

Senate Study Bill 3068 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON LABOR AND BUSINESS
RELATIONS BILL BY
CHAIRPERSON SCHULTZ)

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) Utility payment and emergency utility payment
26 information maintained by the state under the low income home
27 energy assistance program.

28 (4) The Iowa public employees' retirement system for
29 earnings and pension information.

30 *c.* Miscellaneous sources:

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

34 (2) Any databases maintained by the Iowa lottery
35 commission.

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

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

8 b. National and state financial institutions in order
9 to locate undisclosed depository accounts or verify account
10 balances of disclosed accounts.

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

15 5. The provisions of this section shall not apply if every
16 member of the applicant's household receives supplemental
17 security income.

18 **Sec. 5. NEW SECTION. 239.3 Cooperation with child support**
19 **enforcement — supplemental nutrition assistance program**
20 **eligibility.**

21 An applicant for SNAP benefits who is in arrears for a
22 period of more than six months on a child support obligation
23 pursuant to a court or administrative order issued pursuant to
24 chapter 252A, 252C, 252F, 598, or 600B, or any other chapter
25 under which child support is granted, shall be required to
26 cooperate with the child support recovery unit as a condition
27 of eligibility as specified in 7 C.F.R. §273.11(o) and (p).

28 **Sec. 6. NEW SECTION. 239.4 Verification and authentication**
29 **systems — public assistance programs.**

30 1. By July 1, 2021, the department shall redesign an
31 existing system; establish a new computerized income, asset,
32 and identity eligibility verification system; or contract with
33 a third-party vendor to provide for identity verification,
34 identity authentication, asset verification, and dual
35 enrollment prevention in order to deter waste, fraud, and

1 abuse in each public assistance program administered by the
2 department.

3 2. The department may contract with a third-party
4 vendor to develop a system or provide a service to verify
5 or authenticate income, assets, and identity eligibility of
6 applicants and recipients to prevent fraud, misrepresentation,
7 and inadequate documentation when determining eligibility
8 for public assistance programs. The system or service shall
9 be accessed prior to determining eligibility, periodically
10 between eligibility redeterminations, and during eligibility
11 redeterminations and reviews. The department may also contract
12 with a third-party vendor to provide information to facilitate
13 reviews of recipient eligibility conducted by the department.

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

16 a. The establishment of the annual savings amount from
17 utilization of the system or service, and a provision that
18 the contract may be terminated contingent upon the savings
19 exceeding the total yearly cost to the state for utilization of
20 the system or service.

21 b. That the contract shall not preclude the department
22 from continuing to conduct additional eligibility verification
23 or authentication processes, to receive, review, or verify
24 additional information related to the eligibility of an
25 individual, or from contracting with a third-party vendor to
26 provide additional eligibility authentication or verification
27 information.

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

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

32 1. All applications for initial public assistance
33 program benefits and all determinations of ongoing recipient
34 eligibility shall be processed through a system as specified in
35 this section. Complete initial applications shall be processed

1 within ten days of receipt or the minimum period required by
2 federal law. Prior to determining initial eligibility of an
3 applicant for, or ongoing eligibility of a recipient of, public
4 assistance, the department shall access information for every
5 applicant or recipient from the following federal, state, and
6 other sources:

7 a. Federal sources and information:

8 (1) Earned and unearned income information maintained by
9 the internal revenue service.

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

12 (a) Earned income information.

13 (b) Death register information.

14 (c) Prisoner or incarceration status information.

15 (d) Supplemental security income information maintained in
16 the state data exchange database.

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

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

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

23 (a) Income and employment information maintained in the
24 national directory of new hires database by the office of child
25 support enforcement of the administration for children and
26 families.

27 (b) Other federal data sources maintained by the office of
28 child support enforcement of the administration for children
29 and families.

30 (4) Information maintained by the United States citizenship
31 and immigration services of the United States department of
32 homeland security.

33 (5) Payment information for public housing and section 8
34 housing assistance guidelines maintained by the United States
35 department of housing and urban development.

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

3 *b.* State sources and information:

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

6 (a) Income and employment information maintained by the
7 child support recovery unit.

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

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

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

13 (a) Employment information.

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

16 (3) Utility payment and emergency utility payment
17 information maintained by the state under the low income home
18 energy assistance program.

19 (4) The Iowa public employees' retirement system for
20 earnings and pension information.

21 *c.* Other sources including all of the following:

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

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

28 (3) Wage reporting and similar information maintained by
29 states contiguous to Iowa.

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

32 2. Prior to determining the initial eligibility of an
33 applicant for, or the ongoing eligibility of a recipient
34 of, public assistance benefits, the department shall access
35 information for every applicant or recipient from, at a

1 minimum, the following public records:

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

7 *b.* A nationwide public records data source of incarcerated
8 individuals.

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

11 *d.* A comprehensive public records database from which the
12 department may identify potential identity fraud or identity
13 theft that is capable of closely associating name, social
14 security number, date of birth, phone, and address information.

