HOUSE DOCKET, NO. 3392 FILED ON: 1/18/2013

HOUSE . . . . . No. 1045

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 passage of the accompanying:

An Act relative to eliminating fraud in the Mass Health medical assistance program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Robert L. Hedlund	*Plymouth and Norfolk*
Shaunna O'Connell	*3rd Bristol*
Russell E. Holmes	*6th Suffolk*
Nicholas A. Boldyga	*3rd Hampden*
Angelo L. D'Emilia	*8th Plymouth*
Peter J. Durant	*6th Worcester*
Kimberly N. Ferguson	*1st Worcester*
Colleen M. Garry	*36th Middlesex*
Susan Williams Gifford	*2nd Plymouth*
Kevin J. Kuros	*8th Worcester*
Marc T. Lombardo	*22nd Middlesex*
Keiko M. Orrall	*12th Bristol*

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By Representatives O'Connell of Taunton and Holmes of Boston, a petition (accompanied by bill, House, No. 1045) of Robert L. Hedlund and others relative to eliminating fraud in the Mass Health medical assistance program. Health Care Financing.

The Commonwealth of Massachusetts

An Act relative to eliminating fraud in the Mass Health medical assistance program.

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:

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

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

(1) The division may 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 division may also contract with a vendor to provide information to facilitate reviews of recipient eligibility conducted by the division.

(2) If the 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 division shall, to the extent such data bases are available to the division, match the social security number of each applicant and recipient of assistance from the division against the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

66 (4) a comprehensive public records database that identifies potential Identity Fraud or
67 Identity Theft that can closely associate name, social security number, date of birth, phone and
68 address information;

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

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

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

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

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

80 (2) if the information discovered under paragraph (c) and (d) results in the division
81 finding the applicant or recipient ineligible for assistance under this section, the applicant or
82 recipient shall be given an opportunity to explain the discrepancy; provided, however, that self-
83 declarations by applicants or recipients shall not be accepted as verification of categorical and

84 financial eligibility during eligibility evaluations and reevaluations. The division shall provide
85 written notice to said applicant or recipient, which shall describe in sufficient detail the
86 circumstances of the discrepancy, the manner in which the applicant or recipient may respond,
87 and the consequences of failing to take action. The applicant or recipient shall have 10 business
88 days to respond in an attempt to resolve the discrepancy. The explanation provided by the
89 recipient or applicant shall be given in writing. After receiving the explanation, the division,
90 whichever applies, may request additional documentation if it determines that there is a
91 substantial risk of fraud;

92 (3) If the applicant or recipient does not respond to the notice, the division shall deny
93 assistance for failure to cooperate, in which case the division shall provide notice of intent to
94 discontinue assistance. Eligibility for assistance shall not be reestablished until the significant
95 discrepancy has been resolved.

96 (4) If an applicant or recipient responds to the notice and disagrees with the findings of
97 the match between his or her social security number and one or more databases or information
98 tools listed under this section, the division shall reinvestigate the matter. If the division finds that
99 there has been an error, the division shall take immediate action to correct it and no further action
100 shall be taken. If, after an investigation, the division determines that there is no error, the division
101 shall determine the effect on the applicant or recipient's case and take appropriate action. Written
102 notice of the division's action shall be given to the applicant or recipient.

103 (5) If the applicant or recipient agrees with the findings of the match between the
104 applicant's or recipient's social security number and one or more databases or information tools
105 listed under this chapter, the division shall determine the effect on the applicant or recipient's
106 case and take appropriate action. Written notice of the division's action shall be given to the
107 applicant or recipient. In no case shall the division discontinue assistance as a result of a match
108 between the applicant's or recipient's social security number and one more databases or
109 information tools listed under this chapter until the applicant or recipient has been given notice
110 of the discrepancy and the opportunity to respond.

111 (f) The division shall promulgate all rules and regulations necessary for the purposes of
112 carrying out this act.

113 SECTION 2. Nothing in this act shall preclude the division from continuing to conduct
114 additional eligibility verification processes, not detailed in this act, that are currently in practice.

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

117 SECTION 4. Six months following the implementation of section 1 and 2, and annually
118 thereafter, the division shall file with the clerks of the house and senate, a report detailing the
119 effectiveness and general findings of the computerized income, asset, and identity eligibility

120 verification system, as well as which databases or information tools listed under paragraph (c)
121 and (d) were accessed by the system during eligibility determinations and redeterminations.