

1 SB140
2 189077-2
3 By Senators Orr, Holtzclaw, Williams, Livingston, Bussman,
4 Stutts, Albritton, Hightower, Scofield and Reed
5 RFD: Fiscal Responsibility and Economic Development
6 First Read: 11-JAN-18

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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 would establish procedures for the dispute of
18 findings by the agency.

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

24 This bill would also establish work
25 requirements for eligibility to participate in
26 Medicaid, would provide exceptions to the work
27 requirements, and would authorize the agency to

1 submit a state plan amendment or waiver necessary
2 to implement the work requirements.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

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8 Relating to Medicaid; to require the Alabama
9 Medicaid Agency to use certain eligibility verification
10 measures; to authorize the use of third-party vendors under
11 certain conditions; to require the Alabama Medicaid Agency to
12 implement semi-annual eligibility verification checks; to
13 provide for procedures for disputes of determinations by the
14 agency; to require the referral of certain instances of
15 identified fraud to appropriate district attorney; and to
16 require the agency to report to the Governor, the Legislature,
17 and the Department of Finance; to establish work requirements
18 for eligibility to participate in Medicaid; to provide
19 exceptions to the work requirements; to authorize the agency
20 to submit a state plan amendment or waiver necessary to
21 implement the work requirements; and to provide rulemaking
22 authority.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) To the extent allowed by federal law
25 and regulations, and subject to Centers for Medicare and
26 Medicaid Services ("CMS") approval of the Alabama Medicaid
27 Agency's eligibility verification plan, prior to awarding

1 assistance and completing enrollment, the agency shall verify
2 eligibility information of each applicant.

3 (b) The information verified by the agency shall
4 include, but is not limited to, all of the following, provided
5 such information is related to the eligibility criteria for
6 the Medicaid eligibility group for which the applicant is
7 applying:

8 (1) Earned and unearned income.

9 (2) Employment status and changes in employment.

10 (3) Immigration status.

11 (4) Residency status, including a nationwide
12 best-address source to verify individuals are residents of
13 this state.

14 (5) Enrollment status in other state-administered
15 public assistance programs.

16 (6) Financial resources.

17 (7) Incarceration status.

18 (8) Death records.

19 (9) Enrollment status in public assistance programs
20 outside of this state.

21 (10) Potential identity fraud or identity theft.

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

25 (d) The agency may contract with one or more
26 independent vendors to provide information detailed in
27 subsection (b). Except for a contract which is required by

1 federal law, including but not limited to a contract to
2 implement the asset verification program required by 42 U.S.C.
3 § 1396w as amended, any contract entered under this subsection
4 shall establish annualized savings that exceed the contract's
5 total annual cost to the state.

6 (e) Nothing in this section shall preclude the
7 agency from receiving or reviewing additional information
8 related to eligibility not detailed in this section or from
9 contracting with one or more independent vendors to provide
10 additional information not detailed in this section.

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

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

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). Except for a contract which is required by
15 federal law, including but not limited to a contract to
16 implement the asset verification program required by 42 U.S.C.
17 § 1396w as amended, any contract entered under this subsection
18 shall establish annualized savings that exceed the contract's
19 total annual cost to the state.

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

24 (f) Nothing in this section shall preclude the
25 agency from receiving or reviewing additional information
26 related to eligibility not detailed in this section or from

1 contracting with one or more independent vendors to provide
2 additional information not detailed in this section.

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

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

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

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

25 (4) The agency shall provide written notice to the
26 individual, which shall describe in sufficient detail the
27 circumstances of the discrepancy or change, the manner in

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

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

20 (6) If an individual responds to the notice and
21 disagrees with the agency's finding of a discrepancy, the
22 agency shall reinvestigate the matter. If the agency finds
23 that there has been an error regarding its finding of a
24 discrepancy, the agency shall take immediate action to correct
25 it and no further action shall be taken. If, after an
26 investigation, the agency determines that there is no error,
27 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. The Alabama Medicaid Agency shall provide
9 information obtained under Sections 1 and 2, inclusive, of
10 this act to the appropriate district attorney for cases of
11 suspected fraud.

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

25 Section 5. (a) Subject to the other provisions of
26 this act, an individual is not eligible to participate in the

1 Medicaid program unless that individual satisfies at least one
2 of the following:

3 (1) Is working 20 hours or more per week, averaged
4 monthly.

5 (2) Is participating and complying with the work
6 requirements of a work program 20 hours or more per week, as
7 determined by the Alabama Medicaid Agency.

8 (3) Is volunteering 20 hours or more per week, as
9 determined by the agency.

10 (4) Is meeting any combination of working and
11 participating in a work program for a total of 20 hours or
12 more per week, as determined by the agency.

13 (5) Is participating in and complying with the
14 requirements of a workfare program.

15 (6) Is exempt from the work requirements as provided
16 in subsection (b).

17 (b) The work requirements under subsection (a) do
18 not apply to an individual if he or she is any of the
19 following:

20 (1) Under the age of 19 years.

21 (2) Over the age of 65 years.

22 (3) Is medically certified as physically or mentally
23 unfit for employment.

24 (4) Is pregnant.

25 (5) Is a parent or caretaker responsible for the
26 care of a dependent child under the age of one year.

1 (6) Is a parent or caretaker personally providing
2 the care for a dependent child with serious medical conditions
3 or with a disability, as determined by the agency.

4 (7) Is receiving unemployment compensation and
5 complying with work requirements that are part of the
6 federal-state unemployment compensation system.

7 (8) Is participating in a drug addiction or
8 alcoholic treatment and rehabilitation program.

9 (c) The agency shall submit any state plan amendment
10 or waiver needed to implement this act.

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

13 Section 7. Section 6 of this act shall become
14 effective following its passage and approval by the Governor
15 and upon approval of the state plan amendment or wavier as
16 provided in that section. The remaining sections of the act
17 shall become effective on the first day of the third month
18 following its passage and approval by the Governor, or its
19 otherwise becoming law.