

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE BILL 640

Short Title: Public Assistance Verification Enhancements. (Public)

Sponsors: Representative Stevens.

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Judiciary 2, if favorable, Health, if favorable, Rules, Calendar, and Operations of the House

April 2, 2025

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENHANCE VERIFICATION OF PUBLIC ASSISTANCE PROGRAMS.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 108A-55.5 reads as rewritten:

5 **"§ 108A-55.5. Eligibility monitoring for ~~medical~~ public assistance.**

6 (a) ~~On at least a quarterly basis, the Department shall review information concerning~~  
7 ~~changes in circumstances that may affect medical assistance beneficiaries' eligibility to receive~~  
8 ~~medical assistance benefits. The Department shall share the information directly with, or make~~  
9 ~~the information available to, the county department of social services that determined the~~  
10 ~~beneficiary's eligibility.~~ An individual may not be considered homeless to grant a work  
11 requirement exemption until and unless the Department (i) verifies that an individual has resided  
12 in a public shelter for a period of at least 30 days based on notarized documentation from a public  
13 shelter of such fact or (ii) certifies that there is no indoor shelter available and provides notarized  
14 documentation from a public housing authority that the individual is on a waiting list for benefits.

15 (a1) Definitions. – The following definitions apply in this section:

16 (1) Governmental public assistance entity. – An entity providing public  
17 assistance, including the Department of Health and Human Services and  
18 public housing authorities.

19 (2) Health and medical assistance programs. – The following programs:

20 a. Supplemental Nutrition Assistance Program, or food stamps.

21 b. Temporary Assistance for Needy Families and Children, also known  
22 as Work First.

23 c. Medicaid.

24 (3) Homeless individual. – An individual who (i) has resided in a public shelter  
25 for a period of at least 30 days or (ii) has no indoor shelter available and is on  
26 the waiting list of a public housing authority for benefits.

27 (4) Public assistance. – The following programs:

28 a. Health and medical assistance.

29 b. Public housing assistance provided by a public housing authority.

30 (5) Public housing authority. – A housing authority operating within the State  
31 created pursuant to G.S. 157-4.

32 (b) ~~The information reviewed by the Department shall include all of the following:~~

33 (1) ~~Earned and unearned income.~~

34 (2) ~~Employment status and changes in employment.~~



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- ~~(3) Residency status.~~
- ~~(4) Enrollment status in other State administered public assistance programs.~~
- ~~(5) Financial resources.~~
- ~~(6) Incarceration status.~~
- ~~(7) Death records.~~
- ~~(8) Lottery winnings.~~
- ~~(9) Enrollment status in public assistance programs outside of this State.~~

(b1) Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families and Children, Medicaid. – Governmental public assistance entities shall take the steps with respect to the sources listed in this subsection as follows:

(1) With respect to State databases:

- a. On at least a monthly basis, the Department of Health and Human Services shall enter into a data matching agreement with the North Carolina State Lottery Commission to identify households with winnings of three thousand dollars (\$3,000) or more from the lottery or from gambling and, to the extent permissible under federal law, treat this data as verified upon receipt. To the extent the data may not be verified upon receipt, the Department shall make referrals for further investigation to identify households with winnings equal to or greater than the resource limit for elderly or disabled households as defined in 7 C.F.R. § 273.8(b).
- b. On at least a monthly basis, the Department of Health and Human Services shall receive and review information from the North Carolina Office of Vital Records concerning individuals in households enrolled in health and medical assistance programs that indicates a change in circumstances that may affect eligibility for these programs.
- c. On at least a quarterly basis, the Department of Health and Human Services shall receive and review information from the Department of Labor concerning individuals in households enrolled in health and medical assistance programs that indicates a change in circumstances that may affect eligibility for these programs, including, but not limited to, changes in employment or wages.
- d. On at least a monthly basis, the Department of Health and Human Services shall receive and review information concerning individuals in households enrolled in health and medical assistance programs that indicates a change in circumstances that may affect eligibility for these programs, including, but not limited to, potential changes in residency as identified by out-of-state electronic benefit transfer (EBT) card transactions.
- e. On at least a quarterly basis, the Department of Health and Human Services shall receive and review information from the Department of Revenue concerning individuals in households enrolled in health and medical assistance programs that indicates a change in circumstances that may affect eligibility for these programs, including, but not limited to, potential changes in income, wages, or residency as identified by tax records.
- f. On at least a monthly basis, the Department of Health and Human Services shall receive and review information from the Department of Adult Correction concerning individuals in households enrolled in health and medical assistance programs that indicates a change in circumstances that may affect eligibility for either program.

