

By: Representatives Brown, Hood, Boyd,  
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To: Medicaid

HOUSE BILL NO. 1090  
(As Sent to Governor)

1 AN ACT TO BE KNOWN AS THE MEDICAID AND HUMAN SERVICES  
2 TRANSPARENCY AND FRAUD PREVENTION ACT; TO REVISE VARIOUS  
3 PROVISIONS RELATING TO ELIGIBILITY MONITORING IN THE MEDICAID  
4 PROGRAM, THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)  
5 PROGRAM, AND THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP);  
6 AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 **SECTION 1. Short title.** This act shall be known and may be  
9 cited as the "Medicaid and Human Services Transparency and Fraud  
10 Prevention Act."

11 **SECTION 2. Integration of eligibility systems.** The Division  
12 of Medicaid shall submit a final Advanced Planning Document to the  
13 Centers for Medicare and Medicaid Services (CMS) for the purpose  
14 of applying for the OMB A87 exception to support the integration  
15 of eligibility systems between the division and any applicable  
16 Department of Human Services program where an integrated system of  
17 eligibility will serve the state's interest in developing shared  
18 eligibility services across health and human services programs,  
19 while at the same time promoting and enhancing the state's efforts  
20 of ensuring maximum program integrity across each agency. In



21 preparing the final Advanced Planning Document, the division also  
22 shall:

23 (a) Identify functions that can be leveraged or shared  
24 across the state Medicaid program and other Department of Human  
25 Services programs;

26 (b) Weigh benefits of shared systems;

27 (c) Identify interoperability and integration goals;

28 (d) Seek guidance from the Centers for Medicaid and  
29 Medicare Services (CMS) and the Office for the Administration of  
30 Children and Families (ACF) on state ideas before submitting the  
31 Advanced Planning Document; and

32 (e) Ensure that the enhancement to front end identity  
33 and asset verification is an integral part of the advanced  
34 planning and integration process going forward.

35 The division shall submit a report on its progress to the  
36 chairmen of the House and Senate Medicaid Committees within ninety  
37 (90) business days and on a quarterly basis thereafter until the  
38 final Advanced Planning Document is completed. The report also  
39 shall be provided to the other members of the Legislature upon  
40 request.

41 **SECTION 3. Real-time eligibility verification service.** (1)

42 Definitions. For purposes of Sections 3 through 9 of this act,  
43 the following definitions apply:

44 (a) "Department" means the Division of Medicaid or the  
45 Department of Human Services, as the case may be.



46 (b) "Identity information" means an applicant or  
47 recipient's full name, aliases, date of birth, address, Social  
48 Security number and other related information, including, but not  
49 limited to, the information in subsection (2)(a) of this section.

50 (2) Establishment of enhanced eligibility verification  
51 service.

52 (a) The department shall establish and use a  
53 computerized income, asset, residence and identity eligibility  
54 verification service in order to verify eligibility, eliminate the  
55 duplication of assistance, and deter waste, fraud, and abuse  
56 within each respective assistance program administered by the  
57 department. The information verified shall include, but not be  
58 limited to:

59 (i) Earned and unearned income;

60 (ii) Employment status and changes in employment;

61 (iii) Immigration status;

62 (iv) Residency status, including a nationwide  
63 best-address source to verify individuals are residents of the  
64 state;

65 (v) Enrollment status in other state-administered  
66 public assistance programs, as available in a cost-efficient  
67 manner;

68 (vi) Financial resources;

69 (vii) Incarceration status;

70 (viii) Death records;



71 (ix) Enrollment status in public assistance  
72 programs outside of this state, as available in a cost-efficient  
73 manner; and

74 (x) Potential identity fraud or identity theft.

