HOUSE DOCKET, NO. 3384 FILED ON: 1/18/2013

HOUSE . . . . . No. 133

The Commonwealth of Massachusetts

PRESENTED BY:

Shaunna O'Connell and Russell E. Holmes

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to eliminating fraud in public assistance programs.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Robert L. Hedlund	*Plymouth and Norfolk*
Shaunna O'Connell	*3rd Bristol*
Russell E. Holmes	*6th Suffolk*
Bruce J. Ayers	*1st Norfolk*
Matthew A. Beaton	*11th Worcester*
Nicholas A. Boldyga	*3rd Hampden*
Thomas J. Calter	*12th Plymouth*
James M. Cantwell	*4th Plymouth*
Edward F. Coppinger	*10th Suffolk*
Josh S. Cutler	*6th Plymouth*
Angelo L. D'Emilia	*8th Plymouth*
Geoff Diehl	*7th Plymouth*
Stephen L. DiNatale	*3rd Worcester*
Diana DiZoglio	*14th Essex*
Peter J. Durant	*6th Worcester*
James J. Dwyer	*30th Middlesex*
Ryan C. Fattman	*18th Worcester*
Robert F. Fennell	*10th Essex*

Kimberly N. Ferguson	*1st Worcester*
Michael J. Finn	*6th Hampden*
Paul K. Frost	*7th Worcester*
Colleen M. Garry	*36th Middlesex*
Susan Williams Gifford	*2nd Plymouth*
Anne M. Gobi	*5th Worcester*
Thomas A. Golden, Jr.	*16th Middlesex*
Danielle W. Gregoire	*4th Middlesex*
Donald Humason	
Randy Hunt	*5th Barnstable*
Bradley H. Jones, Jr.	*20th Middlesex*
Marc T. Lombardo	*22nd Middlesex*
James J. Lyons, Jr.	*18th Essex*
Brian R. Mannal	*2nd Barnstable*
Paul McMurtry	*11th Norfolk*
James R. Miceli	*19th Middlesex*
Leonard Mirra	*2nd Essex*
Keiko M. Orrall	*12th Bristol*
Elizabeth A. Poirier	*14th Bristol*
Richard J. Ross	*Norfolk, Bristol and Middlesex*
Todd M. Smola	*1st Hampden*
Bruce E. Tarr	*First Essex and Middlesex*
James E. Timilty	*Bristol and Norfolk*
David T. Vieira	*3rd Barnstable*
Barry R. Finegold	*Second Essex and Middlesex*

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HOUSE . . . . . No. 133

By Representatives O'Connell of Taunton and Holmes of Boston, a petition (accompanied by bill, House, No. 133) of Robert L. Hedlund and others for legislation to eliminate fraud in public assistance programs by requiring stringent asset and identity verification checks before the awarding of benefits. Children, Families and Persons with Disabilities.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to eliminating fraud in public assistance programs.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. (a) For the purposes of this act, the following terms shall have the following meaning:

"department," the department of transitional assistance, established under section 1 of chapter 18 of the General Laws;

"division," the division of medical assistance, established under section 2 of chapter 118E of the General Laws.

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

(1) The department and division may each enter into a contract with a third-party vendor for the purposes of developing a system by which 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 and during eligibility redeterminations and reviews, as prescribed in this section. The department and division may also contract with a vendor to provide information to facilitate reviews of recipient eligibility conducted by the department or the division.

(2) If the department or division enters into a contract with a third-party vendor for the purposes of carrying out this section, the vendor 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.

(c) Prior to awarding or continuing assistance, the department and division shall, to the extent such data bases are available to the department and division, match the social security number of each respective applicant and recipient of assistance from the department or division against the following:

(1) unearned income information maintained by the Internal Revenue Service;

(2) employer quarterly reports of income and unemployment insurance payment information maintained by the Department of Labor and Workforce Development;

(3) earned income information maintained by the Social Security Administration;

(4) immigration status information maintained by the U.S. Citizenship and Immigration Services;

(5) death register information maintained by the Social Security Administration;

(6) prisoner information maintained by the Social Security Administration;

(7) public housing and Section 8 Housing Assistance payment information maintained by the Department of Housing and Urban Development;

(8) national fleeing felon information maintained by the Federal Bureau of Investigation;

(9) wage reporting and similar information maintained by states contiguous to this State;

(10) beneficiary records and earnings information maintained by the Social Security Administration in its Beneficiary and Earnings Data Exchange (BENDEX) database;

(11) earnings and pension information maintained by the Social Security Administration in its Beneficiary Earnings Exchange Record System (BEERS) database;

(12) employment information maintained by the Department of Labor and Workforce Development;

(13) employment information maintained by the U.S. Department of Health and Human Services in its National Directory of New Hires database;

(14) supplemental Security Income information maintained by the Social Security Administration in its SSI State Data Exchange (SDX) database;

(15) veterans' benefits information maintained by the U.S. Department of Health and Human Services, in coordination with the Massachusetts Department of Health and Human Services and Department of Veterans' Affairs, in the federal Public Assistance Reporting Information System (PARIS) database;

(16) child care services information maintained by the Department of Children and Families;

(17) utility payments information maintained by the Department of Housing and Community Development under the Low Income Home Energy Assistance Program;

(18) emergency utility payment information maintained by local cities and towns or councils on aging;

(19) a database which is substantially similar to or a successor of a database established in this section; and

(20) a database of all persons who currently hold a license, permit, or certificate from a State agency the cost of which exceeds $1,000.

