

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: -

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

5. Summary: The substitute bill 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 outlines parameters for financial institution participation and provides liability protections to them. The bill provides that financial institutions shall be reimbursed in an amount equal to their actual costs in complying with the requirements of the bill. The provisions of the bill expire on July 1, 2017.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	-	-
2016	(\$79,283)	General
	(\$79,283)	Nongeneral
2017	(\$81,160)	General
	(\$81,160)	Nongeneral
2018	-	-
2019	-	-
2020	-	-
2021	-	-

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.

If financial institutions fully complied with the asset verification program, DMAS projects that 30 and 34 additional Medicaid applications would 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. However, under current law, compliance with the verification system is voluntary; therefore, the introduced budget assumes that savings would only be about 30 percent of the maximum, or between \$159,000 to \$174,000 annually.

The substitute legislation is expected to make it more likely what financial institutions would cooperate in electronically matching and providing asset information for ABD Medicaid applications or recipients as it:

- Clarifies liability protections for financial institutions.
- Reiterates federal law that financial institutions will be reimbursed for actual costs incurred for participating in this process.
- Clarifies that data received from banks will be treated as protected health information.
- Prohibits the use of financial data for any purpose other than Medicaid eligibility.

This statement assumes that an additional 30 percent savings (approximately 60 percent of total potential) would be generated as a result of more banks participating in the asset verification program due to HB 2372. The savings are only estimated for fiscal years 2016 and 2017 as the bill's provisions expire on July 1, 2017.

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