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3 SENATE FR&ED COMMITTEE SUBSTITUTE FOR SB140  
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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 require the agency to  
25 submit a state plan amendment or waiver necessary  
26 to implement work requirements for the able-bodied  
27 population to participate in Medicaid.

1  
2 A BILL  
3 TO BE ENTITLED  
4 AN ACT  
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6 Relating to Medicaid; to require the Alabama  
7 Medicaid Agency to use certain eligibility verification  
8 measures; to authorize the use of third-party vendors under  
9 certain conditions; to require the Alabama Medicaid Agency to  
10 implement semi-annual eligibility verification checks; to  
11 provide for procedures for disputes of determinations by the  
12 agency; to require the referral of certain instances of  
13 identified fraud to appropriate district attorney; and to  
14 require the agency to report to the Governor, the Legislature,  
15 and the Department of Finance; to require the agency to submit  
16 a state plan amendment or waiver necessary to implement work  
17 requirements for participation in Medicaid; and to provide  
18 rulemaking authority.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. (a) To the extent allowed by federal law  
21 and regulations, and subject to Centers for Medicare and  
22 Medicaid Services ("CMS") approval of the Alabama Medicaid  
23 Agency's eligibility verification plan, prior to awarding  
24 assistance and completing enrollment, the agency shall verify  
25 eligibility information of each applicant.

26 (b) The information verified by the agency shall  
27 include, but is not limited to, all of the following, provided

1 such information is related to the eligibility criteria for  
2 the Medicaid eligibility group for which the applicant is  
3 applying:

4 (1) Earned and unearned income.

5 (2) Employment status and changes in employment.

6 (3) Immigration status.

7 (4) Residency status, including a nationwide  
8 best-address source to verify individuals are residents of  
9 this state.

10 (5) Enrollment status in other state-administered  
11 public assistance programs.

12 (6) Financial resources.

13 (7) Incarceration status.

14 (8) Death records.

15 (9) Enrollment status in public assistance programs  
16 outside of this state.

17 (10) Potential identity fraud or identity theft.

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

21 (d) The agency may contract with one or more  
22 independent vendors to provide information detailed in  
23 subsection (b). Except for a contract which is required by  
24 federal law, including but not limited to a contract to  
25 implement the asset verification program required by 42 U.S.C.  
26 § 1396w as amended, any contract entered under this subsection

1 shall establish annualized savings that exceed the contract's  
2 total annual cost to the state.

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

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

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

19 (1) Earned and unearned income.

20 (2) Employment status and changes in employment.

21 (3) Immigration status.

22 (4) Residency status, including a nationwide  
23 best-address source to verify individuals are residents of  
24 this state.

25 (5) Enrollment status in other state-administered  
26 public assistance programs.

27 (6) Financial resources.

1 (7) Incarceration status.

2 (8) Death records.

3 (9) Enrollment status in public assistance programs  
4 outside of this state.

5 (10) Potential identity fraud or identity theft.

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

9 (d) The agency may contract with one or more  
10 independent vendors to provide information detailed in  
11 subsection (b). Except for a contract which is required by  
12 federal law, including but not limited to a contract to  
13 implement the asset verification program required by 42 U.S.C.  
14 § 1396w as amended, any contract entered under this subsection  
15 shall establish annualized savings that exceed the contract's  
16 total annual cost to the state.

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

21 (f) Nothing in this section shall preclude the  
22 agency from receiving or reviewing additional information  
23 related to eligibility not detailed in this section or from  
24 contracting with one or more independent vendors to provide  
25 additional information not detailed in this section.

26 (g) If the agency receives information that may  
27 affect eligibility concerning an individual enrolled to

1 receive benefits, the agency shall review the individual's  
2 case using the following procedures:

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

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

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

21 (4) The agency shall provide written notice to the  
22 individual, which shall describe in sufficient detail the  
23 circumstances of the discrepancy or change, the manner in  
24 which the applicant or recipient may respond, and the  
25 consequences of failing to take action. The applicant or  
26 recipient shall have a reasonable period to respond in an  
27 attempt to resolve the discrepancy or change. The explanation

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

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

16 (6) If an individual responds to the notice and  
17 disagrees with the agency's finding of a discrepancy, the  
18 agency shall reinvestigate the matter. If the agency finds  
19 that there has been an error regarding its finding of a  
20 discrepancy, the agency shall take immediate action to correct  
21 it and no further action shall be taken. If, after an  
22 investigation, the agency determines that there is no error,  
23 the agency shall determine the effect on the individual's  
24 eligibility and take appropriate action. Written notice of the  
25 agency's action shall be provided to the individual.

26 (7) If the individual agrees with the agency's  
27 finding of a discrepancy, the agency shall determine the

1 effect on the individual's eligibility and take appropriate  
2 action. Written notice of the agency's action shall be given  
3 to the individual.

4 Section 3. The Alabama Medicaid Agency shall provide  
5 information obtained under Sections 1 and 2, inclusive, of  
6 this act to the appropriate district attorney for cases of  
7 suspected fraud.

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

21 Section 5. The Alabama Medicaid Agency shall submit  
22 a state plan amendment or waiver necessary with the Centers  
23 for Medicare and Medicaid Services (CMS) to establish work  
24 requirements for eligibility, including exceptions from work  
25 requirements, for the able-bodied population to maintain  
26 assistance under Medicaid. Pursuant to this section, the  
27 agency shall request approval of the firmest but nonetheless

1 most reasonable work requirements allowed by CMS, which are  
2 designed to help recipients attain independence and  
3 self-sufficiency. The work requirements should be in  
4 furtherance of the Medicaid program's objectives and are  
5 subject to CMS approval.

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

8 Section 7. This act shall become effective on the  
9 first day of the third month following its passage and  
10 approval by the Governor, or its otherwise becoming law.