

By: Senator(s) Harkins

To: Medicaid; Appropriations

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2330

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

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

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

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

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

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



23 **SECTION 2. Establishment of enhanced eligibility**

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

29 (2) The department shall enter into a competitively bid
30 contract with a third-party vendor for the purposes of developing
31 a system by which to verify the income, asset, and identity
32 eligibility of applicants to prevent fraud, misrepresentation, and
33 inadequate documentation when determining an applicant's
34 eligibility for assistance prior to the distribution of benefits,
35 periodically between eligibility redeterminations, and during
36 eligibility redeterminations and reviews, as prescribed in this
37 section. The department may also contract with a vendor to
38 provide information to facilitate reviews of recipient eligibility
39 conducted by the department.

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



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

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

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

60 **SECTION 3. Enhanced eligibility verification process.** (1)

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

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

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



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

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

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

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

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

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

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

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

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

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



94 (m) Employment information maintained by the U.S.
95 Department of Health and Human Services in its National Directory
96 of New Hires (NDNH) database;

97 (n) Supplemental Security Income information maintained
98 by the U.S. Social Security Administration in its SSI State Data
99 Exchange (SDX) database;

100 (o) Veterans' benefits information maintained by the
101 U.S. Department of Health and Human Services, in coordination with
102 the State Department of Health and the State Department of
103 Veterans' Affairs in the federal Public Assistance Reporting
104 Information System (PARIS) database;

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

107 (q) Utility payments information maintained by the
108 state under the Low Income Home Energy Assistance Program
109 (LIHEAP);

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

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

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



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

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

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

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

129 (a) A nationwide public records data source of physical
130 asset ownership such as real property, automobiles, watercraft,
131 aircraft, and luxury vehicles, or any other vehicle owned by the
132 applicant and recipient of assistance;

133 (b) A nationwide public records data source of
134 incarcerated individuals;

135 (c) A nationwide best-address and driver's license data
136 source to verify individuals who are residents of the state;

137 (d) A comprehensive public records database that
138 identifies potential identity fraud or identity theft that can
139 closely associate name, social security number, date of birth,
140 phone, and address information;



141 (e) National and local financial institutions, in order
142 to locate undisclosed depository accounts or verify account
143 balances of disclosed accounts;

144 (f) Outstanding default or arrest warrant information
145 maintained by the criminal history systems board, the criminal
146 justice information system, and the warrant management system; and

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

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

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

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

161 **SECTION 5.** **Discrepancies and case review.** (1) If a
162 discrepancy results from an applicant or recipient's identity
163 information and one or more of the databases or information tools
164 listed under Section 3 or Section 4 of this act, the department



165 shall review the respective applicant or recipient's case using
166 the following procedures:

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

171 (b) If the information discovered under Section 3 or
172 Section 4 of this act results in the department finding a
173 discrepancy or change in a recipient's circumstances that may
174 affect eligibility, the department shall promptly redetermine
175 eligibility after receiving such information.

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

185 The department shall provide written notice to said applicant
186 or recipient, which shall describe in sufficient detail the
187 circumstances of the discrepancy or change, the manner in which
188 the applicant or recipient may respond, and the consequences of
189 failing to take action. The applicant or recipient shall have ten



190 (10) business days, or the minimum required by state or federal
191 law, to respond in an attempt to resolve the discrepancy or
192 change. The explanation provided by the recipient or applicant
193 shall be given in writing. After receiving the explanation, the
194 department may request additional documentation if it determines
195 that there is risk of fraud, misrepresentation, or inadequate
196 documentation.

197 (d) If the applicant or recipient does not respond to
198 the notice, the department shall deny or discontinue assistance
199 for failure to cooperate, in which case the department shall
200 provide notice of intent to deny or discontinue assistance.
201 Eligibility for assistance shall not be established or
202 reestablished until the discrepancy or change has been resolved.

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



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

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

228 **SECTION 6. Referrals for fraud, misrepresentation, or**
229 **inadequate documentation.** (1) After reviewing changes or
230 discrepancies that may affect program eligibility, the department
231 shall refer suspected cases of fraud to the Medicaid Fraud Unit,
232 Attorney General, or other agency responsible for prosecuting
233 eligibility fraud for criminal prosecution, recovery of improper
234 payments, and collection of civil penalties.

235 (2) After reviewing changes or discrepancies that may affect
236 program eligibility, the department shall refer suspected cases of
237 identity fraud to the Medicaid Fraud Unit, Attorney General, or



238 other agency responsible for prosecuting identity theft for
239 criminal prosecution.

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

245 (4) After reviewing changes or discrepancies that may affect
246 program eligibility, the department shall refer suspected cases of
247 fraud, misrepresentation, or inadequate documentation to
248 appropriate agencies, divisions or departments for review of
249 eligibility discrepancies in other public programs. This should
250 also include cases where an individual is determined to be no
251 longer eligible for the original program.

252 **SECTION 7. Implementation date and reporting.** (1) This act
253 shall be implemented six (6) months following enactment.

254 (2) Six (6) months following the act's implementation, and
255 quarterly thereafter, the department shall provide a written
256 report to the Governor, Legislature, and State Auditor detailing
257 the effectiveness and general findings of the eligibility
258 verification system, including the number of cases reviewed, the
259 number of case closures, the number of referrals for criminal
260 prosecution, recovery of improper payment collection of civil
261 penalties, the outcomes of cases referred to the Medicaid Fraud
262 Unit, Attorney General, or other agency responsible for



263 prosecuting eligibility fraud under this act, and the savings that
264 have resulted from the system.

265 **SECTION 8. Transparency in Medicaid.** Following the
266 precedent set by Medicare, the Division of Medicaid shall release
267 data that includes, but is not limited to, the following: the
268 physician's name and office locations; a provider's National
269 Provider Identifier (NPI); the type of service provided by
270 Healthcare Common Procedure Coding System (HCPCS) code; and
271 whether the service was performed in a facility or office setting.
272 This public data shall also include the number of services,
273 average submitted charges, average allowed amount, average
274 Medicaid payment, and a count of unique beneficiaries treated.

275 **SECTION 9.** This act shall take effect and be in force from
276 and after July 1, 2017, and shall stand repealed from and after
277 June 30, 2017.

