



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

Analyst: Jess Benson (515.281.4611) jess.benson@legis.iowa.gov

Fiscal Note Version – As amended by proposed Senate Amendment S-3080

Description

Senate File 334 as amended by proposed Amendment S-3080 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 as amended, “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 as amended 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 as amended also requires real-time monitoring of the eligibility of public assistance program enrollees, to obtain and review specified information to determine ongoing eligibility of an individual enrolled in a public assistance program. The Bill as amended 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 as amended requires the DHS to submit a report to the Governor and the General Assembly by January 15, 2022, and by January 15 annually thereafter, detailing the impact of the provisions of the Bill as amended relating to verification of applicant eligibility for public assistance programs and real-time eligibility monitoring of recipients of public assistance program benefits. The provisions of the Bill as amended implementing the real-time eligibility monitoring would go into effect January 1, 2021.

Assumptions

DHS Real-Time Eligibility — Computer Systems Updates

- The data warehouse would need to be updated based on new reporting requirements from the income maintenance systems.
- 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, changes to run verification on all active members through the Center for Medicare and Medicaid Services (CMS) web services, and subsequent reporting of impacts from current and new data sources.
- The match rate is 64.38% federal and 35.62% State for income maintenance systems and the data warehouse.
- 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 62.81% federal and 37.19% State for the ELIAS system.

- The language in the Bill as amended does not require the DHS to contract with a third-party vendor, but it does require a provision that annualized savings exceed the annual contract cost. The DHS does not expect to be able to contract with a third-party vendor subject to the conditions in the Bill.

Department of Inspections and Appeals — Fraud Investigation

- The increase in frequency of review by the 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.
- The Investigator 3 positions would begin December 1, 2020, with the implementation of real-time eligibility beginning January 1, 2021.
- A 2.0% increase in salary and benefits costs is estimated in the second year.

Fiscal Impact

[Senate File 334](#) as amended by proposed amendment S-3080 is estimated to increase the DHS annual operating costs by \$7.4 million in FY 2020, \$1.3 million in FY 2021, and \$231,000 in FY 2022 and subsequent fiscal years. This includes \$7.4 million in FY 2020 and \$1.1 million in FY 2021 for the DHS and \$143,000 in FY 2021 and \$231,000 in FY 2022 and beyond for the DIA. Details of the increase in FTE positions and other costs are listed in **Table 1** below for FY 2020 and FY 2021.

Table 1 — Fiscal Estimate of SF 334

	FY 2020				FY 2021			
	Hours	Cost/Hr	Total Cost	State Share	Hours	Cost/Hr	Total Cost	State Share
DHS Systems Changes								
Data Warehouse	40	\$ 105	\$ 4,200	\$ 1,496	0	\$ 105	\$ 0	\$ 0
Income Maintenance Systems	52,381	105	5,500,005	2,933,336	0	105	0	0
ELIAS	66,720	105	7,005,600	2,605,494	16,980	105	1,782,900	663,089
Support Costs for ELIAS			4,994,400	1,857,497			1,217,100	452,659
DHS Systems Changes Total			\$ 17,504,205	\$ 7,397,823			\$ 3,000,000	\$ 1,115,748
		Salary & Benefits	Total Cost	State Share		Salary & Benefits	Total Cost	State Share
DIA Fraud Investigation	FTEs				FTEs			
Investigator 3	0	\$ 68,544	\$ 0	\$ 0	1.25	\$ 68,544	\$ 85,680	\$ 85,680
Vehicle Costs			\$ 0	\$ 0			48,000	48,000
Support Costs			0	0			9,031	9,031
Vehicle and Support Costs Total			\$ 0	\$ 0			\$ 57,031	\$ 57,031
Total Increased Cost DIA			\$ 0	\$ 0			\$ 142,711	\$ 142,711
SF 334 Total Increased Cost			\$ 17,504,205	\$ 7,397,823			\$ 3,142,711	\$ 1,258,459

*Totals may not sum due to rounding.

Sources

Department of Human Services
Department of Inspections and Appeals
LSA calculations

/s/ Holly M. Lyons

March 29, 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.
