

SENATE FILE 334
BY COMMITTEE ON LABOR AND
BUSINESS RELATIONS

(SUCCESSOR TO SSB 1131)

(As Amended and Passed by the Senate April 1, 2019)

_____ = New Language by the Senate

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. PUBLIC ASSISTANCE PROGRAMS — VERIFICATION OF
2 APPLICANT ELIGIBILITY.

3 1. The department of human services shall implement an
4 eligibility verification system for public assistance programs
5 to verify the eligibility of an individual who is an applicant
6 for any such program. The information to be verified and
7 sources to be examined for each individual shall include but
8 are not limited to all of the following:

- 9 a. Earned and unearned income.
- 10 b. Employment status and changes in employment.
- 11 c. Immigration status.
- 12 d. Residency status, including a nationwide best-address
13 source to verify that individuals are residents of the state.
- 14 e. Enrollment status in other state-administered public
15 assistance programs.
- 16 f. Incarceration status.
- 17 g. Death records.
- 18 h. Enrollment status in public assistance programs outside
19 of this state.
- 20 i. Records of any potential identity fraud or identity
21 theft.

22 2. The department of human services shall enter into a
23 memorandum of understanding with any department, division,
24 bureau, section, unit, or any other subunit of a department, as
25 necessary, to obtain the information specified in subsection 1.

26 3. The department may contract with a third-party
27 vendor to provide any or all of the information specified
28 in subsection 1. Specifically, the department may contract
29 with a third-party consumer reporting agency, as defined by
30 the federal Fair Credit Reporting Act, 15 U.S.C. §1681a, for
31 the purpose of obtaining real-time employment and income
32 information as specified in subsection 1. Such contract shall
33 not require the third-party vendor to determine applicant
34 or enrollee eligibility. Any such contract shall include a
35 provision that ensures that annualized savings to the state

1 exceed the contract's total annual cost to the state, and that
2 the cost of a third-party vendor to provide the information is
3 less than the cost to the department to internally obtain and
4 compile the information.

5 4. Nothing in this section shall preclude the department
6 of human services from receiving, reviewing, or verifying
7 additional information related to the eligibility of an
8 individual not specified in this section or from contracting
9 with a third-party vendor to provide additional information not
10 specified in this section.

11 5. For the purposes of this section, "public assistance
12 program" shall include but is not limited to the Medicaid
13 program, the family investment program (FIP), and the
14 supplemental nutrition assistance program (SNAP).

15 Sec. 2. PUBLIC ASSISTANCE PROGRAMS — REAL-TIME ELIGIBILITY
16 MONITORING.

17 1. The department of human services shall implement a
18 real-time eligibility system that allows the department to
19 obtain and review all of the following information and sources
20 to determine ongoing eligibility of an enrollee in a public
21 assistance program:

- 22 a. Earned and unearned income.
- 23 b. Employment status and changes in employment.
- 24 c. Residency status.
- 25 d. Enrollment status in other state-administered public
26 assistance programs.
- 27 e. Financial resources.
- 28 f. Incarceration status.
- 29 g. Death records.
- 30 h. Lottery winnings.
- 31 i. Enrollment status in public assistance programs outside
32 of the state.

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

1 obtain the information specified in subsection 1.

2 3. The department may contract with a third-party
3 vendor to provide any or all of the information specified
4 in subsection 1. Specifically, the department may contract
5 with a third-party consumer reporting agency, as defined by
6 the federal Fair Credit Reporting Act, 15 U.S.C. §1681a, for
7 the purpose of obtaining real-time employment and income
8 information as specified in subsection 1. Such contract shall
9 not require the third-party vendor to determine applicant
10 or enrollee eligibility. Any such contract shall include a
11 provision that ensures that annualized savings to the state
12 exceed the contract's total annual cost to the state, and that
13 the cost of a third-party vendor to provide the information is
14 less than the cost to the department to internally obtain and
15 compile the information.

16 4. The department shall explore opportunities to join
17 existing multistate collaborations to identify individuals who
18 are also enrolled in public assistance programs outside of the
19 state, including the national accuracy clearinghouse.

20 5. Nothing in this section shall preclude the department
21 of human services from receiving or reviewing additional
22 information related to the eligibility of an individual
23 not specified in this section or from contracting with a
24 third-party vendor to provide additional information not
25 specified in this section.

