

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



ANGELA McLEAN
LT. GOVERNOR

April 27, 2015

The Honorable Debby Barrett
President of the Senate
State Capitol
Helena, MT 59620

The Honorable Austin Knudsen
Speaker of the House
State Capitol
Helena, MT 59620

Dear President Barrett and Speaker Knudsen:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 148 (SB 148), "AN ACT ESTABLISHING PROCEDURES FOR PREVENTING FRAUD IN PUBLIC ASSISTANCE PROGRAMS; ESTABLISHING VERIFICATION REQUIREMENTS FOR INFORMATION SUBMITTED BY APPLICANTS FOR AND RECIPIENTS OF PUBLIC ASSISTANCE; REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO CONTRACT FOR A VERIFICATION SYSTEM; PROVIDING RULEMAKING AUTHORITY; AND AMENDING SECTIONS 53-2-101 AND 53-2-201, MCA."

SB 148 requires the Department of Public Health and Human Services (Department) to enter into a contract with a third party vendor for a computerized eligibility verification system that duplicates the Department's existing systems for verifying eligibility for the Medicaid, Healthy Montana Kids (HMK), Temporary Assistance to Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) programs. This contract could cost as much as \$7.9 million dollars in the next biennium to pay vendors for work that is already done by Department employees.

SB 148 increases the administrative costs of public assistance by increasing payment to government contractors while reducing essential services. It is premised on the unfounded assumptions that applicants for public assistance routinely engage in fraud and that Department employees do not accurately determine eligibility. These assumptions are refuted by the fact that Montana has a very low Payment Error Rate Measurement (PERM) for eligibility determinations. Montana's PERM rate is 0.40% (.004) compared to the national PERM of 2.67 percent.

The Department already requires written verification from reliable sources of all factors on which eligibility is based, such as identity citizenship, income and resources. The Department does not accept self-declarations by applicants as verification except when this is required by federal law, such as in the case of presumptive eligibility for Children's Health Insurance Program (CHIP).

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SB 148 also puts the Department in the untenable position of attempting to comply with conflicting federal and state laws. Section 3 of SB 148 requires the Department to verify applicants' and recipients' identity information against a number of state and federal databases. Federal law restricts the use of some federal databases for specific purposes.

Perhaps the most troubling problem with SB 148 is that it unfairly stigmatizes our fellow Montanans who are elderly, disabled and poor. Instead of striving for cost savings from more efficient and effective program administration, SB 148 makes it more difficult for Montana's most vulnerable citizens to apply for and understand our programs that exist to assist them.

SB 148 is an expensive solution to a problem that does not exist. For these reasons, I veto SB 148.

Sincerely,



STEVE BULLOCK
Governor

Enclosure

cc: Legislative Services Division
Secretary of State