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**SENATE GOVERNMENT OVERSIGHT AND REFORM COMMITTEE
CHAIRWOMAN ROEGNER**

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Chairwoman Roegner, Vice Chairman McColley, Ranking Member Craig and members of the Senate Government Oversight and Reform Committee, thank you for the opportunity to provide interested party testimony on Senate Bill 17. The Center for Community Solutions is a nonprofit, nonpartisan think tank that aims to improve health, social and economic conditions through research, policy analysis and communication. Members of our policy team are collectively submitting written testimony for your consideration. The team includes Tara Britton, Director of Public Policy, Loren Anthes, Chair for Health Planning, and Hope Lane, Public Policy and External Affairs Associate.

We understand that Senate Bill 17 seeks to curb abuse and fraud in Ohio's public benefits system, but research into these programs shows that there are more efficient ways to preserve their integrity to ensure that resources are available to those most in need than the policies proposed in the bill. While much focus has been rightfully placed on issues with unemployment compensation, the main issues that we're seeing in this program, currently, are a result of large-scale, criminal identity theft, and not the result of individuals or beneficiaries defrauding the system. Our written testimony will focus on a few provisions in Senate Bill 17 that will exacerbate the administrative aspects of safety net programs, namely SNAP and Medicaid, that will result in limiting access to eligible individuals and families.

SNAP

Many provisions, such as the addition of a photo ID on the front of Electronic Benefit Transfer (EBT) cards are intended to curb misconduct in Ohio's Supplemental Nutrition Assistance

Program (SNAP) most notably found in the 2016 report conducted by then Auditor Yost in which the Auditor of State's office identified many weaknesses in Ohio's EBT program. Much of the fraud determined by the Auditor's office, such as unusual activity at neighborhood corner stores and even dollar transactions would not be deterred by a photo ID, however, because it involved collusion between the beneficiary and the retailer. If the retailer is complicit in the fraud, a photo ID card will not deter the transaction. This could be monitored with better electronic surveillance of suspicious transaction patterns and higher penalties on retailers and beneficiaries who commit fraudulent activity.

While understanding that the federal government reimburses states at 50% of the cost of administering SNAP programs, the state will still be required to fund the Ohio Department of Jobs and Family Services (ODJFS) at unprecedented levels to account for one-time and ongoing annual costs of implementing a SNAP program with photographs.

Only 10 states, including, Ohio have county-administered benefit programs where counties and local governments are responsible for a significant chunk of the administrative and supplemental costs of running the program. Since Massachusetts is the only state currently running a SNAP photo ID program, and their program is state administered, it's difficult to estimate what expenses county departments of job and family services (CDJFSs) will be responsible for as compared to the state. Previous fiscal analyses of this approach have only accounted for cost's that the state will bear, while the counties' costs were not taken into consideration.

While the bill allows for the Bureau of Motor Vehicles to share photos with ODJFS for the purpose of printing them on EBT cards, it does not address:

- How often beneficiaries are required to update their SNAP ID photo.
- How beneficiaries who do not interact with the BMV and under federal guidelines meets the criteria for an interview waiver due to a hardship situation (which can include child-care difficulties, transportation difficulties, illness, care of a household member, inclement weather or work hours that conflict with CDJFSs business hours) obtain a photo for the EBT card.

Additionally, nutrition assistance is awarded by household, not by individual, thus everyone in a household is entitled by federal law to use the EBT card the assistance comes on. Federal law prohibits retailers who accept EBT from refusing to let all SNAP household members use the card, even if their name or photo is not on the card, and prohibits retailers from subjecting food stamp shoppers to special scrutiny. It's important to keep in mind, however, that the legislation does not include an appropriation for ODJFS to train merchants on the new guidelines for cards and how to avoid discriminatory practices.

