THE STEPHEN GROUP

Fiscal Assessment of HB1090

Prepared for Mississippi Department of Human Resources

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Final Fiscal Analysis Report

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Executive Summary

The Mississippi legislature is debating two important bills, HB1090 and SB2330. Both would enhance eligibility for Medicaid, SNAP and TANF. This report will document the fiscal impact of HB1090. In doing so it also sheds important light on SB2330. The report was conducted by The Stephen Group (TSG) under contract with Mississippi Department of Human Services (DHS), in cooperation with Mississippi Department of Medicaid (DOM).

In the following report, TSG lays out overall findings and key assumptions in the Executive Summary. Next, TSG presents recommended language change to HB1090 that would put on the Departments a responsibility for "smart" data searches, focusing on applications and beneficiaries with highest risk. Next, TSG presents the fiscal impact (cost) findings followed by a description of the initial investment. Following the costs, the report reviews TSG findings concerning savings potential. At the end of the report, TSG provides two Appendices: one that demonstrates cost and savings matched up line by line with HB1090. Finally, TSG provides a line by line comparison of HB1090 and SB2330.

The most important assumption behind implementation of HB1090 is the approach used to select the number of applications, periodic reviews and redeterminations to review for financial assets. A second and equally important assumption is the number of applicants and beneficiaries that need the enhanced eligibility verification. Additionally, TSG follows HB 1090 and includes identity authentication and the search of publicly available data sources and labels those components "enhanced eligibility verification."

TSG evaluated three scenarios. TSG considered the cost for conducting a general search for enhanced eligibility verification for all adult applicants and for beneficiaries at annual redetermination and one added periodic review during each year. TSG used three scenarios for the breadth of search for financial assets: Medicaid Long Term Care and Intellectual and Developmental Disabilities (LTSS) only (referred to as Low Cost), All LTSS and Physically Disabled, and all Applicants and Beneficiaries, which is required by a strict interpretation of HB 1090.

TSG found that HB1090 would require annual state general fund expenditure of between $ 1 million and $2.6 million. This would include costs of data, added mailings and between 23 and 35 new eligibility workers, either state or contractor. The TSG assessment summarized in Table 1 is based on "renting the data", with little up-front IT investment. TSG notes that IT investments are contained in the Division of Medicaid's Advanced Planning Document (APD) and part of the DOM budget. Additional DHS on-going project management and system interfaces are also not included in this estimate.

In addition to the costs of enhanced eligibility verification services, TSG included $150,000 in the fiscal assessment for EBT administrator ATM monitoring and tracking costs.

Finally, TSG also recommends upfront piloting and project management that could total approximately $1 million per year over three years prior to June 2019. These costs would include the purchase of data, project management, labor and mailings.

Table 1 – Estimated Yearly Cost Impact

	Millions of Dollars per Year		
COST SUMMARY	Total Cost	State Share	FTEs
Low Cost	4.1	1.0	23
All LTSS and Physical Disabled	5.7	1.4	26
All beneficiaries	10.3	2.6	35

HB1090 would generate savings many times the cost. In Table 2, TSG shows that Total savings (state and federal) would be $30 to $60 million annually. TSG estimates that the largest source of savings will be from Medicaid or SNAP beneficiaries who may have moved out of state, entered an institution, changed household configuration or otherwise are no longer eligible after the enhanced eligibility determination, and high-cost LTSS and ID/DD Medicaid beneficiaries who fail to meet the financial asset test. TSG observes that the annual state share of savings could be up to 5 to 7 times the state share of costs. Pay back on the initial investment is 3.5 years for the low cost and 1.6 years for the high cost scenarios.

Table 2 – Estimated Yearly Savings

	Total Savings ($MM)			State Share ($MM)		
	Medicaid	SNAP & TANF	Total	Medicaid	SNAP & TANF	Total
Low Cost	27.4	6.1	33.5	6.9	0.0	6.9
All LTSS and Physical Disabled	31.5	6.1	37.6	8.0	0.0	8.0
All beneficiaries	53.9	7.7	61.6	13.7	0.0	13.7

Because it recommends a pilot approach to development, TSG expects a small amount of enhanced eligibility verification savings during the years before July 2019, the date HB1090 requires enhanced eligibility verification launch. **Error! Reference source not found.** contains a one year snapshot of projected total investment of a pilot program. TSG assumes that piloting for two years leading to implementation will produce findings at the rate of 5% and 10% of first-year, respectively. Thus, enhanced eligibility verification begins generating positive net savings during the pilot.

Proposed Adaptation of Legislation

TSG advises that searching for too much information too many times during the year will add significant cost with diminishing marginal return. For example, searching for data quarterly is not likely to return many more findings than searching twice a year (as modeled). Moreover, the current version of HB 1090 could be read to require annual and periodic verification data searches for all populations who receive any Medicaid, TANF and SNAP benefits, including children. Children generally lack sufficient information footprint to justify the cost of a search. Thus, the cost effectiveness of search results will be increased by focusing effort on populations that are more likely to include errors that can be found be enhanced eligibility verification searches. These assumptions have been used in developing the fiscal impact for the low cost LTSS scenario and the LTSS plus physical disability scenario.

In order to be most cost effective, therefore, TSG would recommend amending the wording of HB1090 at LN 106 to 109 of HB 1090 by replacing with the following:

> Before awarding assistance, the department shall verify eligibility for assistance by using the enhanced eligibility verification service outlined in Section 3 (2) of this Act. The Department shall also conduct enhanced eligibility verification pursuant to Section 3 (2) of this Act periodically between eligibility redeterminations and during eligibility redeterminations where there is a risk of changes in income, assets, and residency and the department has determined that the benefits of enhanced eligibility verification outweigh the cost.

This amendment will help the Bill achieve the optimum mix of deterrence, savings and cost.

Fiscal Impact – Cost Summary

TSG presents fiscal impact in three scenarios. The scenarios are based on different levels of financial data requests, described in the detail assumptions of Fiscal Impact – Cost Model and Assumptions starting on page 18. For each of the three scenarios, TSG presents the method by which the number of applicants or beneficiaries was determined for the scenario. In addition, each scenario is considered at two time periods. The first-year costs assume that the first couple times data is assessed according to the requirements of HB1090 to programs will find many accumulated eligibility issues. However, once these are worked out of the eligibility base, the number of findings will decrease—especially for periodic checks and redeterminations. Thus, the "steady state" reflects a lower number of findings from enhanced eligibility verification searches.

To illustrate the series of table, consider the cost of identity authentication under the low-cost scenario. Table 3 shows that Medicaid experienced 779,149 new applicants in 2016. Of those, 428,532are adults subject to data search—a net of 350,617 Medicaid adults. SNAP had 162,053 new applications in 2016, giving a total of 512,670. However, TSG assumes that applicants will only be subject to investigation once, no matter what program they apply for. TSG further assumes that 60% of applicants apply to more than one program. Thus, 60% of Medicaid applications are assumed to also apply for other benefits, leaving the total number of identity searches (i.e. quizzes) as 302,300. Cost of the searches is $0.50, and TSG assumes that on average State workers will spend 2 minutes (equals 4 FTEs at 120,000 minutes per year). Thus, the cost of identity authentication quizzes for Medicaid and SNAP would total $344,000.

TSG used a similar process for each column in each scenario. In Table 3 through Table 11, TSG presents the details of each of the scenario findings. Overall scenario findings are summarized in Table 1 and Table 2 in the Executive Summary.

Table 3 – Low Cost Scenario: Number of Beneficiaries Investigated

Low Cost Scenario	Applications			Periodic Checks		Redetermination	
	Identity Authentication	For other information	For financial assets	For other information	For financial assets	For other information	For financial assets
Medicaid	779,149	779,149		736,934		736,934	
Less: Children	428,532	428,532		405,314		405,314	
ID/DD			15,000		15,000		15,000
LTSS			42,000	70,000		70,000	
Physically Disabled							
Cases denied before searching assets			10%				
Gross Medicaid searches	350,617	350,617	51,300	261,620	15,000	261,620	15,000
SNAP Adults	162,053	250,000	10,000	299,558	10,000	299,558	10,000
Searches before overlap	512,670	600,617	61,300	561,178	25,000	561,178	25,000
Less effect of overlap	210,370	210,370		156,972		156,972	
Plus: effect of different timing		105,185					
Combined searches net of overlap	302,300	495,000	61,000	404,000	25,000	404,000	25,000

Table 4 – Fiscal Impact of Low Cost Scenario: First Year

First Year Costs--Low Cost Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	404,000	404,000	61,000	25,000	25,000
Less: applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					
Findings rate	100%	10%	10%	5%	10%	10%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	8	4	1	0	0

Added Labor	193,000	441,000	379,000	189,000	34,000	14,000	7,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	808,000	808,000	193,370	79,250	79,250
Added mailings			40,400				
Total Cost	344,150	1,381,500	1,187,000	997,000	227,370	93,250	86,250

Table 5 – Fiscal Impact of Low Cost Scenario: Steady State

Steady State Costs--Low Cost Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	404,000	404,000	61,000	25,000	25,000
Less applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					
Findings rate	100%	10%	5%	5%	5%	5%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	4	4	0	0	0
Added Labor	193,000	441,000	189,000	189,000	17,000	7,000	7,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	808,000	808,000	193,370	79,250	79,250
Added mailings			20,200				
Total Cost	344,150	1,381,500	997,000	997,000	210,370	86,250	86,250

Table 6 – All LTSS Plus Physical Disabled Scenario: Number of Beneficiaries Investigated

All LTSS Plus Physical Disabled	Applications			Periodic Checks		Redetermination	
Medicaid	Identity Authentication	For other information	For financial assets	For other information	For financial assets	For other information	For financial assets
	779,149	779,149		736,934		736,934	
Less: Children	428,532	428,532		405,314		405,314	
ID/DD			15,000		15,000		15,000
LTSS			42,000				
Physically Disabled			158,809		158,809		158,809
Cases denied before searching assets			10%		10%		10%
Gross Medicaid searches	350,617	350,617	194,228	331,620	156,428	331,620	156,428
SNAP Adults	162,053	250,000	10,000	299,558	10,000	299,558	10,000
Searches before overlap	512,670	600,617	204,228	631,178	166,428	631,178	166,428
Less effect of overlap	210,370	210,370		198,972		198,972	
Plus: effect of different timing		105,185					
Combined searches net of overlap	302,300	495,000	204,000	432,000	166,000	432,000	166,000

Table 7 – Fiscal Impact of All LTSS Plus Physical Disabled Scenario: First Year

First Year Costs—All LTSS Plus Physical Disabled Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	432,000	432,000	204,000	166,000	166,000
Less: applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					
Findings rate	100%	10%	10%	5%	10%	10%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	9	5	3	2	1

Added Labor	193,000	441,000	405,000	203,000	115,000	93,000	47,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	864,000	864,000	646,680	526,220	526,220
Added mailings			43,200				
Total Cost	344,150	1,381,500	1,269,000	1,067,000	761,680	619,220	573,220

