

H. 2/18/96 Human Resources  
H. 2/25/96 Do Pass  
FILED FEB 12 1997  
H. 4/10/97 Unfinished & Kolender

SENATE FILE 131  
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 33)

Passed Senate, Date 2/17/97 <sup>(P.293)</sup> Passed House, Date 4-14-97 <sup>(P.1195)</sup>  
Vote: Ayes 47 Nays 0 Vote: Ayes 91 Nays 0  
Approved April 22, 1997

A BILL FOR

1 An Act relating to fraudulent practices involving family  
2 investment and medical assistance program benefits and making  
3 penalties applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF. 131

1 Section 1. Section 239.14, Code 1997, is amended to read  
2 as follows:

3 239.14 FRAUDULENT ACTS PRACTICES.

4 ~~Whoever~~ A person who obtains, or attempts to obtain, or  
5 aids or abets any person to obtain, by means of a willfully  
6 false statement or representation, by knowingly failing to  
7 disclose a material fact, or by impersonation, or any  
8 fraudulent device, any assistance under this chapter to which  
9 the recipient is not entitled, ~~shall be guilty of~~ commits a  
10 fraudulent practice.

11 Sec. 2. Section 239.17, Code 1997, is amended to read as  
12 follows:

13 239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT  
14 PRACTICE.

15 A person who obtains, or attempts to obtain, or aids or  
16 abets any person to obtain, by means of a willfully false  
17 statement or representation, by knowingly failing to disclose  
18 a material fact, or by impersonation or any fraudulent device,  
19 assistance to which the recipient is not entitled, is  
20 personally liable for the amount of assistance thus obtained.  
21 The amount of the assistance may be recovered from the  
22 offender or the offender's estate in an action brought or by  
23 claim filed in the name of the state and the recovered funds  
24 shall be deposited in the family investment program account.  
25 The action or claim filed in the name of the state shall not  
26 be considered an election of remedies to the exclusion of  
27 other remedies.

28 Sec. 3. Section 249A.7, unnumbered paragraph 1, Code 1997,  
29 is amended to read as follows:

30 A person who obtains assistance or payments for medical  
31 assistance under this chapter by ~~misrepresentation or failure,~~  
32 ~~with fraudulent intent, to bring forth all the facts~~ knowingly  
33 making or causing to be made, a false statement or a  
34 misrepresentation of a material fact or by knowingly failing  
35 to disclose a material fact required of an applicant for aid

1 under the provisions of this chapter and a person who  
2 knowingly makes or causes to be made, a false statements  
3 statement or a misrepresentation of a material fact or  
4 knowingly fails to disclose a material fact concerning the  
5 applicant's eligibility for aid under this chapter ~~shall be~~  
6 ~~guilty of~~ commits a fraudulent practice.

7 Sec. 4. Section 249A.8, Code 1997, is amended to read as  
8 follows:

9 249A.8 FRAUDULENT PRACTICE.

10 A person who knowingly makes or causes to be made false  
11 statements or misrepresentations of material facts or  
12 knowingly fails to disclose material facts in application for  
13 payment of services or merchandise rendered or purportedly  
14 rendered by a provider participating in the medical assistance  
15 program under this chapter ~~is guilty of~~ commits a fraudulent  
16 practice.

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#### EXPLANATION

18 This bill relates to fraudulent practices involving family  
19 investment and medical assistance program benefits and makes  
20 penalties applicable.

21 Code section 239.14, relating to fraudulent acts to obtain  
22 family investment program assistance, is amended to include as  
23 a fraudulent practice a knowing failure to disclose material  
24 facts in order to obtain assistance. Code section 239.17,  
25 relating to recovery of assistance obtained by a fraudulent  
26 act, is amended in a similar manner.

27 Code section 249A.7 relates to investigations and audits of  
28 fraudulent practices involving payment under medical  
29 assistance for aid, services, or merchandise when an applicant  
30 has not provided facts needed. The Code section is amended to  
31 include as a fraudulent practice knowingly making or causing  
32 to be made, a false statement, a misrepresentation of facts,  
33 or knowingly failing to disclose material facts required of an  
34 applicant or concerning an applicant's eligibility.

35 Code section 249A.8 relates to fraudulent practices

1 involving an application for payment under the medical  
2 assistance program for services or merchandise rendered or  
3 purportedly rendered by a provider under the program. The  
4 Code section is amended to include as a fraudulent practice  
5 knowingly failing to disclose material facts in an application  
6 by a provider for payment.

7 The criminal penalties for fraudulent practices are found  
8 in Code chapter 714. Code chapter 714 provides for five  
9 degrees of fraudulent practices ranging from first degree  
10 involving a value in excess of \$10,000, which is a class "C"  
11 felony, to the fifth degree involving a value of less than  
12 \$100, which is a simple misdemeanor.

