

# WEST VIRGINIA LEGISLATURE

## 2018 REGULAR SESSION

**Introduced**

### **House Bill 4001**

**FISCAL  
NOTE**

BY DELEGATES FAST, HIGGINBOTHAM, FOSTER,  
MCGEEHAN, KESSINGER, WESTFALL, MARTIN, AMBLER,  
BUTLER, QUEEN AND SYPOLT

[Introduced January 12, 2018; Referred  
to the Committee on Health and Human Resources then  
the Judiciary]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new a new  
 2 article, designated §9-8-1, §9-8-2, §9-8-3, §9-8-4, §9-8-5, §9-8-6, §9-8-7, §9-8-8, §9-8-9,  
 3 §9-8-10, §9-8-11, §9-8-12, §9-8-13, and §9-8-14, all relating to eligibility and fraud  
 4 requirements for public assistance; defining terms; requiring the Department of Health and  
 5 Human Resources to implement work requirements for applicants for the Supplemental  
 6 Nutrition Assistance Program (SNAP); requiring discontinuance of a federal waiver; setting  
 7 forth what meets work requirements; setting out exceptions to work requirements;  
 8 providing for a good cause exception; allowing for a federal waiver; providing for rule-  
 9 making for suspension of benefits for noncompliance; providing for an asset test for SNAP  
 10 benefits; requiring accessing information of various federal, state and miscellaneous  
 11 sources; prohibiting payment of SNAP benefits in specified instances; requiring  
 12 cooperation with the Bureau for Child Support Enforcement; requiring a design or  
 13 establishment of a computerized income, asset and identity verification system for  
 14 Temporary Assistance for Needy Families (TANF); allowing for contracting with a third-  
 15 party vendor; setting out required contract terms; requiring accessing information of  
 16 various federal, state and miscellaneous sources for TANF; requiring identity  
 17 authentication as a condition to receive public assistance; setting forth notice requirements  
 18 and right to a hearing; requiring referrals for fraud, misrepresentation and inadequate  
 19 documentation; requiring a report to the Governor and Legislature; setting forth  
 20 prohibitions on the use of an electronic benefit transfer card; tracking out-of-state spending  
 21 of SNAP and TANF benefits; and providing for rulemaking.

*Be it enacted by the Legislature of West Virginia:*

**ARTICLE 8. ELIGIBILITY AND FRAUD REQUIREMENTS FOR PUBLIC ASSISTANCE.**

**§9-8-1. Definitions.**

1           As used in this article:

2           “Able bodied” means a person between the ages of eighteen and forty-nine who has no  
3 dependents and is not disabled.

4           “Asset” or “asset test” means, for the purposes of this article, all assets of the members of  
5 the applicant’s household, including:

6           (A) All bank accounts, excluding retirement accounts of members of the household;

7           (B) All cash, excluding the first \$2,000 of members of the household;

8           (C) All lottery and gambling income of the household whether received as a lump sum or  
9 installment payments;

10           (D) All real estate, excluding the primary household residence and surrounding lot; and

11           (E) All other personal property, excluding personal belongings, household goods and one  
12 vehicle.

13           “Applicant” or “recipient” means a person who is applying for, or currently receiving, public  
14 assistance in the State of West Virginia from the department.

15           “Department” means the West Virginia Department of Health and Human Resources.

16           “Electronic benefit transfer” or “EBT” means any electronic system which allows the  
17 department to issue and track benefits via a magnetically encoded payment card.

18           “Household” means the same as that term is defined in 7 C.F.R. §273.1(a) and (b).

19           “Public assistance” means government benefits provided to qualifying individuals on the  
20 basis of need to provide basic necessities to individuals and their families. These shall include,  
21 but are not limited to, the following:

22           (A) Supplemental Nutrition Assistance Program, or SNAP;

23           (B) Medicaid; and

24           (C) Temporary Assistance to Needy Families, or TANF.