Table 8 – Fiscal Impact of All LTSS Plus Physical Disabled Scenario: Steady State

Steady State Costs—All LTSS Plus Physical Disabled Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	432,000	432,000	204,000	166,000	166,000
Less applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					
Findings rate	100%	10%	5%	5%	5%	5%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	5	5	1	1	1
Added Labor	193,000	441,000	203,000	203,000	57,000	47,000	47,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	864,000	864,000	646,680	526,220	526,220
Added mailings			21,600				
Total Cost	344,150	1,381,500	1,067,000	1,067,000	703,680	573,220	573,220

Table 9 – High Cost Scenario: Number of Beneficiaries Investigated

High Cost Scenario	Applications			Periodic Checks		Redetermination	
Medicaid	Identity Authentication	For other information	For financial assets	For other information	For financial assets	For other information	For financial assets
	779,149	779,149	779,149	736,934	736,934	736,934	736,934
Less: Children	428,532	428,532	428,532	405,314	405,314	405,314	405,314
ID/DD							
LTSS							
Physically Disabled							
Cases denied before searching assets			10%		10%		10%
Gross Medicaid searches	350,617	350,617	350,617	331,620	331,620	331,620	331,620
				299,558	299,558		
SNAP Adults	162,053	250,000	250,000			299,558	299,558
					631,178		
Searches before overlap	512,670	600,617	600,617	631,178		631,178	631,178
						198,972	
Less effect of overlap	210,370	210,370		198,972			
Plus: effect of different timing		105,185					
Combined searches net of overlap	302,300	495,000	601,000	432,000	631,000	432,000	631,000

Table 10 – Fiscal Impact of High Cost Scenario: First Year

First Year Costs--High Cost Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	432,000	432,000	601,000	631,000	631,000
Less: applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					

Findings rate	100%	10%	10%	5%	10%	10%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	9	5	8	8	4
Added Labor	193,000	441,000	405,000	203,000	338,000	355,000	177,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	864,000	864,000	1,905,170	2,000,270	2,000,270
Added mailings			43,200				
Total Cost	344,150	1,381,500	1,269,000	1,067,000	2,243,170	2,355,270	2,177,270

Table 11 – Fiscal Impact of High Cost Scenario: Steady State

Steady State Costs--High Cost Scenario		General Information			Financial Asset Information		
	Identity	Application	Periodic Check	Redeter-mination	Application	Periodic	Redeter-mination
Applicants or Beneficiaries	302,300	495,000	432,000	432,000	601,000	631,000	631,000
Less applicants who opt out	45,345						
Applicants who pass ID Auth (quiz or manual)		470,250					
Findings rate	100%	10%	5%	5%	5%	5%	5%
Minutes for Id authentication	2						
Minutes of added work		25	25	25	15	15	15
FTEs	4	10	5	5	4	4	4
Added Labor	193,000	441,000	203,000	203,000	169,000	177,000	177,000
Data cost per search	$0.50	$2.00	$2.00	$2.00	$3.17	$3.17	$3.17
Data cost	151,150	940,500	864,000	864,000	1,905,170	2,000,270	2,000,270
Added mailings			21,600				
Total Cost	344,150	1,381,500	1,067,000	1,067,000	2,074,170	2,177,270	2,177,270

Other Investments Recommended

The following one-time investments will be required to make implementation of HB1090 successful. These are included in the payback calculation in the Executive Summary. They are not included in the analysis of each scenario.

Project Management

TSG recommends that this project be required to have effective project management to assure that the Bill is implemented effectively. The project management team would help with:

- Reporting to the legislature, governor and as otherwise required by the Bill
- Refining the plan
- Developing and supporting the procurement
- Facilitating joint DOM/DHS collaboration on required improvements to policy, practice, data, systems access, funding, procurement, and so forth
- Administering a project management office, including periodic reporting from all aspects of the project implementation
- Alerting Department leadership to issues the need resolution. Facilitating resolution as needed
- Measuring, assessing and reporting impact
- Defining and coordinating policy, practice and other mid-course changes which affect more than one Department

Pilot

This Bill is a great step forward for Mississippi, and if implemented correctly, will result in significant short term and long term savings, while also enhancing program integrity. However, as we have seen in our research from other states, its implementation will be complicated and may result in costly decisions unless pilot-tested. Not many states have implemented as complete a solution as contained in HB 1090. Mississippi is in a good place to be a national leader here. Yet, there are judgements and decisions that are yet to be made. It may be risky for the Departments to try to develop, procure and implement the details of the Bill without a staged piloting over the next 24 months. During the pilot phase, the departments could be required, as indicated in HB 1090, to routinely report results to the legislature. TSG estimates that an effective pilot program will cost approximately $1 million per year. The end result of the pilot will determine through incremental steps:

- How the Services Vendor should best filter findings to achieve optimum mix of cost and benefit
- How the solution will build prioritization models to assure that resources are devoted to researching the most beneficial cases
- What are the most cost beneficial data sources to optimize data and labor costs
- How current processes will be adapted to achieve the biggest benefit at the lowest cost
- How policies will be adapted to achieve the benefit
- How best to incorporate the separate changes described in DOM's APD
- How best to incorporate MDHS current use of the NAC
- How to coordinate eligibility work between DOM and DHS, sharing findings in an optimal manner
- How to coordinate integrity work between DOM and DHS, sharing findings in an optimal manner

- Develop a solid, experience-informed scope of work for the Services Vendor

Additional One-Time Mailings

In addition to the mailing costs included in each of the cost scenarios, TSG estimates that federal FNS will require MDHS to alert beneficiaries of the changes to the Broad Based Categorical Eligibility policy. This will require a mailing to each of the 252,181 SNAP households. For conservatism, TSG has assumed that DHS will conduct 3 mailings to each household, a total of 750,000 mailings. Each mailing will cost $0.50 including postage, paper and labor…a total cost of $375,000.

EBT Tracking By Venor

In addition, HB1090 includes, at Section 23, a requirement where the state's EBT card administrator monitors and prevents usage at certain ATM machines. TSG estimates this cost at $150,000 per year.

Savings Potential – Summary

Medicaid – Low Cost Scenario

This scenario considers the cost if all applicants and beneficiaries are subject to search for all types of data...except for financial assets. The scenario includes financial searches for all beneficiaries receiving Medicaid Long Term Care benefits (aged and ID/DD) as well as 30,000 SNAP per year.

$13.7 million per year in total fund estimated savings to the Medicaid program. Much of this will be due to enhanced eligibility verification checks that can detect risks related to identity, asset and residency, thereby impacting the status of eligibility. TSG is estimating that 1% of all Medicaid beneficiaries on managed care, where the state is charged a monthly premium of over $450, will have identity and residency issues prior to or during eligibility. Many of these individuals may have moved out of state, entered an institution, changed household configuration or otherwise are no longer eligible after the enhanced eligibility verification determination. We are also applying a ½ year savings adjustment so that savings estimates are conservative. Thus, with over 450,000 Medicaid beneficiaries subject to the monthly premium, we believe the estimated savings is achievable and even conservative, since it does not take into consideration the Medicaid fee for service population.

$13.7 million in Long Term Care Savings due to automated financial asset checks. We are continuing to review this issue, but TSG is using as an assumption that Medicaid pays on average $40,000 per year for beneficiaries eligible for long term care, whether it is community based care or institutional care. TSG estimates that 2% of these are not eligible because the current largely manual process did not discover that they would have failed the asset test. TSG assumes Mississippi has 3,500 new Long Term Care applicants each month, 42,000 per year. TSG has made the assumption that the enhanced asset check will be able to find undisclosed assets over the financial eligibility threshold in 1% of the case reviews, preventing the beneficiary from becoming eligible for Medicaid for at least three months.

$0.3 million in labor savings by eliminating the current DOM manual work to conduct financial asset testing for LTSS and ID/DD. That is: (42,000 LTSS and 15,000 applications) = 67,000 manual financial asset search time reduced substantially. If each search saved approximately 2 hours of manual asset search time, that would be the equivalent of 67 FTEs (67,000 * 2 hours / 2,000 work hours per year). That would be $335,000 at $50,000 annual fully loaded labor rate.

Thus, the total savings for Medicaid under the low-cost scenario is $27.4 million dollars, of which approximately $6.9 Million would be general fund savings.

Medicaid – Low Cost Plus Physical Disabled Scenario

This scenario adds to the Low-Cost scenario financial asset searches for all physically disabled. We have added this scenario because the assets for physically disabled beneficiaries could be subject to change. This is a hypothesis that would be tested during the pilot to see if the investment in verifying financial assets for the disabled population is worth the savings.

$13.7 million per year in total fund estimated savings to the Medicaid program. This is the same as the low-cost scenario

$17.8 million per year in in savings due to automated financial asset checks of Long Term Care and Disabled beneficiaries.

$0.3 million in labor savings by eliminating the current DOM manual work to conduct financial asset testing for LTSS and ID/DD. That is: (42,000 LTSS and 15,000 applications) = 67,000 manual financial asset search time reduced substantially. If each search saved approximately 2 hours of manual asset search time, that would be the equivalent of 67 FTEs (67,000 * 2 hours / 2,000 work hours per year). That would be $335,000 at $50,000 annual fully loaded labor rate.

Thus, the total savings for Medicaid under the Low cost with Physical Disabled scenario is $31.4 million dollars, of which approximately $8.0 million would be general fund savings.

Medicaid – High Cost Scenario

The scenario includes financial asset and all other data searches for all Medicaid beneficiaries.

$13.7 million per year in total fund estimated savings to the Medicaid program. This is the same as the low-cost scenario

$40.3 million per year for all searches including financial assets, for all Medicaid and SNAP recipients.

$0.3 million in labor savings by eliminating the current DOM manual work to conduct financial asset testing for LTSS and ID/DD. That is: (42,000 LTSS and 15,000 applications) = 67,000 manual financial asset search time reduced substantially. If each search saved approximately 2 hours of manual asset search time, that would be the equivalent of 67 FTEs (67,000 * 2 hours / 2,000 work hours per year). That would be $335,000 at $50,000 annual fully loaded labor rate.

Thus, the total savings for Medicaid under the Low cost with Physical Disabled scenario is $53.9 million dollars, of which approximately $13.7 million would be general fund savings.

SNAP – Low Cost Scenario

$3.8 million per year total fund savings. These estimated savings are due to the enhanced eligibility verification checks that can detect risks related to identity, asset and residency, thereby impacting the status of eligibility. TSG assumes that each year 1% of SNAP beneficiaries would either not be allowed eligibility or would be removed from the eligibility rolls because of identity and asset issues. Here we also assume that the average beneficiary that moves out of state continues to claim benefits for 6 months after moving.

$2.3 million due to enhanced asset check. With elimination of Broad Based Categorical Eligibility and re-introduction of the asset test, Mississippi will find that some households will no longer be eligible. TSG assumes 1% of households will have assets in excess of the new limit.

The total estimated savings to SNAP and TANF, therefore, is $6.9 Million, of which all will be federal funds.

