

Date: February 23, 2023

Bill number: SB0002

Committee: Senate Finance Committee

Bill Title: **Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)**

DHS Position: LETTER OF INFORMATION

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide written information regarding Senate Bill 2.

On February 13, 2023, Delegate Peña-Melnyk convened a workgroup consisting of Senator Hester, Senate sponsor for Senate Bill 2; Senator Kramer, Senate sponsor for Senate Bill 401; Delegate R. Lewis, House sponsor for House Bill 502; Delegate Alston, House sponsor for House Bill 697; advocates from Public Justice Center, Maryland Hunger Solutions, and Homeless Persons Representation Project, La Sherra Ayala, Executive Director for the Family Investment Administration; and DHS Acting Secretary Rafael López to collaborate on a piece of legislation that would address the theft and fraudulent use of an individual's Electronic Benefit Transfer (EBT) benefits through card skimming.

Some of Maryland's most vulnerable population have become victims to a crime, which up until recently had very little recourse or option for replacement of stolen benefits. In the time since the original drafting of this Maryland legislation, The Consolidated Appropriations Act was signed by President Biden allowing for reimbursement of stolen Supplemental Nutrition Assistance Program (SNAP) benefits. DHS began to work on crafting a state plan for submission to the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) to replace stolen SNAP Electronic Benefit Transfer Benefits. After meeting with this workgroup, DHS received notification that Maryland is the first state in the nation to have submitted an EBT replacement plan.

Marylanders who have experienced such theft need to be made whole and the process for reimbursement needs to be one that takes into consideration the damage done. As such, DHS is committed to partnering with community advocates and organizations across the state, extensive communication efforts, community outreach, leveraging online presence, and wide windows for individuals to submit their theft claims to DHS. Already, DHS has worked with its current card vendor to enhance the EBT system to prevent clients from selecting simple PINs. DHS is also incorporating system flags or triggers associated with card cloning prevention and monitoring as a component of the in-progress Fraud Framework Implementation Grant (FFIG) project. Additional security enhancements planned for implementation in 2023 include EBT card locking capability. Clients will be able to lock their EBT card accounts. Nationwide, states are bound by the technological services offered primarily by two EBT vendors: Conduent EBT, aka Conduent State and Local Services, and Fidelity Information Services, LLC (FIS), as the host processor. Maryland is one of 23 states serviced by Conduent.

DHS appreciates the opportunity to offer the aforementioned information for the Committee's consideration during your deliberations. DHS welcomes continued collaboration with the Committee on Senate Bill 2.