75 (b) The department may issue a Request for Proposals  
76 (RFP) from multiple third-party vendors, regardless of the amount  
77 of funds to be expended under the contract, for the purposes of  
78 identifying fraud in the programs described in this act and  
79 pursuant to the specifications prescribed in this subsection (2).  
80 After evaluating the proposals submitted, the department shall  
81 enter into a competitively bid contract with a third-party vendor  
82 for the purposes of using and accessing an eligibility  
83 verification service by which to verify the income, assets,  
84 residence, identity, and other information in paragraph (a) of  
85 this subsection (2) to prevent fraud, misrepresentation, and  
86 inadequate documentation when determining an applicant's  
87 eligibility for assistance before the distribution of benefits,  
88 periodically between eligibility redeterminations, and during  
89 eligibility redeterminations and reviews, as prescribed in this  
90 section. The department may use more than one (1) eligibility  
91 verification service and/or third-party vendor, if doing so is  
92 more cost-efficient. The department may renegotiate an existing  
93 contract with a current vendor for the purposes stated in this  
94 paragraph (b) if doing so is more cost-efficient than issuing a  
95 Request for Proposals (RFP) from multiple third-party vendors. If



96 the department determines that it is not more cost-efficient to  
97 renegotiate an existing contract with a current vendor, the  
98 department shall issue a Request for Proposals (RFP) from multiple  
99 third-party vendors as provided in this paragraph (b), regardless  
100 of the amount of funds to be expended under the contract. The  
101 department may also enter into a competitively bid contract with a  
102 third-party vendor to provide information to facilitate reviews of  
103 recipient eligibility conducted by the department.

104 (c) When the department enters into a competitively bid  
105 contract with a third-party vendor or renegotiates an existing  
106 contract with a current vendor for the purposes of carrying out  
107 this eligibility verification service, the vendor, in partnership  
108 with the department, shall be required by contract to establish  
109 annualized savings realized from implementation of the eligibility  
110 verification service. It is the intent of the Legislature that  
111 savings exceed the total yearly cost for implementing the  
112 eligibility verification service.

113 (d) To avoid any conflict of interest, when the  
114 department enters into a competitively bid contract with a  
115 third-party vendor or renegotiates an existing contract with a  
116 current vendor, that primary vendor may not currently or will not  
117 be allowed to bid on or be awarded a state contract to run  
118 enrollment services.

119 (e) It shall be the responsibility of the contracted  
120 third-party vendor to obtain access to any data, data sources and



121 databases, not already being used by the department, for the  
122 purposes of implementing the eligibility verification service.  
123 The payment structure for the contracted third-party vendor shall  
124 be based on a per-applicant rate.

125 (f) Nothing in this section shall preclude the  
126 department from continuing to conduct additional eligibility  
127 verification processes, not detailed in this section, that are  
128 currently in practice; and nothing in this section shall require  
129 the department or third-party vendor to violate the Fair Credit  
130 Reporting Act.

131 (3) The department shall have the eligibility verification  
132 service required by this section implemented and operational not  
133 later than July 1, 2019. The department shall submit a report  
134 every six (6) months on its progress on implementing the  
135 eligibility verification service to the Chairmen of the House and  
136 Senate Appropriations Committees, the House Public Health and  
137 Human Services Committee and the Senate Public Health and Welfare  
138 Committee, and the House and Senate Medicaid Committees. The  
139 report also shall be provided to the other members of the  
140 Legislature upon request.

141 (4) (a) As used in this subsection, the following terms  
142 shall be defined as provided in this paragraph:

143 (i) "Abuse" includes any practice that is  
144 inconsistent with acceptable fiscal, business or medical practices  
145 that unnecessarily increase cost.



146 (ii) "Fraud" means misrepresenting the truth to  
147 obtain an unauthorized benefit.

148 (b) The department shall enter or have entered into a  
149 competitively-bid contract with a third-party vendor for the  
150 purposes of identifying waste, abuse and fraud in the programs  
151 administered by the department, focusing on detecting and  
152 preventing abuse and fraud by providers of services in those  
153 programs, and recovering improper payments made to providers of  
154 services in those programs.

155 **SECTION 4. Enhanced eligibility verification process.** (1)

156 Before awarding assistance, the department shall verify  
157 eligibility for assistance by using the enhanced eligibility  
158 verification service established in Section 3(2) of this act. the  
159 department shall also conduct enhanced eligibility verification  
160 under Section 3(2) of this act periodically between eligibility  
161 redeterminations and during eligibility redeterminations when  
162 there is a risk of changes in income, assets, residency or other  
163 relevant factors and the department has determined that the  
164 benefits of enhanced eligibility verification outweigh the cost.