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**SENATE FILE 131  
FISCAL NOTE**

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The estimate for Senate File 131 is hereby submitted as a fiscal note pursuant to Joint Rule 17 and as a correctional impact statement pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 131 relates to fraudulent practices involving Family Investment Program and Medical Assistance Program benefits and makes penalties applicable.

**CORRECTIONAL IMPACT**

It is anticipated there will be no significant correctional impact as a result of SF 131.

**SOURCES**

Department of Inspections and Appeals  
Criminal and Juvenile Justice Planning Division

(LSB 1270SV, LCS)

FILED FEBRUARY 17, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

Behn, Chair  
Bartz  
Szymoniak

SSB 33  
Human Resources

Succeeded By  
(SF) HF 131

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
INSPECTIONS AND APPEALS BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to fraudulent practices involving family  
2 investment and medical assistance program benefits and making  
3 penalties applicable.

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1 Section 1. Section 239.14, Code 1997, is amended to read  
2 as follows:

3 239.14 FRAUDULENT ACTS PRACTICES.

4 Whoever A person who obtains, or attempts to obtain, or  
5 aids or abets any person to obtain, by means of a willfully  
6 false statement, omission, or representation, or by  
7 impersonation, or any fraudulent device, any assistance under  
8 this chapter to which the recipient is not entitled, ~~shall be~~  
9 guilty of commits a fraudulent practice.

10 Sec. 2. Section 239.17, Code 1997, is amended to read as  
11 follows:

12 239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT  
13 PRACTICE.

14 A person who obtains, or attempts to obtain, or aids or  
15 abets any person to obtain, by means of a willfully false  
16 statement, omission, or representation, or by impersonation or  
17 any fraudulent device, assistance to which the recipient is  
18 not entitled, is personally liable for the amount of  
19 assistance thus obtained. The amount of the assistance may be  
20 recovered from the offender or the offender's estate in an  
21 action brought or by claim filed in the name of the state and  
22 the recovered funds shall be deposited in the family  
23 investment program account. The action or claim filed in the  
24 name of the state shall not be considered an election of  
25 remedies to the exclusion of other remedies.

26 Sec. 3. Section 249A.7, unnumbered paragraph 1, Code 1997,  
27 is amended to read as follows:

28 A person who obtains assistance or payments for medical  
29 assistance under this chapter by ~~misrepresentation or failure~~  
30 ~~with fraudulent intent, to bring forth all the facts~~ knowingly  
31 making, or causing to be made, a false statement, a  
32 misrepresentation of facts, or an omission of facts required  
33 of an applicant for aid under the provisions of this chapter  
34 and or a person who knowingly makes, or causes to be made, a  
35 false statements statement, a misrepresentation of facts, or

1 an omission of facts concerning the applicant's eligibility  
2 for aid under this chapter ~~shall be guilty of~~ commits a  
3 fraudulent practice.

4 Sec. 4. Section 249A.8, Code 1997, is amended to read as  
5 follows:

6 249A.8 FRAUDULENT PRACTICE.

7 A person who knowingly makes or causes to be made false  
8 statements, omissions, or misrepresentations of material facts  
9 in application for payment of services or merchandise rendered  
10 or purportedly rendered by a provider participating in the  
11 medical assistance program under this chapter ~~is guilty of~~  
12 commits a fraudulent practice.

13 EXPLANATION

14 This bill relates to fraudulent practices involving family  
15 investment and medical assistance program benefits and makes  
16 penalties applicable.

17 Section 239.14, relating to fraudulent acts to obtain  
18 family investment program assistance, is amended to include as  
19 a fraudulent practice willful omissions of facts to obtain  
20 assistance. Section 239.17, relating to recovery of  
21 assistance obtained by a fraudulent act, is amended in a  
22 similar manner.

23 Section 249A.7 relates to investigations and audits of  
24 fraudulent practices involving payment under medical  
25 assistance for aid, services, or merchandise when an applicant  
26 has not provided facts needed. The section is amended to  
27 include as a fraudulent practice knowingly making or causing  
28 to be made, a false statement, a misrepresentation of facts,  
29 or an omission of facts required of an applicant or concerning  
30 an applicant's eligibility.

31 Section 249A.8 relates to fraudulent practices involving an  
32 application for payment under the medical assistance program  
33 for services or merchandise rendered or purportedly rendered  
34 by a provider under the program. The section is amended to  
35 include as a fraudulent practice omissions of material facts

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 in application for payment.