SNAP – High Cost Scenario

TSG projects no scenario for Low Cost Plus Disabled, since SNAP does not have separate eligibility for disabled.

The SNAP High Cost scenario includes financial asset and all other data searches for all SNAP beneficiaries.

$3.8 million per year in total fund estimated savings to the SNAP program. This is the same as the low-cost scenario

$3.8 million per year for all searches including financial assets, for all Medicaid and SNAP recipients.

Thus, the total savings for SNAP under the High Cost scenario is $7.7 million dollars, of which all would be federal funds.

Fiscal Impact – Cost Model and Assumptions

Overall, fiscal (cost) impact of HB1090 is driven several key assumptions:

- Financial asset information (bank balances) is expensive ($3-4 per request). TSG assumes that the legislature will direct the Departments to focus financial information requests on the populations most likely to produce positive (adverse) findings. TSG evaluated fiscal and savings impact on three scenarios about the level of financial asset information: low cost (LTSS and ID/DD only), all ABD (LTSS and all disabilities) and all applicants and beneficiaries
- All other information searches (e.g. residence, other assets, income) would be conducted for all applicants and beneficiaries each time new information is requested (about $2 per request, real time data)
- Searches would be requested only for adults, Searches would be optimized:
    - Whenever possible, each search would be used to provide information for all programs—even if there were a short time delay between information search
    - Programs would share the benefit of value-added evaluation, by sharing comments in their respective eligibility systems
    - Periodic checks and redeterminations would be coordinated between programs to optimize requests for enhanced eligibility verification information
- The new enhanced eligibility verification process would be designed and implemented to avoid the need for new technology:
    - The Services Provider would supply the data access screen as well as any tools to filter and prioritize requests, as well as store results of searches
    - MEDS and MAVERICS will provide screen access to users of the other program's eligibility system. This will for the purpose of sharing the benefit of all value-added assessment of enhanced eligibility verification data searches
    - Services vendor would provide tools for identity resolution: there is no requirement for DOM or DHS to build or maintain a tool to match beneficiaries across MEDS and MAVERICS
    - No significant changes would be required to current eligibility system user access
    - No significant changes would be required to current MEDS and MAVERICS eligibility systems
    - Data not already used by MEDS or MAVERICS will be stored by the Services Vendor—Mississippi need not develop a new system
    - Whatever changes DOM or DHS makes to the data architecture will be coordinated with a plan to implement enhanced eligibility verification on or about June 2019. For example, if the programs built an integrated data repository, that would be phased, designed and implemented to accommodate timely roll-out of HB1090
- Programs would collaborate on timing, policy and work process with respect to HB1090

Detail Applicant and Beneficiary Volume Assumptions and Calculations

Medicaid Applications – the 2016 Medicaid Annual Report presented monthly new applications. TSG summed these to arrive at total Medicaid applications

Medicaid Adults – TSG excludes children from the volume numbers, because the vendors report that they have little data on children—that youth seldom have reported income, property or financial assets. Kaiser Family Foundation reports that 55% percent of Mississippi Medicaid recipients are children, which TSG applied to the total Medicaid beneficiary count (from DOM 779,149) to calculate 428,532 children. To corroborate, TSG summed total youth Medicaid beneficiaries in a report from Truven to arrive at 424,055. Thus, TSG uses a total of 350,617 adults for modelling the cost of enhanced eligibility verification.

Identity Authentication – TSG assumes that every adult applicant who does not opt out of the authentication process is tested to authenticate identity. We start with the 428,532 adult Medicaid applicants and one head of household for the 162,053 SNAP applications. Children are then excluded because TSG is told by the industry that there would not be sufficient external information sources to support an identity authentication questionnaire. Based on findings in the Michigan pilot[1], TSG assumes that 15% of the applicants will opt-out of the quiz so the number is reduced by 15%. In some of these cases the applicant would fail the quiz, but the cost of the authentication is incurred.

Cases denied before searching assets – TSG assumes that DOM and DHS will implement a practice in which other data sources are evaluated before making the relatively expensive request for financial assets. TSG based its assumption of this effect on the current 10% of Medicaid applications and 22% of SNAP that are denied based on current data sources.

SNAP applications – SNAP applications are per household, not per individual like Medicaid. Each household is a mix of children and adults. As with identify authentication, TSG assumes children are excluded from the count of information searches from periodic and redetermination checks. Upon application, the case worker may still probe in the office visit, or could initiate a data search, if appropriate, for a non-adult but it would be rare to benefit from paying for a data search on a child. The number of adult SNAP *applicants* is assumed at 250,000. The number 250,000 is merely the total number of cases (252,181) rounded to indicate that we are estimating one adult per household on average.

Medicaid searches for financial assets – TSG presents three scenarios about Medicaid searches for financial assets. This is because each search for financial assets is expensive: data is $3.17 and labor is 15 minutes. The potential loss from applicant misrepresentation is very high in the case of Medicaid Long Term Services and Supports, but very low for SNAP. The three scenarios are as follows:

1. Low cost: In this scenario, Medicaid will search financial assets only for ID/DD (intellectual and developmental disabilities) and Long Term Care (nursing facilities and home-bound care applicants). Neither application number could be determined with precision, so TSG made assumptions based on representations from DOM. TSG assumes that households which pass the financial asset test will not later acquire disqualifying financial assets…that on-going tests for financial assets are not likely to be cost beneficial to the State. Note: that this low-cost alternative will require an amendment to the language contained in Section 4 of HB 1090. TSG assumed that financial asset searches will also be performed for ID/DD beneficiaries at redetermination.

[1] NSTIC State Government Pilot: Michigan Department of Health and Human Services, December 2016

2. Low cost plus Disabilities – In this scenario, TSG makes all the assumptions in section 1 above, but also assumes that Medicaid will search for assets for all those with physical, in addition to those with intellectual and developmental disabilities and blind. According to the Truven report, Medicaid includes 173,809 in this category, including ID/DD of 15,000. TSG assumed that financial asset searches will also be performed for ID/DD beneficiaries at redetermination.
3. High Cost: In this scenario, all adult Medicaid applications will include a search for financial assets. Note: This scenario is in line with a reading of the current language of HB 1090 as of the time of this Impact Analysis report.

SNAP sampling for financial assets – TSG has developed two scenarios for SNAP sampling. These sampling scenarios are as follows:

1. Low cost: In this scenario TSG assumes that DHS will select 10,000 SNAP cases at random from applications, periodic checks and redeterminations. Note that across the year, DHS would investigate 12% (30,000/260,000) of cases, which is a much higher rate of sampling than the IRS uses, which is reportedly about 2%. TSG assumes that the cost/benefit to the state in checking the assets of individuals that initially pass the new financial asset test will not be beneficial to the state and that a sampling will be more cost beneficial. Note: This would require an amendment to the language contained in HB1090.
2. High cost: TSG assumes that MDHS will search financial assets at each stage for all adults, 250,000 at application and 299,558 at periodic check and redetermination. Note: This is in line with the current language of HB 1090.

Effect of overlap – some Medicaid beneficiaries also receive SNAP. TSG requested a report of the actual overlap, but was not able to obtain that number at time of this report. Using a general rule of thumb true in most states, TSG assumed that 60% of SNAP adult beneficiaries are also Medicaid beneficiaries. To calculate number of unduplicated applicants, TSG reduced the number of data searches by 60% of the Medicaid count.

Effect of different application timing – Even though there is overlap between SNAP/TANF and Medicaid, the applications will not necessarily be processed within the same timeframe. Therefore, for new applications TSG assumed that half of all applications are done "together" (within a short time period and (data is able to be re-used between Departments) and half the applications are done within points in time that are too far apart to make the data re-usable between Departments.

TSG assumes that the Departments will coordinate their periodic and redetermination data searches so as to avoid timing issues that require duplication of data services.

TSG thus estimated the combined searches net of overlap as the sum of Medicaid and SNAP adults, less the net effect of overlap. Note that these totals are rounded to the nearest thousand.

Detailed Cost and Headcount Assumptions and Calculations

Caseload Growth –Over the next several years, TSG assumes that there would be some natural level of growth in the number of SNAP and Medicaid applications and beneficiaries. TSG also believes the enhanced eligibility verification service will deter applicants who have discrepancies in their data that would lead to case denial. TSG assumed that the growth in new valid applications would be offset by the

increase in number of people who chose not to apply due to the deterrence of the enhanced eligibility verification. Thus, TSG has assumed a net flat growth model.

Number of Beneficiaries – is carried forward from the volumes spread sheet. The number of beneficiaries and applicants does not include the Children' Health Insurance Program (CHIP). Also, for Medicaid adult caretakers and authorized representatives are included in household configurations for the purpose of determining eligibility, caretakers and authorized representatives are neither applicants or beneficiaries and thus not included in those counts.

Findings rate – TSG has reviewed reports of other state's enhanced eligibility verification programs. Final finding results vary widely from 8% to higher numbers. TSG notes that the reports success rates are from initial year(s). TSG believes that Mississippi will find that after multiple searches are performed; old errors will be corrected and the findings rate will drop. The percentage used here represents a method for calculating the number of findings that workers must assess. A smaller percentage will provide findings that result in denial of cases. TSG uses the following assumption in the budget model:

- When the enhanced eligibility verification search is conducted the first time, it will report adverse findings to the State Worker 10% of the time
- Then, after the first year, a steady-state findings percentage will be half of that, 5%.

Minutes of added work – TSG discussed the different works steps that will be required of case workers as they work only those cases which result in findings from the enhanced eligibility verification system. MDHS leadership encouraged TSG to assume 30 minutes to review the wider set of findings. TSG has assumed only 15 minutes of average to review the financial asset findings. TSG used the same assumption for Medicaid.

Added labor – calculated as follows:

- Number of beneficiaries (or applications) for which enhanced eligibility verification is conducted
- * Findings rate = number of cases with findings that must be reviewed
- * Minutes of added work
- / Number of minutes in a work year: 50 weeks * 40 hours per week * 60 minutes per hour = 120,000
- = Hours of work required by enhanced eligibility verification
- * Fully loaded average labor rate of $45,000, provided by the MDHS CFO
- = Cost of Added Labor

Data cost – is calculated as the number of combined searches required * rate per search. To obtain data costs, TSG discussed the Bill with five leading enhanced eligibility verification vendors—who estimated the costs from their various perspectives. In addition, TSG discussed costs directly with three other states. TSG used neither the highest nor lowest cost for this fiscal assessment.

- Rate for an identity verification search is $0.50, based on informal input from vendors
- Rate for a search for non-financial assets is assumed at $2, based on informal input from vendors

- Rate for a search for financial assets is the lowest rate TSG found in the industry, $3.17. Mississippi's may be higher or lower.