The legislation also seeks to eliminate the use of Broad-Based Categorical Eligibility (BBCE) in Ohio which is currently used to raise asset limits on SNAP beneficiaries. States (44) choose to participate in BBCE because it allows them flexibility for SNAP eligibility so that low-income families whose gross household income is over the income threshold but have costs that consume a large share of their income, such as housing and childcare, can receive nutrition benefits. In Ohio's case, this allows for a less prohibitive asset test so that families who own their cars or homes or maintain a modest savings account can remain eligible for food benefits. Considering often times low-income families are forced to take out predatory payday or title loans that trap them in debt for unplanned expenses, families should not be punished for thinking ahead or being proactive. Asset tests encourage families to spend down their savings before getting help and discourage families from applying in the first place.

Finally, we wanted to talk about the implications of requiring child support cooperation as a condition for families to receive SNAP benefits. In addition to the potential risk for custodial parents being forced to engage/disclose their location to non-custodial partners whom they had worked hard to leave behind for the sake of nutrition benefits, it's a bureaucratic nightmare, especially during a pandemic. Both the courts and the child support division are terribly backed up and there is no way to guarantee that child support would be determined or that the applicant would even get an appointment before the SNAP timeliness standard had run, thus counties would have to monitor "cooperation" through each step of a multi-step process over a period of months or even years. Ohio counties have various support mechanisms for custodial parents receiving SNAP to get assistance with child support when possible and appropriate, without jeopardizing family safety and penalizing kids, custodial parents and non-custodial parents who are unable to pay child support and the focus should be on elevating those services.

Medicaid

Regarding Medicaid, the provisions outlined in the legislation will have the unintended consequence of exacerbating the stated problems for which this legislation seeks to remedy, put the state at significant financial and legal risk, and have a direct, negative impact on coverage for the 1 in 4 Ohioans who rely on the program.

First, several law enforcement agencies and federally mandated auditing activities of the state and its contracted partners in the private managed care programs are responsible for the benefits management of Ohio's enrollees. As only 14 cents of every dollar spent in Ohio come from state General Revenue, and the majority comes from the federal government, these strictly enforced programs require state and federal law enforcement collaboration and management. What's more, as payments in Medicaid are delivered directly to providers and not beneficiaries, fraud, waste, and abuse are conducted singularly by those who receive payments. Importantly, Ohio is one of the national leaders in recovering errant payments, though the sum represents less than .17% of the total program expenditure.

Second, Medicaid programs' eligibility issues are closely monitored and evaluated through Payment Error Rate Measurement (PERM) audits. In a 2020 review of eligibility systems Community Solutions conducted, evidence from multiple state programs showed that Ohio's problems are tied to its fragmented information technology and a manually-based, county-administered system of processing - a finding reinforced by the Auditor's most recent report. As written, the legislation would further fragment Ohio's approach and cause broad process waste in the adjudication of applications. Still, it could increase Ohio's PERM rate, increasing the potential for significant penalties from the federal government for misappropriation of federal funds. The provisions which reduce data matching, increase eligibility checks, eliminate presumptive eligibility, and eliminate self-attestation all carry this potential for billions in financial risk and create significant barriers and expense for local governments to ensure processing can be conducted legally.

Third and last, this legislation's result would most likely be significant disenrollment. While this may be a desirable outcome depending on the population, the legislation's mechanics as written will probably have pronounced effects on older adults, persons with disabilities, and children. Importantly, when Ohio went through a similar process in 2015, the state was sued for errantly disenrolling individuals and was mandated, by court order, to restore coverage. With SB 17, the potential for suit would grow exponentially.

Conclusion

We appreciate the time and attention to the issues raised by Senate Bill 17 and look forward to working with policymakers to truly improve access to vital safety net programs. Senate Bill 17 will not achieve the intended outcomes, and will only serve to increase bureaucracy and make it harder for families to access programs for which they are eligible for. Thank you for taking the time to review this testimony and we would be happy to answer any questions or provide additional research/data associated with these issues.

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