2 The criminal penalties for fraudulent practices are found  
3 in chapter 714. Chapter 714 provides for five degrees of  
4 fraudulent practices ranging from first degree involving a  
5 value in excess of \$10,000, which is a class "C" felony, to  
6 the fifth degree involving a value of less than \$100, which is  
7 a simple misdemeanor.

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LSB 1270 DP

TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF INSPECTIONS AND APPEALS  
KIM D. SCHMETT, DIRECTOR  
JOHN T. SCHAFFNER, DEPUTY DIRECTOR

November 27, 1996

TO: Members of the General Assembly

FR: Kim D. Schmett

KDS

The Department of Inspections and Appeals is proposing legislation related to fraudulent acts related to the family investment and medical assistance programs. The Investigations Division is responsible for fraud investigations of these programs and recoupment of related program dollars.

This proposal will allow the department to prove a fraudulent practice by a recipient when the recipient fails to report changes in the household without having to prove intent. Some of the changes may include absent parent living in the household and having an income and other income received. This will benefit the department in its ability to recoup benefits that were paid when they should not have been paid by conforming all programs to the same definition of fraudulent practice. An instance of overpayment often involves more than one program and is based on the same evidence. Through recoupment, fraudulently obtained benefits can be utilized for those persons who are eligible to receive benefits.

Currently under Iowa Code Section 234.13, Food Stamp program provisions, similar language is provided. This legislation should bring all the assistance programs into harmony concerning fraudulent receipt.

Following is additional information related to each section of the proposed bill:

#### SECTION 1

Adds the word "omission" to provide that if a person willfully omits information in order to obtain benefits under the Family Investment Program they are guilty of a fraudulent practice.

#### SECTION 2

Adds language that if an applicant or a person providing information for an applicant of medical assistance is guilty of a fraudulent practice if they knowingly omit facts.

Members of the General Assembly  
November 27, 1996  
Page 2

**SECTION 3**

Adds the word "omissions" to provide that a person who knowingly omits facts in an application for payment of services or merchandise from a provider participating in the medical assistance program are guilty of a fraudulent practice.

If you have any questions concerning this proposal, please contact Beverly Zylstra, Legislative Liaison, at (515)281-6442.

SENATE FILE 131

AN ACT  
RELATING TO FRAUDULENT PRACTICES INVOLVING FAMILY  
INVESTMENT AND MEDICAL ASSISTANCE PROGRAM BENEFITS  
AND MAKING PENALTIES APPLICABLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 239.14, Code 1997, is amended to read as follows:

239.14 FRAUDULENT AETS PRACTICES.

Whoever A person who obtains, or attempts to obtain, or aids or abets any person to obtain, by means of a willfully false statement or representation, by knowingly failing to disclose a material fact, or by impersonation, or any fraudulent device, any assistance under this chapter to which the recipient is not entitled, ~~shall be guilty of~~ commits a fraudulent practice.

Sec. 2. Section 239.17, Code 1997, is amended to read as follows:

239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT AET PRACTICE.

A person who obtains, or attempts to obtain, or aids or abets any person to obtain, by means of a willfully false statement or representation, by knowingly failing to disclose a material fact, or by impersonation or any fraudulent device, assistance to which the recipient is not entitled, is personally liable for the amount of assistance thus obtained. The amount of the assistance may be recovered from the offender or the offender's estate in an action brought or by claim filed in the name of the state and the recovered funds shall be deposited in the family investment program account. The action or claim filed in the name of the state shall not be considered an election of remedies to the exclusion of other remedies.

Sec. 3. Section 249A.7, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A person who obtains assistance or payments for medical assistance under this chapter by ~~misrepresentation or failure with fraudulent intent to bring forth all the facts~~ knowingly making or causing to be made, a false statement or a misrepresentation of a material fact or by knowingly failing to disclose a material fact required of an applicant for aid under the provisions of this chapter and a person who ~~knowingly makes or causes to be made, a false statements statement or a misrepresentation of a material fact or knowingly fails to disclose a material fact~~ concerning the applicant's eligibility for aid under this chapter ~~shall be guilty of~~ commits a fraudulent practice.

Sec. 4. Section 249A.8, Code 1997, is amended to read as follows:

249A.8 FRAUDULENT PRACTICE.

A person who knowingly makes or causes to be made false statements or misrepresentations of material facts or knowingly fails to disclose material facts in application for payment of services or merchandise rendered or purportedly rendered by a provider participating in the medical assistance

program under this chapter ~~is-guilty-of~~ commits a fraudulent practice.

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MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 131, Seventy-seventh General Assembly.

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MARY PAT GUNDERSON  
Secretary of the Senate

Approved April 22, 1997

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TERRY E. BRANSTAD  
Governor