

**Senate File 2272 - Introduced**

SENATE FILE 2272  
BY COMMITTEE ON LABOR AND  
BUSINESS RELATIONS

(SUCCESSOR TO SSB 3068)

**A BILL FOR**

1 An Act relating to public assistance program oversight, and  
2 including effective date provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

DATA MATCHING — PREVENTION OF MULTIPLE ISSUANCES OF  
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) BENEFITS

Section 1. DATA MATCHING — PREVENTION OF MULTIPLE  
ISSUANCES OF SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)  
BENEFITS. By July 1, 2020, the department of human services  
shall request any federal waiver or approval necessary from the  
food and nutrition service of the United States department of  
agriculture in order to comply with section 4011 of the federal  
Agriculture Improvement Act of 2018, Pub. L. No. 115-334, and  
the regulations adopted under the Act. Upon receipt of any  
necessary federal waiver or approval, the department shall  
contract with a third-party vendor to conduct national accuracy  
clearinghouse matches and corresponding actions in accordance  
with the federal law and regulations to provide real-time  
prevention of duplicate participation upon a potential  
beneficiary's application for SNAP benefits.

Sec. 2. EFFECTIVE DATE. This division of this Act, being  
deemed of immediate importance, takes effect upon enactment.

DIVISION II

INCOME AND IDENTITY VERIFICATION — PUBLIC ASSISTANCE PROGRAMS

Sec. 3. NEW SECTION. 239.1 Definitions.

As used in this chapter, unless the context otherwise  
requires:

1. "Applicant" means an individual who is applying for  
public assistance benefits in the state.

2. "Asset" or "asset test" means all assets of the members  
of the applicant's household, including all of the following:

a. All bank accounts, excluding retirement accounts of  
members of the household.

b. All cash, excluding the first two thousand dollars of  
members of the household.

c. All lottery and gambling income of the household whether  
received as a lump sum or installment payments.

d. All real estate, excluding the primary household

1 residence and surrounding lot.

2 e. All other personal property excluding personal  
3 belongings, household goods, and one vehicle.

4 3. "Department" means the department of human services.

5 4. "Public assistance" means SNAP (the supplemental  
6 nutrition assistance program), the Medicaid program, FIP (the  
7 family investment program), and CHIP (the children's health  
8 insurance program).

9 5. "Recipient" means an individual who is receiving public  
10 assistance benefits in the state.

11 Sec. 4. NEW SECTION. 239.2 Asset test for supplemental  
12 nutrition assistance program.

13 1. For the purposes of determining eligibility for receipt  
14 of SNAP benefits, the department shall conduct an asset test  
15 on all members of the applicant's household. The allowable  
16 financial resources to be included in or excluded from a  
17 determination of eligibility for SNAP shall be those specified  
18 in 7 U.S.C. §2014(g)(1).

19 2. Prior to determining eligibility for SNAP benefits,  
20 the department shall access, at a minimum, for every member  
21 of the applicant's household, the following information from  
22 the following federal, state, and miscellaneous sources, or  
23 successor sources:

24 a. Federal sources and information:

25 (1) Earned and unearned income information maintained by  
26 the internal revenue service.

27 (2) The following sources and information maintained by the  
28 United States social security administration:

29 (a) Earned income information.

30 (b) Death register information.

31 (c) Prisoner or incarceration status information.

32 (d) Supplemental security income information maintained in  
33 the state data exchange database.

34 (e) Beneficiary records and earnings information maintained  
35 in the beneficiary and earnings data exchange database.

1 (f) Earnings and pension information maintained in the  
2 beneficiary earnings exchange record system database.

3 (3) The following sources and information maintained by the  
4 United States department of health and human services:

5 (a) Income and employment information maintained in the  
6 national directory of new hires database by the office of child  
7 support enforcement of the administration for children and  
8 families.

9 (b) Other federal data sources maintained by the office of  
10 child support enforcement of the administration for children  
11 and families.

12 *b.* State sources and information:

13 (1) The department's sources and information including but  
14 not limited to all of the following:

15 (a) Income and employment information maintained by the  
16 child support recovery unit.

