

**Senate File 494 - Reprinted**

SENATE FILE 494  
BY COMMITTEE ON HEALTH AND  
HUMAN SERVICES

(SUCCESSOR TO SSB 1105)

(As Amended and Passed by the Senate March 22, 2023)

**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*" means the following assets of the members of the  
7 applicant's household:

8 a. All liquid assets.

9 b. All other personal property excluding one vehicle and  
10 the fair market value in excess of ten thousand dollars of an  
11 additional vehicle.

12 3. "*Asset test*" means the comparison of the collective  
13 value of all countable assets of the members of the applicant's  
14 household to the maximum allowed household asset limit of  
15 fifteen thousand dollars.

16 4. "*Department*" means the department of health and human  
17 services.

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

23 6. "*Real-time eligibility system*" means real-time electronic  
24 access to a system that allows verification of all applicable  
25 public 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 7. "*Recipient*" means an individual who is receiving public  
30 assistance benefits in the state.

31 8. "*Supplemental nutrition assistance program*" or "*SNAP*"  
32 means benefits provided by the federal program administered  
33 through 7 C.F.R. pts. 270 - 283, as amended.

34 Sec. 2. NEW SECTION. 239.2 Supplemental nutrition  
35 assistance program — income eligibility.

1 The department shall establish the gross countable monthly  
2 income threshold for the supplemental nutrition assistance  
3 program at less than or equal to one hundred sixty percent of  
4 the federal poverty level for the household size.

5 Sec. 3. NEW SECTION. 239.3 Identity authentication.

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

20 Sec. 4. NEW SECTION. 239.4 Asset test for supplemental  
21 nutrition assistance program.

22 1. For the purposes of determining eligibility for receipt  
23 of SNAP benefits, the department shall conduct an asset test  
24 on all members of the applicant's household. The allowable  
25 financial resources to be included in or excluded from a  
26 determination of eligibility for SNAP shall be those specified  
27 in 7 U.S.C. §2014(g)(1), to the extent consistent with the term  
28 "asset" as defined in this chapter.

29 2. Prior to determining eligibility for SNAP benefits,  
30 the department shall access, at a minimum, for every member  
31 of the applicant's household, the following information from  
32 the following federal, state, and miscellaneous sources, or  
33 successor 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 information maintained in the beneficiary  
12 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 *b.* State sources and information:

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

25 (a) Income and employment information maintained by child  
26 support services.

27 (b) Child care assistance information maintained by the  
28 department.

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

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

32 (a) Employment information.

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

35 *c.* Miscellaneous sources:

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

4 (2) Any lottery winner databases maintained by the Iowa  
5 lottery.

6 (3) Any existing real-time eligibility system that includes  
7 employment and income information maintained by a 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.

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

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

18 b. National and state financial institutions in order  
19 to locate undisclosed depository accounts or verify account  
20 balances of disclosed accounts.

21 4. The department shall enter into a memorandum of  
22 understanding with any department, division, bureau, section,  
23 unit, or any other subunit of a department to obtain the  
24 information specified in this section.

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

28 **Sec. 5. NEW SECTION. 239.5 Verification and authentication**  
29 **systems — public assistance programs.**

30 1. No later than July 1, 2025, the department shall  
31 redesign an existing system; establish a new computerized  
32 income, asset, and identity eligibility verification system;  
33 or contract with a third-party vendor to provide for identity  
34 verification, identity authentication, asset verification, and  
35 dual 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 vendor  
4 to develop or provide a service for a real-time eligibility  
5 system that allows the department to verify or authenticate  
6 income, assets, and identity eligibility of applicants and  
7 recipients to prevent fraud, misrepresentation, and inadequate  
8 documentation when determining eligibility for public  
9 assistance programs. The system shall be accessed prior to  
10 determining eligibility, periodically between eligibility  
11 redeterminations, and during eligibility redeterminations  
12 and reviews. The department may also contract with a  
13 third-party vendor to provide information to facilitate  
14 reviews of recipient eligibility conducted by the department.  
15 Specifically, the department may contract with a third-party  
16 consumer reporting agency, as defined by the federal Fair  
17 Credit Reporting Act, 15 U.S.C. §1681a, for the purpose of  
18 obtaining real-time employment and income information.

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

21 a. The establishment of the annual savings amount from  
22 utilization of the system or service, and a provision that the  
23 contract may be terminated contingent upon the savings not  
24 exceeding the total yearly cost to the state for utilization of  
25 the system or service.

26 b. That the contract shall not preclude the department  
27 from continuing to conduct additional eligibility verification  
28 or authentication processes, to receive, review, or verify  
29 additional information related to the eligibility of an  
30 individual, or from contracting with a third-party vendor to  
31 provide additional eligibility authentication or verification  
32 information.

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

35 Sec. 6. NEW SECTION. 239.6 Public assistance programs —

1 **applicant and recipient eligibility verification.**

2 1. All applications for initial public assistance  
3 program benefits and all determinations of ongoing recipient  
4 eligibility shall be processed through a system as specified  
5 in this section. Complete initial applications shall be  
6 processed within the minimum period required by federal law.  
7 Prior to determining initial eligibility of an applicant for,  
8 or ongoing eligibility of a recipient of, public assistance,  
9 the department shall access information for every applicant or  
10 recipient from the following federal, state, and other 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 information maintained in the beneficiary  
24 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 (4) Information maintained by the United States citizenship  
35 and immigration services of the United States department of

1 homeland security.

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

4 *b.* State sources and information:

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

7 (a) Income and employment information maintained by child  
8 support services.

9 (b) Child care assistance information maintained by the  
10 department.

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

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

14 (a) Employment information.

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

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

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

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

24 (3) Wage reporting and similar information maintained by  
25 states contiguous to Iowa.

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

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

35 *a.* A nationwide public records data source of physical asset

1 ownership. The data source may include but is not limited to  
2 real property, automobiles, watercraft, aircraft, and luxury  
3 vehicles, or any other vehicle owned by the applicant for or  
4 recipient of assistance.

5 *b.* A nationwide public records data source of incarcerated  
6 individuals.

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

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

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

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

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

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 sections 239.8 and 239.9.

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 health and human services shall adopt  
32 rules 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, 2025, and by January  
35 15 annually thereafter through January 15, 2030, 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. NEW SECTION. **249A.59 Cooperation with child**  
8 **support services.**

9 1. Unless exempt pursuant to state or federal law or  
10 regulation, an applicant for or recipient of medical assistance  
11 shall be required to cooperate with child support services as a  
12 condition of eligibility.

13 2. The department shall adopt rules pursuant to chapter 17A  
14 to administer this section.

15 Sec. 12. IMPLEMENTATION.

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

19 2. If the department of health and human services determines  
20 that any provision of this Act would result in the denial  
21 of funds or services from the federal government that would  
22 otherwise be available or would be inconsistent with the  
23 requirements of federal law or regulation, such provision shall  
24 be suspended, but only to the extent necessary to eliminate the  
25 inconsistency with federal requirements.

26 3. Unless otherwise provided in this Act, the department  
27 of health and human services shall implement the provisions of  
28 this Act in an incremental fashion, beginning July 1, 2023,  
29 with a goal of full implementation no later than July 1, 2025,  
30 to minimize duplication of efforts and to maximize coordination  
31 with the implementation time frames of other departmental  
32 resource enhancements.

33 4. The provisions of this Act requiring federal approval  
34 shall be implemented upon receipt of such federal approval.

35 5. The provisions of this Act not requiring federal approval

1 shall be implemented as specified in this Act, or if not  
2 specified in this Act, no later than July 1, 2025.

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