SENATE FILE 494
BY COMMITTEE ON HEALTH AND HUMAN SERVICES

(SUCCESSOR TO SSB 1105)

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

 = New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to public assistance program oversight.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. 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"* means the following assets of the members of the applicant's household:

a. All liquid assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Federal sources and information:

(1) Earned and unearned income information maintained by

the internal revenue service.

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

(a) Earned income information.

(b) Death register information.

(c) Prisoner or incarceration status information.

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

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

(f) Earnings information maintained in the beneficiary earnings exchange record system database.

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

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

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

b. State sources and information:

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

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

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

(c) Enrollment status in other public assistance programs.

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

(a) Employment information.

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

c. Miscellaneous sources:

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

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

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

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

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

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

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

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

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

1. No later than July 1, 2025, the department shall redesign an existing system; establish a new computerized income, asset, and identity eligibility verification system; or contract with a third-party vendor to provide for identity verification, identity authentication, asset verification, and dual enrollment prevention in order to deter waste, fraud, and

abuse in each public assistance program administered by the department.

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

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

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

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

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

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

applicant and recipient eligibility verification.

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

a. Federal sources and information:

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

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

(a) Earned income information.

(b) Death register information.

(c) Prisoner or incarceration status information.

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

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

(f) Earnings information maintained in the beneficiary earnings exchange record system database.

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

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

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

(4) Information maintained by the United States citizenship and immigration services of the United States department of

homeland security.

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

b. State sources and information:

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

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

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

(c) Enrollment status in other public assistance programs.

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

(a) Employment information.

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

c. Other sources including all of the following:

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

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

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

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

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

a. A nationwide public records data source of physical asset

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

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

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

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

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

f. Outstanding default or arrest warrant information.

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

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

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

2. If the information obtained from a review of the applicant's or recipient's information under this chapter results in the department finding a discrepancy or change in the individual's circumstances affecting eligibility, the department shall respond in accordance with the provisions of sections 239.8 and 239.9.

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

1. An applicant for, or recipient of, public assistance

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

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

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

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

b. By agreeing with the findings of the department. If the applicant or recipient responds in a timely manner and agrees with the findings of the department, the department shall determine the effect on the applicant's or recipient's eligibility and take appropriate action. Written notice of the

department's determination and actions taken shall be provided to the applicant or recipient.

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

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

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

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

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

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

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

2. The department shall submit a report to the governor and the general assembly by January 15, 2025, and by January 15 annually thereafter through January 15, 2030, detailing the

impact of the verification and authentication measures taken under this chapter. The report shall include data for all affected public assistance programs including the number of cases reviewed, the number of cases closed, the number of fraud investigation referrals made, and the amount of savings and cost avoidance realized from the provisions of this chapter.

Sec. 11. NEW SECTION. **249A.59 Cooperation with child support services.**

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

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

Sec. 12. IMPLEMENTATION.

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

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

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

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

5. The provisions of this Act not requiring federal approval

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

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