

## SSB 1125: Pricey, pointless and overly complex

**SSB 1125** would have the Iowa Department of Human Services implement a complex real-time eligibility verification system for Iowans enrolled in public assistance programs including Medicaid, CHIP (Hawki), SNAP (Food Assistance) and TANF (Family Investment Program).

**Maintaining program integrity is a shared goal — as advocates, we want every dollar to go to families who need the help. But SSB 1125 is not a common-sense approach.** It's a pointless, pricey scheme that will increase bureaucratic red tape and administrative costs and make it harder for Iowans to stay healthy, put food on the table and support their families.

Such an approach is especially heartless during a pandemic and economic crisis when so many people's circumstances are changing from one week to the next, increasing the odds of reporting discrepancies that would cause eligible people to lose their assistance.

**Ramping up red tape is especially heartless during a pandemic and economic crisis when so many people's circumstances are changing from one week to the next.**

### **SSB 1125 is a solution in search of a problem.**

#### ▶ **It's pointless.**

- **DHS already verifies identity, income and other eligibility criteria** using state and federal sources, including the IRS, Social Security Administration, Department of Homeland Security and PARIS, a data-matching service that identifies people receiving duplicate benefits in more than one state. In many cases, eligibility parameters in use now are more stringent than those proposed in this bill.
- **Two states that passed similar legislation in 2017 and 2018, Mississippi and Oklahoma respectively, have not moved forward** because of implementation challenges and difficulty squaring the bill's requirements with standing federal law.
- **It will cut off families who are eligible but face barriers to reporting — and it won't even save money.** LSA review of a bill similar to SSB 1125 found that "[q]uarterly reviews have the potential to reduce public assistance program enrollment, but no significant savings are expected because many items that would be reviewed quarterly are currently checked on a frequent basis."
- **As a condition of accepting the enhanced federal Medicaid matching rate during the pandemic, Iowa cannot disenroll Medicaid members** — so even if a discrepancy were identified, federal rules would not allow the state could not disenroll the individual.

## ► It's pricey.

- **In fact, it's likely to cost the state a lot.** It would require DHS to develop a complex new IT system or contract with an outside vendor to run one and require new DHS staff to review paperwork on discrepancies flagged by the system.
- **In some cases, there's no state savings to be had — only costs.** For example, Iowa shares the costs of administering SNAP with the federal government, so it would share in the cost of implementing new requirements. But the dollars that cover the SNAP benefits, the funds that go to households to buy food, are entirely federally funded. Iowa would see no savings at all from squeezing their use. Pennsylvania officials found in 2015 that reintroducing the SNAP asset test — just one of the elements of SSB 1125 — cost about \$3.5 million to administer in the period before they repealed the test the same year.

## ► It's overly complex.

- **It sets up complicated hoops for families to jump through.** For instance, giving only ten days to respond to written notice of discrepancies will make it very difficult to lowans resolve any problems that come up. Ten days is an unrealistic window in normal times, and exceptionally unrealistic now, given delivery problems with U.S. Postal Service and increased housing instability — and address changes — due to the pandemic. It would especially hurt people whose primary language is not English and need time to get help translating important documents, including many recent refugees.
- **Those hoops reduce participation even outside a pandemic.** Analysis of SNAP reenrollment patterns in California over 15 years found that, because of reenrollment paperwork requirements, for every one ineligible household screened out of the program in a given month, three eligible households also left.
- **It gives outside vendors incentives to find as many discrepancies as possible.** The bill requires that annual savings from working with any outside vendor to administer the system — savings accrued by kicking people off programs — must exceed the total yearly cost of the contract. But the bill does not define "discrepancy," meaning the vendor has a vested interest in including even the smallest difference (say, reported income is off by a dime) to make sure it gets paid.

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As we recover from the pandemic, it is more important than ever that our systems are both efficient and humane. Instead of enacting punitive barriers that take services away from lowans, we should simplify application and re-enrollment processes to assure eligible families receive the help they need in tough times.