

Senate File 389 - Introduced

SENATE FILE 389
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1125)

A BILL FOR

- 1 An Act relating to public assistance program oversight.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 239.1 Definitions.

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

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

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

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

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

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

14 d. All real estate, excluding the primary household
15 residence and surrounding lot.

16 e. All other personal property excluding personal
17 belongings, household goods, and one vehicle.

18 3. "*Department*" means the department of human services.

19 4. "*Public assistance*" means SNAP (the supplemental
20 nutrition assistance program), the Medicaid program, FIP (the
21 family investment program), and CHIP (the children's health
22 insurance program).

23 5. "*Real-time system*" means real-time electronic access
24 to a system that allows verification of all applicable public
25 assistance program eligibility information based on the
26 most recent information available to the department through
27 nonmodeled earned and unearned income, such as commercially
28 available wage data.

29 6. "*Recipient*" means an individual who is receiving public
30 assistance benefits in the state.

31 Sec. 2. NEW SECTION. 239.2 Asset test for supplemental
32 nutrition assistance program.

33 1. For the purposes of determining eligibility for receipt
34 of SNAP benefits, the department shall conduct an asset test
35 on all members of the applicant's household. The allowable

1 financial resources to be included in or excluded from a
2 determination of eligibility for SNAP shall be those specified
3 in 7 U.S.C. §2014(g)(1).

4 2. Prior to determining eligibility for SNAP benefits,
5 the department shall access, at a minimum, for every member
6 of the applicant's household, the following information from
7 the following federal, state, and miscellaneous sources, or
8 successor sources:

9 a. Federal sources and information:

10 (1) Earned and unearned income information maintained by
11 the internal revenue service.

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

14 (a) Earned income information.

15 (b) Death register information.

16 (c) Prisoner or incarceration status information.

17 (d) Supplemental security income information maintained in
18 the state data exchange database.

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

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

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

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

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

32 b. State sources and information:

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

35 (a) Income and employment information maintained by the

1 child support recovery unit.

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

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

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

7 (a) Employment information.

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

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

12 c. Miscellaneous sources:

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

16 (2) Any databases maintained by the Iowa lottery
17 commission.

18 (3) Any existing real-time eligibility system that includes
19 employment and income information maintained by a consumer
20 reporting agency, as defined by the federal Fair Credit
21 Reporting Act, 15 U.S.C. §1681a, for the purpose of obtaining
22 real-time employment and income information.

23 3. Prior to determining eligibility for SNAP benefits, the
24 department shall access information for every member of the
25 applicant's household from 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.

30 b. National and state financial institutions in order
31 to locate undisclosed depository accounts or verify account
32 balances of disclosed accounts.

33 4. The department shall enter into a memorandum of
34 understanding with any department, division, bureau, section,
35 unit, or any other subunit of a department to obtain the

1 information specified in this section.

2 5. The provisions of this section shall not apply if every
3 member of the applicant's household receives supplemental
4 security income.

5 **Sec. 3. NEW SECTION. 239.3 Cooperation with child support**
6 **enforcement — supplemental nutrition assistance program**
7 **eligibility.**

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

11 **Sec. 4. NEW SECTION. 239.4 Verification and authentication**
12 **systems — public assistance programs.**

13 1. By July 1, 2022, the department shall redesign an
14 existing system; establish a new computerized income, asset,
15 and identity eligibility verification system; or contract with
16 a third-party vendor to provide for identity verification,
17 identity authentication, asset verification, and dual
18 enrollment prevention in order to deter waste, fraud, and
19 abuse in each public assistance program administered by the
20 department.

21 2. The department may contract with a third-party vendor
22 to develop or provide a service for a real-time eligibility
23 system that allows the department to verify or authenticate
24 income, assets, and identity eligibility of applicants and
25 recipients to prevent fraud, misrepresentation, and inadequate
26 documentation when determining eligibility for public
27 assistance programs. The system shall be accessed prior to
28 determining eligibility, periodically between eligibility
29 redeterminations, and during eligibility redeterminations
30 and reviews. The department may also contract with a
31 third-party vendor to provide information to facilitate
32 reviews of recipient eligibility conducted by the department.
33 Specifically, the department may contract with a third-party
34 consumer reporting agency, as defined by the federal Fair
35 Credit Reporting Act, 15 U.S.C. §1681a, for the purpose of

1 obtaining real-time employment and income information.

