



DAVE HEATON

STATE REPRESENTATIVE • 85TH ASSEMBLY DISTRICT

Testimony of Representative Dave Heaton on AB 200
Assembly Committee on Public Benefit and Regulatory Reform
Tuesday September 29th, 2015

Mr. Chairman, members of the Committee, thank you for holding this public hearing and giving me an opportunity to speak to you today in support of Assembly Bill 200 (AB 200) as amended. I want to thank Senator Tiffany for co-authoring this bill and for all the hard work he has done to help move it forward.

The Foodshare program in Wisconsin is administered by the Department of Health Services (DHS). The program provides needy individuals with assistance in purchasing food. The benefits are distributed by issuing a debit card to the users, called a Quest card. Instances of recipients selling Quest cards for cash or offering to buy groceries for people in exchange for cash have been identified in several parts of the state.

We can all agree that Government must work to ensure that public welfare benefits reach those people who truly need it and that the taxpayers' dollars are being spent as intended. Over the past few years, the hard working people at the Department of Health Services (DHS) have done great work combating waste, fraud, and abuse in the FoodShare program. This bill will build upon those successes and codify into law the tools DHS needs to ensure that FoodShare benefits are being used for their intended purpose.

One of the warning signs of potential fraud and abuse in the FoodShare program is a recipient requesting an excessive number of Quest replacement cards. When a request for replacement card occurs multiple times within a one year period, a red flag should go up. Excessive requests may be an indication that a recipient is trafficking their benefits. Trafficking is either selling a FoodShare benefit card for cash or trading the card in exchange for items that are not permissible to purchase with FoodShare benefits such as alcohol, drugs, or non-food items.

Under AB 200 as amended, we are setting a threshold of four (4) replacement cards in a twelve month period as an excessive request. This bill also provides a process that DHS must follow to inform recipients of excessive requests. After a fourth request, DHS shall inform the recipient that they have exceeded the threshold for the number of replacement cards in a 12 month period and that the Office of Inspector General (OIG) may review their account for possible misuse of benefits if another card is requested. Upon the fifth (5th) request, DHS will inform the recipient that they have exceeded the threshold for the number of replacement cards and that the Office of Inspector General is reviewing their account for possible misuse of benefits. At this point, DHS

will also inform the recipient that any further replacement card requests will require the individual to contact DHS and DHS will provide the information of how the recipient can do so.

The success of a similar system of issuing warning letters has already been proven under a DHS pilot program which began in 2013. In March 2013, DHS sent warning letters out to the 1,739 FoodShare recipients who requested six or more replacement cards within the previous 12 months. By September of that year, 1,266 (nearly 73%) of the recipients had not requested another replacement card. This bill seeks to continue and expand upon past successes.

AB 200 comes after extensive discussions with DHS on what the legislature can do to support its efforts to combat waste, fraud, and abuse in the FoodShare program. The entire procedure is permissible under federal law and therefore Wisconsin would not need to seek a waiver from the federal government.

This bill aims to thwart abuse of welfare benefits while continuing to provide assistance to those who truly need it. Mr. Chairman and committee members, thank you once again for the opportunity to testify before you today.

FoodShare Summary 2012 to 2014

ITAU and PARIS Trafficking* Total

FoodShare Program Fraud Data - Calendar Year 2012*

Overpayment Claims Established	\$3,607,992		\$3,607,992
Future Benefits Saved (Cost Avoidance)	\$6,000,580		\$6,000,580
Investigations Completed	4,229		4,229
Persons suspended from the FoodShare Program	199		199

*Trafficking did not begin until 2013.

FoodShare Program Fraud Data - Calendar Year 2013

Overpayment Claims Established	\$5,558,782	\$36,992	\$5,595,774
Future Benefits Saved (Cost Avoidance)	\$8,594,785	\$170,000	\$8,764,785
Investigations Completed	6,148	1,354	7,502
Persons suspended from the FoodShare Program	549	170	719

FoodShare Program Fraud Data - Calendar Year 2014

Overpayment Claims Established	\$6,556,811	\$104,664	\$6,661,475
Future Benefits Saved (Cost Avoidance)	\$8,649,949	\$295,000	\$8,944,949
Investigations Completed	6,813	554	7,367
Persons suspended from the FoodShare Program	1,184	295	1,479



TOM TIFFANY

STATE SENATOR • 12TH SENATE DISTRICT

Testimony on Assembly Bill 200 Assembly Committee on Public Benefit Reform September 29, 2015

I would like to thank Chairman Born and members of the committee for taking the time to hear Assembly Bill 200 today.

The Foodshare program in Wisconsin, administered by the Department of Health Services (DHS), provides benefits to low-income individuals for the purchase of food. These benefits are debited by federal funds electronically to a Quest card, and administered jointly by the state and federal government. The integrity of this program is at risk for abuse as Quest cards are frequently reported stolen, lost, damaged or destroyed. A 2012 Legislative Audit Bureau report indicated that over 107,000 replacement cards were issued in Fiscal Year 2010-11, therefore protecting citizens legitimately in need of assistance.

Since the 2012 audit, DHS has pursued policies to uphold the integrity of the Foodshare program. One such policy was a pilot program in which DHS notified recipients requesting a sixth replacement card of potential misuse. After six months of the pilot program, the number of replacement cards requested by the original list of recipients decreased from 12,235 to 800.

We introduced Assembly Substitute Amendment 1 to codify this deterrent safeguard and prevent misuse of the Foodshare program, while also ensuring that recipients continue to receive needed benefits. The substitute amendment sets a threshold of four replacement cards in a 12-month period as an excessive request. It also outlines the process DHS must take to notify recipients that are requesting excessive replacement cards. This process will require DHS to notify the recipient of their excessive use upon the fourth replacement card request and warn of any disingenuous use. Upon the fifth, or greater, request DHS shall notify the recipient that their benefit is under review by the Office of Inspector General and that any further requests must be made by contacting DHS for additional cards in a 12-month period.

This bill seeks to reign in abuse while continuing to support those in legitimate need of assistance. I want to thank Representative Heaton for all his hard work to ensure that the Foodshare program continues to operate with full integrity. My thanks also to all of you for your time and consideration and to the Chairman for holding this hearing.