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[SF 2272](#) – Medicaid, Supplemental Nutrition Assistance Program (SNAP), Eligibility Verification (LSB5725SV)

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Fiscal Note Version – New

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### **Description**

[Senate File 2272](#) 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.

Division I requires the DHS to request a federal waiver from the United States Department of Agriculture Food and Nutrition Service by July 1, 2020, in order to comply with the provision of the [Agriculture Improvement Act of 2018](#) regarding real-time prevention of duplicate participation upon a potential beneficiary's application for Supplemental Nutrition Assistance Program (SNAP) benefits. Upon federal approval, the DHS is required to contract with a third-party vendor to conduct National Accuracy Clearinghouse matches and corresponding actions in accordance with the federal law and regulations.

Division II of the Bill creates a new Iowa Code chapter relating to various eligibility verification and authentication measures for public assistance programs, including:

- Providing definitions used in the new Iowa Code chapter including the definition of “public assistance,” which includes the Medicaid Program, the Family Investment Program (FIP), SNAP, and the Children’s Health Insurance Program (CHIP).
- Requiring the DHS to conduct an asset test on all members of the household of an applicant for SNAP benefits. The Bill specifies the minimum information from federal, State, and other data sources and public records that the DHS must access prior to determining an applicant’s eligibility for SNAP benefits. The Bill requires the DHS to enter into a memorandum of understanding with any department or subunit of a department to obtain the information specified.
- Requiring that an applicant for SNAP benefits cooperate with the Child Support Recovery Unit (CSRU) as a condition of eligibility for SNAP benefits.
- Requiring that by July 1, 2021, the DHS provide for identity verification, identity authentication, asset verification, and dual enrollment prevention in each public assistance program administered by the DHS. The DHS may contract with a third-party vendor to develop a system or provide a service to verify income, assets, and identity eligibility of applicants and recipients.
- Requiring that prior to being awarded public assistance benefits, an applicant is to complete a computerized identity authentication process to confirm the applicant’s identity through the use of a knowledge-based questionnaire consisting of financial and personal questions, including questions tailored to assist persons without a bank account or those who have poor access to financial and banking services or who do not have an established credit history.

- Providing that if information obtained from a review of an applicant's or recipient's information does not result in the DHS finding a discrepancy or change in an individual's circumstances affecting eligibility, the DHS is to take no further action. If the information obtained from a review of the applicant's or recipient's information results in finding a discrepancy or a change in the individual's circumstances affecting eligibility, the DHS is to provide written notice to the individual and the opportunity to explain any issues identified.
- Specifying the processes and results depending upon whether an applicant or recipient responds by disagreeing or agreeing with the findings of a review by the DHS. If the applicant or recipient fails to respond to the notice in a timely manner, the DHS is required to provide notice to terminate the applicant's application or to discontinue the recipient's enrollment for failure to cooperate, and is required to terminate the applicant's application or discontinue the recipient's enrollment.
- Allowing the DHS to refer cases of suspected fraud along with any supportive information to the Department of Inspections and Appeals (DIA) for review. In cases of substantiated fraud, upon conviction, the State is required to review all appropriate legal options including but not limited to removal of a recipient from other public assistance programs and garnishment of wages or State income tax refunds until the DHS recovers an equal amount of benefits fraudulently claimed. The DHS may refer suspected cases of fraud, misrepresentation, or inadequate documentation relating to initial or continued eligibility to appropriate State agencies, divisions, or departments for review of eligibility issues in other public assistance programs.
- Requiring the DHS to adopt administrative rules to administer the Iowa Code chapter and to submit a report to the Governor and the General Assembly by January 15, 2022, and by January 15 annually thereafter through January 15, 2027, detailing the impact of the verification and authentication measures taken under the Bill.
- Requiring the DHS to request federal approval or waivers necessary to administer Division II of the Bill, and requiring that the provisions of Division II requiring federal approval be implemented upon receipt of such federal approval. The provisions of Division II that do not require federal approval are to be implemented as specified in the Bill or, if not specified in the Bill, no later than July 1, 2021.

### **Assumptions**

All increases in staffing are assumed for four months in FY 2021 and for a full year in FY 2022. In addition, the federal match rate varies by program and activity from 0.0% to 100.0% federal match. Total cost and State share are depicted in the table below.

**Public Assistance Asset Verification Savings** — Approximately 1.0% of individuals receiving benefits will have their benefits canceled due to discrepancies. This includes 5,999 Medicaid recipients, 793 CHIP recipients, 68 FIP recipients, and 1,466 SNAP recipients.

**Prevention of Multiple Issuances of SNAP Benefits** — Requires 1,680 hours of contract computer work at \$105 per hour to allow the DHS eligibility system to interface with the National Accuracy Clearinghouse and provide batch processing.

**Asset Test for SNAP** — Requires 300 hours of contract computer work at \$105 per hour to connect the child support computer system with the system used by income maintenance staff.

**Cooperation with Child Support Enforcement for SNAP Eligibility** — Requires the following systems changes and staff increases:

- The Bill will require 3,650 hours of contract computer work at \$105 per hour to make various changes to the Iowa Collections and Reporting (ICAR) system, the Automated Benefit Calculation (ABC) system, and the Iowa Child Support Case (ICSC) number screen to allow referrals and the systems to communicate.