Up front cost – TSG assumes no up-front cost in these models. Upfront costs will not include Enhanced eligibility verification Service Vendor costs, as those are included in the data cost. However, as noted below, TSG is recommending that the legislature consider a project management team and the design and implementation of a pilot program, similar to the State of Michigan, prior to the July 2019 go live date in HB 1090. The experience in other states for such pilots has led to enhanced efficiencies in data searches, reduction in false positives and reduction in costs

Added mailings – applications and annual redeterminations already involve at least two mailings. Enhanced eligibility verification would add content to those mailings, but not require added mailings. New, periodic determinations would require two added mailings per finding—whether or not there is a disqualification. The mailings are automated, the only cost is paper and postage, assumed to be $0.50 per mailing.

Information Technology Costs Contained in APD – TSG has not included in this fiscal impact analysis any significant upfront technology costs other than those already budgeted or incurred by Service Vendors within the per applicant cost. This is consistent with the original concept underlying HB1090, that the State "rent the data" rather than build a big new system. TSG notes that at this time DOM is preparing an APD which includes a Fraud and Abuse Module. Many aspects of that APD would support HB1090 and DOM has included those information technology costs in its own budget. DHS may seek additional technology costs but at this time those costs are not included in this fiscal impact. It must be recognized that the APD also goes beyond the minimum required to implement HB1090.

To the extent possible, the implementation of HB1090 should take advantage of 90/10 funding from CMS. This could include a portion of the annual services fees.

Year One Cost in the Summary Table – sums the cost of applications and on-going reviews

- With semiannual periodic check – assumes two redeterminations, one periodic and one annual redetermination. This also includes extra mailings only for the periodic redetermination
- With quarterly periodic check – includes one application, two periodic checks and one annual redetermination.
- Assume that LTSS (beneficiaries in nursing facilities or enrolled in home and community based care) would not undergo an additional asset test at redetermination or be periodically checked.

Savings Potential – Model and Assumptions

Overall, TSG has calculated savings using applications. It is true that the Departments will find issues through enhanced eligibility verification applied to applications, periodic checks and re-determinations. However, there is a danger in double counting. Thus, throughout the savings, TSG has consistently used applications as the scaling factor for savings. Note that for Medicaid the number of applications is slightly larger than the number of beneficiaries and for SNAP somewhat lower. Thus, there is a large volume of turnover in beneficiaries, and using applications is a reasonable method for calculating benefits.

Residency Benefit

Medicaid beneficiaries: All Medicaid beneficiaries must meet an asset test, which varies by household configuration and whether the beneficiary is SSI. While TSG assumed in the cost model that it would search for adult assets, adults provide household income, and whole households are disqualified based on household income provided largely by adults. Thus, TSG made the simplifying assumption that the effect of search for financial assets would be measured only against the households. Thus, savings is calculated based on the whole population, which includes both the adults and the households they represent, 779,149 applications.

Percent PMPM: TSG obtained from the Medicaid Annual Report that 65% of Medicaid beneficiaries are members of MississippiCAN, therefore benefits are paid as PMPM rather than FFS. For these, change in state residence would mean Mississippi is paying PMPM although the beneficiary is out of state—until the move is reported or discovered

Disqualify Percent: TSG has assumed that 1% of adults move out of state and do not report their change in residence each year. TSG believes that findings (savings) are likely higher, and vary by savings type. However, for simplicity and conservatism, TSG has assumed 1% across all savings types except SNAP asset sampling (see that assumption, below)

Monthly amount: is the PMPM MississippiCAN pays the third-party payers

Number of months: since Medicaid annually re=determines eligibility, TSG assumes that the move will always be discovered at the next re-determination. Assuming moves are evenly distributed throughout the year, the typical household will be in MississippiCAN for 6 months until the error is corrected

Savings amount: is the product of PMPM beneficiaries * Monthly PMPM * Number of months

Federal match (FMAP): is the percent of Medicaid claims (including PMPM) paid by CMS. The remaining 25.37% is paid from State General Fund

Financial Assets Scenarios: Medicaid

TSG considered 3 scenarios for how many beneficiaries would be subject to search for financial assets. This is because the financial asset search is expensive both in data access and labor. Thus, savings are based only on the number of cases for which financial assets are searched:

1. For the Low-Cost scenario, TSG based savings on the same number of beneficiaries as were used for costs

2. For the Low Cost Plus Physically Disabled, TSG also based savings in the number of beneficiaries used for costing, 207,728. For presentation in savings calculation this is shown as one column exactly matching the Low-Cost scenario savings, then a second column for the added disabled beneficiaries. The savings from this scenario is the sum of the two columns
3. For the High Cost scenarios, TSG has used the total number of adult beneficiaries, as used for the cost model. For the savings model this presented in two columns, one equaling the Low Cost Plus Disabled scenario savings and the other showing savings for the added beneficiaries in the High Cost scenario

Savings amount: For the three scenarios, TSG used the following simplifying assumptions about the amount households cost Medicaid (hence, the savings potential):

1. For the Low-Cost scenario, these are LTC and ID/DD beneficiaries. They incur both high medical and costs for residency (either nursing home or in the community). Lacking hard data from DOM about the claims for these populations, TSG assumed $80,000 per year. Again, this includes both residence and medical. This is presented in the model as a monthly number.
2. For the Low Cost plus Physically Disabled, TSG looked at the different populations. For the LTSS & ID/DD portions, that is the same as the Low-Cost scenario. For the Disabled population, TSG has not assumed residency, and has assumed high medical costs of $40,000 (dived by 12 months in the model).
3. For the High Cost Model, TSG assumed the same per beneficiary costs for the LTSS, ID/DD and Disabled as the other scenarios. The, TSG use the average Mississippi Medicaid cost for the remaining beneficiaries. That is $5.8 billion divided by 737,000 beneficiaries, or $656 per month.

SNAP and TANF Savings

Households: is the total number of households. The cost model is based on looking only at adults. However, as with Medicaid, TSG assumes that adults provide the income and assets for the households. Also, if the adult moves, the associated children will move as well. Thus, TSG modeled savings based on all 252,181 households.

Monthly benefit: is calculated by dividing total SFY benefits of $63,756,544 by the number of households, then by 12 to arrive at a monthly average benefit of $253.

Number of months: TSG used 6 months since the re-determination is conducted annually. Thus, the average change in income, residence or assets occurs 6 months from re-determination.

Federal match: unlike Medicaid, FNS pays 100% of SNAP benefits. Thus, there is no savings to State General Funds for enhanced eligibility verification

TANF: There were only 5,663 TANF cases including 11,142 individuals who were paid $10,088,050 in 2016—$148 per month per household. Since the numbers are small, TSG did not separately consider the savings potential from TANF eligibility enhancement. That is not to say there would not be savings, only that 1% of $10MM would not be measurable in the savings model.

Appendix 1: Fiscal Impact by Bill Section

House Bill 1090	Comments	Cost Impact	Savings
SECTION 2. The Division of Medicaid shall submit an Advanced Planning Document or amend its existing Advanced Planning Document to the Centers for Medicare and Medicaid Services (CMS)	DOM is already completing an APD. The consultant writing the documents contends that all the of relevant requirements in HB1090 and SB2330 are included in the APD	0	Will lead to some elements of 90/10 funding. Insufficient information to determine fiscal impact at this time
SECTION 3. Real-time eligibility monitoring service. (2) Establishment of enhanced eligibility verification service. (a) computerized income, asset, residence and identity eligibility verification service	See attached spreadsheet, and assumptions and sources document. Key factors: The Bill describes the most comprehensive use of eligibility enhancement in the US. Departments are a year from being able to put out a useful procurement Success will be achieved through piloting The implementation time frame of July 2019 is appropriate, no sooner Vendors are willing to go “at risk” by quoting per applicant rates	$4 million to $10 million annually at steady state, depending on decisions made Additional $1-2 million in the first year to clear up a backlog of past issues that the Service will find buried in the current roles	$36-60 million of gross savings, depending on decisions made for implementation That would be $7-$14 million in Savings to State General Fund
(b) information to facilitate reviews of recipient eligibility conducted by the department.	See attached spreadsheet, and assumptions and sources document.		
(c) annualized savings realized from implementation of the verification service and savings shall exceed the total yearly cost	This risk premium will add to the cost of vendor services.		

House Bill 1090	Comments	Cost Impact	Savings
to the state for implementing the verification service.			
(d) payment structure shall be based on a per-applicant rate	No added budget required since this is how the above costs of the service were estimated. However, this does shift some burden to the vendor, as it requires the vendor to anticipate volumes and allocate its fixed cost across volumes that are only estimated in advance.	0	
performance bonus for successfully identifying a rate of fraudulent enrollment of eight percent (8%) or higher annually.	This rate of fraud identification is above what vendors expect to find, so it is not budgeted.	0	
(e)		0	
(f) contracted vendor to obtain access to any data, data sources and databases, not already being used by the department, for the purposes of implementing the eligibility verification service.	No added budget as these costs have been included in the costs of (a) above.	0	
(g)		0	
(3) eligibility verification service implemented and operational not later than July 1, 2019.	No added costs, as this is a workable timeframe for procurement and implementation	0	

House Bill 1090	Comments	Cost Impact	Savings
submit a report every six (6) months on its progress on implementing the eligibility verification service.	No added costs, as this will be complete using internal staff supported by contractors providing the enhanced eligibility verification service	0	
SECTION 4. Enhanced eligibility verification process. (a) All applications for benefits must be processed within a thirty-day period or the minimum required by federal law.	No budget requirement	0	
Before awarding assistance, and on a quarterly (now, periodic) basis thereafter, the department shall verify identity information of each respective applicant and recipient of assistance from the department.	This is already included in the budget for Sections 3 and 5	0	
(b) any recipient who has moved out of state shall be terminated from the rolls of eligible recipients within three (3) months of their change of residency.	No budget required. This requires that a policy be written defining a change in residence for purposes of the programs. Address will be one of the data elements included in the budget for Sections 3 and 5.	0	
SECTION 5. continue to review the recipient's identity ownership periodically to verify and protect the identity of the recipient.	This is calculated in an attached spread sheet together with Section 3	Included in Section 3 analysis	
SECTION 6. Discrepancies and case review.		0	

House Bill 1090	Comments	Cost Impact	Savings
(1)			
(a)			
(b) promptly redetermine eligibility after receiving such information.	No budget requirement. Since the information is collected on the State's own timetable, there is no federal requirement. Agencies will define policy and process to conduct this new form of review. The added cost of labor for investigations is laid out below	0	
(c) applicant or recipient shall be given an opportunity to explain the discrepancy	See attached spreadsheet	Included in Section 3 analysis	
(d) written notice to the applicant or recipient, in sufficient detail.			
The applicant or recipient shall have ten (10) business days, or the minimum required by state or federal law,	No added budget required. State	0	
The explanation provided by the recipient or applicant shall be given in writing.	No additional budget required. This will be in the first mailing	0	
After receiving the explanation, the department may request additional documentation if it determines that there is risk of fraud, misrepresentation, or inadequate documentation.	This may require a third letter. Probably a small number, not budgeted	0	