165 (2) It is the intent of the Legislature that any recipient  
166 who has moved out of state shall be terminated from the rolls of  
167 eligible recipients within three (3) months of the department  
168 being made aware of their change of residency.

169 **SECTION 5. Enhanced identity authentication process.** Before

170 awarding assistance, applicants for benefits must complete a



171 computerized identity authentication process that shall confirm  
172 the applicant owns the identity presented in the application. The  
173 department shall continue to review the recipient's identity  
174 ownership periodically to verify and protect the identity of the  
175 recipient.

176 **SECTION 6. Discrepancies and case review.** (1) If a  
177 discrepancy results from an applicant or recipient's identity  
178 information and one or more of the databases or information tools  
179 authorized under Sections 3 through 9 of this act, the department  
180 shall review the respective applicant or recipient's case using  
181 the following procedures:

182 (a) If the information discovered does not result in  
183 the department finding a discrepancy or change in an applicant's  
184 or recipient's circumstances that may affect eligibility, the  
185 department shall take no further action.

186 (b) If the information discovered under Sections 3  
187 through 9 of this act results in the department finding a  
188 discrepancy or change in a recipient's circumstances that may  
189 affect eligibility, the department shall promptly redetermine  
190 eligibility after receiving such information within ten (10)  
191 business days, or the minimum required by federal law.

192 (c) If the information discovered under Sections 3  
193 through 9 of this act results in the department finding a  
194 discrepancy or change in an applicant's or recipient's  
195 circumstances that may affect eligibility, the applicant or





196 recipient shall be given an opportunity to explain the  
197 discrepancy; however, self-declarations by applicants or  
198 recipients shall not be accepted as verification of categorical  
199 and financial eligibility during eligibility evaluations, reviews,  
200 and redeterminations.

201 (d) Unless prohibited by federal law, the department  
202 shall provide written notice, within ten (10) business days, or  
203 the minimum required by federal law to the applicant or recipient,  
204 which shall describe in sufficient detail the circumstances of the  
205 discrepancy or change, the manner in which the applicant or  
206 recipient may respond, and the consequences of failing to take  
207 action. The applicant or recipient shall have ten (10) business  
208 days, or the minimum required by federal law, to respond in an  
209 attempt to resolve the discrepancy or change. The explanation  
210 provided by the recipient or applicant shall be given in writing.  
211 After receiving the explanation, the department may request  
212 additional documentation if it determines that there is risk of  
213 fraud, misrepresentation, or inadequate documentation.

214 (e) Unless prohibited by federal laws, if the applicant  
215 or recipient does not respond to the notice, the department shall,  
216 within ten (10) business days, or the minimum required by federal  
217 law deny or discontinue assistance for failure to cooperate, in  
218 which case the department shall provide notice of intent to deny  
219 or discontinue assistance. Eligibility for assistance shall not



220 be established or reestablished until the discrepancy or change  
221 has been resolved.

222 (f) If an applicant or recipient responds to the notice  
223 and disagrees with the findings of the match between his or her  
224 identity information and one or more databases or information  
225 tools authorized under Sections 3 through 9 of this act, the  
226 department shall review the matter. If the department finds that  
227 there has been an error, the department shall take immediate  
228 action to correct it and no further action shall be taken. If,  
229 after a review, the department determines that there is no error,  
230 the department shall determine the effect on the applicant's or  
231 recipient's case and take appropriate action. Written notice of  
232 the respective department's action shall be given to the applicant  
233 or recipient.

234 (g) If the applicant or recipient agrees with the  
235 findings of the match between the applicant's or recipient's  
236 identity information and one or more databases or information  
237 tools authorized under Sections 3 through 9 of this act, the  
238 department shall determine the effect on the applicant or  
239 recipient's case and take appropriate action. Written notice of  
240 the department's action shall be given to the applicant or  
241 recipient. In no case shall the department discontinue assistance  
242 upon finding a discrepancy or change in circumstances between an  
243 individual's identity information and one or more databases or  
244 information tools authorized under Sections 3 through 9 of this



245 act until the applicant or recipient has been given notice of the  
246 discrepancy and the opportunity to respond as required under this  
247 section.