(d) Prior to awarding or continuing assistance, the department and division shall match the social security number of each respective applicant and recipient of assistance from the department or division, whichever applies, against, at minimum, the following public records:

(1) a nationwide public records data source of physical asset ownership such as real property, automobiles, watercraft, aircraft and luxury vehicles;

(2) a nationwide public records data source of incarcerated individuals;

(3) a nationwide best-address and driver's license data source to verify individuals are residents of the State;

(4) 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;

(5) national and local financial institutions, in order to locate undisclosed depository accounts or verify account balances of disclosed accounts;

(6) outstanding default or arrest warrant information maintained by the criminal history systems board, the criminal justice information system, and the warrant management system; and

(7) a database which is substantially similar to or a successor of a database established in this section.

80 (e) If a discrepancy results between an applicant or recipient's social security number and
81 one or more of the databases or information tools listed under paragraph (c) and (d), the
82 department and division shall review the respective applicant or recipient's case using the
83 following procedures:

84 (1) if the information discovered does not result in the department or division finding the
85 applicant or recipient ineligible for assistance under this section, the department or division shall
86 take no further action;

87 (2) if the information discovered under paragraph (c) and (d) results in the department or
88 division finding the applicant or recipient ineligible for assistance under this section, the
89 applicant or recipient shall be given an opportunity to explain the discrepancy; provided,
90 however, that self-declarations by applicants or recipients shall not be accepted as verification of
91 categorical and financial eligibility during eligibility evaluations and reevaluations. The
92 department and division, whichever applies, shall provide written notice to said applicant or
93 recipient, which shall describe in sufficient detail the circumstances of the discrepancy, the
94 manner in which the applicant or recipient may respond, and the consequences of failing to take
95 action. The applicant or recipient shall have 10 business days to respond in an attempt to resolve
96 the discrepancy. The explanation provided by the recipient or applicant shall be given in writing.
97 After receiving the explanation, the department or division, whichever applies, may request
98 additional documentation if it determines that there is a substantial risk of fraud;

99 (3) If the applicant or recipient does not respond to the notice, the department or division,
100 whichever applies, shall deny assistance for failure to cooperate, in which case the department or
101 division shall provide notice of intent to discontinue assistance. Eligibility for assistance shall not
102 be reestablished until the significant discrepancy has been resolved.

103 (4) If an applicant or recipient responds to the notice and disagrees with the findings of
104 the match between his or her social security number and one or more databases or information
105 tools listed under this section, the department or division, whichever applies, shall reinvestigate
106 the matter. If the department or division finds that there has been an error, the department or
107 division shall take immediate action to correct it and no further action shall be taken. If, after an
108 investigation, the department or division determines that there is no error, the department or
109 division shall determine the effect on the applicant's or recipient's case and take appropriate
110 action. Written notice of the respective department or division's action shall be given to the
111 applicant or recipient.

112 (5) If the applicant or recipient agrees with the findings of the match between the
113 applicant's or recipient's social security number and one or more databases or information tools
114 listed under this chapter, the department or the division, whichever applies, shall determine the
115 effect on the applicant or recipient's case and take appropriate action. Written notice of the
116 department or division's action shall be given to the applicant or recipient. In no case shall the

117 department or division discontinue assistance as a result of a match between the applicant's or
118 recipient's social security number and one more databases or information tools listed under this
119 chapter until the applicant or recipient has been given notice of the discrepancy and the
120 opportunity to respond.

121

122 (f) The department and division shall each promulgate rules and regulations necessary
123 for the purposes of carrying out this act.

124 SECTION 2. Nothing in this act shall preclude the department or division from
125 continuing to conduct additional eligibility verification processes, not detailed in this act, that are
126 currently in practice.

127 SECTION 3. Section 1 and 2 shall be effective 6 months following the passage of this
128 act.

129 SECTION 4. Six months following the implementation of section 1 and 2, and annually
130 thereafter, the department and the division shall each file with the clerks of the house and senate,
131 a report detailing the effectiveness and general findings of each respective computerized income,
132 asset, and identity eligibility verification system, as well as which databases or information tools
133 listed under paragraph (c) and (d) were accessed by the system during eligibility determinations
134 and redeterminations.