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Testimony in Support of HB1434 - Department of Human Services - Electronic Benefits Transfer Cards - Restoration of Benefits

Hearing date: March 5, 2024

Thank you, Chair Barnes, Vice Chair Chang, and members of the Appropriations Committee. I am Delegate Robbyn Lewis testifying on behalf of HB 1434. HB 1434 reaffirms the state's commitment to restoring certain stolen Electronic Benefits, while laying groundwork to sustain this newly created entitlement.

Maryland's Stolen Benefits Replacement Program – the first in the nation – was established last year by the Moore Administration's Department of Human Services (DHS), under the leadership of Secretary Rafael Lopez. Before that, no Marylander victimized by EBT theft had ever been made whole. Today, the Program is working incredibly well; since launch, DHS has reimbursed more than \$20 million dollars in stolen benefits to 31,000 Maryland households. Unfortunately, the Program lacks dedicated funding.

As I've worked on this bill, I have benefitted from the DHS-stakeholder partnership that came together last year. This bill has been the subject of energetic, thoughtful stakeholder engagement, which I have welcomed. It has also drawn some media attention. Restoration of stolen benefits is now legitimately viewed as an entitlement, not a one-off band-aid made possible by federal good will, and that is why this bill has garnered so much passionate attention. No Marylander should go hungry for any reason; certainly not because hackers and bad actors have stolen their rightful nutrition and cash benefits.

This bill builds on HB 502 Prevent Electronic Benefits Theft Act of 2023, which authorized DHS to restore fraudulently stolen Supplemental Nutrition Assistance Program (SNAP) and Temporary Aid to Needy Families (TANF) benefits, delivered via EBT cards. The types of fraud

included physical theft, identity fraud and theft via electronic skimming practices. Last year's bill also required DHS to take steps to reduce the incidence of electronic fraud. Other provisions of the 2023 bill involved procurement, notice, and reporting.

Never had the federal government allowed states such flexibility. It was only through passage of the 2022 federal Consolidated Appropriations Act of 2023, which was signed into law by President Biden on December 29, 2022 in response to a nationwide epidemic of EBT fraud, that gave states authority to use federal nutrition program dollars to reimburse stolen SNAP benefits. However, this authorization was temporary and short term: it did not create a new entitlement.

The bill before does so. It goes beyond last year's bill, treating the restoration of stolen SNAP and TANF benefits not as a short-term emergency response, but rather as an entitlement that should have dedicated funding. HB 1434 makes clear that reimbursement of stolen benefits is contingent on the availability of funding, just as the Maryland Medical Assistance Program. As you know, Medicaid is a federal-state entitlement. Section 15-103 of the Health General Article mentions numerous times that health care services under Medicaid are "subject to the limitations of the state budget" or "shall provide services in accordance with funding restrictions included in the annual State budget bill".

Please note there are two sponsor amendments, both of which should be available in your floor system. These amendments were developed in consultation with DHS and have been shared with stakeholders.

As amended, the bill before you also proposes a workgroup that will study and make recommendations to create a dedicated funding stream for the Program. With a report date of December 1, 2024, these recommendations will be available in time to act during the 2025 legislative session.

Thank you for your consideration. I respectfully request a favorable report.

Sincerely,

Delegate Robbyn Lewis

