

By: Representatives Brown, Hood, Boyd,  
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To: Medicaid

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 1090

1 AN ACT TO BE KNOWN AS THE MEDICAID AND HUMAN SERVICES  
2 TRANSPARENCY AND FRAUD PREVENTION ACT; TO REVISE VARIOUS  
3 PROVISIONS RELATING TO THE MEDICAID PROGRAM, THE TEMPORARY  
4 ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM, AND THE SUPPLEMENTAL  
5 NUTRITION ASSISTANCE PROGRAM (SNAP); AND FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

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

10 **SECTION 2. Integration of Eligibility Systems.** The Division  
11 of Medicaid shall submit a final Advanced Planning Document to the  
12 Centers for Medicare and Medicaid Services (CMS) for the purpose  
13 of applying for the OMB A87 exception to support the integration  
14 of eligibility systems between the division and any applicable  
15 Department of Human Services program where an integrated system of  
16 eligibility will serve the state's interest in developing shared  
17 eligibility services across health and human services programs,  
18 while at the same time promoting and enhancing the state's efforts  
19 of ensuring maximum program integrity across each agency. In



20 preparing the final Advanced Planning Document, the division also  
21 shall:

22 (a) Identify functions that can be leveraged or shared  
23 across the state Medicaid program and other Department of Human  
24 Services programs;

25 (b) Weigh benefits of shared systems;

26 (c) Identify interoperability and integration goals;

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

31 (e) Ensure that the enhancement to front end identity  
32 and asset verification is an integral part of the advanced  
33 planning and integration process going forward.

34 The division shall submit a report on its progress to the  
35 chairmen of the House and Senate Medicaid Committees within ninety  
36 (90) days and on a quarterly basis thereafter until the final  
37 Advanced Planning Document is completed. The report also shall be  
38 provided to the other members of the House and the Senate upon  
39 request.

40 **SECTION 3. Real-time eligibility monitoring service.**

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

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



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

48           (2) Establishment of enhanced eligibility verification  
49 service.

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

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

68           (c) When the department enters into a contract with a  
69 third-party vendor for the purposes of carrying out this service,



70 the vendor, in partnership with the department, shall be required  
71 by contract to establish annualized savings realized from  
72 implementation of the verification service. It is the intent of  
73 the Legislature that savings exceed the total yearly cost for  
74 implementing the verification service.

75 (d) When the department enters into a contract with a  
76 third-party vendor, the payment structure shall be based on a  
77 per-applicant rate and may include a performance bonus for  
78 successfully identifying a rate of fraudulent enrollment of eight  
79 percent (8%) or higher annually.

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

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

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

93 (3) The department shall have the eligibility verification  
94 service required by this section implemented and operational not



95 later than July 1, 2019. The department shall submit a report  
96 every six (6) months on its progress on implementing the  
97 eligibility verification service to the Chairmen of the House and  
98 Senate Appropriations Committees, the House Public Health and  
99 Human Services Committee and the Senate Public Health and Welfare  
100 Committee, and the House and Senate Medicaid Committees. The  
101 report also shall be provided to the other members of the House  
102 and the Senate upon request.

103 **SECTION 4. Enhanced eligibility verification process.**

104 (a) All applications for benefits must be processed  
105 within a thirty-day period or the minimum required by federal law.  
106 Before awarding assistance, and periodically in between  
107 recertification, the department shall verify eligibility  
108 information of each respective applicant and recipient of  
109 assistance from the department.

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

114 **SECTION 5. Enhanced identity authentication process.** Before  
115 awarding assistance, applicants for benefits must complete a  
116 computerized identity authentication process that shall confirm  
117 the applicant owns the identity presented in the application. The  
118 department shall continue to review the recipient's identity



119 ownership periodically to verify and protect the identity of the  
120 recipient.

121 **SECTION 6. Discrepancies and case review.** (1) If a  
122 discrepancy results from an applicant or recipient's identity  
123 information and one or more of the databases or information tools  
124 authorized under Sections 3 through 9 of this act, the department  
125 shall review the respective applicant or recipient's case using  
126 the following procedures:

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

131 (b) If the information discovered under Sections 3  
132 through 9 of this act results in the department finding a  
133 discrepancy or change in a recipient's circumstances that may  
134 affect eligibility, the department shall promptly redetermine  
135 eligibility after receiving such information.

136 (c) If the information discovered under Sections 3  
137 through 9 of this act results in the department finding a  
138 discrepancy or change in an applicant's or recipient's  
139 circumstances that may affect eligibility, the applicant or  
140 recipient shall be given an opportunity to explain the  
141 discrepancy; however, self-declarations by applicants or  
142 recipients shall not be accepted as verification of categorical



143 and financial eligibility during eligibility evaluations, reviews,  
144 and redeterminations.

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

157 (e) If the applicant or recipient does not respond to  
158 the notice, the department shall deny or discontinue assistance  
159 for failure to cooperate, in which case the department shall  
160 provide notice of intent to deny or discontinue assistance.  
161 Eligibility for assistance shall not be established or  
162 reestablished until the discrepancy or change has been resolved.