House Bill 1090	Comments	Cost Impact	Savings
(e) If the applicant or recipient does not respond to the notice, the department shall deny or discontinue assistance for failure	This second letter is new for periodic investigations, but is the same as already included in the normal (re)determination letter.	0	
(f) If an applicant or recipient disagrees with the findings the department shall reinvestigate the matter and shall take immediate action to correct	Added labor budget is required for those beneficiaries who contest the findings. The worker would have to review data sent in, and possibly conduct an in-office visit	0	
Written notice of the respective department's action shall be given to the applicant or recipient.	No added budget required for redeterminations as this is the normal second letter. However, for any *periodic* findings this would be a new letter and is budgeted in the spreadsheet.	0	
(g) If the applicant or recipient agrees, the department shall determine the effect on the applicant or recipient's case and take appropriate action.	This requires added budget which is included in the spreadsheet	Included in Section 3 analysis	
Written notice of the department's action shall be given to the applicant or recipient.	Already added to the budget. This is the same second letter as above. In effect, every case in which a first letter is sent requires a second letter.	0	
(2) The department shall promulgate rules and regulations necessary for the purposes of carrying out this section.	No added budget is required; this merely requires existing staff to develop and implement a new policy.	0	
(3) Wherever applicable and cost-effective, the Division of Medicaid and the Department of Human Services shall share data, data	This requires added funds. The required funds for DOM are being requested through the APD already developed. Passing this Bill does not increase the required budget	0	

House Bill 1090	Comments	Cost Impact	Savings
sources, and verification processes aimed at reducing fraud and waste.			
SECTION 7. Integrity The department shall refer suspected cases for review of eligibility discrepancies in other public programs.	This requires added budget to review the larger number of cases. The budget is based on an assumption that agencies share investigation results to reduce duplication of effort. If the second agency does not depend substantially on the first, cost would be much higher. The cost for this is very difficult to assess. TSG estimates that 1-5 additional staff will be required, at a cost of $50,000 to $250,000. The added staffing requirement should be firmed up based on piloting in the months before implementation.	Included in Section 3 analysis	
SECTION 8. Reporting. (1) Thirty (30) days before entering into a competitively bid contract	No budget required. This report would be completed by existing internal staff.	0	
(2) Six (6) months after the implementation	No budget required. This report would be completed by existing internal staff.	0	
SECTION 9. Medicaid department shall electronically release to the public data that includes, but is not limited to the following: the provider's name and office locations; a provider's National Provider Identifier (NPI); the type of service provided by Healthcare Common Procedure Coding System (HCPCS) code; and whether the service was performed in a facility or office setting. This	No added budget required. This report would be developed and delivered using existing reporting capability. MMIS vendor would need to produce and DOM publish to web.	0	

House Bill 1090	Comments	Cost Impact	Savings
public data shall also include the number of services, average submitted charges, average allowed amount, average Medicaid payment, and a count of unique beneficiaries treated.			
SECTION 10. Work requirements. The Department of Human Services shall not seek, apply for, accept or renew any waiver of requirements established under 7 USC Section 2015(o).	No added budget required as there are no exceptions currently in force	0	Indirect benefit to taxpayers and the economy
SECTION 11. Federal asset limits same as federal	No budget required. The cost of this is recorded as part of 12(1), BBCE	0	
In no case shall categorical eligibility exempting households from these resource limits be granted	No budget required. The cost of this is recorded as part of 12(1), BBCE	0	
SECTION 12. (1) In no case shall categorical eligibility granted	Budget for this will include the cost of enhanced eligibility verification for financial assets and the labor to conduct the asset test. This will affect applications and periodic reviews	Included in Section 3 analysis	
(2) The Department of Human Services shall not apply gross income standards higher than federal	No added budget required. This is only a policy change which will be developed and implemented using existing staff	0	
Categorical eligibility not be granted	No budget required. The cost of this is recorded as part of 12(1), BBCE	0	

House Bill 1090	Comments	Cost Impact	Savings
SECTION 13. Medicaid and the Department of Human Services shall share eligibility information (2) Any department, agency or division receiving information under subsection (1) of this section shall establish procedures to redetermine eligibility for any enrollee whose eligibility or benefit levels could change as a result of new information provided under subsection (1).	See spreadsheet	Included in Section 3 analysis	Included in the analysis of Section 3
SECTION 14. Maximum family grant. For purposes of determining the maximum aid payment under the TANF program, the number of persons in a household shall not be increased for any child born into a household that has received aid under TANF continuously for the ten (10) months before the birth of the child.	No added budget required. This requires a policy change, which will be developed and implemented with existing staff	0	Small
SECTION 15. The Department of Human Services shall verify identity, household composition, expenses, and any other factor affecting eligibility allowed	No added budget required; this is already budget in Section 3, above	0	Small
SECTION 16. mandatory cooperation with a fraud investigation or case closure	No added budget required; this is already budgeted in Section xxx above	0	

House Bill 1090	Comments	Cost Impact	Savings
SECTION 17. No simplified reporting system	This simply opens the door to periodic information searches. Eliminating simplified reporting means households have to advise of changes mid-year.	0	Already included in analysis of Section 3
SECTION 18. Noncompliance with Temporary Assistance for Needy Families program rules. (1) applicant has signed a written agreement clearly enumerating continued eligibility requirements	No added budget required. This is a policy change and change to form that will be developed and implemented through existing staff	0	Small
(2) The department shall require all enrollees to be compliant with all program requirements, including work requirements, before granting benefits.	DHS already requires all enrollees to be compliant. As the details are worked out, there might be an added step to the (re)determination process. Workers must check work compliance rather than depending on mere availability of services as in categorical eligibility. This should be achieved within the existing workload	0	Small
(3) The department shall institute a three-month, full-household sanction for the first instance of non-compliance with any TANF requirement, unless expressly prohibited by federal law.	MDS already sanctions households. This merely changes the term of sanction.	0	Small
(4) The department shall terminate benefits for the second instance of non-compliance with any TANF requirement, unless expressly prohibited by federal law.	MDS already sanctions households. This merely changes the term of sanction.	0	Small
(5) An individual sanctioned under subsection (3) of this section shall not have benefits reinstated without reviewing the agreement required under subsection (1) of this section.	This will require added budget. The policy change will be implemented through existing staff. There would be a few added work steps to conduct this. However,	0	Small

House Bill 1090	Comments	Cost Impact	Savings
	there are so few TANF households the work can be completed without adding staff		
(6) The department shall deny benefits to any adult member of a household where another adult member of the household has been found to have committed benefits fraud.	This will not require added budget since both adults will be sanctioned at the same time.	0	Small
SECTION 19. Noncompliance with Supplemental Nutrition Assistance Program rules. (1) The Department of Human Services shall set disqualification periods for all instances of noncompliance with any SNAP requirement, unless expressly prohibited by federal law.	No added budget is required. This is a policy change. The new policy will be implemented at the same time as redeterminations already budgeted	0	
(2) The department shall institute a three-month, full-household disqualification period for the first instance of noncompliance, unless expressly prohibited by federal law.	For the number of households that are incrementally sanctioned through enhanced eligibility verification findings, there will be an added application in 3 months. However, the number is so small it can be absorbed by existing staff	0	Small, all federal funds
(3) The department shall institute a six-month, full-household disqualification period for the second instance of noncompliance, unless expressly prohibited by federal law.	For the number of households that are incrementally sanctioned through enhanced eligibility verification findings, there will be an added application in 3 months. However, the number is so small it can be absorbed by existing staff	0	Small, all federal funds
(4) The department shall institute a permanent disqualification period for the third instance of noncompliance, unless expressly prohibited by federal law.	No added budget required as the redetermination is already accounted for in Section 5, above	0	Small, all federal funds

House Bill 1090	Comments	Cost Impact	Savings
(5) An individual sanctioned under subsection (3) of this section shall not have benefits reinstated without reviewing the agreement required under subsection (1) of this section.	No added budget required as this is a step of the re-application process already budgeted	0	Small, all federal funds
(6) The department shall deny benefits to any adult member of a household where another adult member of the household has been found to have committed benefits fraud.	No added budget required as this is a step of the re-application process already budgeted	0	Small, all federal funds
SECTION 20. Out-of-state spending. (1) The Department of Human Services shall post on its website	The existing DHS IT staff already includes sufficient resources to develop the new page and linking it to the website	0	
(2) The report required under subsection (1) of this section shall include: (a) The dollar amount and number of transactions of SNAP benefits that are accessed or spent out-of-state, disaggregated by state;	No budget required. A report providing this information is already available through the EBT card manager	0	
(b) The dollar amount and number of transactions of TANF benefits that are accessed or spent out-of-state, disaggregated by state;	No budget required. A report providing this information is already available through the EBT card manager	0	
(c) The dollar amount, number of transactions, and times of transactions of SNAP benefits that are accessed or spent in-	No budget required. A report providing this information is already available through the EBT card manager	0	

House Bill 1090	Comments	Cost Impact	Savings
state, disaggregated by retailer, institution, or location, unless expressly prohibited by federal law; and			
(d) The dollar amount, number of transactions, and time of transactions of TANF benefits that are accessed or spent in-state, disaggregated by retailer, institution, or location.	No budget required. This is a minor modification to reports already prepared by the card administrator	0	
(3) de-identified	No budget required as these transactions are already deidentified in reports	0	
SECTION 21. Public reporting. (1) annual (2) shall include:	No budget required. This report would be developed and implemented using existing program technical resources	0	
(a) The length of enrollment, disaggregated by program and eligibility group;			
(b) The share of recipients concurrently enrolled in one or more additional means-tested programs, disaggregated by program and eligibility group;	No budget required. This report would be developed and implemented using existing program technical resources	0	
(c) The number of means-tested programs recipients are concurrently enrolled in, disaggregated by program and eligibility group;	No budget required. This report would be developed and implemented using existing program technical resources	0	

House Bill 1090	Comments	Cost Impact	Savings
(d) The demographics and characteristics of recipients, disaggregated by program and eligibility group; and	No budget required. This report would be developed and implemented using existing program technical resources	0	
(e) The dollar amount spent on advertising and marketing for TANF, SNAP, Medicaid, and other means-tested programs, including both state and federal funds, disaggregated by program.	No budget required. This report would be developed and implemented using existing program technical resources	0	
(3) The report required under subsection (1) of this section shall be de-identified to prevent identification of individual recipients.	No budget required. This report would be developed and implemented using existing program technical resources	0	
SECTION 22. Pilot program for photos on EBT cards.	No budget required	0	
The Department of Human Services may establish a pilot program in which a photograph of the recipient is included on any electronic benefits transfer card		0	
The Department of Human Services shall explore opportunities with other state agencies, departments, or divisions, including the Department of Public Safety, to share photographs when available	This search requires only internal (sunk) costs. Thus, the state should budget nothing for this.	0	
SECTION 23. Limits on spending locations.	No budget required. Technology does not currently offer an automated way to prevent TANF purchases in	0	

