

1 SB195
2 181939-1
3 By Senator Orr
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 16-FEB-17

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8 SYNOPSIS: This bill would require the Alabama Medicaid
9 Agency to use certain eligibility verification
10 measures to eliminate the duplication of
11 assistance, and deter waste, fraud, and abuse of
12 benefits and would allow the agency to contract
13 with a third-party vendor under certain conditions.

14 This bill would also require the Alabama
15 Medicaid Agency to implement certain practices
16 relating to quarterly eligibility verification and
17 identity verification examinations and would
18 establish procedures for the dispute of findings by
19 the agency.

20 This bill would also require the agency to
21 refer certain instances of fraud to the Attorney
22 General or appropriate district attorney for civil
23 or criminal prosecution and to report to the
24 Legislature regarding the effectiveness of the
25 verification practices.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 Relating to Medicaid; to require the Alabama
5 Medicaid Agency to use certain eligibility verification
6 measures; to authorize the use of third-party vendors under
7 certain conditions; to require the Alabama Medicaid Agency to
8 implement quarterly eligibility verification checks; to
9 provide for procedures for disputes of determinations by the
10 agency; to require the agency to implement certain identity
11 verification examinations; to require the referral of certain
12 instances of identified fraud to the Attorney General and the
13 district attorney; and to require the agency to report to the
14 Governor, the Legislature, and the Department of Finance; and
15 to provide rulemaking authority.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. (a) Prior to awarding assistance and
18 completing enrollment, the Alabama Medicaid Agency shall
19 verify eligibility information of each applicant.

20 (b) The information verified by the agency shall
21 include, but is not limited to, all of the following:

22 (1) Earned and unearned income.

23 (2) Employment status and changes in employment.

24 (3) Immigration status.

25 (4) Residency status, including a nationwide
26 best-address source to verify individuals are residents of
27 this state.

1 (5) Enrollment status in other state-administered
2 public assistance programs.

3 (6) Financial resources.

4 (7) Incarceration status.

5 (8) Death records.

6 (9) Enrollment status in public assistance programs
7 outside of this state.

8 (10) Potential identity fraud or identity theft.

9 (c) The agency shall sign a memorandum of
10 understanding with any state department, agency, or division
11 for information detailed in subsection (b).

12 (d) The agency may contract with one or more
13 independent vendors to provide information detailed in
14 subsection (b). Any contract entered under this subsection
15 shall establish annualized savings that exceed the contract's
16 total annual cost to the state.

17 (e) Nothing in this section shall preclude the
18 agency from receiving or reviewing additional information
19 related to eligibility not detailed in this section or from
20 contracting with one or more independent vendors to provide
21 additional information not detailed in this section.

22 Section 2. (a) On at least a quarterly basis after
23 initial enrollment, the Alabama Medicaid Agency shall receive
24 and review information concerning individuals enrolled to
25 receive benefits that indicates a change in circumstances that
26 may affect eligibility.

1 (b) The information provided to the agency shall
2 include, but is not limited to, all of the following:

3 (1) Earned and unearned income.

4 (2) Employment status and changes in employment.

5 (3) Immigration status.

6 (4) Residency status, including a nationwide
7 best-address source to verify individuals are residents of
8 this state.

9 (5) Enrollment status in other state-administered
10 public assistance programs.

11 (6) Financial resources.

12 (7) Incarceration status.

13 (8) Death records.

14 (9) Enrollment status in public assistance programs
15 outside of this state.

16 (10) Potential identity fraud or identity theft.

17 (c) The agency shall sign a memorandum of
18 understanding with any state department, agency, or division
19 for information detailed in subsection (b).

20 (d) The agency may contract with one or more
21 independent vendors to provide information detailed in
22 subsection (b). Any contract entered under this subsection
23 shall establish annualized savings that exceed the contract's
24 total annual cost to the state.

25 (e) The agency shall explore joining any multi-state
26 cooperative to identify individuals who are also enrolled in

1 public assistance programs outside of this state, including
2 the National Accuracy Clearinghouse.