17 (b) Child care assistance information maintained by the  
18 division of child and family services.

19 (c) Enrollment status in other public assistance programs.

20 (2) The department of workforce development sources and  
21 information including all of the following:

22 (a) Employment information.

23 (b) Employer weekly, monthly, and quarterly reports of  
24 income and unemployment insurance payments.

25 (3) The Iowa public employees' retirement system for  
26 earnings and pension information.

27 *c.* Miscellaneous sources:

28 (1) Any existing real-time database of persons currently  
29 receiving benefits in other states, such as the national  
30 accuracy clearinghouse.

31 (2) Any databases maintained by the Iowa lottery  
32 commission.

33 3. Prior to determining eligibility for SNAP benefits, the  
34 department shall access information for every member of the  
35 applicant's household from the following public records:

1 a. A nationwide public records data source of physical asset  
2 ownership. The data source may include but is not limited to  
3 real property, automobiles, watercraft, aircraft, and luxury  
4 vehicles, or any other vehicle owned by the applicant.

5 b. National and state financial institutions in order  
6 to locate undisclosed depository accounts or verify account  
7 balances of disclosed accounts.

8 4. The department shall enter into a memorandum of  
9 understanding with any department, division, bureau, section,  
10 unit, or any other subunit of a department to obtain the  
11 information specified in this section.

12 5. The provisions of this section shall not apply if every  
13 member of the applicant's household receives supplemental  
14 security income.

15 **Sec. 5. NEW SECTION. 239.3 Cooperation with child support**  
16 **enforcement — supplemental nutrition assistance program**  
17 **eligibility.**

18 An applicant for SNAP benefits shall be required to  
19 cooperate with the child support recovery unit as a condition  
20 of eligibility as specified in 7 C.F.R. §273.11(o).

21 **Sec. 6. NEW SECTION. 239.4 Verification and authentication**  
22 **systems — public assistance programs.**

23 1. By July 1, 2021, the department shall redesign an  
24 existing system; establish a new computerized income, asset,  
25 and identity eligibility verification system; or contract with  
26 a third-party vendor to provide for identity verification,  
27 identity authentication, asset verification, and dual  
28 enrollment prevention in order to deter waste, fraud, and  
29 abuse in each public assistance program administered by the  
30 department.

31 2. The department may contract with a third-party  
32 vendor to develop a system or provide a service to verify  
33 or authenticate income, assets, and identity eligibility of  
34 applicants and recipients to prevent fraud, misrepresentation,  
35 and inadequate documentation when determining eligibility

1 for public assistance programs. The system or service shall  
2 be accessed prior to determining eligibility, periodically  
3 between eligibility redeterminations, and during eligibility  
4 redeterminations and reviews. The department may also contract  
5 with a third-party vendor to provide information to facilitate  
6 reviews of recipient eligibility conducted by the department.

7 3. A contract entered into under this section shall provide,  
8 at a minimum, for all of the following:

9 a. The establishment of the annual savings amount from  
10 utilization of the system or service, and a provision that the  
11 contract may be terminated contingent upon the savings not  
12 exceeding the total yearly cost to the state for utilization of  
13 the system or service.

14 b. That the contract shall not preclude the department  
15 from continuing to conduct additional eligibility verification  
16 or authentication processes, to receive, review, or verify  
17 additional information related to the eligibility of an  
18 individual, or from contracting with a third-party vendor to  
19 provide additional eligibility authentication or verification  
20 information.

21 4. The department shall seek federal approval as necessary  
22 to implement and administer this section.

23 Sec. 7. NEW SECTION. **239.5 Public assistance programs —**  
24 **applicant and recipient eligibility verification.**

25 1. All applications for initial public assistance  
26 program benefits and all determinations of ongoing recipient  
27 eligibility shall be processed through a system as specified  
28 in this section. Complete initial applications shall be  
29 processed within the minimum period required by federal law.  
30 Prior to determining initial eligibility of an applicant for,  
31 or ongoing eligibility of a recipient of, public assistance,  
32 the department shall access information for every applicant or  
33 recipient from the following federal, state, and other sources:

34 a. Federal sources and information:

35 (1) Earned and unearned income information maintained by

1 the internal revenue service.