- 1                   g.       On at least a semimonthly basis, the Department of Health and Human  
2                   Services shall receive and review information from the Department of  
3                   Commerce concerning individuals in households enrolled in health  
4                   and medical assistance programs that indicates a change in  
5                   circumstances that may affect eligibility for these programs, including,  
6                   but not limited to, potential changes in employment, income, or assets.
- 7           (2)       With respect to federal databases, on at least a monthly basis, the Department  
8                   of Health and Human Services shall review and act on findings affecting  
9                   eligibility for health and medical assistance programs with respect to the  
10                  following:
- 11                  a.       Earned income information, death register information, incarceration  
12                  records, supplemental security income information, beneficiary  
13                  records, earnings information, and pension information maintained by  
14                  the United States Social Security Administration.
- 15                  b.       Income and employment information maintained in the National  
16                  Directory of New Hires database and child support enforcement data  
17                  maintained by the United States Department of Health and Human  
18                  Services.
- 19                  c.       Payment and earnings information maintained by the United States  
20                  Department of Housing and Urban Development.
- 21                  d.       National fleeing felon information maintained by the United States  
22                  Federal Bureau of Investigation.
- 23       (3)       With respect to annual retail site inspections, the Department of Health and  
24                   Human Services shall, with all necessary coordination with appropriate  
25                   federal and State law enforcement authorities, conduct an on-site inspection  
26                   of retailers that accept EBT card transactions to identify suspicious transaction  
27                   records or amounts indicating possible trafficking of benefits or other criminal  
28                   conduct and make referrals for proper investigations under applicable law.
- 29       (b2)      Public Posting. – On at least a quarterly basis, the Department of Health and Human  
30                   Services shall make available to the public on its website data from findings of noncompliance  
31                   and fraud investigations in health and medical assistance programs for the following aggregate  
32                   and nonconfidential and nonpersonal identifying information:
- 33                  (1)       The number of households investigated for intentional program violations or  
34                   fraud.
- 35                  (2)       The total number of households referred to the Attorney General's office for  
36                   prosecution.
- 37                  (3)       The total amount of improper payments and expenditures.
- 38                  (4)       The total amount of monies recovered.
- 39                  (5)       Aggregate data concerning improper payments and ineligible recipients as a  
40                   percentage of those investigated and reviewed.
- 41                  (6)       The aggregate amount of funds expended by electronic benefit transfer card  
42                   transactions in each state outside of North Carolina.
- 43       (b3)      Medicaid Application. – Unless required under federal law, the Department may not  
44                   accept self-attestation of income, residency, age, household composition, caretaker or relative  
45                   status, or receipt of other coverage without verification prior to enrollment or renewal of or in  
46                   Medicaid. In addition, the Department may not request authority to waive or decline to  
47                   periodically check any available income-related data sources to verify eligibility.
- 48                  Unless required under federal law, the Department shall verify all conditions of eligibility for  
49                   Medicaid prior to enrollment and may not conduct post-enrollment verification without specific  
50                   authorization set forth in enactments by the General Assembly.

