

## **BILL ANALYSIS**

Senate Research Center

S.B. 910  
By: Zaffirini  
Health & Human Services  
3-18-97  
As Filed

### **DIGEST**

In November 1995, Texas implemented a statewide electronic benefit transfer (EBT) program using the Lone Star card, an electronic debit card similar to an automatic teller machine card that allows recipients to access food stamps and welfare benefits via point-of-sale terminals at retail outlets. The EBT system streamlines program administration; law enforcement citations cite EBT as a factor in reducing the illegal sale of food stamps; and the retailers and financial institutions are pleased with the system's reducing handling costs. This bill will direct the interagency task force on electronic benefits transfers, created in 1995, to examine expanding the use of EBT to other state benefit programs, propose methods to prevent or deter fraud, evaluate the feasibility of adding the Medicaid program to the EBT system, develop a plan to assist beneficiaries of public programs to obtain bank accounts, and determine the feasibility and cost effectiveness of using EBT or direct deposit for recurring payments.

### **PURPOSE**

As proposed, S.B. 910 directs the interagency task force on electronic benefits transfer to examine expanding the use of electronic benefits transfers (EBT) to other state benefit programs, propose methods to prevent or deter fraud, and evaluate the feasibility of adding the Medicaid program to the EBT system.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 531B, Government Code, to conform to Section 8.10, Chapter 655, Acts of the 74th Legislature, Regular Session, 1995, by adding Section 531.045, to redesignate Section 10B, Article 4413(502), V.T.C.S., as Section 531.045, Government Code, including the following changes:

Sec. 531.045. INTERAGENCY TASK FORCE ON ELECTRONIC BENEFITS TRANSFERS. Requires the task force on electronic benefits transfer to evaluate the feasibility of adding the Medicaid program to the state's electronic benefits transfer system, and develop a plan to assist beneficiaries of public programs to obtain bank accounts. Makes conforming and nonsubstantive changes.

SECTION 2. Amends Sections 22.029(a) and (b), Human Resources Code, to require, rather than authorize, the commission to implement a data matching project. Requires the project to involve the matching of database information among all agencies using electronic funds transfer and other participating agencies.

SECTION 3. Amends Chapter 22, Human Resources Code, by adding Section 22.0291, as follows:

Sec. 22.0291. PROJECT FOR IDENTIFYING PERSONS ELIGIBLE FOR BENEFITS THROUGH DATA MATCHING. Requires the Texas Department of Health (department) to implement a data matching project to locate individuals who qualify to participate in the federal special supplemental food program for women, infants, and children (program).

Requires the department to notify eligible persons and encourage them to apply for the program. Requires the department to identify other state agency databases that could be matched with the department's database for the program. Requires the department to contract through a memorandum of understanding with each agency participating in the project. Requires agencies participating under Subsection (b) to cooperate fully with the department and promptly provide data in the requested format. Requires the commission and participating agencies providing source data for the project to take all necessary steps to protect the confidentiality of information provided as part of this project, in compliance with all existing state and federal privacy guidelines. Requires the department to identify the databases for the matching project not later than December 30, 1997, and to begin database matching not later than July 1, 1998.

SECTION 4. Repealer: Section 8.10, Chapter 655, Acts of the 74th Legislature, Regular Session, 1995 (Task Force: Electronics Benefits Transfers).

SECTION 5. (a) Requires the task force to review each agency that makes recurring payments to an individual or transmits data on state clients to determine the feasibility of using electronic benefits transfer or direct deposit to make the recurring payments or data transmission.

(b) Requires the task force to report its findings to certain individuals not later than December 30, 1997.

(c) Requires an agency, if the task force determines that using electronic benefits transfer or direct deposit is feasible, to implement electronic benefits transfer or direct deposit not later than September 1, 1999.

SECTION 6. (a) Requires certain persons to analyze the cost-effectiveness of using electronic benefits transfer in conjunction with direct deposit to distribute certain funds.

(b) Authorizes each agency to work with the task force to determine the cost-effectiveness of using electronic benefits transfers to distribute payments or benefits.

(c) Requires each agency to complete the cost-benefit analysis not later than December 30, 1997.

(d) Requires an agency to submit a plan for implementing an electronic benefits transfer system to the task force if the agency determines that electronic benefits transfer is cost-effective. Requires the agency to execute the plan not later than August 31, 1998.

SECTION 7. Requires each agency that provides benefits or recurring payments by way of electronic benefits transfer to evaluate the cost-effectiveness of providing access to the benefits or recurring payments through automated teller machines.

SECTION 8. Effective date: September 1, 1997.

SECTION 9. Emergency clause.