248 (2) The executive director of the department, or his or her  
249 designee, at his or her discretion may review the agency  
250 conference record of a hearing to determine that the local or  
251 state decision was correct. The executive director, or his or her  
252 designee, shall prepare a decision summarizing the issue and the  
253 basis for the decision. In cases in which the executive director,  
254 or his or her designee, finds that the facts in the record are  
255 inadequate or that incorrect policy has been applied, he or she  
256 will direct the county to get the facts or use correct policy and  
257 change the decision, reinstate the payment, or correct the amount  
258 of payment retroactively to the date of erroneous action.

259 (3) The department shall promulgate rules and regulations  
260 necessary for the purposes of carrying out this section.

261 (4) Wherever applicable and cost-effective, the Division of  
262 Medicaid and the Department of Human Services shall share data,  
263 data sources, and verification processes aimed at reducing fraud  
264 and waste.

265 **SECTION 7. Referrals for fraud, misrepresentation, or**  
266 **inadequate documentation.** After reviewing changes or  
267 discrepancies that may affect program eligibility, the department  
268 shall refer, within forty-five (45) business days, suspected cases  
269 of fraud, misrepresentation, or inadequate documentation to



270 appropriate agencies, divisions, or departments for review of  
271 eligibility discrepancies in other public programs. This shall  
272 also include cases where an individual is determined to be no  
273 longer eligible for the original program. In cases where fraud  
274 affecting program eligibility is substantiated, the department or  
275 other appropriate agencies shall garnish wages or state income tax  
276 refunds until the state recovers an amount equal to the amount of  
277 benefits that were fraudulently received.

278         **SECTION 8. Reporting.** (1) Thirty (30) business days before  
279 entering into a competitively bid contract for the eligibility  
280 verification service required by Section 3 of this act, the  
281 department shall provide a written report to the Governor, the  
282 Chairmen of the House and Senate Appropriations Committees, the  
283 House Public Health and Human Services Committee and the Senate  
284 Public Health and Welfare Committee, and the House and Senate  
285 Medicaid Committees, detailing the data sources proposed to be  
286 used by the third-party vendor for eligibility and  
287 redeterminations, the relevancy of the information from the data  
288 sources, the frequency of how often each data source will be  
289 accessed, and an explanation of why other data sources that are  
290 readily available are not being used. The report shall include a  
291 dynamic cost-benefit analysis that shows the ratio of potential  
292 fraud detection to the types and kinds of data sources and  
293 information tools proposed to be used by the third-party vendor.



294 The report also shall be provided to the other members of the  
295 Legislature upon request.

296 (2) Six (6) months after the implementation of the  
297 eligibility verification service required by Section 3 of this  
298 act, and quarterly thereafter, the department shall provide a  
299 written report to the Governor, the chairmen of the House and  
300 Senate Appropriations Committees, the House Public Health and  
301 Human Services Committee and the Senate Public Health and Welfare  
302 Committee, and the House and Senate Medicaid Committees, detailing  
303 the effectiveness and general findings of the eligibility  
304 verification service, including the number of cases reviewed, the  
305 number of case closures, the number of referrals for criminal  
306 prosecution, recovery of improper payments, collection of civil  
307 penalties, and the savings that have resulted from the service.  
308 The report also shall be provided to the other members of the  
309 Legislature upon request.

310 **SECTION 9. Transparency in Medicaid.** Following the  
311 precedent set by Medicare, the department shall electronically  
312 release to the public data that includes, but is not limited to  
313 the following: the provider's name and office locations; a  
314 provider's National Provider Identifier (NPI); the type of service  
315 provided by Healthcare Common Procedure Coding System (HCPCS)  
316 code; and whether the service was performed in a facility or  
317 office setting. This public data shall also include the number of  
318 services, average submitted charges, average allowed amount,



319 average Medicaid payment, and a count of unique beneficiaries  
320 treated. Nothing in this section shall be construed to require  
321 the department to publicly share protected information as defined  
322 by the federal Health Insurance Portability and Accountability Act  
323 (HIPAA).