House Bill 1090	Comments	Cost Impact	Savings
(1) Funds available on electronic benefit transfer cards shall not be used to purchase certain items listed in the bill	undesirable categories. This is because TANF benefits are disbursed on an "open system" card. This is in contrast to SNAP benefits, which are paid through a "closed system". FNS has worked with the approved SNAP vendors to identify permissible SKUs (product codes). No such capability is available for TANF cards. Anticipating this, HB1090 says the Department "shall offer new applicants an itemized list of prohibited purchases". This involves a change to the wording of the mailer accompanying the cash card. Thus, there is no budget required for this action.		
(2) Electronic benefit transfer card transactions shall be prohibited at all the types of retailers listed in the bill	Added budget. The card administrator can program payment to exclude merchants according to their Merchant Category Code. This would require a change to the card administration platform, $250,000. It would require a one-time $3.50 cost of new cards for each of the 15,000 TANF beneficiaries, $51,500. Note that both of these costs are likely to be incorporated into the upcoming change in card administration contract. The contract has expired, procurement is holding up a new contract. However, the new contract would surely be in place before July 2019.	0	
(3) Upon enrollment, the Department of Human Services shall offer new applicants an itemized list of prohibited purchases	No added budget required. this can be implemented by merely changing a form.	0	

House Bill 1090	Comments	Cost Impact	Savings
(4) The department shall prohibit establishments identified under subsection (2) of this section from operating ATMs that accept electronic benefit transfer card	Small added budget. This requires a process for identifying such ATMs. Once identified, the card administrator can block individual ATMs by their unique code. This may involve proactive mapping of casinos and ATMs. It could also involve the state asking casinos to self-identify ATMs in question. This can be done by the card administrator at a cost of $10-15,000 per month. Note that while the bill refers to EBT cards, that term relates to SNAP, which cannot be used at ATMS. The budget assumes instead that controls would be put on the TANF cash card.	$150,000 per year	
(5) If a recipient is found to have violated subsection (1) of this section, the department shall issue a warning in writing to the recipient. The recipient shall be subject to disqualification of benefits for up to three (3) months following the first offense and a permanent termination of benefits following the second offense, unless expressly prohibited by federal law	No added budget. Before a warning is generated, the state must first be alerted that a violation may have occurred. In addition, the state must investigate allegations. Such investigations would be extremely difficult and expensive to conduct. Accordingly, it is unlikely that many cases would be investigated, proved and carried through to warning or sanction. The budget assumes that this provision is be mostly for deterrence effect. The budget anticipates one or two well-publicized cases, managed through existing integrity personnel.	0	
SECTION 24	As revised to July 2019, this requires no added budget as the timeframe for implementation is reasonable.	- $4 million to $10 million annually at steady state, -	$36-60 million of gross annual savings. That would be $7-$14 million annual savings to State General Fund

Appendix 2: Interlinear Comparison of HB1090 and SB2330

House Bill 1090

MISSISSIPPI LEGISLATURE

2017 Regular Session

To: Medicaid

By: Representatives Brown, Hood, Boyd, Crawford, Eubanks, Hopkins, White

House Bill 1090

AN ACT TO BE KNOWN AS THE MEDICAID AND HUMAN SERVICES TRANSPARENCY AND FRAUD PREVENTION ACT; TO REVISE VARIOUS PROVISIONS RELATING TO THE MEDICAID PROGRAM, THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM, AND THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP); AND FOR RELATED PURPOSES. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Short Title. This act shall be known and may be cited as the "Medicaid and Human Services Transparency and Fraud Prevention Act."

Senate Bill 2330

MISSISSIPPI LEGISLATURE

2017 Regular Session

To: Medicaid; Appropriations

By: Senator(s) Harkins

Senate Bill 2330

AN ACT ENTITLED THE "MISSISSIPPI WELFARE FRAUD PREVENTION ACT"; TO ESTABLISH AN ENHANCED ELIGIBILITY VERIFICATION VERIFICATION SYSTEM TO BE USED BY THE DEPARTMENT OF HUMAN SERVICES, THE DIVISION OF MEDICAID, THE OFFICE OF EMPLOYMENT SECURITY OR ANY OTHER STATE OR POLITICAL SUBDIVISION THAT ADMINISTERS PUBLIC BENEFITS; TO PROVIDE STANDARDS FOR THE ENHANCED ELIGIBILITY VERIFICATION VERIFICATION PROCESS; TO PROVIDE FOR CASE REVIEW OF DISCREPANCIES; TO PROVIDE FOR REFERRALS FOR FRAUD OR MISREPRESENTATION TO THE PROPER AGENCY RESPONSIBLE FOR PROSECUTION; TO PROVIDE FOR REPORTING; AND FOR RELATED PURPOSES. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Definitions. (1) This act shall be entitled and may be cited as the "Mississippi Welfare Fraud Prevention Act."

(2) For purposes of this act, the following definitions apply:

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SECTION 2. Integration of Eligibility Systems.

The Division of Medicaid shall submit an Advanced Planning Document or amend its existing Advanced Planning Document to the Centers for Medicare and Medicaid Services (CMS) for the purpose of applying for the OMB A87 exception to support the integration of eligibility systems between the division and any applicable Department of Human Services program where an integrated system of eligibility will serve the state's interest in developing shared eligibility services across health and human services programs, while at the same time promoting and enhancing the state's efforts of ensuring maximum program integrity across each agency. In preparing the Advanced Planning Document or amendment to the document, the division also shall:

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(a) "Department" means the Mississippi Department of Human Services, the Division of Medicaid, the Office of Employment Security, or any state or political subdivision of the state that administers public benefits.

(b) "Identity information" means an applicant or recipient's full name, aliases, date of birth, address, social security number and other related information.

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The division shall submit a report on its progress a) Identify functions that can be leveraged or shared across the state Medicaid program and other Department of Human Services programs;

(b) Weigh benefits of shared systems;

(c) Identify interoperability and integration goals;

(d) Seek guidance from the Centers for Medicaid and Medicare Services (CMS) and the Office for the Administration of Children and Families (ACF) on state ideas before submitting Advanced Planning Documents; and

(e) Ensure that the enhancement to front end identity and asset verification is an integral part of the advanced planning and integration process going forward. to the chairmen of the House and Senate Medicaid Committees within ninety (90) days and on a quarterly basis thereafter. The report also shall be provided to the other members of the House and the Senate upon request.

SECTION 3. Real-time eligibility monitoring service.

(1) Definitions. For purposes of Sections 3 through 9 of this act, the following definitions apply:

(a) "Department" means the Division of Medicaid or the Department of Human Services, as the case may be.

(b) "Identity information" means an applicant or recipient's full name, aliases, date of birth, address, Social Security number and other related information.

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SECTION 2. Establishment of enhanced eligibility verification verification system.

(1) The department shall establish a computerized income, asset, and identity eligibility verification system in order to verify eligibility, eliminate the duplication of assistance, and deter waste, fraud, and abuse within each respective assistance program administered by the department.

(2) The department shall enter into a competitively bid contract with a third-party vendor for the purposes of developing a system by which

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(2) Establishment of enhanced eligibility verification verification service.

(a) The department shall establish and use a computerized income, asset, residence and identity eligibility verification service in order to verify eligibility, eliminate the duplication of assistance, and deter waste, fraud, and abuse within each respective assistance program administered by the department.

(b) The department shall enter into a competitively bid contract with a third-party vendor for the purposes of using and accessing an eligibility verification service by which to verify the income, assets, residence and identity eligibility of applicants to prevent fraud, misrepresentation, and inadequate documentation when determining an applicant's eligibility for assistance before the distribution of benefits, periodically between eligibility redeterminations, and during eligibility redeterminations and reviews, as prescribed in this section. The department may also contract with a vendor to provide information to facilitate reviews of recipient eligibility conducted by the department.

(c) When the department enters into a contract with a third-party vendor for the purposes of carrying out this service, the vendor, in partnership with the department, shall be required by contract to establish annualized savings realized from implementation of the verification service and savings shall exceed the total yearly cost to the state for implementing the verification service.

(d) When the department enters into a contract with a third-party vendor, the payment structure shall be based on a per-applicant rate

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to verify the income, asset, and identity eligibility of applicants to prevent fraud, misrepresentation, and inadequate documentation when determining an applicant's eligibility for assistance prior to the distribution of benefits, periodically between eligibility redeterminations, and during eligibility redeterminations and reviews, as prescribed in this section. The department may also contract with a vendor to provide information to facilitate reviews of recipient eligibility conducted by the department.

(3) When the department enters into a contract with a third-party vendor for the purposes of carrying out this act, the vendor, in partnership with the department, shall be required by contract to establish annualized savings realized from implementation of the verification system and savings shall exceed the total yearly cost to the state for implementing the verification system.

(4) When the department enters into a contract with a third-party vendor, the payment structure should be based on a per-applicant rate and a performance bonus for achieving above a predetermined rate of success of identifying waste, fraud, and abuse.

(5) To avoid any conflict of interest, when the department enters into a contract with a third-party vendor, that primary vendor may not currently or will not be allowed to bid on or be awarded a state contract to run enrollment services.

(6) Nothing in this act shall preclude the department from continuing to conduct additional eligibility verification processes, not detailed in this act, that are currently in practice.

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and may include a performance bonus for successfully identifying a rate of fraudulent enrollment of eight percent (8%) or higher annually.

(e) To avoid any conflict of interest, when the department enters into a contract with a third-party vendor, that primary vendor may not currently or will not be allowed to bid on or be awarded a state contract to run enrollment services.

(f) It shall be the responsibility of the contracted vendor to obtain access to any data, data sources and databases, not already being used by the department, for the purposes of implementing the eligibility verification service.

(g) Nothing in this section shall preclude the department from continuing to conduct additional eligibility verification processes, not detailed in this section, that are currently in practice; and nothing in this section shall require the department or vendor to violate the Fair Credit Reporting Act.

(3) The department shall have the eligibility verification service required by this section implemented and operational not later than July 1, 2019. The department shall submit a report every six (6) months on its progress on implementing the eligibility verification service to the Chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee, and the House and Senate Medicaid Committees. The report also shall be provided to the other members of the House and the Senate upon request.

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SECTION 4. Enhanced eligibility verification verification process.

(a) All applications for benefits must be processed within a thirty-day period or the minimum required by federal law. Before awarding assistance, and on a quarterly basis thereafter, the department shall verify identity information of each respective applicant and recipient of assistance from the department.

(b) It is the intent of the Legislature that any recipient who has moved out of state shall be terminated from the rolls of eligible recipients within three (3) months of their change of residency.

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SECTION 3. Enhanced eligibility verification verification process.