25           “Secretary” means the Secretary of the West Virginia Department of Health and Human  
26 Resources.

27 “Work” or “working” means:

28 (A) Work in exchange for money;

29 (B) Work in exchange for goods or services (“in kind” work);

30 (C) Unpaid work, verified under standards established by the department in rule; or

31 (D) Any combination thereof.

**§9-8-2. Work requirements.**

1 (a) Beginning October 1, 2018, the department shall implement the work requirements for  
2 recipients of Supplemental Nutrition Assistance Program benefits as required pursuant to 7  
3 U.S.C. §2015(o) in counties where they deem there to be sufficient opportunities for recipients for  
4 work or volunteerism.

5 (b) If a recipient resides in a county which the department has deemed contains sufficient  
6 work or volunteerism opportunities the applicant for supplemental nutrition assistance benefits  
7 shall:

8 (1) Be required to work at least twenty hours per week, averaged monthly, or eighty hours  
9 a month; or

10 (2) Participate in, and comply with, the requirements of a work program of twenty hours  
11 per week, as determined by the department in rule; or

12 (3) Any combination of working and/or participating in a work program for a total of twenty  
13 hours per week, as determined by the department in rule; or

14 (4) Participate in, and comply with, a workfare program as set out in 7 C.F.R .273.24(a)(3).

15 (c) As determined by the department, if an individual would have worked an average of  
16 twenty hours per week but missed some work for good cause, the individual shall be considered  
17 to have met the work requirement if the absence from work is temporary and the individual retains  
18 his or her job. Good cause includes circumstances beyond the individual’s control, such as, but  
19 not limited to, illness, illness of another household member requiring the presence of the member,  
20 a household emergency, or the unavailability of transportation.

21 (d) If the department determines that a waiver, or an amendment to a waiver, is necessary  
22 to implement a policy that complies with 7 C.F.R. 273.24, it shall request the waiver or the  
23 amendment to the waiver from the United States Department of Agriculture.

24 (e) The department shall propose rules for legislative approval in accordance with the  
25 provisions of §29A-3-1 et seq. of this code on the suspension of benefits for applicants who fail  
26 to comply with the work requirements as set forth in this section and for a plan for implementation  
27 of the work requirements in counties which they deem to have sufficient work or volunteerism  
28 opportunities.

**§9-8-3. Asset test.**

1 (a) For the purposes of determining eligibility for receipt of SNAP benefits, the department  
2 shall conduct an asset test on all members of the applicant's household. The allowable financial  
3 resources for eligibility for SNAP shall be those specified in 7 U.S.C. §2014(g)(1).

4 (b) Prior to determining eligibility for SNAP benefits, the department shall access  
5 information for every member of the applicant's household from, at a minimum, the following  
6 federal, state and miscellaneous sources:

7 (1) Federal sources:

8 (A) The Internal Revenue Service for earned and unearned income information;

9 (B) The United States Social Security Administration for:

10 (i) Earned income information;

11 (ii) Death register information;

12 (iii) Prisoner information or incarceration status;

13 (iv) Beneficiary records and earnings information maintained in the Beneficiary and  
14 Earnings Data Exchange database;

15 (v) Earnings and pension information maintained in the Beneficiary Earnings Exchange  
16 Record System database; and

17 (vi) Supplemental Security Income information maintained in the SSI State Data Exchange

18 database; and

19 (C) The United States Department of Health and Human Services for:

20 (i) Income and employment information maintained in its National Directory of New Hires

21 database;

22 (ii) Federal data sources maintained by the Office of Child Support Enforcement; and

23 (iii) Veterans' benefits information in coordination with the department and the West

24 Virginia Department of Veterans' Assistance in the federal Public Assistance Reporting

25 Information System database.

26 (2) States sources:

27 (A) Department of Health and Human Resources databases, including, but not limited to:

28 (i) Bureau for Child Support Enforcement for income and employment information;

29 (ii) Bureau for Children and Families for child care services information; and

30 (iii) Enrollment status in other public assistance programs;

31 (B) West Virginia Division of Labor for:

32 (i) Employment information;

33 (ii) Employer weekly, monthly, and/or quarterly reports of income and unemployment

34 insurance payments; and

35 (iii) Utility payments information maintained by the state under the Low Income Home

36 Energy Assistance Program;

37 (C) West Virginia Low Income Assistance Program for emergency utility payment

38 information; and

39 (D) West Virginia Consolidated Public Retirement Board for earnings and pension

40 information.