2 (2) The following sources and information maintained by the  
3 United States social security administration:

4 (a) Earned income information.

5 (b) Death register information.

6 (c) Prisoner or incarceration status information.

7 (d) Supplemental security income information maintained in  
8 the state data exchange database.

9 (e) Beneficiary records and earnings information maintained  
10 in the beneficiary and earnings data exchange database.

11 (f) Earnings and pension information maintained in the  
12 beneficiary earnings exchange record system database.

13 (3) The following sources and information maintained by the  
14 United States department of health and human services:

15 (a) Income and employment information maintained in the  
16 national directory of new hires database by the office of child  
17 support enforcement of the administration for children and  
18 families.

19 (b) Other federal data sources maintained by the office of  
20 child support enforcement of the administration for children  
21 and families.

22 (4) Information maintained by the United States citizenship  
23 and immigration services of the United States department of  
24 homeland security.

25 (5) Payment information for public housing and section 8  
26 housing assistance guidelines maintained by the United States  
27 department of housing and urban development.

28 (6) National fleeing felon information maintained by the  
29 United States federal bureau of investigation.

30 *b.* State sources and information:

31 (1) The department's sources and information including but  
32 not limited to all of the following:

33 (a) Income and employment information maintained by the  
34 child support recovery unit.

35 (b) Child care assistance information maintained by the

1 division of child and family services.

2 (c) Enrollment status in other public assistance programs.

3 (2) The department of workforce development sources and  
4 information including all of the following:

5 (a) Employment information.

6 (b) Employer weekly, monthly, and quarterly reports of  
7 income and unemployment insurance payments.

8 (3) The Iowa public employees' retirement system for  
9 earnings and pension information.

10 c. Other sources including all of the following:

11 (1) Any existing real-time database of persons currently  
12 receiving benefits in other states, such as the national  
13 accuracy clearinghouse.

14 (2) An available database of persons who currently hold a  
15 license, permit, or certificate from any state agency, the cost  
16 of which exceeds five hundred dollars.

17 (3) Wage reporting and similar information maintained by  
18 states contiguous to Iowa.

19 (4) A database which is substantially similar to, or a  
20 successor of, a database established in this chapter.

21 2. Prior to determining the initial eligibility of an  
22 applicant for, or the ongoing eligibility of a recipient  
23 of, public assistance benefits, the department shall access  
24 information for every applicant or recipient from, at a  
25 minimum, the following public records:

26 a. A nationwide public records data source of physical asset  
27 ownership. The data source may include but is not limited to  
28 real property, automobiles, watercraft, aircraft, and luxury  
29 vehicles, or any other vehicle owned by the applicant for or  
30 recipient of assistance.

31 b. A nationwide public records data source of incarcerated  
32 individuals.

33 c. A nationwide best address and driver's license data  
34 source to verify that individuals are residents of the state.

35 d. A comprehensive public records database from which the

1 department may identify potential identity fraud or identity  
2 theft that is capable of closely associating name, social  
3 security number, date of birth, phone, and address information.

4 e. National and local financial institutions in order  
5 to locate undisclosed depository accounts or verify account  
6 balances of disclosed accounts.

7 f. Outstanding default or arrest warrant information.

8 Sec. 8. NEW SECTION. **239.6 Identity authentication.**

9 Prior to the department awarding public assistance  
10 benefits, an applicant shall complete a computerized identity  
11 authentication process to confirm the identity of the  
12 applicant. Identity authentication shall be accomplished  
13 through a knowledge-based questionnaire consisting of financial  
14 and personal questions. The questionnaire shall contain  
15 questions tailored to assist persons without a bank account or  
16 those who have poor access to financial and banking services  
17 or who do not have an established credit history. The  
18 questionnaire may be submitted by the applicant online, in  
19 person, or via telephone.