324 **SECTION 10. Work requirements.** The Department of Human  
325 Services shall not seek, apply for, accept or renew any waiver of  
326 requirements established under 7 USC Section 2015(o), except  
327 during a formal state or federal declaration of a natural  
328 disaster.

329 **SECTION 11. Federal asset limits for the Supplemental**  
330 **Nutrition Assistance Program.** In no case shall the resource limit  
331 standards of the Supplemental Nutrition Assistance Program (SNAP)  
332 exceed the standards specified in 7 USC Section 2014(g)(1), unless  
333 expressly required by federal law. In no case shall categorical  
334 eligibility exempting households from these resource limits be  
335 granted for any noncash, in-kind or other benefit, unless  
336 expressly required by federal law.

337 **SECTION 12. Broad-based categorical eligibility.** (1) In no  
338 case shall categorical eligibility under 7 USC Section 2014(a) or  
339 7 CFR Section 273.2(j)(2)(iii) be granted for any noncash, in-kind  
340 or other benefit unless expressly required by federal law for the  
341 Supplemental Nutrition Assistance Program (SNAP).

342 (2) The Department of Human Services shall not apply gross  
343 income standards for food assistance higher than the standards



344 specified in 7 USC Section 2014(c) unless expressly required by  
345 federal law. Categorical eligibility exempting households from  
346 such gross income standards requirements shall not be granted for  
347 any noncash, in-kind or other benefit, unless expressly required  
348 by federal law.

349 **SECTION 13. Sharing enrollee information across agencies.**

350 (1) The Division of Medicaid and the Department of Human Services  
351 shall share eligibility information with each other within thirty  
352 (30) business days when an enrollee has been disenrolled for any  
353 financial or nonfinancial reason that may result in the enrollee's  
354 disqualification for benefits with the other department, and shall  
355 include the rationale for the action.

356 (2) Any department, agency or division receiving information  
357 under subsection (1) of this section shall establish procedures to  
358 redetermine eligibility for any enrollee whose eligibility or  
359 benefit levels could change as a result of new information  
360 provided under subsection (1) of this section.

361 **SECTION 14. Maximum family grant.** For purposes of  
362 determining the maximum aid payment under the TANF program, the  
363 number of persons in a household shall not be increased for any  
364 child born into a household that has received aid under TANF  
365 continuously for the ten (10) months before the birth of the  
366 child.

367 **SECTION 15. Verify identities and household composition, and**  
368 **all expenses of welfare applicants.** The Department of Human



369 Services shall verify identity, household composition, expenses,  
370 and any other factor affecting eligibility allowed under 7 CFR  
371 Section 273.2(f) (3).

372 **SECTION 16. Full cooperation with fraud investigations.** The  
373 Department of Human Services shall communicate the expectation of  
374 mandatory cooperation with a fraud investigation and that  
375 noncompliance could result in case closure and termination of  
376 benefits within thirty (30) business days.

377 **SECTION 17. Gaps in eligibility reporting.** The Department  
378 of Human Services shall not establish or use a simplified  
379 reporting system under 7 CFR Section 273.12(a) (5). The department  
380 shall provide a written report to the Chairmen of the House and  
381 Senate Appropriations Committees, the House Public Health and  
382 Human Services Committee and the Senate Public Health and Welfare  
383 Committee, and the House and Senate Medicaid Committees, on the  
384 costs and state and federal savings of not using a simplified  
385 reporting system. The report also shall be provided to the other  
386 members of the Legislature upon request.

387 **SECTION 18. Noncompliance with Temporary Assistance for**  
388 **Needy Families program rules.** (1) The Department of Human  
389 Services shall only grant benefits when an approved applicant has  
390 signed a written agreement clearly enumerating continued  
391 eligibility requirements, circumstances in which sanctions may be  
392 imposed, and any potential penalties for noncompliance.





393 (2) The department shall require all enrollees to be  
394 compliant with all program requirements, including work  
395 requirements, before granting benefits.

396 (3) The department shall institute a three-month,  
397 full-household sanction for the first instance of noncompliance  
398 with any TANF requirement, unless expressly prohibited by federal  
399 law.

400 (4) The department shall terminate benefits for the second  
401 instance of noncompliance with any TANF requirement, unless  
402 expressly prohibited by federal law.