(1) All applications for benefits must be processed within a ten-day period or the minimum required by federal law. Prior to awarding assistance, and on a quarterly basis thereafter, the department shall match identity information of each respective applicant and recipient of assistance from the department against the following:

(a) Earned- and unearned-income information maintained by the Internal Revenue Service;

(b) Employer weekly, monthly, and/or quarterly reports of income and unemployment insurance payment information maintained by the Mississippi Office of Employment Security;

(c) Earned-income information maintained by the U.S. Social Security Administration;

(d) Immigration status information maintained by U.S. Citizenship and Immigration Services;

(e) Death register information maintained by the U.S. Social Security Administration;

(f) Prisoner information maintained by the U.S. Social Security Administration;

(g) Public housing and Section 8 Housing Assistance payment information maintained by the U.S. Department of Housing and Urban Development;

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(h) National fleeing felon information maintained by 3 the U.S. Federal Bureau of Investigation;

(i) Wage reporting and similar information maintained by states contiguous to this state;

(j) Beneficiary records and earnings information maintained by the U.S. Social Security Administration in its Beneficiary and Earnings Data Exchange (BENDEX) database;

(k) Earnings and pension information maintained by the U.S. Social Security Administration in its Beneficiary Earnings Exchange Record System (BEERS) database;

(l) Employment information maintained by the Office of Employment Security;

(m) Employment information maintained by the U.S. Department of Health and Human Services in its National Directory of New Hires

(NDNH) database;

(n) Supplemental Security Income information maintained by the U.S. Social Security Administration in its SSI State Data Exchange

(SDX) database;

(o) Veterans' benefits information maintained by the U.S. Department of Health and Human Services, in coordination with the State Department of Health and the State Department of Veterans' Affairs in the federal Public Assistance Reporting Information System

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(PARIS) database;

(p) Child care services information maintained by the State Department of Human Services;

(q) Utility payments information maintained by the state under the Low Income Home Energy Assistance Program

(LIHEAP); 4

(r) Emergency utility payment information maintained by the state or local entities;

(s) A database of all persons who currently hold a license, permit, or certificate from any state agency the cost of which exceeds Five Hundred Dollars ($500.00);

(t) Income and employment information maintained by the U.S. Department of Health and Human Services' Office of Child Support Enforcement;

(u) Earnings and pension information maintained by the Public Employees' Retirement System;

(v) Any existing real-time database of persons currently receiving benefits in other states, such as the National Accuracy Clearinghouse; and

(w) A database which is substantially similar to or a successor of a database established in this act.

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(2) Prior to awarding assistance, and on a quarterly basis, the department shall match identity information of each respective applicant and recipient of assistance from the department against, at minimum, the following public records:

(a) A nationwide public records data source of physical asset ownership such as real property, automobiles, watercraft, aircraft, and luxury vehicles, or any other vehicle owned by the applicant and 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 individuals who are residents of the state;

(d) A comprehensive public records database that identifies potential identity fraud or identity theft that can closely associate 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 maintained by the criminal history systems board, the criminal justice information system, and the warrant management system; and

(g) A database which is substantially similar to or a successor of a database established in this act.

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SECTION 5. Enhanced identity authentication process. Before awarding assistance, applicants for benefits must complete a computerized identity authentication process that shall confirm the applicant owns the identity presented in the application. The department shall continue to review the recipient's identity ownership periodically to verify and protect the identity of the recipient.

SECTION 6. Discrepancies and case review.

(1) If a discrepancy results from an applicant or recipient's identity information and one or more of the databases or information tools authorized under Sections 3 through 9 of this act, the department shall review the respective applicant or recipient's case using the following procedures:

(a) If the information discovered does not result in the department finding a discrepancy or change in an applicant's or recipient's circumstances that may affect eligibility, the department shall take no further action.

(b) If the information discovered under Sections 3 through 9 of this act results in the department finding a discrepancy or change in a

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SECTION 4. Enhanced identity authentication process. Prior to awarding assistance, applicants for benefits must complete a computerized identity authentication process that shall confirm the applicant owns the identity presented in the application. The department shall review the respective applicant or recipient's identity ownership using the following procedures:

(a) Provide a knowledge-based quiz consisting of financial or personal questions. The quiz must provide support for nonbanked or underbanked applicants who do not have an established credit history.

(b) Require the quiz for applications submitted through all channels, including online, in person, and via phone.

SECTION 5. Discrepancies and case review.

(1) If a discrepancy results from an applicant or recipient's identity information and one or more of the databases or information tools listed under Section 3 or Section 4 of this act, the department shall review the respective applicant or recipient's case using the following procedures:

(a) If the information discovered does not result in the department finding a discrepancy or change in an applicant's or recipient's circumstances that may affect eligibility, the department shall take no further action.

(b) If the information discovered under Section 3 or Section 4 of this act results in the department finding a discrepancy or change in a

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recipient's circumstances that may affect eligibility, the department shall promptly redetermine eligibility after receiving such information.

(c) If the information discovered under Sections 3 through 9 of this act results in the department finding a discrepancy or change in an applicant's or recipient's circumstances that may affect eligibility, the applicant or recipient shall be given an opportunity to explain the discrepancy; however, self-declarations by applicants or recipients shall not be accepted as verification of categorical and financial eligibility during eligibility evaluations, reviews, and redeterminations.

(d) The department shall provide written notice to the applicant or recipient, which shall describe in sufficient detail the circumstances of the discrepancy or change, the manner in which the applicant or recipient may respond, and the consequences of failing to take action. The applicant or recipient shall have ten (10) business days, or the minimum required by state or federal law, to respond in an attempt to resolve the discrepancy or change. The explanation provided by the recipient or applicant shall be given in writing. After receiving the explanation, the department may request additional documentation if it determines that there is risk of fraud, misrepresentation, or inadequate documentation.

(e) If the applicant or recipient does not respond to the notice, the department shall deny or discontinue assistance for failure to cooperate, in which case the department shall provide notice of intent to deny or discontinue assistance. Eligibility for assistance shall not be

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recipient's circumstances that may affect eligibility, the department shall promptly redetermine eligibility after receiving such information.

(c) If the information discovered under Section 3 or Section 4 of this act results in the department finding a discrepancy or change in an applicant's or recipient's circumstances that may affect eligibility, the applicant or recipient shall be given an opportunity to explain the discrepancy; provided, however, that self-declarations by applicants or recipients shall not be accepted as verification of categorical and financial eligibility during eligibility evaluations, reviews, and redeterminations.

The department shall provide written notice to said applicant or recipient, which shall describe in sufficient detail the circumstances of the discrepancy or change, the manner in which the applicant or recipient may respond, and the consequences of failing to take action. The applicant or recipient shall have ten (10) business days, or the minimum required by state or federal law, to respond in an attempt to resolve the discrepancy or change. The explanation provided by the recipient or applicant shall be given in writing. After receiving the explanation, the department may request additional documentation if it determines that there is risk of fraud, misrepresentation, or inadequate documentation.

(d) If the applicant or recipient does not respond to the notice, the department shall deny or discontinue assistance for failure to cooperate, in which case the department shall provide notice of intent to deny or discontinue assistance. Eligibility for assistance shall not be

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established or reestablished until the discrepancy or change has been resolved.

(f) If an applicant or recipient responds to the notice and disagrees with the findings of the match between his or her identity information and one or more databases or information tools authorized under Sections 3 through 9 of this act, the department shall reinvestigate the matter. If the department finds that there has been an error, the department shall take immediate action to correct it and no further action shall be taken. If, after an investigation, the department determines that there is no error, the department shall determine the effect on the applicant's or recipient's case and take appropriate action. Written notice of the respective department's action shall be given to the applicant or recipient.

(g) If the applicant or recipient agrees with the findings of the match between the applicant's or recipient's identity information and one or more databases or information tools authorized under Sections 3 through 9 of this act, the department shall determine the effect on the applicant or recipient's case and take appropriate action. Written notice of the department's action shall be given to the applicant or recipient. In no case shall the department discontinue assistance upon finding a discrepancy or change in circumstances between an individual's identity information and one or more databases or information tools authorized under Sections 3 through 9 of this act until the applicant or recipient has been given notice of the discrepancy and the opportunity to respond as required under this section.

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established or reestablished until the discrepancy or change has been resolved.

(e) If an applicant or recipient responds to the notice and disagrees with the findings of the match between his or her identity information and one or more databases or information tools listed under this act, the department shall reinvestigate the matter. If the department finds that there has been an error, the department shall take immediate action to correct it and no further action shall be taken. If, after an investigation, the department determines that there is no error, the department shall determine the effect on the applicant's or recipient's case and take appropriate action. Written notice of the respective department's action shall be given to the applicant or recipient.

(f) If the applicant or recipient agrees with the findings of the match between the applicant's or recipient's identity information and one or more databases or information tools listed under this act, the department shall determine the effect on the applicant or recipient's case and take appropriate action. Written notice of the department's action shall be given to the applicant or recipient. In no case shall the department discontinue assistance as a result of a match between the applicant's or recipient's identity information and one or more databases or information tools listed under this act until the applicant or recipient has been given notice of the discrepancy and the opportunity to respond as required under this act.

(2) The department shall promulgate rules and regulations necessary for the purposes of carrying out this act.

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(2) The department shall promulgate rules and regulations necessary for the purposes of carrying out this section.

(3) Wherever applicable and cost-effective, the Division of Medicaid and the Department of Human Services shall share data, data sources, and verification processes aimed at reducing fraud and waste.

SECTION 7. Referrals for fraud, misrepresentation, or inadequate documentation. After reviewing changes or discrepancies that may affect program eligibility, the department shall refer suspected cases of fraud, misrepresentation, or inadequate documentation to appropriate agencies, divisions, or departments for review of eligibility discrepancies in other public programs. This shall also include cases where an individual is determined to be no longer eligible for the original program. In cases where fraud affecting program eligibility is substantiated, the department or other appropriate agencies shall garnish wages or state income tax refunds until the state recovers an amount equal to the amount of benefits that were fraudulently received.

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SECTION 6. Referrals for fraud, misrepresentation, or inadequate documentation.

(1) After reviewing changes or discrepancies that may affect program eligibility, the department shall refer suspected cases of fraud to the Medicaid Fraud Unit, Attorney General, or other agency responsible for prosecuting eligibility fraud for criminal prosecution, recovery of improper payments, and collection of civil penalties.

(2) After reviewing changes or discrepancies that may affect program eligibility, the department shall refer suspected cases of identity fraud to the Medicaid Fraud Unit, Attorney General, or other agency responsible for prosecuting identity theft for criminal prosecution.

(3) In cases of fraud substantiated by the department, upon conviction the state should review all legal options to remove enrollees from other public programs and garnish wages or state income tax refunds until the state recovers an equal amount of benefits fraudulently claimed. 9

(4) After reviewing changes or discrepancies that may affect program eligibility, the department shall refer suspected cases of fraud, misrepresentation, or inadequate documentation to appropriate

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SECTION 8. Reporting.

(1) Thirty (30) days before entering into a competitively bid contract for the eligibility verification service required by Section 3 of this act, the department shall provide a written report to the Governor, the Chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee, and the House and Senate Medicaid Committees, detailing the data sources proposed to be used by the vendor for eligibility and redeterminations, the relevancy of the information from the data sources, the frequency of how often each data sources would be accessed, and an explanation of why other data sources that are readily available are not being used. The report shall include a dynamic cost-benefit analysis that shows the ratio of potential fraud detection to the types and kinds of data sources proposed to be used by the vendor. The report also shall be provided to the other members of the House and the Senate upon request.

