

Senate Study Bill 1105 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
HEALTH AND HUMAN SERVICES
BILL BY CHAIRPERSON EDLER)

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 health and human
19 services.

20 4. "*Public assistance*" means the supplemental nutrition
21 assistance program or SNAP, the Medicaid program or Medicaid
22 as defined in section 249A.2, the family investment program or
23 FIP as defined in section 239B.1, and the children's health
24 insurance program or CHIP.

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

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

33 Sec. 2. NEW SECTION. 239.2 Asset test for supplemental
34 nutrition assistance program.

35 1. For the purposes of determining eligibility for receipt

1 of SNAP benefits, the department shall conduct an asset test
2 on all members of the applicant's household. The allowable
3 financial resources to be included in or excluded from a
4 determination of eligibility for SNAP shall be those specified
5 in 7 U.S.C. §2014(g)(1).

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

11 a. Federal sources and information:

12 (1) Earned and unearned income information maintained by
13 the internal revenue service.

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

16 (a) Earned income information.

17 (b) Death register information.

18 (c) Prisoner or incarceration status information.

19 (d) Supplemental security income information maintained in
20 the state data exchange database.

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

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

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

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

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

34 b. State sources and information:

35 (1) The department's sources and information including but

1 not limited to all of the following:

2 (a) Income and employment information maintained by the
3 child support recovery unit.

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

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

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

9 (a) Employment information.

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

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

14 c. Miscellaneous sources:

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

18 (2) Any databases maintained by the Iowa lottery
19 commission.

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

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

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

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

35 4. The department shall enter into a memorandum of

1 understanding with any department, division, bureau, section,
2 unit, or any other subunit of a department to obtain the
3 information specified in this section.

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

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

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

13 **Sec. 4. NEW SECTION. 239.4 Verification and authentication**
14 **systems — public assistance programs.**

15 1. By July 1, 2024, the department shall redesign an
16 existing system; establish a new computerized income, asset,
17 and identity eligibility verification system; or contract with
18 a third-party vendor to provide for identity verification,
19 identity authentication, asset verification, and dual
20 enrollment prevention in order to deter waste, fraud, and
21 abuse in each public assistance program administered by the
22 department.

23 2. The department may contract with a third-party vendor
24 to develop or provide a service for a real-time eligibility
25 system that allows the department to verify or authenticate
26 income, assets, and identity eligibility of applicants and
27 recipients to prevent fraud, misrepresentation, and inadequate
28 documentation when determining eligibility for public
29 assistance programs. The system shall be accessed prior to
30 determining eligibility, periodically between eligibility
31 redeterminations, and during eligibility redeterminations
32 and reviews. The department may also contract with a
33 third-party vendor to provide information to facilitate
34 reviews of recipient eligibility conducted by the department.
35 Specifically, the department may contract with a third-party

1 consumer reporting agency, as defined by the federal Fair
2 Credit Reporting Act, 15 U.S.C. §1681a, for the purpose of
3 obtaining real-time employment and income information.

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

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

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

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

20 Sec. 5. NEW SECTION. 239.5 Public assistance programs —
21 applicant and recipient eligibility verification.

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

31 a. Federal sources and information:

32 (1) Earned and unearned income information maintained by
33 the internal revenue service.

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

- 1 (a) Earned income information.
- 2 (b) Death register information.
- 3 (c) Prisoner or incarceration status information.
- 4 (d) Supplemental security income information maintained in
5 the state data exchange database.
- 6 (e) Beneficiary records and earnings information maintained
7 in the beneficiary and earnings data exchange database.
- 8 (f) Earnings and pension information maintained in the
9 beneficiary earnings exchange record system database.
- 10 (3) The following sources and information maintained by the
11 United States department of health and human services:
 - 12 (a) Income and employment information maintained in the
13 national directory of new hires database by the office of child
14 support enforcement of the administration for children and
15 families.
 - 16 (b) Other federal data sources maintained by the office of
17 child support enforcement of the administration for children
18 and families.
 - 19 (4) Information maintained by the United States citizenship
20 and immigration services of the United States department of
21 homeland security.
 - 22 (5) Payment information for public housing and section 8
23 housing assistance guidelines maintained by the United States
24 department of housing and urban development.
 - 25 (6) National fleeing felon information maintained by the
26 United States federal bureau of investigation.
- 27 *b.* State sources and information:
 - 28 (1) The department's sources and information including but
29 not limited to all of the following:
 - 30 (a) Income and employment information maintained by the
31 child support recovery unit.
 - 32 (b) Child care assistance information maintained by the
33 division of child and family services.
 - 34 (c) Enrollment status in other public assistance programs.
 - 35 (2) The department of workforce development sources and

1 information including all of the following:

2 (a) Employment information.

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

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

7 c. Other sources including all of the following:

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

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

14 (3) Wage reporting and similar information maintained by
15 states contiguous to Iowa.

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

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

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

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

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

34 d. A comprehensive public records database from which the
35 department may identify potential identity fraud or identity

1 theft that is capable of closely associating name, social
2 security number, date of birth, phone, and address information.

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

6 f. Outstanding default or arrest warrant information.