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

4 a. The establishment of the annual savings amount from
5 utilization of the system or service, and a provision that the
6 contract may be terminated contingent upon the savings not
7 exceeding the total yearly cost to the state for utilization of
8 the system or service.

9 b. That the contract shall not preclude the department
10 from continuing to conduct additional eligibility verification
11 or authentication processes, to receive, review, or verify
12 additional information related to the eligibility of an
13 individual, or from contracting with a third-party vendor to
14 provide additional eligibility authentication or verification
15 information.

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

18 Sec. 5. NEW SECTION. 239.5 Public assistance programs —
19 applicant and recipient eligibility verification.

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

29 a. Federal sources and information:

30 (1) Earned and unearned income information maintained by
31 the internal revenue service.

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

34 (a) Earned income information.

35 (b) Death register information.

1 (c) Prisoner or incarceration status information.

2 (d) Supplemental security income information maintained in
3 the state data exchange database.

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

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

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

10 (a) Income and employment information maintained in the
11 national directory of new hires database by the office of child
12 support enforcement of the administration for children and
13 families.

14 (b) Other federal data sources maintained by the office of
15 child support enforcement of the administration for children
16 and families.

17 (4) Information maintained by the United States citizenship
18 and immigration services of the United States department of
19 homeland security.

20 (5) Payment information for public housing and section 8
21 housing assistance guidelines maintained by the United States
22 department of housing and urban development.

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

25 *b.* State sources and information:

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

28 (a) Income and employment information maintained by the
29 child support recovery unit.

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

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

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

35 (a) Employment information.

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

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

5 c. Other sources including all of the following:

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

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

12 (3) Wage reporting and similar information maintained by
13 states contiguous to Iowa.

14 (4) A third-party consumer reporting agency, as defined
15 by the federal Fair Credit Reporting Act, 15 U.S.C. §1681a,
16 for the purpose of obtaining real-time employment and income
17 information.

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

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

28 b. A nationwide public records data source of incarcerated
29 individuals.

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

32 d. A comprehensive public records database from which the
33 department may identify potential identity fraud or identity
34 theft that is capable of closely associating name, social
35 security number, date of birth, phone, and address information.

1 e. National and local financial institutions in order
2 to locate undisclosed depository accounts or verify account
3 balances of disclosed accounts.

4 f. Outstanding default or arrest warrant information.

5 3. The state may contract with a third-party consumer
6 reporting agency, as defined by the federal Fair Credit
7 Reporting Act, 15 U.S.C. §1681a, for the purpose of obtaining
8 real-time employment and income information under this section.

9 Sec. 6. NEW SECTION. **239.6 Identity authentication.**

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

21 Sec. 7. NEW SECTION. **239.7 Case review of applicant and**
22 **recipient information.**

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. 8. 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 Unless otherwise prohibited by federal law or regulation,
5 a self-declaration by an applicant or recipient shall not
6 be accepted as verification of categorical and financial
7 eligibility during such review.

8 2. The notice provided to the applicant or recipient shall
9 describe in sufficient detail the circumstances of the issue
10 identified, the manner in which the applicant or recipient
11 may respond, and the consequences of failing to respond to
12 the notice or resolve the issue identified. The applicant or
13 recipient shall be provided ten days to respond to the notice.
14 The department may request additional information as necessary
15 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. 9. 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. 10. 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, 2023, and by January
35 15 annually thereafter through January 15, 2028, 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. 11. 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 Act.

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

13 3. The provisions of this Act not requiring federal approval
14 shall be implemented as specified in this Act, or if not
15 specified in this Act, no later than July 1, 2022.

16 4. The department may contract with multiple third-party
17 vendors to administer this Act.

18 EXPLANATION

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

21 This bill relates to public assistance program oversight.

22 The bill relates to various eligibility verification and
23 authentication measures under new Code chapter 239.

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

25 The bill requires the department of human services (DHS) to
26 conduct an asset test on all members of the household of an
27 applicant for SNAP benefits. The bill specifies the minimum
28 information, federal, state, and other data sources, and public
29 records that DHS must access prior to determining eligibility
30 for an applicant's SNAP benefits. The bill requires DHS to
31 enter into a memorandum of understanding with any department or
32 subunit of a department to obtain the information specified.

33 The bill provisions do not apply if every member of the
34 applicant's household receives supplemental security income.