41 (3) Miscellaneous sources:

42 (A) Any existing real-time database of persons currently receiving benefits in other states,

43 such as the National Accuracy Clearinghouse; and

44 (B) Any databases maintained by the West Virginia Lottery Commission.

45 (c) Prior to determining eligibility, the department shall access information for every  
46 member of the applicant's household from the following public records:

47 (1) A nationwide public records data source of physical asset ownership. This may include,  
48 but is not limited to, real property, automobiles, watercraft, aircraft and luxury vehicles, or any  
49 other vehicle owned by the applicant and recipient of assistance; and

50 (2) National and local financial institutions in order to locate undisclosed depository  
51 accounts or verify account balances of disclosed accounts.

52 (d) If every member of the household receives supplemental security income the  
53 provisions of this article do not apply.

**§9-8-4. Cooperation in child support enforcement.**

1 An applicant for SNAP benefits who is greater than six months in arrears in a child support  
2 obligation entered pursuant to the provisions of §48-11-1 et seq. of this code shall be required to  
3 cooperate with the West Virginia Bureau for Child Support Enforcement as a condition of eligibility  
4 as set forth in 7 C.F.R. §273.11(o) and (p).

**§9-8-5. Income and identity verification.**

1 (a) By December 31, 2018, the department shall redesign an existing system or establish  
2 a new computerized income, asset and identity eligibility verification system or contract with a  
3 third-party vendor to verify eligibility, eliminate the duplication of assistance, and deter waste,  
4 fraud and abuse in each public assistance program which it administers.

5 (b) The department may contract with a third-party vendor to develop a system to provide  
6 a service or verify income, assets and identity eligibility of applicants to prevent fraud,  
7 misrepresentation and inadequate documentation when determining eligibility for public  
8 assistance. This system or service shall be accessed prior to determining eligibility, periodically  
9 between eligibility redeterminations, and during eligibility redeterminations and reviews. The  
10 department may contract with a vendor to provide information to facilitate reviews of recipient

11 eligibility conducted by the department.

12 (c) A contract entered into as provided in this article shall provide at a minimum:

13 (1) Establishment of the annual savings from implementation of the verification system  
14 and provide that the savings shall exceed the total yearly cost to the state for implementing the  
15 verification system, otherwise, in the department's discretion, the contract for the verification  
16 system may not be renewed; and

17 (2) A noncompete clause that precludes the primary vendor from bidding futures contracts  
18 in this state to operate any system of enrollment services for a reasonable amount of time, as  
19 determined by the department through the bidding process.

20 (d) Nothing in this article precludes the department from continuing to conduct additional  
21 eligibility verification processes currently in practice.

**§9-8-6. Eligibility verification.**

1 (a) All applications for benefits must be processed through a system as set forth in this  
2 article. Complete applications shall be processed within ten days of receipt or the minimum period  
3 required by federal law. Prior to determining eligibility, the department shall access information  
4 for every applicant from the following federal, state and other sources:

5 (1) Federal sources:

6 (A) The Internal Revenue Service for earned and unearned income information;

7 (B) The United States Social Security Administration for:

8 (i) Earned income information;

9 (ii) Death register information;

10 (iii) Prisoner information;

11 (iv) Beneficiary records and earnings information maintained in the Beneficiary and  
12 Earnings Data Exchange database;