26 6. If the department receives information about an enrollee
27 in a public assistance program that indicates a potential
28 change or discrepancy in circumstances that may affect the
29 individual's eligibility for that public assistance program,
30 the department shall review the individual's circumstances and
31 respond appropriately, as follows:

32 a. If the review does not result in the department
33 confirming any discrepancy or change in an individual's
34 circumstances that may affect eligibility, the department shall
35 take no further action.

1 b. If the review results in the department finding
2 a potential discrepancy or change in the individual's
3 circumstances that may affect eligibility, the department shall
4 promptly notify the individual.

5 (1) The department shall provide written notice to the
6 enrollee, which shall describe in sufficient detail the
7 circumstances of the potential discrepancy or change, the
8 manner in which the enrollee may respond, and the consequences
9 of failing to take action. However, a self-declaration of an
10 enrollee alone shall not be accepted as verification to refute
11 the information.

12 (2) The enrollee shall have thirty business days to respond
13 to the department in writing, to provide information to
14 refute and resolve the potential discrepancy or change. After
15 receiving the enrollee's written response, the department may
16 request additional documentation if the department determines
17 that the documentation is inadequate or that a risk of fraud or
18 misrepresentation exists. A self-declaration of an enrollee
19 refuting the information shall not, alone, constitute a
20 refutation of the potential discrepancy or change.

21 (3) If the enrollee does not respond to the written
22 notice in a timely manner, the department shall provide
23 notice to terminate the individual's enrollment, based upon
24 the individual's failure to cooperate, and shall terminate
25 the individual's enrollment in any applicable public
26 assistance program. The individual's eligibility shall not be
27 reestablished until the discrepancy or change is resolved.

28 (4) If the enrollee responds to the written notice in a
29 timely manner and disagrees with the findings, the department
30 shall reevaluate the enrollee's situation. If the department
31 determines through the reevaluation that the information upon
32 which the discrepancy or change was based is in error, the
33 department shall take immediate action to correct the error and
34 no further action on the enrollee's eligibility status shall be
35 taken. If the department affirms through the reevaluation that

1 a discrepancy or change exists, the department shall determine
2 the effect on the enrollee's eligibility and take appropriate
3 action. Written notice of the results of the department's
4 reevaluation and the actions to be taken shall be provided to
5 the individual.

6 (5) If the enrollee responds to the written notice in a
7 timely manner and agrees with the findings, the department
8 shall determine the effect on the enrollee's circumstances and
9 take appropriate action. Written notice of the actions to be
10 taken by the department shall be provided to the individual.

11 7. For the purposes of this section:

12 a. "Public assistance program" shall include but is not
13 limited to Medicaid, the family investment program (FIP), and
14 the supplemental nutrition assistance program (SNAP).

15 b. "Real-time eligibility system" means an electronic,
16 on-demand system that allows verification of all applicable
17 public assistance program eligibility information based on the
18 most recent information available to the department through
19 memoranda of understanding, contracts, or other necessary
20 agreements.

21 Sec. 3. REPORTING OF FRAUD. If, through the department's
22 activities under this Act, the department discovers potential
23 fraudulent activity, the department shall report its findings
24 and any supportive information to the department of inspections
25 and appeals for review.

26 Sec. 4. ADMINISTRATION — REPORTING.

27 1. The department of human services shall adopt rules
28 pursuant to chapter 17A to administer this Act.

29 2. The department shall submit a report to the governor
30 and the general assembly by January 15, 2022, and by January
31 15 annually thereafter, detailing the impact of verification
32 of applicant eligibility for public assistance programs and
33 real-time eligibility monitoring of recipients of public
34 assistance programs as provided in this Act. The reports shall
35 include the number of cases reviewed, the number of cases

1 closed, the number of fraud investigation referrals made, and
2 the amount of savings and cost avoidance realized from the
3 provisions of the Act.

4 3. The department of human services shall submit, to the
5 centers for Medicare and Medicaid services (CMS) of the United
6 States department of health and human services any Medicaid
7 state plan amendment or waiver request necessary to administer
8 this Act.

9 Sec. 5. IMPLEMENTATION.

10 1. The provisions of this Act requiring approval of a
11 Medicaid state plan amendment or waiver shall be implemented
12 upon receipt of such federal approval.

13 2. The provisions of this Act not requiring approval of a
14 Medicaid state plan amendment or waiver shall be implemented
15 on January 1, 2021.