Regulatory Analysis

Notice of Intended Action to be published: 481—Chapters 72 and 82
"Economic Fraud Bureau"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 10A.402

State or federal law(s) implemented by the rulemaking: Iowa Code section 10A.402; 2025 Iowa Acts, House File 248; 2025 Iowa Acts, House File 249; and Executive Order 10

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

October 21, 2025 1:30 p.m.	Ledges Conference Room 6200 Park Avenue Des Moines, Iowa

Information on virtual participation will be available on the Department of Inspections, Appeals, and Licensing's (Department's) website prior to the hearing.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking rescinds Chapter 72, adopts a new Chapter 82, and implements Iowa Code section 10A.402; 2025 Iowa Acts, House File 248; and 2025 Iowa Acts, House File 249, in accordance with the goals and directives of Executive Order 10.

Iowa Code section 10A.402 provides that the Director of the Department shall coordinate the conduct of various audits and investigations, including audits related to the administration and disbursing of funding under the State Supplementary Assistance program and the Medical Assistance Program; investigations and collections relative to the liquidation of overpayment debts owed to the Department of Health and Human Services; and investigations related to the administration of the State supplementary assistance program, the State medical assistance program, the Supplemental Nutrition Assistance Program, the Family Investment Program, and any other State or federal benefit assistance program.

House File 248 adds adoption to Iowa Code chapter 91A relating to wage payment collection. House File 249 allows the Department of Homeland Security and Emergency Management to assign the power to investigate fraud and recover improperly paid-out benefits for the Iowa Individual Disaster Grants Program to the Department.

The rulemaking implements Iowa Code section 10A.402 by describing the duties of the Economic Fraud Bureau (EFB) and describing the investigation procedures.

The rulemaking implements House File 248 and House File 249 by clarifying that the Department can investigate fraud if a written agreement has been entered into between the Department and an entity of the executive branch of the federal, State, or local government.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

There should be no costs to the general public, but persons or entities that have to provide documentation pursuant to subpoenas may bear some costs.

- **Classes of persons that will benefit from the proposed rulemaking:**

Iowans will benefit from the proposed rulemaking through the collection of public funds that were fraudulently received and deterring others from attempting to fraudulently obtain public funds.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

In fiscal year 2024, the EFB responded to 4,986 referrals. The investigations resulted in total savings to the State of $8,691,149.

- **Qualitative description of impact:**

The rulemaking ensures that public funds are being spent wisely. If fraud is discovered during an investigation, every effort is made to recover those funds. Because of this rulemaking, citizens can be confident that every effort is made to address economic fraud.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The EFB has 28 full-time employees and a budget appropriation of $1,298,256 and receives $2,156,557 in revenue yearly from other agencies. There are no specific financial costs to the agency associated with implementation or enforcement outside of general operating costs, with the exception of minimal financial costs for the EFB to achieve proper service of a subpoena if it is unable to achieve service via facsimile or email.

- **Anticipated effect on State revenues:**

Moneys collected pursuant to this rulemaking are returned to the General Fund of the State.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The costs to the agency are more than offset by the money recovered.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The EFB's duties and responsibilities are mandated by State and federal law, and this proposed chapter provides no substantive requirement or restriction. The EFB does allow (and prefer) the electronic submission and receipt of subpoenaed records to reduce the costs of copying documents, mailing, etc.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

See response to question five above.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

See response to question five above.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is not a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind and reserve **481—Chapter 72**.

ITEM 2. Adopt the following **new** 481—Chapter 82:

CHAPTER 82
ECONOMIC FRAUD BUREAU

481—82.1(10A) Definitions.

"Client" means any person who has made an application for or is receiving state or federal public assistance from any state or federal agency.

"Collateral contact" means a reliable source other than the client who is knowledgeable about information relative to pertinent public assistance case factors.

"Department" means the department of inspections, appeals, and licensing.

"HHS" means the Iowa department of health and human services.

"Division" means the investigations division of the department.

"EBT" or *"electronic benefit transfer"* means the electronic process that allows a client to authorize the transfer of the client's benefits from a financial account to a retailer to pay for eligible items received. Clients are issued an EBT card similar to a bank ATM or debit card to receive and use their Supplemental Nutrition Assistance Program (SNAP) benefits.

"EBT trafficking" means the same as defined in 7 CFR 271.2.

"Intentional program violation" or *"IPV"* means the same as defined in 7 CFR 273.16(c)(1) and (2).

"Pertinent public assistance case factors" means information considered necessary to verify household composition, income, resources or any other potential program violation.

"Program violation" means action that is contrary to the rules of eligibility for any state or federal public assistance program.

"Public assistance" means the same as defined in rule 441—11.1(217), or any other state or federal assistance program.

481—82.2(10A) Economic fraud bureau (EFB or bureau). Generally, the EFB conducts investigations of public assistance fraud, if a written agreement has been entered into between the

department and an entity of the executive branch of the federal, state or local government, in order to maintain integrity and accountability in the administration of public assistance benefits.

481—82.3(10A) Investigation procedures.

82.3(1) *Client contact.* The bureau may but does not have to contact the client during the course of an investigation. If the bureau contacts the client and the client does not respond, the client's nonresponse will be included in the bureau's investigation findings.

82.3(2) *Evidence gathered.* The bureau may conduct record reviews and gather evidence to verify a client's employment, wages, residence, household composition, income versus expenses, property ownership or other relevant facts.

82.3(3) *Subpoenas.* Subpoenas may be issued pursuant to Iowa Code section 10A.104 and 481—subrule 1.1(4) to obtain information necessary to an investigation. Subpoenas may be served upon the respondent of the subpoena or the respondent's registered agent as follows:

a. Personally by division personnel,

b. Via USPS mail, or

c. Via facsimile or email.

Division personnel determine the appropriate method by which the respondent is to deliver information in response to a subpoena duces tecum.

82.3(4) *Collateral contacts.* The division may use collateral contacts to collect information pertinent to an investigation or verify information provided by the client.

82.3(5) *Cooperation.* The division may cooperate with local, state or federal law enforcement agencies during investigations.

481—82.4(10A) EBT trafficking investigations. In addition to the procedures outlined in rule 481—82.3(10A), the following apply to EBT trafficking investigations.

82.4(1) *Probable cause.* Probable cause must be established before an EBT trafficking investigation may be conducted.

82.4(2) *Referrals.* Referrals to the division may come from HHS, retailers, law enforcement agencies or the general public or following the identification of questionable EBT card transactions through federal or state databases. The bureau may open an investigation without an outside referral.

481—82.5(10A) Findings. At the completion of an investigation, the bureau will transmit its findings in writing to the appropriate state or federal agency and make recommendations based on the evidence obtained or provided during the investigation.

82.5(1) *Decisions about public assistance eligibility.* The appropriate state or federal agency makes all decisions about public assistance eligibility. HHS will report the case action taken and any determination of overpayment, cost avoidance, or intentional program violation to the division.

82.5(2) *Testimony and hearings.* Staff of the division may be called to testify in administrative and legal proceedings related to an investigation, in addition to conducting EBT intentional program violation hearings.

481—82.6(10A) Confidentiality. The EFB will maintain confidentiality of investigative case information in accordance with Iowa Code sections 10A.105 and 22.7(5) and any other applicable state or federal law.

These rules are intended to implement Iowa Code sections 10A.105, 10A.402, and 10A.403.