3 (f) Nothing in this section shall preclude the
4 agency from receiving or reviewing additional information
5 related to eligibility not detailed in this section or from
6 contracting with one or more independent vendors to provide
7 additional information not detailed in this section.

8 (g) If the agency receives information that may
9 affect eligibility concerning an individual enrolled to
10 receive benefits, the agency shall review the individual's
11 case using the following procedures:

12 (1) If the information does not result in the agency
13 finding a discrepancy or change in an individual's
14 circumstances that may affect eligibility, the agency shall
15 take no further action.

16 (2) If the information results in the agency finding
17 a discrepancy or change in an individual's circumstances that
18 may affect eligibility, the agency shall promptly redetermine
19 eligibility after receiving such information.

20 (3) If the information results in the agency finding
21 a discrepancy or change in an individual's circumstances that
22 may affect eligibility, the individual shall be given an
23 opportunity to explain the discrepancy; provided, however,
24 that self-declarations by applicants or recipients shall not
25 be accepted as verification.

26 (4) The agency shall provide written notice to the
27 individual, which shall describe in sufficient detail the

1 circumstances of the discrepancy or change, the manner in
2 which the applicant or recipient may respond, and the
3 consequences of failing to take action. The applicant or
4 recipient shall have 10 business days, or the minimum required
5 by state or federal law, to respond in an attempt to resolve
6 the discrepancy or change. The explanation provided by the
7 recipient or applicant shall be given in writing. After
8 receiving the explanation, the agency may request additional
9 documentation if it determines that there is risk of fraud,
10 misrepresentation, or inadequate documentation.

11 (5) If the individual does not respond to the
12 notice, the agency shall discontinue assistance for failure to
13 cooperate, in which case the agency shall provide notice of
14 intent to discontinue assistance. Eligibility for assistance
15 shall not be established or reestablished until the
16 discrepancy or change has been resolved.

17 (6) If an individual responds to the notice and
18 disagrees with the findings, the agency shall reinvestigate
19 the matter. If the agency finds that there has been an error,
20 the agency shall take immediate action to correct it and no
21 further action shall be taken. If, after an investigation, the
22 agency determines that there is no error, the agency shall
23 determine the effect on the individual's case and take
24 appropriate action. Written notice of the agency's action
25 shall be provided to the individual.

26 (7) If the individual agrees with the findings, the
27 agency shall determine the effect on the individual's case and

1 take appropriate action. Written notice of the agency's action
2 shall be given to the individual. In no case shall the agency
3 discontinue assistance upon finding a discrepancy or change in
4 circumstances until the individual has been given notice of
5 the discrepancy and the opportunity to respond as required
6 under this act.

7 Section 3. (a) Prior to awarding assistance, the
8 Alabama Medicaid Agency shall require applicants to complete
9 an identity authentication process to confirm that the
10 applicant owns the identity presented in the application.

11 (b) The identity authentication process shall be
12 conducted through a knowledge-based examination consisting of
13 financial or personal questions. The examination must attempt
14 to accommodate non-banked or under-banked applicants who do
15 not have an established credit history.

16 (c) The identity authentication process shall be
17 available to be submitted through multiple channels, including
18 online, in-person, and via phone.

19 Section 4. The Alabama Medicaid Agency shall provide
20 information obtained under Sections 1 through 3, inclusive, of
21 this act to the Attorney General or the appropriate district
22 attorney for cases of suspected fraud.

23 Section 5. By January 1, 2018, and quarterly
24 thereafter, the Alabama Medicaid Agency shall provide a
25 written report to the Governor, the President Pro Tempore of
26 the Senate, the Speaker of the House of Representatives, and
27 the Department of Finance detailing the effectiveness and

1 general findings of any eligibility verification measures
2 utilized as provided in Sections 1 through 4, inclusive,
3 including the number of cases reviewed, the number of case
4 closures, the number of referrals for criminal prosecution,
5 recovery of improper payment, the disposition of cases
6 referred to the Attorney General, and any resulting savings.

7 Section 6. The Alabama Medicaid Agency may adopt
8 rules for the implementation and administration of this act.

9 Section 7. This act shall become effective on the
10 first day of the third month following its passage and
11 approval by the Governor, or its otherwise becoming law.