



## SENATE OF PENNSYLVANIA BILL SUMMARY

### Senate Bill 6 Printer's No. 164

Prime Sponsor: Senator Regan  
Committee: Public Health and Welfare

---

#### **SYNOPSIS:**

Senate Bill 6 establishes the Public Assistance Integrity Act (PAIA). The legislation amends the Human Services Code (Act 21 of 1967) by tightening benefit eligibility criteria, limiting the use of "access devices" (as defined in the bill), and increasing penalties for instances of willful fraud.

#### **SUMMARY:**

##### **Definition of "Access Device"**

SB 6 amends Section 402 of the Human Services Code by adding a definition for the term "Access Device". The term is defined as "[a]n electronic benefit transfer card that is used by the department [of Human Services] to convey public assistance benefits to a recipient." Recipients use this access device to access Cash Assistance, SNAP and Medical Assistance benefits.

##### **Available Resource Exemption: Motor Vehicles**

Section 432.5 (c)(4) of the Human Services Code currently exempts one motor vehicle from being considered an "available resource" of an applicant/recipient when determining initial/continuous eligibility for assistance. SB 6 amends Section 432.5(c)(4) to exempt one motor vehicle, but only if that motor vehicle has a fair market value of less than \$35,000.

The appraisal will be based on "a standard guide resource available to the automobile industry and consumers that determines the value of new and used automobiles".

##### **Lottery Winnings as an Available Resource; DHS Verification**

SB 6 adds a new subsection (g) to Section 432.5 of the Human Services Code.

Under subsection (g), individual lottery winnings of \$600 or more must be considered an "available resource" when determining a recipient's eligibility for assistance. Lottery winnings will be calculated on a prorated basis over a 12-month period following receipt of such winnings.

To effectuate this change, a subsection (20) is added to Section 432.23(a) of the Human Services Code to require the Department of Human Services (“DHS”) to cross-reference the social security number of each applicant/recipient with the lottery winners’ database maintained by the Pennsylvania Lottery.

### **Eligibility for Individuals Convicted of Drug Distribution**

SB 6 creates a new Section 432.25 in the Human Services Code.

Under new Section 432.5, individuals convicted of a felony for violating certain specified sections of The Controlled Substance, Drug, Device and Cosmetic Act will be prohibited from receiving public assistance, unless:

- The individual is complying/has complied with obligations imposed by the criminal court; and
- The individual is actively engaged in or has completed with a court-ordered substance abuse treatment program and participates in periodic drug tests for 10 years after the drug-related conviction or for the duration of probation (whichever is longer).

Upon a second or subsequent conviction, an individual will no longer be eligible for public assistance.

Individuals who fail the court-ordered drug test are subject to the following sanctions:

- First failed drug test
  - DHS must notify the individual of the failed drug test no later than 7 days after the receipt of the drug test results.
  - The individual must be provided an assessment and treatment for addiction as indicated by treatment criteria developed by the Single State Authority on Drugs and Alcohol.
    - Assessments must be conducted by the Single County Authority (SCA) on Drugs and Alcohol (or a designee).
    - Treatment recommended must be provided by facilities licensed by the Division of Drug and Alcohol Program Licensure in the Department of Drug and Alcohol Programs (DDAP).
    - Medicaid eligibility determinations will be expedited to ensure access to assessment and addiction treatment through Medicaid.
  - If the individual cooperates with the assessment and treatment, no penalty is imposed.
  - If the individual refuses to cooperate with the assessment and treatment, public assistance will be suspended for 6 months, beginning with the next scheduled distribution and for every other distribution period until the suspension lapses.
  - After the suspension, an individual may apply for public assistance but must submit to a retest.
- Second failed drug test/retest
  - Individual is precluded from receiving public assistance

Section 432.25 explicitly states that applicants/recipients who fail a drug test or retest are in no way precluded from participating in (a) a Commonwealth program that pays the costs for participating in a drug treatment program or a medical assistance program, (b) a medical assistance program, or (c) another benefit not defined as public assistance.

Discretion is given to DHS to determine if implementation of Section 432.25 is cost-effective.

Benefits afforded to minor children of those denied eligibility will be unaffected.

### **Eligibility for Violators of Sexual Offender Registration**

SB 6 creates a new Section 432.26 in the Human Services Code.

Under new Section 432.26, an individual who is required to register as a convicted sex offender but is not in compliance with the statutory registration requirements, will not be eligible for public assistance. Offenders who thus lose benefits for non-compliance can have their benefits reinstated after demonstrating compliance.

The eligibility of minor children living in the household will be unaffected.

### **Increased Penalties for Willful Fraud**

SB 6 amends Section 481(b) of the Human Services Act, regrading criminal penalties for fraudulent benefit activity, as follows:

<b>Amount of Assistance/Food Stamps Fraudulently Received</b>	<b>Degree of Crime</b>
>\$1,000	3 <sup>rd</sup> degree felony
< \$999 or a failed attempt	1 <sup>st</sup> degree misdemeanor

Current law grades these offenses as follows:

<b>Amount of Assistance/Food Stamps Fraudulently Received</b>	<b>Degree of Crime</b>
>\$3,000	3 <sup>rd</sup> degree felony
\$1,500 - \$2,999	1 <sup>st</sup> degree misdemeanor
\$1000 - \$1,499	2 <sup>nd</sup> degree misdemeanor
< \$999 or a failed attempt	3 <sup>rd</sup> degree misdemeanor

### **Prohibited Use of Public Assistance Funds**

SB 6 amends Section 484 of the Human Services Code making it unlawful for any individual to:

- Purchase tobacco (or tobacco paraphernalia) with an access device
- Withdraw funds from an access device for any transaction in:
  - A casino or gaming establishment; or
  - Any retail establishment that provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment.

Section 484 is amended further to prohibit an entity licensed by the Pennsylvania Gaming Control Board (PGCB) or the Pennsylvania Liquor Control Board (PLCB) to allow for the withdrawal for funds from an access device or allow for public assistance benefits to be used through a Point-of-Sale transaction. Any retailer that willfully violates the provisions of Section 484 is guilty of a misdemeanor.

The PGCB and PLCB, in consultation with DHS, must take appropriate measures to prevent such prohibited transactions.

### **Lost Access Devices: Penalties and Reporting Requirements**

SB 6 creates a new Section 485 in the Human Services Code.

Under new Section 485, a recipient who requests the replacement of an access device must pay a replacement fee of \$5 for the first access device requested. A replacement fee of \$100 is assessed for the second and each subsequent replacement access device requested. Payment must be made prior to the issuance of any replacement access device.

DHS must notify the Office of Inspector General (OIG) of the name of any recipient who requests two or more access devices in a calendar year.

Effective Date: 60 days.

#### **BILL HISTORY:**

Referred to Public Health & Welfare, Jan. 25, 2017.

Prepared by: Cortez 6/17/2017