403 (5) An individual sanctioned under subsection (3) of this  
404 section shall not have benefits reinstated without reviewing the  
405 agreement required under subsection (1) of this section.

406 (6) The department shall deny benefits to any adult member  
407 of a household where another adult member of the household has  
408 been found to have committed benefits fraud.

409 **SECTION 19. Noncompliance with Supplemental Nutrition**

410 **Assistance Program rules.** (1) The Department of Human Services  
411 shall set disqualification periods for all instances of  
412 noncompliance with any SNAP requirement, unless expressly  
413 prohibited by federal law.

414 (2) The department shall institute a three-month,  
415 full-household disqualification period for the first instance of  
416 noncompliance, unless expressly prohibited by federal law.



417 (3) The department shall institute a six-month,  
418 full-household disqualification period for the second instance of  
419 noncompliance, unless expressly prohibited by federal law.

420 (4) The department shall institute a permanent  
421 disqualification period for the third instance of noncompliance,  
422 unless expressly prohibited by federal law.

423 (5) If a recipient is subject to a disqualification period  
424 under subsection (4) of this section, the department shall  
425 institute a six-month disqualification period for the recipient's  
426 entire household, unless expressly prohibited by federal law.

427 (6) Unless expressly prohibited by federal law, recipients  
428 shall be subject to disqualification for failure to perform  
429 actions required by other federal, state, or local means-tested  
430 public assistance programs.

431 **SECTION 20. Out-of-state spending.** (1) The Department of  
432 Human Services shall post on its website and make available on an  
433 annual basis to the chairmen of the House and Senate  
434 Appropriations Committees, the House Public Health and Human  
435 Services Committee and the Senate Public Health and Welfare  
436 Committee a report of SNAP and TANF benefit spending. The report  
437 also shall be provided to the other members of the Legislature  
438 upon request.

439 (2) The report required under subsection (1) of this section  
440 shall include:



441 (a) The dollar amount and number of transactions of  
442 SNAP benefits that are accessed or spent out-of-state,  
443 disaggregated by state;

444 (b) The dollar amount and number of transactions of  
445 TANF benefits that are accessed or spent out-of-state,  
446 disaggregated by state;

447 (c) The dollar amount, number of transactions, and  
448 times of transactions of SNAP benefits that are accessed or spent  
449 in-state, disaggregated by retailer, institution, or location,  
450 unless expressly prohibited by federal law; and

451 (d) The dollar amount, number of transactions, and time  
452 of transactions of TANF benefits that are accessed or spent  
453 in-state, disaggregated by retailer, institution, or location.

454 (3) The report required under subsection (1) of this section  
455 shall be de-identified to prevent identification of individual  
456 recipients.

457 **SECTION 21. Public reporting.** (1) The Division of Medicaid  
458 and the Department of Human Services shall provide on an annual  
459 basis to the chairmen of the House and Senate Appropriations  
460 Committees, the House Public Health and Human Services Committee  
461 and the Senate Public Health and Welfare Committee, and the House  
462 and Senate Medicaid Committees, a report of characteristics of  
463 recipients of Medicaid, SNAP and TANF benefits. The report also  
464 shall be provided to the other members of the Legislature upon  
465 request.



466 (2) The report required under subsection (1) of this section  
467 shall include:

468 (a) The length of enrollment, disaggregated by program  
469 and eligibility group;

470 (b) The share of recipients concurrently enrolled in  
471 one or more additional means-tested programs, disaggregated by  
472 program and eligibility group;

473 (c) The number of means-tested programs recipients are  
474 concurrently enrolled in, disaggregated by program and eligibility  
475 group;

476 (d) The demographics and characteristics of recipients,  
477 disaggregated by program and eligibility group; and

478 (e) The dollar amount spent on advertising and  
479 marketing for TANF, SNAP, Medicaid, and other means-tested  
480 programs, including both state and federal funds, disaggregated by  
481 program.

482 (3) The report required under subsection (1) of this section  
483 shall be de-identified to prevent identification of individual  
484 recipients.

