



SF 334 – Medicaid, Supplemental Nutrition Assistance Program (SNAP), Eligibility Verification (LSB1957SV)

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Fiscal Note Version – New

Description

Senate File 334 requires the Department of Human Services (DHS) to implement an eligibility verification system for public assistance programs to verify the eligibility of an individual who is an applicant for any such program. For the purposes of the Bill, “public assistance programs” include but are not limited to the Medicaid Program, the Family Investment Program (FIP), and the Supplemental Nutrition Assistance Program (SNAP). The Bill specifies the information that is to be verified; requires the DHS to enter into a memorandum of understanding with any department or subunit of a department, as necessary, to obtain the information specified; and authorizes the DHS to contract with a third-party vendor to provide the information specified. The Bill also requires real-time monitoring of the eligibility of public assistance program enrollees, requiring the DHS, at least quarterly, to obtain and review specified information to determine ongoing eligibility of an individual enrolled in a public assistance program. The Bill specifies that if the DHS discovers potential fraudulent activity, the DHS is to report it and any supportive information to the Department of Inspections and Appeals (DIA) for review. The Bill requires the DHS to submit a report to the Governor and the General Assembly by January 15, 2020, and by January 15 annually thereafter, detailing the impact of the provisions of the Bill relating to verification of applicant eligibility for public assistance programs and real-time eligibility monitoring of recipients of public assistance program benefits.

Assumptions

Verification of Eligibility

- The DHS currently reviews cases for the Programs enumerated in the Bill at mandated time frames. The Bill requires that the DHS review all cases on a quarterly basis. **Table 1** below shows the number of additional reviews, additional time required to complete each review assuming 30 minutes per case, and the number of required additional Income Maintenance Worker 2 (IM2) full-time equivalent (FTE) positions at 1,605 hours per FTE.

Table 1 — Additional Hours for Quarterly Reviews

Program	Cases	Additional Reviews Per Case	Additional Staff Hours	Additional IM2s
FIP	118	2	118	0.1
SNAP	44,215	2	44,215	27.5
FIP and SNAP	1,019	2	1,019	0.6
Medicaid	326,218	3	489,327	304.9
Medicaid and FIP	2,369	2	2,369	1.5
Medicaid and SNAP	283,431	2	283,431	176.6
Medicaid, FIP and SNAP	16,555	2	16,555	10.3
Total	673,925		837,034	521.5

- DHS will need an additional 521.5 FTE IM2 positions to review 673,925 cases quarterly.
- At a supervisor-to-staff ratio of 1:14, the DHS will need 37 new FTE Income Maintenance Supervisor positions.
- At a support staff ratio of 1:8, the DHS will need 70 new FTE Typist Advanced (TA) positions.
- Due to the significant number of new staff that would be needed, it is estimated that one-twelfth of the FTE positions will be hired each month in FY 2020, with all FTE positions hired by the end of the first year.
- Each IM2 and TA would require a desktop computer and equipment at \$900 and Income Maintenance Supervisors would require a laptop computer and equipment at \$1,200.
- A 2.0% increase in salary and benefits costs is estimated in the second year.
- Quarterly reviews have the potential to reduce public assistance program enrollment, but no significant savings are expected because many items that would be reviewed quarterly are currently checked on a frequent basis. These items include unemployment/SSI income, incarceration, death, and benefits in multiple states.
- The match rate is 33.82% federal and 66.18% State for DHS Field Operations.

General Administration — Computer Systems Updates

- Significant changes would be required for the DHS income maintenance systems to operationalize the new requirements related to real-time eligibility monitoring including: new interface to Iowa Lottery, automated interface with Systematic Alien Verification for Entitlements (SAVE), new interface for identity fraud, interface to the National Accuracy Clearinghouse, interface for residency information, additional tracking, and subsequent reporting of impacts from current and new data sources by quarter. New notice reasons/or a new notice letter may also be needed.
- The match rate is 34.26% federal and 65.74% State for income maintenance systems.
- Additional changes would be needed for the Eligibility Integrated Application Solution (ELIAS) system to run verification on all active members through Centers for Medicare and Medicaid Services (CMS) web services and to monitor and send alerts for new systems to which the Department would now connect.
- The match rate is 90.34% federal and 9.66% State for the ELIAS system.

