



Senate Government Oversight and Reform Committee

February 24, 2021

Opponent Testimony – SB 17

Franklin County Board of Commissioners

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Chair Roegner, Vice Chair McColley, Ranking Member Craig and members of the Senate Government Oversight and Reform Committee, thank you for the opportunity for the Franklin County Board of Commissioners to submit written testimony in opposition to Senate Bill 17.

As you know, the state of Ohio's SNAP and Medicaid programs are supervised by the state and administered by counties, and in Franklin County, this administrative responsibility falls to the Department of Job and Family Services (FCDJFS) operating under our purview as the Board of Commissioners. FCDJFS works alongside our other county human services agencies serving children, families and older adults, and collectively, these agencies form a vital piece of our community wide fabric, along with private and nonprofit partners, creating the conditions necessary for all our residents to thrive. We have long worked collaboratively within Franklin County to meet the needs of vulnerable residents and break down systemic barriers limiting access to opportunity. We have also worked to create efficiencies across our departments, most recently consolidating supervision of all county health and human services agencies under one county administrator and pursuing investments of taxpayer dollars on behalf of our 1.3 million residents with a lens of equity, respect and human-centered service.

SNAP and Medicaid are foundational tools in this work, and we are deeply concerned that SB 17 will hinder the effectiveness of these programs in reaching residents when needed; exponentially increase administrative burden and costs without requisite funding, thereby subjecting us to federal and state penalties for failure to meet timeliness and accuracy mandates; and add layers of bureaucratic processes that will not enhance current practices to prevent fraud and serve residents. Specifically:

- SB 17's proposed removal of categorical eligibility for SNAP will require additional administrative work estimated at \$1.5M each year for Franklin County alone and will discourage modest asset ownership, such as a car, which is essential for travel to and from required employment, work activities, and school.
- SNAP is structured to prevent fraud by requiring a multi-step application and verification process. We are concerned the proposed photo ID requirement cannot legally be enforced (federal requirements prohibit disparate treatment for EBT card holders in retail locations compared with bank-issued credit and debit card holders), does not improve program integrity, and will lead to costs in excess of savings.
- The proposed cooperation between the SNAP and child support programs is not currently possible using the child support case management system, nor the SNAP case management system. Costly system changes (estimated near \$8M) or additional manual processes would be required to comply.
- Doubling our required frequency of Medicaid eligibility determinations will in turn double the administrative work of case managers without requisite funding for newly needed staff capacity. This may result in delays or lapses of benefits for individuals who meet eligibility requirements.
- The bill would expand on existing, legislatively mandated work requirements without any additional funding for associated administrative work.

Thank you for allowing us to provide our county perspective in further detail on some of the bill's areas of focus:

SNAP program eligibility

Broad-based categorical eligibility (BBCE) is a policy in which households may become categorically eligible for SNAP because they have already qualified to receive a non-cash Temporary Assistance for Needy Families (TANF) or a state maintenance of effort (MOE) funded benefit. The bill's proposal would eliminate categorical

eligibility and thereby require FCDJFS to complete an additional and in many ways duplicative administrative process to determine an individual's eligibility for SNAP despite their having already qualified for another need-based program. Using 2019 (pre-pandemic) data showing approximately 146,000 Franklin County residents received SNAP benefits that year, we estimate about 65,000 of those individuals' applications would have needed additional casework and review by our FCDJFS case managers without categorical eligibility in place.

This costly additional administrative layer was explored at the federal level, and at that time, we estimated the cost to comply at \$2.8M each year and projected 65,000 otherwise eligible SNAP recipients would experience delays in processing benefits while ultimately resulting in less than 100 people – only about a tenth of a percentage point – being deemed ineligible. While the federal government covers the cost of up to 50% of administrative costs for running the SNAP program, based on these estimates FCDJFS may need additional county and state funding upwards of \$1.5 million to cover the burden of this change. In addition to this staggering cost, we also believe the nature of the additional work is problematic in that it punishes working adults who may lose eligibility as a result of maintaining access to transportation, like a car, to get to work and the space to build modest assets, like emergency savings.

SNAP fraud prevention

The SNAP program was structured to prevent fraud by requiring a multi-step application and verification process in order to receive benefits. Applicants submit the following verifications for everyone in the household along with an application for benefits: proof of identify, verification of school attendance, verification of earned and unearned income, permanent resident card or other INS documentation, social security card or proof one has been applied for, proof of housing and utility costs, proof of child support paid for children, and proof of medical costs for people with disabilities or people over the age of 60. These verifications are submitted through the Ohio Benefits system, which regularly interfaces with other data sets such as the Income Eligibility and Verification System (IEVS), new hire lists, and other IRS information to identify any discrepancies in data entered in Ohio Benefits. If discrepancies are identified, a FCDJFS case manager receives an alert and responds to the discrepancy accordingly. The applicant is also required to complete an interview with a case manager before an eligible application is approved.

Though confirmed fraudulent payments in the 2016 State Auditor's program audit of SNAP were far less than a fraction of the examined program sample, some areas of program vulnerability for potential fraud were indeed identified, and we stand ready to work with our state partners to examine ways to further reduce this risk and protect program integrity without harming compliant program recipients or incurring administrative costs in excess of dollars saved.