- DHS field staff will have 12,407 additional referrals to the CSRU, requiring 1.0 Income Maintenance Worker 2 (IMW2) full-time equivalent (FTE) position.
- Of the cases referred by DHS field staff, 8,626 cases will be new and require the CSRU to establish child support orders and begin enforcement procedures. At current staffing ratios, this will require 15.0 Support Recovery Officer FTE positions, 5.0 Clerk Specialist FTE positions, and 1.0 Support Recovery Supervisor FTE position.
- Each additional FTE position will require \$2,097 for computers and other technology to complete the work.
- The DHS will need to update forms, training, manuals, and rules, and make other ICAR system changes.

**Verification and Authentication Systems — Public Assistance Programs** — Requires 21,830 hours of contract computer work at \$105 per hour to redesign existing systems or establish a new system to provide for identity verification, identity authentication, asset verification, and dual enrollment prevention. These changes impact multiple systems including the Eligibility Integrated Application Solution (ELIAS) eligibility system, the ABC system, the Worker Information System Exchange (WISE) system, and the data warehouse. In addition, the DHS will require 1.0 Executive Officer 2 FTE position to implement and monitor the new requirements.

**Public Assistance Programs — Applicant and Recipient Eligibility Verification** — The DHS will contract with a third-party vendor to complete the verifications required by this Bill. Although actual pricing is unknown, the DHS estimates a \$500,000 annual base contract amount plus a 10.0% contingency payment based on total savings.

**Notice and Right to Be Heard** — As of January 2020, there were 146,566 households receiving SNAP benefits. The DHS sending Requests for Information (RFI) to benefits members and data discrepancies will have the following impact on DHS field staff:

- Due to the additional verifications and data matches, it is assumed that two changes will be reported per year per household, requiring approximately five minutes of staff time per change. This will require an additional 15.0 IMW2 FTE positions.
- There will be 1.0 IMW2 FTE position needed to address data discrepancies for SNAP recipients.
- It is assumed that 1.0% of Medicaid, CHIP, and SNAP cases will be closed due to discrepancies. This will require 4.0 fewer IMW2 FTE positions at current staffing levels.
- Each additional FTE position will require \$2,097 for computers and other technology to complete the work.
- An additional 7,328 RFIs will be sent at \$0.60 per mailing.

**Referrals for Fraud, Misrepresentation, or Inadequate Documentation** — The DIA anticipates referrals for investigation will increase from 3.5% of the current SNAP caseload to 5.0%, resulting in an additional 2,256 additional referrals annually. At current caseloads, this will require 7.0 Investigator III FTE positions, 1.0 Administrative Assistant II FTE position, and 1.0 Public Service Manager II FTE position. Investigator III positions are home-based and travel throughout the State to do investigative work, which requires that the employees are assigned State vehicles.

**Administration, Rules, and Reporting** — New reporting requirements will require 160 hours of contract computer work at \$105 per hour to update the ABC system to provide the information specified.

### **Fiscal Impact**

[Senate File 2272](#) is estimated to increase State operating costs by \$1.8 million in FY 2021 and save the State \$12.3 million in FY 2022 and subsequent fiscal years. Details of the estimated

increase in costs, increases in FTE positions, and savings are listed in the table below for FY 2021 and FY 2022.

**Fiscal Impact Estimate for SF 2272**

	FY 2021		FY 2022	
	Total Cost	State Share	Total Cost	State Share
<b>DHS Staff Cost</b>				
DHS Staff Increase	\$ 726,747	\$ 278,388	\$ 2,180,242	\$ 835,164
Other IT Costs (New Computers)	79,692	38,387	0	0
<b>Total DHS Staff Cost</b>	<b>\$ 806,439</b>	<b>\$ 316,775</b>	<b>\$ 2,180,242</b>	<b>\$ 835,164</b>
<b>DIA Staff Cost</b>				
DIA Staff Increase	\$ 217,316	\$ 217,316	\$ 651,948	\$ 651,948
Investigator Vehicles	150,906	150,906	0	0
<b>Total DIA Staff Cost</b>	<b>\$ 368,222</b>	<b>\$ 368,222</b>	<b>\$ 651,948</b>	<b>\$ 651,948</b>
<b>Information Technology</b>				
IT Systems Contractors	\$ 2,942,090	\$ 1,087,059	\$ 0	\$ 0
<b>Miscellaneous Costs</b>				
Third-Party Verification Contract	\$ 0	\$ 0	\$ 6,204,153	\$ 2,990,016
Child Support Notices	0	0	257,893	87,684
Child Support Training Updates	75,270	25,592	0	0
Food Assistance Postage	0	0	4,397	2,240
<b>Total Miscellaneous Costs</b>	<b>\$ 75,270</b>	<b>\$ 25,592</b>	<b>\$ 6,466,443</b>	<b>\$ 3,079,939</b>
<b>Program Savings</b>				
Medicaid	\$ 0	\$ 0	\$ -49,953,560	\$ -16,221,714
Children's Health Insurance Program	0	0	-1,578,908	-422,674
Family Investment Program	0	0	-270,139	-270,139
Food Assistance	0	0	-5,238,925	0
<b>Total Program Savings</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ -57,041,533</b>	<b>\$ -16,914,527</b>
<b>SF 2272 Total Increased Cost/Savings</b>	<b>\$ 4,192,021</b>	<b>\$ 1,797,648</b>	<b>\$ -47,742,899</b>	<b>\$ -12,347,475</b>

**Sources**

Department of Human Services  
 Department of Inspections and Appeals

/s/ Holly M. Lyons

February 25, 2020

Doc ID 1131018

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.