

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 6

**PRINTER NO.** 994

**AMOUNT**

See Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

January 25, 2017

**PRIME SPONSOR**

Senator Regan

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 6 establishes the Public Assistance Integrity Act (“PAIA”) to strengthen benefit eligibility criteria, limit the use of access devices, and increase penalties for instances of willful fraud.

Definition of “Access Device”

Defines the term “access device” as an electronic benefit transfer card that is used by the Department of Human Services (“Department”) to convey public assistance benefits to a recipient. Recipients use the access device to access cash assistance, SNAP, and medical assistance benefits.

Available Resource Exemption: Motor Vehicles

Exempts one motor vehicle from being considered an available resource of an applicant or recipient when determining initial or continuous eligibility for assistance, if that motor vehicle has a fair market value of less than \$40,000. The appraisal will be based on “a standard guide resource available to the automobile industry and consumers that determines the value of new and used automobiles.”

Lottery Winnings as an Available Resource; DHS Verification

Requires individual lottery winnings of \$600 or more to be considered an available resource when determining a recipient’s eligibility for assistance. Lottery winnings shall be calculated on a prorated basis over a 12-month period following receipt of such winnings.

Requires the Department to cross-reference the social security number of each applicant or recipient with the lottery winners’ database maintained by the Pennsylvania Lottery.

Eligibility for Individuals Convicted of Drug Distribution

Under new section 432.25, individuals convicted of a felony for violating certain specified sections of The Controlled Substance, Drug, Device and Cosmetic Act will be prohibited from receiving public assistance, unless the individual is:

- complying or has complied with obligations imposed by the criminal court; and
- actively engaged in or has completed with a court-ordered substance abuse treatment program and participates in periodic drug tests for 10 years after the drug-related conviction or for the duration of probation (whichever is longer).

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Upon a second or subsequent conviction, an individual will no longer be eligible for public assistance.

Individuals who fail the court-ordered drug test are subject to sanctions.

For the first failed drug test:

- The Department must notify the individual of the failed drug test no later than 7 days after the receipt of the drug test results.
- The individual must be provided an assessment and treatment for addiction as indicated by treatment criteria developed by the Single State Authority on Drugs and Alcohol.
  - Assessments must be conducted by the Single County Authority (“SCA”) on Drugs and Alcohol (or a designee).
  - Treatment recommended must be provided by facilities licensed by the Division of Drug and Alcohol Program Licensure in the Department of Drug and Alcohol Programs (“DDAP”).
  - Medicaid eligibility determinations will be expedited to ensure access to assessment and addiction treatment through Medicaid.
- If the individual cooperates with the assessment and treatment, no penalty is imposed.
- If the individual refuses to cooperate with the assessment and treatment, public assistance will be suspended for six (6) months, beginning with the next scheduled distribution and for every other distribution period until the suspension lapses.
- After the suspension, an individual may apply for public assistance, but must submit to a retest.

For the second failed drug test or retest, an individual is precluded from receiving public assistance.

Explicitly states that applicants or recipients who fail a drug test or retest are in no way precluded from participating in (a) a Commonwealth program that pays the costs for participating in a drug treatment program or a medical assistance program, (b) a medical assistance program, or (c) another benefit not defined as public assistance.

Discretion is given to the Department to determine if implementation of section 432.25 is cost effective.

Benefits afforded to minor children of those denied eligibility will be unaffected.

### Eligibility for Violators of Sexual Offender Registration

Under new section 432.26, an individual who is required to register as a convicted sex offender but is not in compliance with the statutory registration requirements will not be eligible for public assistance. Offenders who lose benefits for non-compliance can have their benefits reinstated after demonstrating compliance. The eligibility of minor children living in the household will be unaffected.

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Requires the Department to issue regulations to effect compliance with the registration requirements for transient and homeless individuals.

Increased Penalties for Willful Fraud

Amends section 481(b) to regrade criminal penalties for fraudulent benefit activity, as follows:

Amount of Assistance/ Food Stamps Fraudulently Received	Degree of Crime
>\$1,000	3rd degree felony
< \$999 or a failed attempt	1st degree misdemeanor

Prohibited Use of Public Assistance Funds

Amends section 484 to make it unlawful for any individual to withdraw funds from an access device for any transaction in a casino or gaming establishment or from any retail establishment that provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment.

Prohibits an entity licensed by the Pennsylvania Gaming Control Board (“PGCB”) or the Pennsylvania Liquor Control Board (“PLCB”) to allow for the withdrawal of funds from an access device or allow for public assistance benefits to be used through a point-of-sale transaction. Any retailer that willfully violates the provisions of section 484 is guilty of a misdemeanor.

Requires the PGCB and PLCB, in consultation with the Department, to take appropriate measures to prevent such prohibited transactions.

Lost Access Devices: Penalties and Reporting Requirements

Under new section 485, a recipient who requests the replacement of an access device must pay a replacement fee of \$5 for the first access device requested. A replacement fee of \$100 is assessed for the second and each subsequent replacement access device requested. Payment must be made prior to the issuance of any replacement access device.

A fee is not to be charged, however, if:

- The access device has been lost in postage or is otherwise lost by the Department.
- The access device is damaged or does not function.
- The original access device is lost or damaged in a fire, flood or other natural disaster.

Requires the Department to notify the Office of Inspector General of the name of any recipient who requests two or more access devices in a calendar year.

This act shall take effect in 60 days.

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### **FISCAL IMPACT:**

#### Available Resource Exemption: Motor Vehicles

This provision of the bill would result in some savings to the Commonwealth. It would prevent individuals, if previously eligible, from receiving cash assistance (annual cost of \$2,500) and the State Supplementary Payments (annually up to \$340). At this time, there is no methodology to determine the number of individuals that would be impacted.

There would be no additional administrative cost to the Department. This review can be done in the normal course of eligibility review by the Department's case workers.

#### Lottery Winnings as an Available Resource: DHS Verification

This provision of the bill would result in some savings to the Commonwealth. It would prevent individuals, if previously eligible, from receiving cash assistance (annual cost of \$2,500) and the State Supplementary Payments (annually up to \$340). At this time, there is no methodology to determine the number of individuals that would be impacted.

The Governor's Budget Office identified \$1 million (\$0.320 in State and \$0.680 million in Federal) needed for information technology changes to implement. This funding can be absorbed within the Department's current information technology funding level.

#### Eligibility for Individuals Convicted of Drug Distribution

This provision of the bill should have no adverse fiscal impact. The provision provides the Department of Human Services with the discretion to determine when it is cost-effective to implement.

#### Eligibility for Violators of Sexual Offender Registration

This provision of the bill could save the Commonwealth up to \$960,000. There are currently 338 individuals on Pennsylvania's Megan's Law website that are listed as absconded or non-compliant. Passage of this bill would prevent these individuals, if previously eligible) from receiving cash assistance (annual cost of \$2,500) and the State Supplementary Payments (annually up to \$340).

#### Increased Penalties for Willful Fraud

This provision of the bill should have no adverse fiscal impact.

#### Prohibited Use of Public Assistance Funds

This provision of the bill should have no adverse fiscal impact.

#### Lost Access Devices: Penalties and Reporting Requirements

This provision of the bill would result in some savings to the Commonwealth. This provision would prevent individuals from potentially receiving Supplemental Nutrition Assistance Program (\$250 per month average family benefit), cash assistance (\$208 per month) and the State Supplementary Payments (monthly up to \$340) from stolen or illegally purchased EBT cards.