20 Sec. 9. NEW SECTION. **239.7 Case review of applicant and**  
21 **recipient information — fraudulent activity — child support**  
22 **obligation.**

23 1. If the information obtained from a review of an  
24 applicant's or recipient's information under this chapter does  
25 not result in the department finding a discrepancy or change  
26 in an individual's circumstances affecting eligibility, the  
27 department shall take no further action.

28 2. If the information obtained from a review of the  
29 applicant's or recipient's information under this chapter  
30 results in the department finding a discrepancy or change in  
31 the individual's circumstances affecting eligibility, the  
32 department shall respond in accordance with the provisions of  
33 section 239.8.

34 Sec. 10. NEW SECTION. **239.8 Notice and right to be heard.**

35 1. An applicant for, or recipient of, public assistance

1 shall be provided written notice and the opportunity to explain  
2 any issues identified in a review performed under this chapter  
3 for initial eligibility or redetermination of eligibility.  
4 A self-declaration by an applicant or recipient shall not  
5 be accepted as verification of categorical and financial  
6 eligibility during such review.

7 2. The notice provided to the applicant or recipient shall  
8 describe in sufficient detail the circumstances of the issue  
9 identified, the manner in which the applicant or recipient  
10 may respond, and the consequences of failing to respond to  
11 the notice or resolve the issue identified. The applicant  
12 or recipient shall be provided thirty days to respond to the  
13 notice. The applicant's or recipient's response shall be in  
14 writing. The department may request additional information as  
15 necessary to reach a decision.

16 3. An applicant or recipient may respond to the notice as  
17 follows:

18 a. By disagreeing with the findings of the department. If  
19 the applicant or recipient responds in a timely manner and  
20 disagrees with the findings of the department, the department  
21 shall reevaluate the circumstances to determine if the  
22 applicant's or recipient's position is valid. If, through  
23 reevaluation, the department finds that the department is in  
24 error, the department shall take immediate action to correct  
25 the error. If, through reevaluation, the department affirms  
26 that the applicant's or recipient's position is invalid, the  
27 department shall determine the effect on the applicant's or  
28 recipient's eligibility and take appropriate action. Written  
29 notice of the department's determination and the actions taken  
30 shall be provided to the applicant or recipient.

31 b. By agreeing with the findings of the department. If  
32 the applicant or recipient responds in a timely manner and  
33 agrees with the findings of the department, the department  
34 shall determine the effect on the applicant's or recipient's  
35 eligibility and take appropriate action. Written notice of the

1 department's determination and actions taken shall be provided  
2 to the applicant or recipient.

3 4. If the applicant or recipient fails to respond to the  
4 notice in a timely manner, the department shall provide notice  
5 to terminate the applicant's application or to discontinue  
6 the recipient's enrollment for failure to cooperate, and  
7 shall terminate the applicant's application or discontinue  
8 the recipient's enrollment. The applicant's or recipient's  
9 eligibility for such public assistance shall not be established  
10 or reestablished until the issue has been resolved.

11 **Sec. 11. NEW SECTION. 239.9 Referrals for fraud,**  
12 **misrepresentation, or inadequate documentation.**

13 1. Following a review of an applicant's or recipient's  
14 eligibility under this chapter, the department may refer cases  
15 of suspected fraud along with any supportive information to the  
16 department of inspections and appeals for review.

17 2. In cases of substantiated fraud, upon conviction, the  
18 state shall review all appropriate legal options including  
19 but not limited to removal of a recipient from other public  
20 assistance programs and garnishment of wages or state income  
21 tax refunds until the department recovers an equal amount of  
22 benefits fraudulently claimed.

23 3. The department may refer suspected cases of fraud,  
24 misrepresentation, or inadequate documentation relating to  
25 initial or continued eligibility to appropriate state agencies,  
26 divisions, or departments for review of eligibility issues in  
27 programs providing public benefits other than those as defined  
28 in this chapter.

