

HOUSE BILL 502

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3lr1127
CF SB 2

By: **Delegates R. Lewis and Watson**

Introduced and read first time: January 30, 2023

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Human Services – Electronic Benefits Transfer Cards – Fraud**
3 **(Prevent Electronic Benefits Theft Act of 2023)**

4 FOR the purpose of requiring the Department of Human Services to reimburse a
5 beneficiary for any benefits lost due to the fraudulent use of the beneficiary's
6 Electronic Benefits Transfer card; requiring the State to give preference to certain
7 vendors in the procurement process for electronic benefits distribution or
8 administration; requiring the Department to establish a certain point of contact for
9 investigating and identifying electronic benefits fraud; requiring the Department to
10 notify certain beneficiaries about electronic benefits fraud in a certain manner and
11 provide certain assistance to certain beneficiaries; applying certain provisions of this
12 Act retroactively; and generally relating to electronic benefits.

13 BY adding to

14 Article – Human Services

15 Section 5–609 and 5–610

16 Annotated Code of Maryland

17 (2019 Replacement Volume and 2022 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That the Laws of Maryland read as follows:

20 **Article – Human Services**

21 **5–609.**

22 **THE DEPARTMENT SHALL REIMBURSE A BENEFICIARY FOR ANY AMOUNT OF**
23 **BENEFITS LOST DUE TO THE FRAUDULENT USE OF THE BENEFICIARY'S ELECTRONIC**
24 **BENEFITS TRANSFER CARD.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
2 as follows:

3 **Article – Human Services**

4 **5–610.**

5 **(A) IN THE PROCUREMENT PROCESS FOR ELECTRONIC BENEFITS**
6 **DISTRIBUTION OR ADMINISTRATION, THE STATE OR STATE-AIDED OR**
7 **STATE-CONTROLLED ENTITY SHALL GIVE PREFERENCE TO A VENDOR THAT:**

8 **(1) HOLDS A FORM OF INSURANCE THAT CAN BE USED TO REIMBURSE**
9 **A BENEFICIARY FOR FRAUD OR IDENTITY THEFT; AND**

10 **(2) PROVIDES IDENTITY ACCESS PROTECTIONS TO PROTECT AN**
11 **ELIGIBLE BENEFICIARY AGAINST FRAUD, WHICH MAY INCLUDE MULTIFACTOR**
12 **AUTHENTICATION.**

13 **(B) (1) THE DEPARTMENT, IN CONSULTATION WITH THE MARYLAND**
14 **STATE POLICE AND ANY OTHER VENDOR THAT THE DEPARTMENT CONSIDERS**
15 **NECESSARY, SHALL ESTABLISH A SINGLE POINT OF CONTACT WITHIN EACH LOCAL**
16 **DEPARTMENT:**

17 **(I) TO START AN INVESTIGATION AND FILE A POLICE REPORT**
18 **WHEN BENEFITS ARE STOLEN;**

19 **(II) TO CONDUCT AN INITIAL SCREENING TO IDENTIFY UNUSUAL**
20 **CHARGES; AND**

21 **(III) SCHEDULE AN APPOINTMENT FOR A BENEFICIARY TO**
22 **REPLACE THE BENEFICIARY'S CARD AND BEGIN THE REIMBURSEMENT PROCESS**
23 **WITHIN 1 WEEK AFTER THE IDENTIFICATION OF UNUSUAL CHARGES.**

24 **(2) THE DEPARTMENT SHALL ESTABLISH A HOTLINE TO ASSIST**
25 **BENEFICIARIES IN REPORTING STOLEN BENEFITS AND ACCESSING THE PROCESS**
26 **DEVELOPED UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

27 **(C) THE DEPARTMENT, IN CONSULTATION WITH THE MARYLAND STATE**
28 **POLICE AND ANY OTHER VENDOR THAT THE DEPARTMENT CONSIDERS NECESSARY,**
29 **SHALL:**

30 **(1) ALERT ELECTRONIC BENEFITS TRANSFER CARD HOLDERS**
31 **ABOUT THE RISK OF FRAUD THROUGH MASS MESSAGING, INCLUDING E-MAILS, TEXT**
32 **MESSAGES, AND WRITTEN NOTICES THAT:**

- 1 **(I) ARE EASY TO UNDERSTAND;**
- 2 **(II) ARE AVAILABLE IN MULTIPLE LANGUAGES;**
- 3 **(III) INCLUDE VISUAL DEPICTIONS OF A SKIMMING DEVICE;**
- 4 **(IV) INCLUDE SIMPLE INSTRUCTIONS ON HOW TO CHANGE A**
5 **PERSONAL IDENTIFICATION NUMBER (PIN) ONLINE AND BY PHONE; AND**
- 6 **(V) INCLUDE INFORMATION ON THE AVAILABILITY OF**
7 **REPLACEMENT BENEFITS;**
- 8 **(2) PROACTIVELY IDENTIFY PATTERNS IN ELECTRONIC BENEFITS**
9 **TRANSFER CARD ACTIVITY THAT COULD BE EARLY INDICATORS OF FRAUD; AND**
- 10 **(3) PROMPTLY NOTIFY THE CARD HOLDER TO DETERMINE WHETHER**
11 **BENEFITS HAVE BEEN FRAUDULENTLY USED AND, IF SO, OFFER SUPPORT TO THE**
12 **CARD HOLDER.**

13 **(D) ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT, IN**
14 **CONSULTATION WITH THE MARYLAND STATE POLICE, SHALL REPORT TO THE**
15 **GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT**
16 **ARTICLE, ON:**

17 **(1) THE ACCESSIBILITY AND SECURITY OF ELECTRONIC BENEFITS**
18 **TRANSFER CARDS;**

19 **(2) ACTIONS TAKEN TO REDUCE THE FRAUDULENT USE OF**
20 **ELECTRONIC BENEFITS TRANSFER CARDS; AND**

21 **(3) THE NUMBER OF ELECTRONIC BENEFITS TRANSFER CARDS**
22 **REISSUED DUE TO FRAUD IN THE IMMEDIATELY PRECEDING YEAR.**

23 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
24 construed to apply retroactively and shall be applied to and interpreted to affect all benefits
25 issued on or after January 1, 2022.

26 SECTION 4. AND BE IT FURTHER ENACTED, That:

27 (a) If Congress, the President by executive order, or a federal agency implements
28 a process or program to replace benefits lost due to the fraudulent use of a beneficiary's
29 Electronic Benefits Transfer card, with no further action required by the General Assembly,
30 Section 1 of this Act shall be abrogated and of no further force and effect.

1 (b) The Comptroller shall notify the Department of Legislative Services within 5
2 days of receiving notice of the federal law, executive order, or agency determination
3 described under this section.

4 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2023.