Department of Inspections and Appeals — Fraud Investigation

- The increase in frequency of review by DHS to determine ongoing eligibility for public assistance, the inclusion of multiple public assistance programs in the review requirement, and the possible multistate collaboration will result in an increase in referrals to DIA.
- It is estimated that the DIA will need 3.0 FTE Investigator 3 positions to handle additional caseloads.
- Each Investigator 3 will require ongoing support costs of \$7,225 for travel supplies and equipment and the purchase of a \$16,000 vehicle in FY 2020.
- It is estimated that one-twelfth of the full-time equivalent (FTE) positions will be hired each month in FY 2020, with all FTE positions hired by the end of the first year.
- A 2.0% increase in salary and benefits costs is estimated in the second year.

There are numerous provisions in the Bill related to eligibility and verification that are in conflict with federal rules and regulations and would require waivers from various federal departments. The Fiscal Note assumes that the federal government will approve these waivers. Application for waivers may delay implementation.

Fiscal Impact

[Senate File 334](#) is estimated to increase annual operating costs by \$15.9 million in FY 2020 and \$24.4 million in FY 2021. The cost in subsequent fiscal years is estimated to be \$24.6 million and will increase by 2.0% annually. This includes \$15.8 million in FY 2020 and \$24.1 million in

FY 2021 for the DHS and \$169,000 in FY 2020 and \$231,000 in FY 2021 for the DIA. The increase for FY 2020 includes \$3.1 million in one-time costs, with an additional \$290,000 in one-time costs in FY 2021. Details of the increase in FTE positions and other costs are listed in **Table 2** below.

Table 2 — Fiscal Estimate of SF 334

	FY 2020				FY 2021			
	FTEs	Salary & Benefits	Total Cost	State Share	FTEs	Salary & Benefits	Total Cost	State Share
DHS Field Operations								
Income Maintenance Worker 2	282.5	\$ 57,214	\$ 16,162,955	\$ 10,696,703	521.5	\$ 58,358	\$ 30,433,697	\$ 20,141,133
Typist Advanced	37.9	42,416	1,607,566	1,063,893	70.0	43,264	3,028,480	2,004,259
Income Maintenance Supervisor	20.0	68,544	1,370,880	907,253	37.0	69,915	2,586,855	1,711,990
DHS Field Operations Total	340.4		\$ 19,141,401	\$ 12,667,850	628.5		\$ 36,049,032	\$ 23,857,383
Staff Start-up Costs (Computers)			\$ 579,050	\$ 383,215				
DHS Systems Changes	Hours	Cost	Total Cost	State Share	Hours	Cost	Total Cost	State Share
Income Maintenance Systems	42,897	\$ 105	\$ 4,504,185	\$ 1,543,295	0	\$ 105	\$ 0	\$ 0
ELIAS	66,720	105	7,005,600	676,639	16,980	105	1,782,900	172,202
Support Costs for ELIAS			4,994,400	482,386			1,217,100	117,554
DHS Systems Changes Total			\$ 16,504,185	\$ 2,702,320			\$ 3,000,000	\$ 289,756
Total Increased Cost DHS			\$ 36,224,636	\$ 15,753,385			\$ 39,049,032	\$ 24,147,139
DIA Fraud Investigation	FTEs	Salary & Benefits	Total Cost	State Share	FTEs	Salary & Benefits	Total Cost	State Share
Investigator 3	1.6	\$ 68,544	\$ 109,670	\$ 109,670	3.0	69,915	209,745	209,745
Vehicle Costs			48,000	48,000			\$ 0	\$ 0
Support Costs			11,560	11,560			21,675	21,675
Vehicle and Support Costs Total			\$ 59,560	\$ 59,560			\$ 21,675	\$ 21,675
Total Increased Cost DIA			\$ 169,230	\$ 169,230			\$ 231,420	\$ 231,420
SF 334 Total Increased Cost			\$ 36,393,867	\$ 15,922,616			\$ 39,280,452	\$ 24,378,558

*Totals may not sum due to rounding.

Sources

Department of Human Services
 Department of Inspections and Appeals
 LSA calculations

/s/ Holly M. Lyons

February 28, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.