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3 SENATE FR&ED COMMITTEE SUBSTITUTE FOR SB195
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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 semi-annual eligibility verification
17 and 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 appropriate
22 district attorney for civil or criminal prosecution
23 and to report to the Legislature regarding the
24 effectiveness of the verification practices.
25

26 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 semi-annual 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 appropriate district
13 attorney; and to require the agency to report to the Governor,
14 the Legislature, and the Department of Finance; and to provide
15 rulemaking authority.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. (a) To the extent allowed by federal law
18 and regulations, and subject to Centers for Medicare and
19 Medicaid Services ("CMS") approval of the Alabama Medicaid
20 Agency's eligibility verification plan, prior to awarding
21 assistance and completing enrollment, the agency shall verify
22 eligibility information of each applicant.

23 (b) The information verified by the agency shall
24 include, but is not limited to, all of the following, provided
25 such information is related to the eligibility criteria for

1 the Medicaid eligibility group for which the applicant is
2 applying:

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). Except for a contract which is required by
23 federal law, including but not limited to a contract to
24 implement the asset verification program required by 42 U.S.C.
25 § 1396w as amended, any contract entered under this subsection

1 shall establish annualized savings that exceed the contract's
2 total annual cost to the state.

3 (e) 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 Section 2. (a) To the extent allowed by federal law
9 and regulations, and subject to CMS approval of the agency's
10 eligibility verification plan, on at least a semi-annual basis
11 after initial enrollment, the agency shall receive and review
12 eligibility-related information concerning individuals
13 enrolled to receive benefits.

14 (b) The information provided to the agency shall
15 include, but is not limited to, all of the following, provided
16 such information is related to the eligibility criteria for
17 the Medicaid eligibility group for which the individual is
18 currently eligible:

19 (1) Earned and unearned income.

20 (2) Employment status and changes in employment.

21 (3) Immigration status.

22 (4) Residency status, including a nationwide
23 best-address source to verify individuals are residents of
24 this state.

25 (5) Enrollment status in other state-administered
26 public assistance programs.

1 (6) Financial resources.

2 (7) Incarceration status.

3 (8) Death records.

4 (9) Enrollment status in public assistance programs
5 outside of this state.

6 (10) Potential identity fraud or identity theft.

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

10 (d) The agency may contract with one or more
11 independent vendors to provide information detailed in
12 subsection (b). Except for a contract which is required by
13 federal law, including but not limited to a contract to
14 implement the asset verification program required by 42 U.S.C.
15 § 1396w as amended, any contract entered under this subsection
16 shall establish annualized savings that exceed the contract's
17 total annual cost to the state.

18 (e) The agency shall explore joining any multi-state
19 cooperative to identify individuals who are also enrolled in
20 public assistance programs outside of this state, including
21 the National Accuracy Clearinghouse.

22 (f) Nothing in this section shall preclude the
23 agency from receiving or reviewing additional information
24 related to eligibility not detailed in this section or from
25 contracting with one or more independent vendors to provide
26 additional information not detailed in this section.

1 (g) If the agency receives information that may
2 affect eligibility concerning an individual enrolled to
3 receive benefits, the agency shall review the individual's
4 case using the following procedures:

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

9 (2) If the information results in the agency finding
10 a discrepancy or change in an individual's circumstances that
11 may affect eligibility, the agency shall promptly evaluate the
12 effect of the information on the individual's eligibility
13 after receiving such information, consistent with the
14 procedures in this subsection (g).

15 (3) If the information results in the agency finding
16 a discrepancy or change in an individual's circumstances that
17 may affect eligibility, the individual shall be given an
18 opportunity to explain the discrepancy; provided, however,
19 that self-declarations of eligibility-related information by
20 applicants or recipients shall only be accepted as
21 verification when adequate documentation does not exist or is
22 not reasonably available.

23 (4) The agency shall provide written notice to the
24 individual, which shall describe in sufficient detail the
25 circumstances of the discrepancy or change, the manner in
26 which the applicant or recipient may respond, and the

1 consequences of failing to take action. The applicant or
2 recipient shall have a reasonable period to respond in an
3 attempt to resolve the discrepancy or change. The explanation
4 provided by the recipient or applicant shall be given in
5 writing. After receiving the explanation, the agency may
6 request additional documentation if it determines that there
7 is risk of fraud, misrepresentation, or inadequate
8 documentation. In no case shall the agency discontinue
9 assistance upon finding a discrepancy or change in
10 circumstances until the individual has been given notice of
11 the discrepancy and the opportunity to respond as required
12 under this act.

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

19 (6) If an individual responds to the notice and
20 disagrees with the agency's finding of a discrepancy, the
21 agency shall reinvestigate the matter. If the agency finds
22 that there has been an error regarding its finding of a
23 discrepancy, the agency shall take immediate action to correct
24 it and no further action shall be taken. If, after an
25 investigation, the agency determines that there is no error,
26 the agency shall determine the effect on the individual's

1 eligibility and take appropriate action. Written notice of the
2 agency's action shall be provided to the individual.

3 (7) If the individual agrees with the agency's
4 finding of a discrepancy, the agency shall determine the
5 effect on the individual's eligibility and take appropriate
6 action. Written notice of the agency's action shall be given
7 to the individual.

8 Section 3. (a) To the extent allowed by federal law
9 and regulations, and subject to CMS approval of the Agency's
10 eligibility verification plan, prior to awarding assistance,
11 the Alabama Medicaid Agency shall require applicants to
12 complete an identity authentication process to confirm that
13 the applicant owns the identity presented in the application.

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

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

22 Section 4. The Alabama Medicaid Agency shall provide
23 information obtained under Sections 1 through 3, inclusive, of
24 this act to the appropriate district attorney for cases of
25 suspected fraud.

1 Section 5. One year after the effective date of this
2 act, and annually thereafter, the Alabama Medicaid Agency
3 shall provide a written report to the Governor, the President
4 Pro Tempore of the Senate, the Speaker of the House of
5 Representatives, and the Department of Finance detailing the
6 effectiveness and general findings of any eligibility
7 verification measures utilized as provided in Sections 1
8 through 4, inclusive, including the number of cases reviewed,
9 the number of case closures, the number of referrals for
10 criminal prosecution, recovery of improper payment, the
11 disposition of cases referred to the appropriate district
12 attorney, and any resulting savings that can accurately be
13 estimated by the Agency.

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

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