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

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

4 FOR the purpose of requiring the Department of Human Services to reimburse a $\mathbf{5}$ 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 notify certain beneficiaries about electronic benefits fraud in a certain manner and 10 11 provide certain assistance to certain beneficiaries; applying certain provisions of this 12Act 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:

Article – Human Services

21 **5–609.**

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THE DEPARTMENT SHALL REIMBURSE A BENEFICIARY FOR ANY AMOUNT OF 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:

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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.

(B) (1) THE DEPARTMENT, IN CONSULTATION WITH THE MARYLAND
 STATE POLICE AND ANY OTHER VENDOR THAT THE DEPARTMENT CONSIDERS
 NECESSARY, SHALL ESTABLISH A SINGLE POINT OF CONTACT WITHIN EACH LOCAL
 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 UNUSUAL20CHARGES; AND

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

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

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

30(1) ALERT ELECTRONIC BENEFITS TRANSFER CARD HOLDERS31ABOUT THE RISK OF FRAUD THROUGH MASS MESSAGING, INCLUDING E-MAILS, TEXT32MESSAGES, AND WRITTEN NOTICES THAT:

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1 **(I)** ARE EASY TO UNDERSTAND; $\mathbf{2}$ **(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 $\mathbf{5}$ PERSONAL IDENTIFICATION NUMBER (PIN) ONLINE AND BY PHONE; AND 6 **(**V**)** INCLUDE INFORMATION ON THE AVAILABILITY OF 7 **REPLACEMENT BENEFITS;** 8 PROACTIVELY IDENTIFY PATTERNS IN ELECTRONIC BENEFITS (2) 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 CONSULTATION WITH THE MARYLAND STATE POLICE, SHALL REPORT TO THE 14GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT 15**ARTICLE, ON:** 16 THE ACCESSIBILITY AND SECURITY OF ELECTRONIC BENEFITS 17(1) 18 **TRANSFER CARDS:** ACTIONS TAKEN TO REDUCE THE FRAUDULENT USE OF 19 (2) 20**ELECTRONIC BENEFITS TRANSFER CARDS; AND** 21(3) THE NUMBER OF ELECTRONIC BENEFITS TRANSFER CARDS 22REISSUED DUE TO FRAUD IN THE IMMEDIATELY PRECEDING YEAR. 23SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect all benefits 24issued on or after January 1, 2022. 2526SECTION 4. AND BE IT FURTHER ENACTED, That: 27(a) If Congress, the President by executive order, or a federal agency implements a process or program to replace benefits lost due to the fraudulent use of a beneficiary's 2829Electronic 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.

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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.