(2) Six (6) months after the implementation of the eligibility verification service required by Section 3 of this act, and quarterly thereafter, the department shall provide a written report to the Governor, the chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee, and the House and Senate

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agencies, divisions or departments for review of eligibility discrepancies in other public programs. This should also include cases where an individual is determined to be no longer eligible for the original program.

SECTION 7. Implementation date and reporting.

(1) This act shall be implemented six (6) months following enactment.

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Medicaid Committees, detailing the effectiveness and general findings of the eligibility verification service, including the number of cases reviewed, the number of case closures, the number of referrals for criminal prosecution, recovery of improper payment, collection of civil penalties, and the savings that have resulted from the service. The report also shall be provided to the other members of the House and the Senate upon request.	
	(2) Six (6) months following the act's implementation, and quarterly thereafter, the department shall provide a written report to the Governor, Legislature, and State Auditor detailing the effectiveness and general findings of the eligibility verification system, including the number of cases reviewed, the number of case closures, the number of referrals for criminal prosecution, recovery of improper payment collection of civil penalties, the outcomes of cases referred to the Medicaid Fraud Unit, Attorney General, or other agency responsible for prosecuting eligibility fraud under this act, and the savings that have resulted from the system.
SECTION 9. Transparency in Medicaid. Following the precedent set by Medicare, the department shall electronically release to the public data that includes, but is not limited to the following: the provider's name and office locations; a provider's National Provider Identifier (NPI); the type of service provided by Healthcare Common Procedure Coding	SECTION 8. Transparency in Medicaid. Following the precedent set by Medicare, the Division of Medicaid shall release data that includes, but is not limited to, the following: the physician's name and office locations; a provider's National Provider Identifier (NPI); the type of service provided by Healthcare Common Procedure Coding System

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System (HCPCS) code; and whether the service was performed in a facility or office setting. This public data shall also include the number of services, average submitted charges, average allowed amount, average Medicaid payment, and a count of unique beneficiaries treated.

SECTION 10. Work requirements. The Department of Human Services shall not seek, apply for, accept or renew any waiver of requirements established under 7 USC Section 2015(o).

SECTION 11. Federal asset limits for the Supplemental Nutrition Assistance Program. In no case shall the resource limit standards of the Supplemental Nutrition Assistance Program (SNAP) exceed the standards specified in 7 USC Section 2014(g)(1), unless expressly required by federal law. In no case shall categorical eligibility exempting households from these resource limits be granted for any noncash, in-kind or other benefit, unless expressly required by federal law.

SECTION 12. Broad-based categorical eligibility. (1) In no case shall categorical eligibility under 7 USC Section 2014(a) or 7 CFR Section 273.2(j)(2)(iii) be granted for any noncash, in-kind or other benefit unless expressly required by federal law for the Supplemental Nutrition Assistance Program (SNAP). (2) The Department of Human Services shall not apply gross income standards for food assistance higher than the standards specified in 7 USC Section 2014(c) unless expressly required by federal law. Categorical eligibility exempting households from such gross income standards requirements shall not be granted

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(HCPCS) code; and whether the service was performed in a facility or office setting. This public data shall also include the number of services, average submitted charges, average allowed amount, average Medicaid payment, and a count of unique beneficiaries treated.

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for any noncash, in-kind or other benefit, unless expressly required by federal law.

SECTION 13. Sharing enrollee information across agencies. (1) The Division of Medicaid and the Department of Human Services shall share eligibility information with each other in a timely manner when an enrollee has been disenrolled for any reason, and shall include the rationale for the action. (2) Any department, agency or division receiving information under subsection (1) of this section shall establish procedures to redetermine eligibility for any enrollee whose eligibility or benefit levels could change as a result of new information provided under subsection (1).

SECTION 14. Maximum family grant. For purposes of determining the maximum aid payment under the TANF program, the number of persons in a household shall not be increased for any child born into a household that has received aid under TANF continuously for the ten (10) months before the birth of the child.

SECTION 15. Verify identities and household composition, and all expenses of welfare applicants. The Department of Human Services shall verify identity, household composition, expenses, and any other factor affecting eligibility allowed under 7 CFR Section 273.2(f)(3).

SECTION 16. Full cooperation with a fraud investigations. The Department of Human Services shall communicate the expectation of mandatory cooperation with a fraud investigation and that noncompliance could result in case closure and termination of benefits within thirty (30) days.

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SECTION 17. Gaps in eligibility reporting. The Department of Human Services shall not establish or use a simplified reporting system under 7 CFR Section 273.12(a)(5). The department shall provide a written report to the Chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee, and the House and Senate Medicaid Committees, on the costs of not using a simplified reporting system. The report also shall be provided to the other members of the House and the Senate upon request.

SECTION 18. Noncompliance with Temporary Assistance for Needy Families program rules.

(1) The Department of Human Services shall only grant benefits when an approved applicant has signed a written agreement clearly enumerating continued eligibility requirements, circumstances in which sanctions may be imposed, and any potential penalties for noncompliance.

(2) The department shall require all enrollees to be compliant with all program requirements, including work requirements, before granting benefits.

(3) The department shall institute a three-month, full-household sanction for the first instance of non-compliance with any TANF requirement, unless expressly prohibited by federal law.

(4) The department shall terminate benefits for the second instance of non-compliance with any TANF requirement, unless expressly prohibited by federal law.

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(5) An individual sanctioned under subsection (3) of this section shall not have benefits reinstated without reviewing the agreement required under subsection (1) of this section.

(6) The department shall deny benefits to any adult member of a household where another adult member of the household has been found to have committed benefits fraud.

SECTION 19. Noncompliance with Supplemental Nutrition Assistance Program rules.

(1) The Department of Human Services shall set disqualification periods for all instances of noncompliance with any SNAP requirement, unless expressly prohibited by federal law.

(2) The department shall institute a three-month, full-household disqualification period for the first instance of noncompliance, unless expressly prohibited by federal law.

(3) The department shall institute a six-month, full-household disqualification period for the second instance of noncompliance, unless expressly prohibited by federal law.

(4) The department shall institute a permanent disqualification period for the third instance of noncompliance, unless expressly prohibited by federal law.

(5) (5) An individual sanctioned under subsection (3) of this section shall not have benefits reinstated without reviewing the agreement required under subsection (1) of this section.

(6) The department shall deny benefits to any adult member of a household where another adult member of the household has been found to have committed benefits fraud.

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SECTION 20. Out-of-state spending.

(1) The Department of Human Services shall post on its website and make available on an annual basis to the chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee a report of SNAP and TANF benefit spending. The report also shall be provided to the other members of the House and the Senate upon request.

(2) The report required under subsection (1) of this section shall include:

(a) The dollar amount and number of transactions of SNAP benefits that are accessed or spent out-of-state, disaggregated by state;

(b) The dollar amount and number of transactions of TANF benefits that are accessed or spent out-of-state, disaggregated by state;

(c) The dollar amount, number of transactions, and times of transactions of SNAP benefits that are accessed or spent in-state, disaggregated by retailer, institution, or location, unless expressly prohibited by federal law; and

(d) The dollar amount, number of transactions, and time of transactions of TANF benefits that are accessed or spent in-state, disaggregated by retailer, institution, or location.

(3) The report required under subsection (1) of this section shall be de-identified to prevent identification of individual recipients.

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SECTION 21. Public reporting.

(1) The Division of Medicaid and the Department of Human Services shall provide on annual basis to the chairmen of the House and Senate Appropriations Committees, the House Public Health and Human Services Committee and the Senate Public Health and Welfare Committee, and the House and Senate Medicaid Committees, a report of welfare recipient characteristics. The report also shall be provided to the other members of the House and the Senate upon request.

(2) The report required under subsection

(1) of this section shall include:

(a) The length of enrollment, disaggregated by program and eligibility group;

(b) The share of recipients concurrently enrolled in one or more additional means-tested programs, disaggregated by program and eligibility group;

(c) The number of means-tested programs recipients are concurrently enrolled in, disaggregated by program and eligibility group;

(d) The demographics and characteristics of recipients, disaggregated by program and eligibility group; and

(e) The dollar amount spent on advertising and marketing for TANF, SNAP, Medicaid, and other means-tested programs, including both state and federal funds, disaggregated by program.

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(3) The report required under subsection

(1) of this section shall be de-identified to prevent identification of individual recipients.

SECTION 22. Pilot program for photos on EBT cards.

(1) The Department of Human Services may establish a pilot program in which a photograph of the recipient is included on any electronic benefits transfer card issued by the department to the recipient, unless the recipient declines to have the photograph included. When a recipient is a minor or otherwise incapacitated individual, a parent or legal guardian of such recipient may have a photograph of such parent or legal guardian placed on the card.

(2) The Department of Human Services shall explore opportunities with other state agencies, departments, or divisions, including the Department of Public Safety, to share photographs when available. The Department of Human Services may sign one or more memorandum of understanding with such agencies, departments, or divisions as necessary to implement this section.

SECTION 23. Limits on spending locations.

(1) Funds available on electronic benefit transfer cards shall not be used to purchase alcohol, liquor or imitation liquor, cigarettes, tobacco products, bail, gambling activities, lottery tickets, tattoos, travel services provided by a travel agent, money transmission to locations abroad, sexually oriented adult materials, concert tickets, professional or

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collegiate sporting event tickets, or tickets for other entertainment events intended for the general public.

(2) Electronic benefit transfer card transactions shall be prohibited at all retail liquor stores, casinos, gaming establishments, jewelry stores, tattoo parlors, massage parlors, body piercing parlors, spas, nail salons, lingerie shops, tobacco paraphernalia stores, vapor cigarette stores, psychic or fortune telling businesses, bail bond companies, video arcades, movie theaters, cruise ships, theme parks, dog or horse racing facilities, pari-mutuel facilities, sexually oriented businesses, retail establishments that provide adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment, and businesses or retail establishments where minors under eighteen

(18) years of age are not permitted.

(3) Upon enrollment, the Department of Human Services shall offer new applicants an itemized list of prohibited purchases, including those specified in subsection

(1) of this section, and make such a list available on the department's website.

(4) The department shall

that accept electronic benefit transfer cards. prohibit establishments identified under subsection

(2) of this section from operating ATMs Businesses found in violation of this subsection shall be subject to appropriate licensing sanctions.

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(5) If a recipient is found to have violated subsection (1) of this section, the department shall issue a warning in writing to the recipient. The recipient shall be subject to disqualification of benefits for up to three (3) months following the first offense and a permanent termination of benefits following the second offense, unless expressly prohibited by federal law.	
SECTION 24. Sections 1, 2 and 8 of this act shall take effect and be in force from and after the passage of this act; Sections 3, 6, 9, 10, 11, 14, 16, 18 and 21 shall take effect and be in force from and after July 1, 2017; Sections 4, 5, 7, 12, 13, 15, 17, 19, 20, 22 and 23 shall take effect and be enforced from and after January 1, 2018.	SECTION 9. This act shall take effect and be in force from and after July 1, 2017. 11