



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 960

PRINTERS NO. 1028 PRIME SPONSOR: Gingrich

### COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

**SUMMARY:** Amends the Public Welfare Code providing for a Fraud Detection System and for an Income Eligibility Verification System (IEVS) with the Department of Public Welfare in order to verify eligibility, eliminate duplication of assistance and deter fraudulent activity. Effective date is immediately.

**ANALYSIS:** House Bill 960 requires the department to establish uniform procedures for each county to use to identify, investigate and resolve potential fraud, misrepresentation or inadequate documentation prior to determining an applicant's eligibility for assistance. Every case is to be reviewed; every review is to use the Income Eligibility Verification system. Each applicant and recipient's social security number is to be cross-matched with the databases listed in the legislation. House Bill 960 also provides a specific reconciliation process if there is discrepancy between the individual's social security number and any of the databases. The department is prohibited from discontinuing or modifying the amount or type of assistance until the applicant or recipient has been given notice of the discrepancy and the opportunity to respond. The legislation requires that, beginning no later than one year after the effective date, the department submit an annual report detailing the results achieved including the number of cases closed and savings generated to the Governor, the General Assembly and the Inspector General.

**FISCAL IMPACT:** As a result of the Federal Deficit Reduction Act (DEFRA) of 1984, the department created an Income Eligibility Verification System; the federal law required states to implement data exchanges to provide information to caseworkers determining eligibility and the amount of the benefit. The department began implementation in 1987 (after the federal regulations were approved) and currently uses a computerized system to cross-check social security numbers with certain data exchanges. However, the system is operating administratively without departmental regulations or the authority of state law. House Bill 906 would create a legislative mandate for the current operation.

Adoption of this legislation would have no fiscal impact on Commonwealth funds at this time. Establishing a statutory basis for the IEVS system assures implementation of cross matching checks as a part of the eligibility determination process. Although difficult to quantify, it is estimated that out year savings will be generated due to a more aggressive application of the database information and increased determinations of ineligibility.

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House Appropriations Committee (R)

**DATE:** April 6, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*