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

11 Sec. 6. NEW SECTION. 239.6 Identity authentication.

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

23 Sec. 7. NEW SECTION. 239.7 Case review of applicant and
24 recipient information.

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

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

1 Sec. 8. NEW SECTION. **239.8 Notice and right to be heard.**

2 1. An applicant for, or recipient of, public assistance
3 shall be provided written notice and the opportunity to explain
4 any issues identified in a review performed under this chapter
5 for initial eligibility or redetermination of eligibility.
6 Unless otherwise prohibited by federal law or regulation,
7 a self-declaration by an applicant or recipient shall not
8 be accepted as verification of categorical and financial
9 eligibility during such review.

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

18 3. An applicant or recipient may respond to the notice as
19 follows:

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

33 *b.* By agreeing with the findings of the department. If
34 the applicant or recipient responds in a timely manner and
35 agrees with the findings of the department, the department

1 shall determine the effect on the applicant's or recipient's
2 eligibility and take appropriate action. Written notice of the
3 department's determination and actions taken shall be provided
4 to the applicant or recipient.

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

13 **Sec. 9. NEW SECTION. 239.9 Referrals for fraud,**
14 **misrepresentation, or inadequate documentation.**

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

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

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

31 **Sec. 10. NEW SECTION. 239.10 Administration — rules —**
32 **reporting.**

33 1. The department of health and human services shall adopt
34 rules pursuant to chapter 17A to administer this chapter.

35 2. The department shall submit a report to the governor

1 and the general assembly by January 15, 2025, and by January
2 15 annually thereafter through January 15, 2030, detailing the
3 impact of the verification and authentication measures taken
4 under this chapter. The report shall include data for all
5 affected public assistance programs including the number of
6 cases reviewed, the number of cases closed, the number of fraud
7 investigation referrals made, and the amount of savings and
8 cost avoidance realized from the provisions of this chapter.

9 Sec. 11. IMPLEMENTATION.

10 1. The department of health and human services shall request
11 federal approval including for any state plan amendment or
12 waiver necessary to administer this Act.

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

15 3. The provisions of this Act not requiring federal approval
16 shall be implemented as specified in this Act, or if not
17 specified in this Act, no later than July 1, 2025.

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

20 EXPLANATION

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

23 This bill relates to public assistance program oversight.

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

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

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

1 not apply if every member of the applicant's household receives
2 supplemental security income.

3 The bill requires that an applicant for SNAP benefits shall
4 cooperate with the child support recovery unit as a condition
5 of eligibility for SNAP benefits.

6 The bill requires that by July 1, 2024, HHS 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,
11 and dual enrollment prevention in each public assistance
12 program administered by HHS. The department may contract
13 with a third-party vendor to develop or provide a real-time
14 eligibility system to verify or authenticate income, assets,
15 and identity eligibility of applicants and recipients. The
16 system shall be accessed prior to determining eligibility,
17 periodically between eligibility redeterminations, and during
18 eligibility redeterminations and reviews. The department may
19 contract with a third-party vendor to provide information to
20 facilitate reviews of recipient eligibility conducted by HHS.
21 A contract entered into to provide a system or service must
22 establish the annual savings amount from utilization of the
23 system or service, and include a provision that the contract
24 may be terminated contingent upon the savings not exceeding the
25 total yearly cost to the state for utilization of the system or
26 service. The contract does not preclude HHS from continuing to
27 conduct additional eligibility verification or authentication
28 processes to receive, review, or verify additional information
29 related to the eligibility of an individual; or from
30 contracting with a third-party vendor to provide additional
31 eligibility authentication or verification information.
32 The department shall seek federal approval as necessary to
33 implement and administer this provision of the bill.

34 The bill requires that for all applications for initial
35 public assistance program benefits and all determinations of

1 ongoing recipient eligibility processed by HHS, HHS shall
2 access information for every applicant or recipient from
3 specified federal, state, and other sources, and from specified
4 public records.

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

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

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

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

1 to reach a decision.

2 The bill specifies the processes and results dependent upon
3 whether an applicant or recipient responds by disagreeing
4 or agreeing with the findings of a review by HHS. If the
5 applicant or recipient fails to respond to the notice in a
6 timely manner, HHS shall provide notice to terminate the
7 applicant's application or to discontinue the recipient's
8 enrollment for failure to cooperate, and shall terminate
9 the applicant's application or discontinue the recipient's
10 enrollment. The applicant's or recipient's eligibility
11 for such public assistance shall not be established or
12 reestablished until the issue has been resolved.

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

27 Under the bill, HHS shall adopt administrative rules to
28 administer the Code chapter. The department shall submit a
29 report to the governor and the general assembly by January
30 15, 2025, and by January 15 annually thereafter through
31 January 15, 2030, detailing the impact of the verification
32 and authentication measures taken under the bill. The report
33 shall include data for all affected public assistance programs
34 including the number of cases reviewed, the number of cases
35 closed, the number of fraud investigation referrals made, and

1 the amount of savings and cost avoidance realized from the
2 provisions of the bill.

3 The department shall request federal approval including for
4 any state plan amendment or waiver necessary to administer the
5 bill, and the provisions of the bill requiring federal approval
6 shall be implemented upon receipt of such federal approval.

7 The provisions of the bill that do not require federal approval
8 shall be implemented as specified in the bill or, if not
9 specified in the bill, no later than July 1, 2024.