29 **Sec. 12. NEW SECTION. 239.10 Administration — rules —**  
30 **reporting.**

31 1. The department of human services shall adopt rules  
32 pursuant to chapter 17A to administer this chapter.

33 2. The department shall submit a report to the governor  
34 and the general assembly by January 15, 2022, and by January  
35 15 annually thereafter through January 15, 2027, detailing the

1 impact of the verification and authentication measures taken  
2 under this chapter. The report shall include data for all  
3 affected public assistance programs including the number of  
4 cases reviewed, the number of cases closed, the number of fraud  
5 investigation referrals made, and the amount of savings and  
6 cost avoidance realized from the provisions of this chapter.

7 Sec. 13. IMPLEMENTATION.

8 1. The department of human services shall request federal  
9 approval including for any state plan amendment or waiver  
10 necessary to administer this division of this Act.

11 2. The provisions of this division of this Act requiring  
12 federal approval shall be implemented upon receipt of such  
13 federal approval.

14 3. The provisions of this division of this Act not requiring  
15 federal approval shall be implemented as specified in this Act,  
16 or if not specified in this Act, no later than July 1, 2021.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with  
19 the explanation's substance by the members of the general assembly.

20 This bill relates to public assistance program oversight.

21 Division I of the bill requires the department of human  
22 services (DHS), by July 1, 2020, to request any federal waiver  
23 or approval necessary from the food and nutrition service of  
24 the United States department of agriculture in order to comply  
25 with the provision of the federal Agriculture Improvement  
26 Act of 2018 and the regulations adopted under the Act to  
27 provide real-time prevention of duplicate participation upon a  
28 potential beneficiary's application for SNAP (the supplemental  
29 nutrition assistance program). DHS is required, upon receipt  
30 of any necessary federal waiver or approval, to contract with a  
31 third-party vendor to conduct national accuracy clearinghouse  
32 matches and corresponding actions in accordance with the  
33 federal law and regulations.

34 Division II of the bill relates to various eligibility  
35 verification and authentication measures under new Code chapter

1 239.

2 The bill provides definitions used in the new Code chapter.

3 The bill requires DHS to conduct an asset test on all members  
4 of the household of an applicant for SNAP benefits. The bill  
5 specifies the minimum information, federal, state, and other  
6 data sources, and public records that DHS must access prior to  
7 determining eligibility for an applicant's SNAP benefits. The  
8 bill requires DHS to enter into a memorandum of understanding  
9 with any department or subunit of a department to obtain the  
10 information specified. The bill provisions do not apply if  
11 every member of the applicant's household receives supplemental  
12 security income.

13 The bill requires that an applicant for SNAP benefits shall  
14 cooperate with the child support recovery unit as a condition  
15 of eligibility for SNAP benefits.

16 The bill requires that by July 1, 2021, DHS shall redesign  
17 an existing system; establish a new computerized income,  
18 asset, and identity eligibility verification system; or  
19 contract with a third-party vendor to provide for identity  
20 verification, identity authentication, asset verification, and  
21 dual enrollment prevention in each public assistance program  
22 administered by DHS. DHS may contract with a third-party  
23 vendor to develop a system or provide a service to verify  
24 income, assets, and identity eligibility of applicants and  
25 recipients. The system or service shall be accessed prior  
26 to determining eligibility, periodically between eligibility  
27 redeterminations, and during eligibility redeterminations and  
28 reviews. DHS may contract with a third-party vendor to provide  
29 information to facilitate reviews of recipient eligibility  
30 conducted by DHS. A contract entered into to provide a system  
31 or service must establish the annual savings amount from  
32 utilization of the system or service, and include a provision  
33 that the contract may be terminated contingent upon the  
34 savings not exceeding the total yearly cost to the state for  
35 utilization of the system or service. The contract does not

1 preclude DHS from continuing to conduct additional eligibility  
2 verification or authentication processes to receive, review, or  
3 verify additional information related to the eligibility of an  
4 individual; or from contracting with a third-party vendor to  
5 provide additional eligibility authentication or verification  
6 information. DHS shall seek federal approval as necessary to  
7 implement and administer this provision of the bill.