- 1       (b4) Public Housing. – Governmental public assistance entities shall take the steps with  
2 respect to the sources listed in this subsection as follows:
- 3       (1) With respect to State databases:
- 4           a. On at least a monthly basis, public housing authorities shall enter into  
5 a data matching agreement with the North Carolina State Lottery  
6 Commission identifying individuals in households with lottery or  
7 gambling winnings of three thousand dollars (\$3,000) or more.
- 8           b. On at least a monthly basis, public housing authorities shall receive  
9 and review information from the North Carolina Office of Vital  
10 Records concerning individuals in households which receive housing  
11 assistance that indicates a change in circumstances that may affect  
12 eligibility for housing assistance, including, but not limited to, death  
13 records.
- 14           c. On at least a quarterly basis, public housing authorities shall receive  
15 and review information from the Department of Labor concerning  
16 individuals in households which receive housing assistance that  
17 indicates a change in circumstances that may affect eligibility for  
18 housing assistance, including, but not limited to, changes in  
19 employment or wages.
- 20           d. On at least a monthly basis, public housing authorities shall receive  
21 and review information from the Department of Health and Human  
22 Services concerning individuals in households which receive housing  
23 assistance that indicates a change in circumstances that may affect  
24 eligibility for housing assistance, including, but not limited to,  
25 potential changes in residency as identified by out-of-state electronic  
26 benefit transfer (EBT) card transactions.
- 27           e. On at least a quarterly basis, public housing authorities shall receive  
28 and review information from the Department of Revenue concerning  
29 individuals in households which receive housing assistance that  
30 indicates a change in circumstances that may affect eligibility for  
31 housing assistance, including, but not limited to, potential changes in  
32 income, wages, or residency as identified by tax records.
- 33           f. On at least a monthly basis, public housing authorities shall receive  
34 and review information from the Department of Adult Correction  
35 concerning individuals in households which receive housing  
36 assistance that indicates a change in circumstances that may affect  
37 eligibility.
- 38           g. On at least a semimonthly basis, public housing authorities shall  
39 receive and review information from the Department of Commerce  
40 concerning individuals in households which receive housing  
41 assistance that indicates a change in circumstances that may affect  
42 eligibility for housing assistance, including, but not limited to,  
43 potential changes in employment, income, or assets.
- 44       (2) With respect to federal databases, on at least a monthly basis, public housing  
45 authorities shall review and act on findings affecting eligibility for public  
46 housing assistance programs with respect to the information listed in  
47 subdivision (b1)(2) of this section.
- 48       (3) At least once per year, each public housing authority shall submit a report to  
49 the Attorney General detailing its child support cooperation requirement. Each  
50 report must contain all of the following:

- 1           a.     A list of departments the public housing authority has data sharing  
2                 agreements with.
- 3           b.     A summary of the data received at each time interval required by this  
4                 subsection.
- 5           c.     The number of individuals flagged for eligibility issues during each  
6                 quarterly or monthly review of the data.
- 7           d.     The number of individuals removed from public housing assistance as  
8                 a result of issues flagged during the data review.
- 9           (4)    The Attorney General shall determine and enforce compliance with the  
10                provisions of this section. Any public housing authority that does not  
11                implement the data checks required by this section shall be deemed to be out  
12                of compliance with the requirements of this section. The Attorney General  
13                shall publish an annual report detailing each public housing authority's  
14                compliance from the previous year. The first instance in which the Attorney  
15                General finds that a public housing authority is out of compliance with this  
16                section, the public housing authority shall submit a corrective action plan to  
17                implement the requirements under this section within 12 months. A second  
18                finding of noncompliance that occurs more than eight years after the first  
19                finding of noncompliance shall be treated as the first finding of  
20                noncompliance. The second instance in which the Attorney General finds that  
21                a public housing authority is out of compliance with this section, the public  
22                housing authority shall have its charter under Chapter 157 of the General  
23                Statutes revoked and cease to operate in this State.
- 24           (c)   ~~A county department of social services~~ The Department of Health and Human  
25                Services and public housing authorities shall promptly review the information provided or made  
26                available by the Department in accordance with subsection (a) through (b4) of  
27                this section to determine if the information indicates a change in circumstances that may affect a  
28                ~~medical-public~~ assistance beneficiary's eligibility to receive medical-public assistance benefits  
29                and take one of the following actions:
- 30                (1)   If a review of the information does not result in the ~~county department of~~  
31                       ~~social services~~ Department of Health and Human Services or public housing  
32                       authority finding a discrepancy or change in a beneficiary's circumstances that  
33                       may affect that beneficiary's eligibility to receive medical-public assistance  
34                       benefits, the county department of social services Department of Health and  
35                       Human Services or public housing authority shall take no further action.
- 36                (2)   If a review of the information does result in the ~~county department of social~~  
37                       ~~services~~ Department of Health and Human Services or public housing  
38                       authority finding a discrepancy or change in a beneficiary's circumstances that  
39                       may affect that beneficiary's eligibility for medical-public assistance benefits,  
40                       the county department of social services Department of Health and Human  
41                       Services or public housing authority shall provide written notice to the  
42                       beneficiary that describes in sufficient detail the circumstances of the  
43                       discrepancy or change in circumstances that would affect the beneficiary's  
44                       eligibility for medical-public assistance benefits. The notice must include the  
45                       following information:
- 46                       a.     The beneficiary will have 12 calendar days from the time of mailing  
47                               to respond.
- 48                       b.     A response from the beneficiary must be in writing.
- 49                       c.     Self-declarations made by the beneficiary will not be accepted as  
50                               verification of information in the response.
- 51                       d.     The consequences of taking no action.

