fraud unit.*

**2. DHHS Not Reimbursed from SSA for Interim Assistance**

The APA examined 26 individuals who received AABD payments between July 1, 2023, and January 31, 2025. We noted that eight of those individuals received retroactive SSI payments, totaling \$14,556, as detailed in the following table:

Master Case #	SSI Effective Date	SSI Retro Amount
887481	11/22/2023	\$2,829
860143	4/26/2024	\$2,437
872394	1/27/2025	\$1,450
860601	11/19/2024	\$1,910
749257	4/1/2024	\$1,886
748269	8/1/2024	\$1,886
857690	4/2/2024	\$1,445
923711	7/18/2024	\$713
<b>Total</b>		<b>\$14,556</b>

These retroactive SSI payments were not returned to the State due to changes in the DHHS rules and regulations.

Until June 6, 2022, Title 469 NAC 2-007.01 of the administrative rules and regulations promulgated by DHHS required the following:

*If the client has a pending SSI/RSDI decision, the client must sign a DHHS designated form (e.g. IM-17) to allow DHHS to be reimbursed from SSA for interim assistance in order to be considered for AABD payment or SDP eligibility.*

(Emphasis added.) This language was eliminated by a 2022 revision to Title 469 NAC Chapter 2.

Under current DHHS rules and regulations, certain lump sum payments – including those discussed in this comment – cannot be counted against the recipient. Title 469 NAC 2-010.01(B)(iv) (“ACCUMULATED BENEFIT PAYMENTS”) states the following:

*Accumulated payments of Retirement, Survivors, and Disability Insurance; Railroad Retirement; Veteran’s Benefits or Pensions; Workers’ Compensation; or other benefit payments which are received in a single sum are not considered income. Any unspent remainder is considered a resource in the month following the month of receipt, or report, taking into account the timely notice provision.*

*(1) Exception: The unspent portion of a Retirement, Survivors, and Disability Insurance; Supplemental Security Income; or state supplemental retroactive payment is excluded for six months following the month of receipt.*

Because of the 2022 revision to Title 469 NAC Chapter 2, as explained above, the State was not reimbursed, and no overpayments were established – resulting in additional State dollars being used.

When the APA asked why the IM-17 form requirement in Title 469 NAC 2-007.01 had been eliminated, DHHS staff replied, “This was revised prior to the current staffing in AABD, and we are unaware of the reason. We are currently working on revisions to request, and this is one reference we have earmarked to reinstate.”

We recommend DHHS revise its administrative rules and regulations, reinstating previous language in Title 469 NAC 2-007.01 that required individuals applying for AABD to designate that the State be reimbursed from SSA for interim assistance – thereby ensuring that retroactive SSI is returned to the State.

*DHHS Response: The Department is in agreement with the comment and recommendation provided. This has previously been added to the drafted regulation updates. A Policy Memo will be issued for this change to go into effect as soon as possible.*

**3. Failure to Apply for SSI**

The APA noted that, for 8 of 26 cases examined, the recipients continued to receive full State AABD payments after the 60-day threshold for applying to SSI. The payment system used by DHHS alerts the agency to follow up with the recipient to ensure that the application was filed or, conversely, to close benefits; however, DHHS workers failed to heed those alerts.

The following table details the State AABD payments, totaling \$123,920, to the eight recipients noted – all of whose cases should have been closed:

Master Case #	Due Date to Apply for SSI *	SSI Application/ Effective Date	AABD Payments after SSI Due Date
860143	January 2024	4/26/2024	\$ 2,139
880381	July 2023	Never Applied	\$ 13,959
860601	March 2023	Never Applied	\$ 24,245
872394	April 2023	1/27/2025	\$ 28,808
855233	December 2023	Never Applied	\$ 8,698
893231	April 2024	Never Applied	\$ 10,874
749257	June 2021	4/1/2024	\$ 28,691
857690	January 2023	4/2/2024	\$ 6,506**
<b>Total</b>			<b>\$ 123,920</b>

\*Due date is 60 days after AABD application.

\*\*Includes payments from January 2023 through October 2023, when case was closed. Case was reopened in April 2024 when she applied for SSI.

Title 469 NAC 2-010.01(B)(vi)(3) (“SUPPLEMENTAL SECURITY INCOME PROGRAM”) of DHHS’s administrative rules and regulations states, “If an applicant or recipient has not applied for Supplemental Security Income Program, an application must be filed immediately.”

Further, page 37 of DHHS’s AABD Worker Guide (Guide), updated 11-16-2022, provides the following, in relevant part, “Recipients should be allowed 60 days to apply for benefits . . . .” The Guide goes on to instruct workers, “If the recipient has not applied for potential income close the recipient’s AABD program case for failure to apply and comply allowing timely notice.”

We recommend DHHS improve procedures for ensuring each AABD recipient applies for SSI, as required by the agency’s administrative rules and regulations – and, if such application does not occur, the AABD case is closed in a timely manner.

*DHHS Response: The Department is in agreement with the comment and recommendation provided. Refresher trainings are being developed, this issue will be included in the refresher training.*

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Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in policies or procedures. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will prove useful to DHHS.

Draft copies of this letter were furnished to the DHHS to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of DHHS and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

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Sincerely,



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