8 The bill requires that for all applications for initial  
9 public assistance program benefits and all determinations of  
10 ongoing recipient eligibility processed by DHS, DHS shall  
11 access information for every applicant or recipient from  
12 specified federal, state, and other sources, and from specified  
13 public records.

14 The bill requires that prior to awarding public assistance  
15 benefits to an applicant, the applicant shall complete a  
16 computerized identity authentication process to confirm the  
17 identity of the applicant through the use of a knowledge-based  
18 questionnaire consisting of financial and personal questions  
19 tailored to assist persons without a bank account or those who  
20 have poor access to financial and banking services or who do  
21 not have an established credit history. The questionnaire  
22 may be submitted by the applicant online, in person, or via  
23 telephone.

24 The bill provides that if information obtained from a review  
25 of an applicant's or recipient's information under the bill  
26 does not result in DHS finding a discrepancy or change in an  
27 individual's circumstances affecting eligibility, DHS shall  
28 take no further action.

29 If the information obtained from a review of the applicant's  
30 or recipient's information under the bill results in DHS  
31 finding a discrepancy or a change in the individual's  
32 circumstances affecting eligibility, DHS shall provide written  
33 notice to the individual and the opportunity to explain any  
34 issues identified. A self-declaration by an applicant or  
35 recipient shall not be accepted as verification of categorical

1 and financial eligibility during such review.

2 The notice provided to the applicant or recipient shall  
3 describe in sufficient detail the circumstances of the issue  
4 identified, the manner in which the applicant or recipient  
5 may respond, and the consequences of failing to respond to  
6 the notice or resolve the issue identified. The applicant or  
7 recipient shall be provided 30 days to respond to the notice.  
8 The applicant's or recipient's response shall be in writing.  
9 DHS may request additional information as necessary to reach  
10 a decision.

11 The bill specifies the processes and results depending upon  
12 whether an applicant or recipient responds by disagreeing  
13 or agreeing with the findings of a review by DHS. If the  
14 applicant or recipient fails to respond to the notice in a  
15 timely manner, DHS shall provide notice to terminate the  
16 applicant's application or to discontinue the recipient's  
17 enrollment for failure to cooperate, and shall terminate  
18 the applicant's application or discontinue the recipient's  
19 enrollment. The applicant's or recipient's eligibility  
20 for such public assistance shall not be established or  
21 reestablished until the issue has been resolved.

22 Following a review of an applicant's or recipient's  
23 eligibility, DHS may refer cases of suspected fraud along with  
24 any supportive information to the department of inspections  
25 and appeals for review. In cases of substantiated fraud,  
26 upon conviction, the state shall review all appropriate legal  
27 options including but not limited to removal of a recipient  
28 from other public assistance programs and garnishment of wages  
29 or state income tax refunds until DHS recovers an equal amount  
30 of benefits fraudulently claimed. DHS may refer suspected  
31 cases of fraud, misrepresentation, or inadequate documentation  
32 relating to initial or continued eligibility to appropriate  
33 state agencies, divisions, or departments for review of  
34 eligibility issues in other public assistance programs.

35 Under the bill, DHS shall adopt administrative rules to

1 administer the Code chapter. DHS shall submit a report to the  
2 governor and the general assembly by January 15, 2022, and  
3 by January 15 annually thereafter through January 15, 2027,  
4 detailing the impact of the verification and authentication  
5 measures taken under the bill. The report shall include data  
6 for all affected public assistance programs including the  
7 number of cases reviewed, the number of cases closed, the  
8 number of fraud investigation referrals made, and the amount of  
9 savings and cost avoidance realized from the provisions of the  
10 bill.

11 DHS shall request federal approval including for any state  
12 plan amendment or waiver necessary to administer Division II of  
13 the bill, and the provisions of Division II requiring federal  
14 approval shall be implemented upon receipt of such federal  
15 approval. The provisions of Division II that do not require  
16 federal approval shall be implemented as specified in the bill  
17 or, if not specified in the bill, no later than July 1, 2021.