Photo ID requirement and food retailers

One such finding, the anomalies on the part of potentially problematic retailers identified in the Auditor's 2016 report, calls into question the effectiveness of SB 17's EBT card photo requirement to prevent instances of potential fraud with those retailers.

And for the vast majority of retailers that are not on the Auditor's list, with the inclusion of a photo ID requirement, are they expected to verify a person's photo ID match during checkout? If so, this would be a new and unique process for EBT card holders at retail locations that may not currently ask to see individuals' bank-issued credit or debit cards during checkout. If retailers were to take the step to verify a person's EBT photo, they would also

need to do so for non-EBT customers to ensure compliance with federal regulations that prohibit EBT card holders from being singled out for special treatment. We have concerns about the feasibility of retailers' enforcement capabilities and what actions would and could be taken if a photo ID does not match the customer using the credit, debit or EBT card. Additionally, implementing this requirement certainly has the potential to present issues for cashiers in cases of older adults who have caregivers or family members shopping for their groceries, families that have teenagers running to the store, and households with multiple adults who purchase and prepare meals together.

Cooperation with child support

The bill requires ODJFS to mandate that, as a condition of SNAP eligibility, individuals must cooperate with ODJFS regarding (1) establishing paternity and (2) establishing, modifying, and enforcing a child support order. Currently, there is not a case management software system capability or manual process in place whereby our case managers check for cooperation, though we are unclear how cooperation would be defined. For example, if an individual has an informal arrangement to pay child support outside our child support system, would that be considered as cooperation and how would our case managers verify it? For those with child support orders, a significant software system enhancement, for which we are unsure of the state's cost but we are aware of estimates in the range of \$3M for the child support system and \$5M for Ohio Benefits, would be needed to enable a system connection between Ohio Benefits and Ohio's child support tracking system, SETS, to allow SNAP applications to ping the child support system the way other programs ping IRS information, etc. Either with this system capability or through some other manual process, our case managers would be required to do additional administrative work at some level on each case. Our concerns with the feasibility and cost of new, unfunded requirements and increased staffing needs continue with this requirement as with others previously discussed.

Most states that have considered this practice have since walked it back for various reasons, and as the Center on Budget and Policy Priorities points out, the practice is based on a flawed assumption that increasing sanctions and penalties leads to an increase in child support payments to households. On the contrary, a growing body of research finds non-punitive policies can be more effective at increasing child support payments without risking the food or economic security of families.

Medicaid

Finally, Senate Bill 17 proposes several concerning changes to the Medicaid program, including requiring FCDJFS to redetermine Medicaid eligibility every six months, instead of every twelve months, which is currently the requirement. As of December 2020, Franklin County has 373,077 active Medicaid recipients. That is one of the largest caseloads we have ever experienced, and it represents well over 1-in-4 of our County residents. We do not have the information to estimate the fiscal impact of this change, however this doubling of administrative requirements without requisite funding and flexibility in timeliness requirements gives us great concern for the administrative burden on the agency and expected resulting delays, lapses and issues in health coverage for individuals and families, and additional hardship for individuals who serve as caregivers or authorized case representatives for older adults and individuals with disabilities. Furthermore, in order to manage existing workloads and maintain compliance with timeliness requirements, we are already periodically leveraging overtime work.

The bill also raises the exemption age for work requirements as part of the Medicaid expansion eligibility group from 55 to 65. As of December 2020, Franklin County has 13,334 residents age 55-64 on Medicaid as part of

the expansion eligibility group. It is unclear how many of these Medicaid recipients would lose coverage as a result of this change, threatening their short and long-term health outcomes and our community goals to promote access to healthcare. To prevent individuals and families from facing a lapse or termination of health coverage, we would do everything in our power to ensure continuity of coverage for those who qualify, but we are concerned about the additional administrative responsibility of assigning and tracking work activity compliance without additional administrative resources. Additionally, while work requirements and/or time limits have led to a decrease in enrollment and/or duration of Medicaid enrollment, there is little evidence that they have supported any corresponding increase in long-term, stable employment outcomes for impacted recipients. Conversely, the state's Medicaid Group VIII (Medicaid Expansion) assessment revealed those enrolled in the program indicated improvements in physical health, mental health, and employment security as a result of enrollment in the program. Coverage lapses due to doubled and unfunded administrative processes should not stand in the way of an eligible recipient's health.

Beyond that, the Centers for Medicare and Medicaid Services on February 12th notified the Ohio Department of Medicaid that it is reassessing the state's existing 1115 Demonstration Waiver to permit work and community engagement requirements and takes the view that it "would not promote the objectives of the Medicaid program" and "will result in unintended coverage loss." If CMS plans to withdraw the state's existing authority, it is even less likely to approve a new waiver to implement the more expansive, burdensome requirements proposed in this bill. Instead of reducing fraud and helping residents obtain good paying jobs with benefits, the provisions of this legislation could lead costly, draw-out legal battles, with Ohio taxpayers left footing the tab.

Please reject these proposed measures that would negatively impact families and compound administrative expenses in the SNAP and Medicaid programs. We stand ready to work with our state partners to explore and implement program reforms that redirect the proposed cost of SB 17's measures to evidence-based practices that lift children and families out of poverty.