163 (f) If an applicant or recipient responds to the notice  
164 and disagrees with the findings of the match between his or her  
165 identity information and one or more databases or information  
166 tools authorized under Sections 3 through 9 of this act, the  
167 department shall reinvestigate the matter. If the department



168 finds that there has been an error, the department shall take  
169 immediate action to correct it and no further action shall be  
170 taken. If, after an investigation, the department determines that  
171 there is no error, the department shall determine the effect on  
172 the applicant's or recipient's case and take appropriate action.  
173 Written notice of the respective department's action shall be  
174 given to the applicant or recipient.

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

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

191 (3) Wherever applicable and cost-effective, the Division of  
192 Medicaid and the Department of Human Services shall share data,





193 data sources, and verification processes aimed at reducing fraud  
194 and waste.

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

208       **SECTION 8. Reporting.** (1) Thirty (30) days before entering  
209 into a competitively bid contract for the eligibility verification  
210 service required by Section 3 of this act, the department shall  
211 provide a written report to the Governor, the Chairmen of the  
212 House and Senate Appropriations Committees, the House Public  
213 Health and Human Services Committee and the Senate Public Health  
214 and Welfare Committee, and the House and Senate Medicaid  
215 Committees, detailing the data sources proposed to be used by the  
216 vendor for eligibility and redeterminations, the relevancy of the  
217 information from the data sources, the frequency of how often each



218 data sources would be accessed, and an explanation of why other  
219 data sources that are readily available are not being used. The  
220 report shall include a dynamic cost-benefit analysis that shows  
221 the ratio of potential fraud detection to the types and kinds of  
222 data sources proposed to be used by the vendor. The report also  
223 shall be provided to the other members of the House and the Senate  
224 upon request.

225 (2) Six (6) months after the implementation of the  
226 eligibility verification service required by Section 3 of this  
227 act, and quarterly thereafter, the department shall provide a  
228 written report to the Governor, the chairmen of the House and  
229 Senate Appropriations Committees, the House Public Health and  
230 Human Services Committee and the Senate Public Health and Welfare  
231 Committee, and the House and Senate Medicaid Committees, detailing  
232 the effectiveness and general findings of the eligibility  
233 verification service, including the number of cases reviewed, the  
234 number of case closures, the number of referrals for criminal  
235 prosecution, recovery of improper payment, collection of civil  
236 penalties, and the savings that have resulted from the service.  
237 The report also shall be provided to the other members of the  
238 House and the Senate upon request.

239 **SECTION 9. Transparency in Medicaid.** Following the  
240 precedent set by Medicare, the department shall electronically  
241 release to the public data that includes, but is not limited to  
242 the following: the provider's name and office locations; a



243 provider's National Provider Identifier (NPI); the type of service  
244 provided by Healthcare Common Procedure Coding System (HCPCS)  
245 code; and whether the service was performed in a facility or  
246 office setting. This public data shall also include the number of  
247 services, average submitted charges, average allowed amount,  
248 average Medicaid payment, and a count of unique beneficiaries  
249 treated. Nothing in this section shall be construed to require  
250 the department to publicly share protected information as defined  
251 by the federal Health Insurance Portability and Accountability Act  
252 (HIPAA).

253       **SECTION 10. Work requirements.** The Department of Human  
254 Services shall not seek, apply for, accept or renew any waiver of  
255 requirements established under 7 USC Section 2015(o), except  
256 during a natural disaster or where the state would under  
257 penalties.

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

266       **SECTION 12. Broad-based categorical eligibility.** (1) In no  
267 case shall categorical eligibility under 7 USC Section 2014(a) or



268 7 CFR Section 273.2(j)(2)(iii) be granted for any noncash, in-kind  
269 or other benefit unless expressly required by federal law for the  
270 Supplemental Nutrition Assistance Program (SNAP).

271 (2) The Department of Human Services shall not apply gross  
272 income standards for food assistance higher than the standards  
273 specified in 7 USC Section 2014(c) unless expressly required by  
274 federal law. Categorical eligibility exempting households from  
275 such gross income standards requirements shall not be granted for  
276 any noncash, in-kind or other benefit, unless expressly required  
277 by federal law.

278 **SECTION 13. Sharing enrollee information across agencies.**

279 (1) The Division of Medicaid and the Department of Human  
280 Services shall share eligibility information with each other in a  
281 timely manner when an enrollee has been disenrolled for any  
282 financial or nonfinancial reason that may result in the enrollee's  
283 disqualification for benefits with the other department, and shall  
284 include the rationale for the action.

285 (2) Any department, agency or division receiving information  
286 under subsection (1) of this section shall establish procedures to  
287 redetermine eligibility for any enrollee whose eligibility or  
288 benefit levels could change as a result of new information  
289 provided under subsection (1).

290 **SECTION 14. Maximum family grant.** For purposes of  
291 determining the maximum aid payment under the TANF program, the  
292 number of persons in a household shall not be increased for any



293 child born into a household that has received aid under TANF  
294 continuously for the ten (10) months before the birth of the  
295 child.