15 *e.* National and local financial institutions in order
16 to locate undisclosed depository accounts or verify account
17 balances of disclosed accounts.

18 *f.* Outstanding default or arrest warrant information.

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

20 Prior to the department awarding public assistance
21 benefits, an applicant shall complete a computerized identity
22 authentication process to confirm the identity of the
23 applicant. Identity authentication shall be accomplished
24 through a knowledge-based questionnaire consisting of financial
25 and personal questions. The questionnaire shall contain
26 questions tailored to assist persons without a bank account or
27 those who have poor access to financial and banking services
28 or who do not have an established credit history. The
29 questionnaire may be submitted by the applicant online, in
30 person, or via telephone.

31 Sec. 9. NEW SECTION. 239.7 Case review of applicant and
32 recipient information — fraudulent activity — child support
33 obligation.

34 1. If the information obtained from a review of an
35 applicant's or recipient's information under this chapter does

1 not result in the department finding a discrepancy or change
2 in an individual's circumstances affecting eligibility, the
3 department shall take no further action.

4 2. If the information obtained from a review of the
5 applicant's or recipient's information under this chapter
6 results in the department finding a discrepancy or change in
7 the individual's circumstances affecting eligibility, the
8 department shall respond in accordance with the provisions of
9 section 239.8.

10 3. Public assistance shall not be granted to a household if
11 a member of the household has been found guilty of fraudulent
12 activity directly related to any public assistance program.

13 4. An applicant for public assistance benefits who is in
14 arrears in payment for a period of more than six months on a
15 child support obligation pursuant to a court or administrative
16 order issued pursuant to chapter 252A, 252C, 252F, 598,
17 or 600B, or any other chapter under which child support is
18 granted, shall not be granted public assistance benefits until
19 the applicant enters into a payment arrangement with the child
20 support recovery unit or is found by the child support recovery
21 unit to have no ability to pay the child support obligation.

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

23 1. An applicant for, or recipient of, public assistance
24 shall be provided written notice and the opportunity to explain
25 any issues identified in a review performed under this chapter
26 for initial eligibility or redetermination of eligibility.
27 A self-declaration by an applicant or recipient shall not
28 be accepted as verification of categorical and financial
29 eligibility during such review.

30 2. The notice provided to the applicant or recipient shall
31 describe in sufficient detail the circumstances of the issue
32 identified, the manner in which the applicant or recipient
33 may respond, and the consequences of failing to respond to
34 the notice or resolve the issue identified. The applicant or
35 recipient shall be provided ten days to respond to the notice.

1 The applicant's or recipient's response shall be in writing.
2 The department may request additional information as necessary
3 to reach a decision.

4 3. An applicant or recipient may respond to the notice as
5 follows:

6 a. By disagreeing with the findings of the department. If
7 the applicant or recipient responds in a timely manner and
8 disagrees with the findings of the department, the department
9 shall reevaluate the circumstances to determine if the
10 applicant's or recipient's position is valid. If, through
11 reevaluation, the department finds that the department is in
12 error, the department shall take immediate action to correct
13 the error. If, through reevaluation, the department affirms
14 that the applicant's or recipient's position is invalid, the
15 department shall determine the effect on the applicant's or
16 recipient's eligibility and take appropriate action. Written
17 notice of the department's determination and the actions taken
18 shall be provided to the applicant or recipient.

19 b. By agreeing with the findings of the department. If
20 the applicant or recipient responds in a timely manner and
21 agrees with the findings of the department, the department
22 shall determine the effect on the applicant's or recipient's
23 eligibility and take appropriate action. Written notice of the
24 department's determination and actions taken shall be provided
25 to the applicant or recipient.

26 4. If the applicant or recipient fails to respond to the
27 notice in a timely manner, the department shall provide notice
28 to terminate the applicant's application or to discontinue
29 the recipient's enrollment for failure to cooperate, and
30 shall terminate the applicant's application or discontinue
31 the recipient's enrollment. The applicant's or recipient's
32 eligibility for such public assistance shall not be established
33 or reestablished until the issue has been resolved.

34 Sec. 11. NEW SECTION. 239.9 Referrals for fraud,
35 misrepresentation, or inadequate documentation.

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

5 2. In cases of substantiated fraud, upon conviction, the
6 state shall review all appropriate legal options including
7 but not limited to removal of a recipient from other public
8 assistance programs and garnishment of wages or state income
9 tax refunds until the department recovers an equal amount of
10 benefits fraudulently claimed.

11 3. The department may refer suspected cases of fraud,
12 misrepresentation, or inadequate documentation relating to
13 initial or continued eligibility to appropriate state agencies,
14 divisions, or departments for review of eligibility issues in
15 programs providing public benefits other than those as defined
16 in this chapter.

