

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB 2372

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Sickles, Mark D.

3. Committee: Commerce and Labor

4. Title: Medical assistance; asset verification, financial institutions to provide certain medical records

5. Summary: The proposed legislation requires the Department of Medical Assistance Services to establish an electronic financial record matching program for the purpose of verifying the assets of applicants for and recipients of medical assistance for (i) individuals applying for or receiving medical assistance as aged, blind or disabled and (ii) individuals for whom an assets test is required to determine the applicant's or recipient's eligibility for medical assistance. The bill requires financial institutions in the Commonwealth to provide to the Department financial records of applicants for or recipients of medical assistance and other individuals whose assets are required to be considered in determining whether the applicant or recipient is eligible for medical assistance. The bill provides that the Department shall reimburse financial institutions in an amount equal to their actual costs in complying with the requirements of the bill.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	-	-
2016	(\$184,994)	General
	(\$184,994)	Special
2017	(\$189,373)	General
	(\$189,373)	Special
2018	(\$193,893)	General
	(\$193,893)	Special
2019	(\$198,521)	General
	(\$198,521)	Special
2020	(\$203,260)	General
	(\$203,260)	Special
2021	(\$203,260)	General
	(\$203,260)	Special

- 8. Fiscal Implications:** Section 1940 of the Social Security Act requires all states to have a process to electronically verify assets for Aged, Blind or Disabled (ABD) individuals applying for or receiving Medicaid. Virginia received federal approval to implement this process and system capability will be available beginning in August 2015 through the Virginia Case Management System (VaCMS), the Virginia Department of Social Services' Eligibility and Enrollment system. While Virginia is required to implement such a system, there is no federal mandate to require financial institutions to cooperate in providing financial data on applicants and recipients. The proposed legislation will compel financial institutions to cooperate in electronically matching and providing asset information for ABD Medicaid applications or recipients. Without this legislation, the state would be relying on the good will of the financial institutions to provide the information, and on the Medicaid applicants and recipients to provide documentation of all assets held in their names.

Due to increased scrutiny of the assets of applicants, DMAS estimates that between 30 and 34 additional Medicaid applications will be denied per month (360 – 408 per year) resulting in a reduction in anticipated expenditures for the ABD population of approximately \$530,000 to \$580,000 per year. Cost estimates were based on claims and recipient data from fiscal years 2012 through 2014. A denial rate of 1.1% was assumed among applications that would previously have been approved under current asset verification methods. That assumption is based on a previous estimate of the percentage of Medicaid long-term care applications that are denied for financial reasons from a 2007 Government Accountability Office report (GAO-07-280 Medicaid and Asset Transfers, March 2007).

DMAS assumes that 30% of the projected savings will be achieved by implementation of the AVS system in August 2015. Experience in other states has shown that states that have mandatory cooperation statutes in place discover assets at a significantly higher rate than those where cooperation is voluntary.

	Total Potential Savings (HB 2372)	Total Savings Currently Assumed (30%)	Incremental Savings (HB 2372)
FY2016	(\$528,554)	(\$158,566)	(\$369,988)
FY2017	(\$541,066)	(\$162,320)	(\$378,746)
FY2018	(\$553,980)	(\$166,194)	(\$387,786)
FY2019	(\$567,204)	(\$170,161)	(\$397,043)
FY2020	(\$580,742)	(\$174,223)	(\$406,519)

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services
Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/5/15