13 (v) Earnings and pension information maintained in the Beneficiary Earnings Exchange  
14 Record System database; and



15 (vi) Supplemental Security Income information maintained in the SSI State Data Exchange  
16 database;

17 (C) The United States Department of Health and Human Services for:

18 (i) Income and employment information maintained in its National Directory of New Hires  
19 database;

20 (ii) Federal data sources maintained by the Office of Child Support Enforcement; and

21 (iii) Veterans' benefits information in coordination with the department and the West  
22 Virginia Department of Veterans' Assistance in the federal Public Assistance Reporting  
23 Information System database;

24 (D) United States Citizenship and Immigration Services for status information;

25 (E) United States Department of Housing and Urban Development Public Housing and  
26 Section 8 Housing Assistance for payment information; and

27 (F) United States Federal Bureau of Investigation for national fleeing felon information.

28 (2) States sources:

29 (A) Department of Health and Human Resources databases, including, but not limited to:

30 (i) Bureau for Child Support Enforcement for income and employment information; and

31 (ii) Bureau for Children and Families for child care services information;

32 (B) West Virginia Division of Labor for:

33 (i) Employment information;

34 (ii) Employer weekly, monthly, and/or quarterly reports of income and unemployment  
35 insurance payments; and

36 (iii) Utility payments information maintained by the state under the Low Income Home  
37 Energy Assistance Program;

38 (C) West Virginia Low Income Assistance Program for emergency utility payment  
39 information; and

40 (D) West Virginia Consolidated Public Retirement Board for earnings and pension

41 information.

42 (3) Other sources:

43 (A) Any existing real-time database of persons currently receiving benefits in other states,  
44 such as the National Accuracy Clearinghouse;

45 (B) An available database of persons who currently hold a license, permit or certificate  
46 from any state agency, the cost of which exceeds \$500;

47 (C) Wage reporting and similar information maintained by states contiguous to West  
48 Virginia; and

49 (D) A database which is substantially similar to, or a successor of, a database established  
50 in this article.

51 (b) Prior to determining eligibility, the department shall access information for every  
52 applicant from, at a minimum, the following public records:

53 (1) A nationwide public records data source of physical asset ownership. This may include,  
54 but is not limited to, real property, automobiles, watercraft, aircraft and luxury vehicles, or any  
55 other vehicle owned by the applicant and recipient of assistance;

56 (2) A nationwide public records data source of incarcerated individuals;

57 (3) A nationwide best address and driver's license data source to verify that individuals  
58 are residents of the state;

59 (4) A comprehensive public records database from which the department can identify  
60 potential identity fraud or identity theft that can closely associate name, social security number,  
61 date of birth, phone and address information;

62 (5) National and local financial institutions in order to locate undisclosed depository  
63 accounts or verify account balances of disclosed accounts; and

64 (6) Outstanding default or arrest warrant information maintained by the Criminal History  
65 Systems Board, the Criminal Justice Information System, and the Warrant Management System.

**§9-8-7. Identity authentication.**

1 Prior to awarding public assistance, applicants for benefits must complete a computerized  
2 identity authentication process to confirm the identity of the applicant. This shall be done with a  
3 knowledge-based questionnaire consisting of financial and/or personal questions. The  
4 questionnaire must contain questions tailored to assist persons without a bank account or those  
5 who have poor access to financial and banking services or who do not have an established credit  
6 history. The questionnaire may be submitted online, in-person or via telephone.

**§9-8-8. Case review.**

1 (a) If the information obtained from the review provided in this article does not result in the  
2 department finding a discrepancy or change in an applicant's or recipient's circumstances  
3 affecting eligibility, the department may take no further action and may continue processing the  
4 application.

5 (b) If the review results in a discrepancy, the department shall promptly redetermine  
6 eligibility.

7 (c) Public assistance may not be granted to a household if a member of the household  
8 has been found guilty of fraudulent activity directly related to any public assistance program.