485 **SECTION 22. Pilot program for photos on EBT cards.** (1) The  
486 Department of Human Services may establish a pilot program in  
487 which a photograph of the recipient is included on any electronic  
488 benefits transfer card issued by the department to the recipient,  
489 unless the recipient declines to have the photograph included.  
490 When a recipient is a minor or otherwise incapacitated individual,



491 a parent or legal guardian of such recipient may have a photograph  
492 of such parent or legal guardian placed on the card.

493 (2) The Department of Human Services shall explore  
494 opportunities with other state agencies, departments, or  
495 divisions, including the Department of Public Safety, to share  
496 photographs when available. The Department of Human Services may  
497 sign one or more memorandum of understanding with such agencies,  
498 departments, or divisions as necessary to implement this section.

499 **SECTION 23. Limits on spending locations.** (1) Funds  
500 available on electronic benefit transfer cards shall not be used  
501 to purchase alcohol, liquor or imitation liquor, cigarettes,  
502 tobacco products, bail, gambling activities, lottery tickets,  
503 tattoos, travel services provided by a travel agent, money  
504 transmission to locations abroad, sexually oriented adult  
505 materials, concert tickets, professional or collegiate sporting  
506 event tickets, or tickets for other entertainment events intended  
507 for the general public.

508 (2) Electronic benefit transfer card transactions shall be  
509 prohibited at all retail liquor stores, casinos, gaming  
510 establishments, jewelry stores, tattoo parlors, massage parlors,  
511 body piercing parlors, spas, nail salons, lingerie shops, tobacco  
512 paraphernalia stores, vapor cigarette stores, psychic or fortune  
513 telling businesses, bail bond companies, video arcades, movie  
514 theaters, cruise ships, theme parks, dog or horse racing  
515 facilities, pari-mutuel facilities, sexually oriented businesses,



516 retail establishments that provide adult-oriented entertainment in  
517 which performers disrobe or perform in an unclothed state for  
518 entertainment, and businesses or retail establishments where  
519 minors under eighteen (18) years of age are not permitted.

520 (3) Upon enrollment, the Department of Human Services shall  
521 provide new applicants an itemized list of prohibited purchases,  
522 including those specified in subsection (1) of this section, and  
523 make such a list available on the department's website.

524 (4) The department shall prohibit establishments identified  
525 under subsection (2) of this section from operating ATMs that  
526 accept electronic benefit transfer cards. Businesses found in  
527 violation of this subsection shall be subject to appropriate  
528 licensing sanctions.

529 (5) If a recipient is found to have violated subsection (1)  
530 of this section, the department shall issue a warning in writing  
531 to the recipient. The recipient shall be subject to  
532 disqualification of benefits for up to three (3) months following  
533 the first offense and a permanent termination of benefits  
534 following the second offense, unless expressly prohibited by  
535 federal law.

536 **SECTION 24. Excessive EBT card loss.** (1) The Department of  
537 Human Services shall send all recipients that have requested four  
538 (4) replacement cards within a twelve-month-period a letter  
539 informing them that another request shall require participation in



540 a face-to-face interview with a fraud investigator and eligibility  
541 expert.

542 (2) If a third-party vendor is administering replacement  
543 cards directly to recipients, it shall notify the department after  
544 the request for a fourth replacement card in a  
545 twelve-month-period, and any subsequent request thereafter.

546 (3) Upon a recipient's request of a fifth replacement card  
547 within any twelve-month-period, and any subsequent request  
548 thereafter, the department shall schedule an interview, within  
549 thirty (30) business days, with a fraud investigator and  
550 eligibility expert before another new card is issued.

551 (4) Unless expressly prohibited by federal law, if a  
552 recipient fails to appear at an interview scheduled under  
553 subsection (3) of this section, the department shall terminate the  
554 recipient's benefits within ten (10) business days, or the minimum  
555 required by federal law.

556 **SECTION 25.** Sections 1, 2 and 8 of this act shall take  
557 effect and be in force from and after the passage of this act;  
558 Sections 3, 6, 9, 10, 11, 14, 16, 18 and 21 shall take effect and  
559 be in force from and after July 1, 2017; and Sections 4, 5, 7, 12,  
560 13, 15, 17, 19, 20, 22, 23 and 24 shall take effect and be in  
561 force from and after July 1, 2019.