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

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

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

316 **SECTION 18. Noncompliance with Temporary Assistance for**  
317 **Needy Families program rules.** (1) The Department of Human



318 Services shall only grant benefits when an approved applicant has  
319 signed a written agreement clearly enumerating continued  
320 eligibility requirements, circumstances in which sanctions may be  
321 imposed, and any potential penalties for noncompliance.

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

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

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

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

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

338 **SECTION 19. Noncompliance with Supplemental Nutrition**

339 **Assistance Program rules.** (1) The Department of Human Services  
340 shall set disqualification periods for all instances of  
341 noncompliance with any SNAP requirement, unless expressly  
342 prohibited by federal law.



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

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

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

352 (5) If a recipient is subject to a disqualification period  
353 under subsection (4) of this section, the department shall  
354 institute a six-month disqualification period for the recipient's  
355 entire household, unless expressly prohibited by federal law.

356 (6) Unless expressly prohibited by federal law, recipients  
357 shall be subject to disqualification for failure to perform  
358 actions required by other federal, state, or local means-tested  
359 public assistance programs.

360 **SECTION 20. Out-of-state spending.** (1) The Department of  
361 Human Services shall post on its website and make available on an  
362 annual basis to the chairmen of the House and Senate  
363 Appropriations Committees, the House Public Health and Human  
364 Services Committee and the Senate Public Health and Welfare  
365 Committee a report of SNAP and TANF benefit spending. The report  
366 also shall be provided to the other members of the House and the  
367 Senate upon request.



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

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

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

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

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

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

386 **SECTION 21. Public reporting.** (1) The Division of Medicaid  
387 and the Department of Human Services shall provide on annual basis  
388 to the chairmen of the House and Senate Appropriations Committees,  
389 the House Public Health and Human Services Committee and the  
390 Senate Public Health and Welfare Committee, and the House and  
391 Senate Medicaid Committees, a report of characteristics of  
392 recipients of Medicaid, SNAP and TANF benefits. The report also





393 shall be provided to the other members of the House and the Senate  
394 upon request.

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

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

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

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

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

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

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

414 **SECTION 22. Pilot program for photos on EBT cards.** (1) The  
415 Department of Human Services may establish a pilot program in  
416 which a photograph of the recipient is included on any electronic  
417 benefits transfer card issued by the department to the recipient,



418 unless the recipient declines to have the photograph included.  
419 When a recipient is a minor or otherwise incapacitated individual,  
420 a parent or legal guardian of such recipient may have a photograph  
421 of such parent or legal guardian placed on the card.

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

428 **SECTION 23. Limits on spending locations.** (1) Funds  
429 available on electronic benefit transfer cards shall not be used  
430 to purchase alcohol, liquor or imitation liquor, cigarettes,  
431 tobacco products, bail, gambling activities, lottery tickets,  
432 tattoos, travel services provided by a travel agent, money  
433 transmission to locations abroad, sexually oriented adult  
434 materials, concert tickets, professional or collegiate sporting  
435 event tickets, or tickets for other entertainment events intended  
436 for the general public.

437 (2) Electronic benefit transfer card transactions shall be  
438 prohibited at all retail liquor stores, casinos, gaming  
439 establishments, jewelry stores, tattoo parlors, massage parlors,  
440 body piercing parlors, spas, nail salons, lingerie shops, tobacco  
441 paraphernalia stores, vapor cigarette stores, psychic or fortune  
442 telling businesses, bail bond companies, video arcades, movie



443 theaters, cruise ships, theme parks, dog or horse racing  
444 facilities, pari-mutuel facilities, sexually oriented businesses,  
445 retail establishments that provide adult-oriented entertainment in  
446 which performers disrobe or perform in an unclothed state for  
447 entertainment, and businesses or retail establishments where  
448 minors under eighteen (18) years of age are not permitted.

449 (3) Upon enrollment, the Department of Human Services shall  
450 offer new applicants an itemized list of prohibited purchases,  
451 including those specified in subsection (1) of this section, and  
452 make such a list available on the department's website.

453 (4) The department shall prohibit establishments identified  
454 under subsection (2) of this section from operating ATMs that  
455 accept electronic benefit transfer cards. Businesses found in  
456 violation of this subsection shall be subject to appropriate  
457 licensing sanctions.

458 (5) If a recipient is found to have violated subsection (1)  
459 of this section, the department shall issue a warning in writing  
460 to the recipient. The recipient shall be subject to  
461 disqualification of benefits for up to three (3) months following  
462 the first offense and a permanent termination of benefits  
463 following the second offense, unless expressly prohibited by  
464 federal law.

465 **SECTION 24.** Sections 1, 2 and 8 of this act shall take  
466 effect and be in force from and after the passage of this act;  
467 Sections 3, 6, 9, 10, 11, 14, 16, 18 and 21 shall take effect and



468 be in force from and after July 1, 2017; Sections 4, 5, 7, 12, 13,  
469 15, 17, 19, 20, 22 and 23 shall take effect and be enforced from  
470 and after July 1, 2019.