17 Sec. 12. NEW SECTION. 239.10 Administration — rules —
18 reporting.

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

21 2. The department shall submit a report to the governor
22 and the general assembly by January 15, 2022, and by January
23 15 annually thereafter through January 15, 2027, detailing the
24 impact of the verification and authentication measures taken
25 under this chapter. The report shall include data for all
26 affected public assistance programs including the number of
27 cases reviewed, the number of cases closed, the number of fraud
28 investigation referrals made, and the amount of savings and
29 cost avoidance realized from the provisions of this chapter.

30 Sec. 13. IMPLEMENTATION.

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

34 2. The provisions of this division of this Act requiring
35 federal approval shall be implemented upon receipt of such

1 federal approval.

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

5 EXPLANATION

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

8 This bill relates to public assistance program oversight.

9 Division I of the bill requires the department of human
10 services (DHS), by July 1, 2020, to request any federal waiver
11 or approval necessary from the food and nutrition service of
12 the United States department of agriculture in order to comply
13 with the provision of the federal Agriculture Improvement
14 Act of 2018 and the regulations adopted under the Act to
15 provide real-time prevention of duplicate participation upon a
16 potential beneficiary's application for SNAP (the supplemental
17 nutrition assistance program). DHS is required, upon receipt
18 of any necessary federal waiver or approval, to contract with a
19 third-party vendor to conduct national accuracy clearinghouse
20 matches and corresponding actions in accordance with the
21 federal law and regulations.

22 Division II of the bill relates to various eligibility
23 verification and authentication measures under new Code chapter
24 239.

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

26 The bill requires DHS to conduct an asset test on all members
27 of the household of an applicant for SNAP benefits. The bill
28 specifies the minimum information, federal, state, and other
29 data sources, and public records that DHS must access prior to
30 determining eligibility for an applicant's SNAP benefits. The
31 bill requires DHS to enter into a memorandum of understanding
32 with any department or subunit of a department to obtain the
33 information specified. The bill provisions do not apply if
34 every member of the applicant's household receives supplemental
35 security income.

1 The bill requires that an applicant for SNAP benefits who
2 is in arrears for a period of more than six months on a child
3 support obligation shall be required to cooperate with the
4 child support recovery unit as a condition of eligibility for
5 SNAP benefits.

6 The bill requires that by July 1, 2021, DHS shall redesign
7 an existing system; establish a new computerized income,
8 asset, and identity eligibility verification system; or
9 contract with a third-party vendor to provide for identity
10 verification, identity authentication, asset verification, and
11 dual enrollment prevention in each public assistance program
12 administered by DHS. DHS may contract with a third-party
13 vendor to develop a system or provide a service to verify
14 income, assets, and identity eligibility of applicants and
15 recipients. The system or service shall be accessed prior
16 to determining eligibility, periodically between eligibility
17 redeterminations, and during eligibility redeterminations
18 and reviews. DHS may contract with a third-party vendor
19 to provide information to facilitate reviews of recipient
20 eligibility conducted by DHS. A contract entered into to
21 provide a system or service must establish the annual savings
22 amount from utilization of the system or service, and include a
23 provision that the contract may be terminated contingent upon
24 the savings exceeding the total yearly cost to the state for
25 utilization of the system or service. The contract does not
26 preclude DHS from continuing to conduct additional eligibility
27 verification or authentication processes to receive, review, or
28 verify additional information related to the eligibility of an
29 individual; or from contracting with a third-party vendor to
30 provide additional eligibility authentication or verification
31 information. DHS shall seek federal approval as necessary to
32 implement and administer this provision of the bill.

33 The bill requires that for all applications for initial
34 public assistance program benefits and all determinations of
35 ongoing recipient eligibility processed by DHS, DHS shall

1 access information for every applicant or recipient from
2 specified federal, state, and other sources, and from specified
3 public records.

4 The bill requires that prior to awarding public assistance
5 benefits to an applicant, the applicant shall complete a
6 computerized identity authentication process to confirm the
7 identity of the applicant through the use of a knowledge-based
8 questionnaire consisting of financial and personal questions
9 tailored to assist persons without a bank account or those who
10 have poor access to financial and banking services or who do
11 not have an established credit history. The questionnaire
12 may be submitted by the applicant online, in person, or via
13 telephone.

14 The bill provides that if information obtained from a
15 review of an applicant's or recipient's information under the
16 bill does not result in DHS finding a discrepancy or change
17 in an individual's circumstances affecting eligibility, DHS
18 shall take no further action. Public assistance shall not be
19 granted to a household if a member of the household has been
20 found guilty of fraudulent activity directly related to any
21 public assistance program. An applicant for public assistance
22 benefits who is in arrears in payment for a period of more than
23 six months on a child support obligation shall not be granted
24 public assistance benefits until the applicant enters into a
25 payment arrangement with the child support recovery unit or is
26 found by the child support recovery unit to have no ability to
27 pay the child support obligation.

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

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

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

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

34 Under the bill, DHS shall adopt administrative rules to
35 administer the Code chapter. DHS shall submit a report to the

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

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