9 (d) An applicant for public assistance benefits who is greater than six months in arrears in  
10 a child support obligation entered pursuant to the provisions of §48-11-1 et seq. of this code is  
11 not eligible for public assistance benefits until such time as he or she enters into a payment  
12 arrangement with the West Virginia Bureau for Child Support Enforcement or is found by that  
13 bureau to have no ability to pay their child support obligation.

**§9-8-9. Notice and right to be heard.**

1 (a) An applicant shall be given written notice and the opportunity to explain any issues  
2 with the application or redetermination as set forth in §9-8-8 of this code. Self-declarations by  
3 applicants or recipients shall not be accepted as verification of categorical and financial eligibility  
4 during eligibility evaluations, reviews and redeterminations.

5 (b) The notice given to the applicant or recipient is required to describe the circumstances

6 of the issue, the manner in which the applicant or recipient may respond and the consequences  
7 of failing to take action. The applicant or recipient has ten days to respond. If the applicant does  
8 not respond, the department shall take appropriate action. The department may request additional  
9 information as it finds necessary to reach a decision.

10 (c) If an applicant or recipient responds, he or she shall respond in writing and may:

11 (1) Disagree with the findings of the department. The department shall reinvestigate the  
12 matter if the applicant or recipient disagrees. If the department finds that there has been an error,  
13 the department shall take immediate action to correct it. If the department determines that there  
14 is no error, the department shall determine the effect on the applicant's or recipient's case and  
15 take appropriate action. Written notice of the department's action shall be given to the applicant  
16 or recipient; or

17 (2) Agree with the findings of the department. The department shall determine the effect  
18 on the applicant's or recipient's case and take appropriate action. Written notice of the  
19 department's action shall be given to the applicant or recipient.

20 (d) If the applicant fails to respond to the notice, the department shall deny or discontinue  
21 assistance for failure to cooperate. The applicant shall be given notice of intent to deny or  
22 discontinue assistance. Eligibility for assistance may not be established or reestablished until the  
23 issue has been resolved.

**§9-8-10. Referrals for fraud, misrepresentation or inadequate documentation.**

1 (a) After the case review as set forth in §9-8-8 of this code, the department may refer  
2 cases of suspected fraud to the office of Inspector General within the department. That office  
3 shall take appropriate action, including civil penalties or referral to an appropriate prosecuting  
4 attorney for criminal prosecution.

5 (b) In cases of substantiated fraud, upon conviction, the state shall review all appropriate  
6 legal options. These may include, but are not limited to, removal from other public assistance  
7 programs and garnishment of wages or state income tax refunds until the department recovers

8 an equal amount of benefits fraudulently claimed.

9 (c) The department may refer suspected cases of fraud, misrepresentation or inadequate  
10 documentation to appropriate agencies, divisions or departments for review of eligibility issues in  
11 other public assistance programs. This should also include cases in which an individual is  
12 determined to be no longer eligible for the original program.

**§9-8-11. Reporting to the Governor and Legislature.**

1 The department shall prepare an annual report by December 31 each year to the Governor  
2 and Legislative Oversight Commission on Health and Human Resources Accountability. The  
3 report shall contain information on the effectiveness and general findings of the eligibility  
4 verification system, including the number of cases reviewed, the number of case closures, the  
5 number of referrals for criminal prosecution, recovery of improper payment, collection of civil  
6 penalties, the outcomes of cases referred to the office of Inspector General and any savings that  
7 have resulted from the system.

**§9-8-12. Prohibitions on use of electronic benefit transfer cards.**

1 (a) To ensure that public assistance program funds are used for their intended purposes,  
2 funds available on electronic benefit transfer cards may not be used to purchase alcohol, liquor  
3 or imitation liquor, cigarettes, tobacco products, bail, gambling activities, lottery tickets, tattoos,  
4 travel services provided by a travel agent, money transmission to locations abroad, sexually  
5 oriented adult materials, concert tickets, professional or collegiate sporting event tickets, or tickets  
6 for other entertainment events intended for the general public.