(d) After the expiration of 12 calendar days from the time of mailing the notice required under subsection (c) of this section, the ~~county department of social services~~ Department of Health and Human Services or public housing authority shall take one of the following ~~actions~~ actions within 60 days of receiving the public assistance beneficiary's written disagreement:

- (1) If a beneficiary did not respond to the notice, the ~~county department of social services~~ Department of Health and Human Services or public housing authority shall redetermine the beneficiary's eligibility for ~~medical-public~~ medical-public assistance benefits and provide the beneficiary with proper notice under G.S. 108A-79.
- (2) If a beneficiary responds to the notice and disagrees with the information in the notice, the ~~county department of social services~~ Department of Health and Human Services or public housing authority shall reinvestigate the matter and take one of the following actions:
  - a. If the ~~county department of social services~~ Department of Health and Human Services or public housing authority determines that there has been an error and the beneficiary's eligibility to receive ~~medical-public~~ medical-public assistance benefits is not affected, then no further action shall be taken.
  - b. If the ~~county department of social services~~ Department of Health and Human Services or public housing authority determines that there is no error, the ~~county department of social services~~ Department of Health and Human Services or public housing authority shall redetermine the beneficiary's eligibility for ~~medical-public~~ medical-public assistance benefits and provide the beneficiary with proper notice under G.S. 108A-79.
- (3) If a beneficiary responds to the notice and confirms the information in the notice is correct, then the ~~county department of social services~~ Department of Health and Human Services or public housing authority shall redetermine the beneficiary's eligibility for ~~medical-public~~ medical-public assistance benefits and provide the beneficiary with proper notice under G.S. 108A-79.

If, at any time after receiving a beneficiary's response to the notice, the ~~county department of social services~~ Department of Health and Human Services or public housing authority determines that there is a risk of fraud or misrepresentation or inadequate documentation, then the county department of social services may request additional documentation from the beneficiary.

(e) Nothing in this section shall preclude the Department or any ~~county department of social services~~ public housing authority from receiving or reviewing additional information related to a beneficiary's eligibility for ~~medical-public~~ medical-public assistance benefits that is obtained in a manner other than that provided for under this section.

(f) The Department of Health and Human Services and public housing authorities shall have the authority to execute a memorandum of understanding with any department, agency, or division for information required to be shared between agencies outlined in this section.

(g) Nothing in this section shall prohibit the Department of Health and Human Services or a public housing authority from contracting with one or more independent vendors to provide additional data or information which may indicate a change in circumstances that may affect eligibility.

(h) The Department of Health and Human Services shall promulgate all rules and regulations necessary for the purposes of carrying out this section."

**SECTION 2.** This act becomes effective January 1, 2026.