35 The bill requires that an applicant for SNAP benefits shall

1 cooperate with the child support recovery unit as a condition
2 of eligibility for SNAP benefits.

3 The bill requires that by July 1, 2022, DHS shall redesign
4 an existing system; establish a new computerized income,
5 asset, and identity eligibility verification system; or
6 contract with a third-party vendor to provide for identity
7 verification, identity authentication, asset verification, and
8 dual enrollment prevention in each public assistance program
9 administered by DHS. DHS may contract with a third-party
10 vendor to develop or provide a real-time eligibility system
11 to verify or authenticate income, assets, and identity
12 eligibility of applicants and recipients. The system shall
13 be accessed prior to determining eligibility, periodically
14 between eligibility redeterminations, and during eligibility
15 redeterminations and reviews. DHS may contract with a
16 third-party vendor to provide information to facilitate reviews
17 of recipient eligibility conducted by DHS. A contract entered
18 into to provide a system or service must establish the annual
19 savings amount from utilization of the system or service,
20 and include a provision that the contract may be terminated
21 contingent upon the savings not exceeding the total yearly
22 cost to the state for utilization of the system or service.
23 The contract does not preclude DHS from continuing to conduct
24 additional eligibility verification or authentication processes
25 to receive, review, or verify additional information related
26 to the eligibility of an individual; or from contracting
27 with a third-party vendor to provide additional eligibility
28 authentication or verification information. DHS shall seek
29 federal approval as necessary to implement and administer this
30 provision of the bill.

31 The bill requires that for all applications for initial
32 public assistance program benefits and all determinations of
33 ongoing recipient eligibility processed by DHS, DHS shall
34 access information for every applicant or recipient from
35 specified federal, state, and other sources, and from specified

1 public records.

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

12 The bill provides that if information obtained from a review
13 of an applicant's or recipient's information under the bill
14 does not result in DHS finding a discrepancy or change in an
15 individual's circumstances affecting eligibility, DHS shall
16 take no further action.

17 If the information obtained from a review of the applicant's
18 or recipient's information under the bill results in DHS
19 finding a discrepancy or a change in the individual's
20 circumstances affecting eligibility, DHS shall provide written
21 notice to the individual and the opportunity to explain any
22 issues identified. Unless otherwise prohibited by federal law
23 or regulation, a self-declaration by an applicant or recipient
24 shall not be accepted as verification of categorical and
25 financial eligibility during such review.

26 The notice provided to the applicant or recipient shall
27 describe in sufficient detail the circumstances of the issue
28 identified, the manner in which the applicant or recipient
29 may respond, and the consequences of failing to respond to
30 the notice or resolve the issue identified. The applicant or
31 recipient shall be provided 10 days to respond to the notice.
32 DHS may request additional information as necessary to reach
33 a decision.

34 The bill specifies the processes and results dependent upon
35 whether an applicant or recipient responds by disagreeing

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

10 Following a review of an applicant's or recipient's
11 eligibility, DHS may refer cases of suspected fraud along with
12 any supportive information to the department of inspections
13 and appeals for review. In cases of substantiated fraud,
14 upon conviction, the state shall review all appropriate legal
15 options including but not limited to removal of a recipient
16 from other public assistance programs and garnishment of wages
17 or state income tax refunds until DHS recovers an equal amount
18 of benefits fraudulently claimed. DHS may refer suspected
19 cases of fraud, misrepresentation, or inadequate documentation
20 relating to initial or continued eligibility to appropriate
21 state agencies, divisions, or departments for review of
22 eligibility issues in other public assistance programs.

23 Under the bill, DHS shall adopt administrative rules to
24 administer the Code chapter. DHS shall submit a report to the
25 governor and the general assembly by January 15, 2023, and
26 by January 15 annually thereafter through January 15, 2028,
27 detailing the impact of the verification and authentication
28 measures taken under the bill. The report shall include data
29 for all affected public assistance programs including the
30 number of cases reviewed, the number of cases closed, the
31 number of fraud investigation referrals made, and the amount of
32 savings and cost avoidance realized from the provisions of the
33 bill.

34 DHS shall request federal approval including for any state
35 plan amendment or waiver necessary to administer the bill, and

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1 the provisions of the bill requiring federal approval shall
2 be implemented upon receipt of such federal approval. The
3 provisions of the bill that do not require federal approval
4 shall be implemented as specified in the bill or, if not
5 specified in the bill, no later than July 1, 2022.