7 (b) Electronic benefit transfer card transactions are prohibited at all casinos, gaming  
8 establishments, tattoo parlors, massage parlors, body piercing parlors, spas, nail salons, lingerie  
9 shops, vapor cigarette stores, psychic or fortune-telling businesses, bail bond companies, video  
10 arcades, movie theaters, swimming pools, cruise ships, theme parks, dog or horse racing  
11 facilities, pari-mutuel facilities, sexually oriented businesses, retail establishments which provide  
12 adult-oriented entertainment in which performers disrobe or perform in an unclothed state for

13 entertainment, and businesses or retail establishments where minors under age eighteen are not  
14 permitted.

15 (c) Upon enrollment, the department shall provide all applicants with an itemized list of  
16 prohibited purchases, including those specified in this section, and make such list available on  
17 the department's website.

18 (d) If a recipient is found to have violated the provisions of this section, the department  
19 shall issue a warning in writing to the recipient. The recipient is subject to disqualification of  
20 benefits for up to three months following the first offense, for up to one year following the second  
21 offense and a permanent termination of benefits following the third offense, unless expressly  
22 prohibited by federal law.

**§9-8-13. Tracking out-of-state spending.**

1 (a) The department shall post on its websites and provide to the Joint Committee on  
2 Government and Finance a report of Supplemental Nutrition Assistance Program and Temporary  
3 Assistance for Needy Families benefit spending on or before December 31 of each year.

4 (b) The report required by this section shall include:

5 (1) The dollar amount and number of transactions of Supplemental Nutrition Assistance  
6 Program benefits that are accessed or spent out-of-state, by state;

7 (2) The dollar amount and number of transactions of Temporary Assistance for Needy  
8 Families benefits that are accessed or spent out-of-state, by state;

9 (3) The dollar amount, number of transactions and times of transactions of Supplemental  
10 Nutrition Assistance Program benefits that are accessed or spent in-state, by retailer, institution  
11 or location; and

12 (4) The dollar amount, number of transactions and time of Temporary Assistance for  
13 Needy Families transactions of benefits that are accessed or spent in-state, disaggregated by  
14 retailer, institution or location.

15 (c) The report required pursuant to this section may not identify individual recipients.

**§9-8-14. Rulemaking.**

- 1           The secretary may promulgate rules for legislative approval in accordance with the  
2 provisions of §29A-3-1 et seq. of this code which he or she finds necessary to effectuate the  
3 provisions of this article.

NOTE: The purpose of this to set forth the eligibility and fraud requirements for public assistance. The bill defines terms. The bill requires the Department of Health and Human Resources to implement work requirements for applicants for the Supplemental Nutrition Assistance Program (SNAP). The bill requires discontinuance of a federal waiver. The bill sets forth what meets work requirements. The bill sets out exceptions to work requirements. The bill provides for a good cause exception. The bill allows for a federal waiver. The bill provides for rulemaking for suspension of benefits for noncompliance. The bill provides for an asset test for SNAP benefits. The bill requires accessing information of various federal, state and miscellaneous sources. The bill prohibits payment of SNAP benefits in specified instances. The bill requires cooperation with the Bureau for Child Support Enforcement. The bill requires a design or establishment of a computerized income, asset and identity verification system for Temporary Assistance for Needy Families (TANF). The bill allows for contracting with a third-party vendor. The bill sets out required contract terms. The bill requires accessing information of various federal, state and miscellaneous sources for TANF. The bill requires identity authentication as a condition to receive public assistance. The bill sets forth notice requirements and right to a hearing. The bill requires referrals for fraud, misrepresentation and inadequate documentation. The bill requires a report to the Governor and Legislature. The bill sets forth prohibitions on the use of an electronic benefit transfer card. The bill tracks out-of-state spending of SNAP and TANF benefits. The bill provides for rulemaking.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.