

## Department of Planning and Budget

### 2017 Fiscal Impact Statement

**1. Bill Number:** HB2092-E

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

**2. Patron:** LaRock

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Application for public assistance; eligibility; review of records.

**5. Summary:** Requires entities processing applications for medical assistance and other public assistance to conduct a review of death records and records relating to incarceration status, employment status, and income of the applicant to determine whether the applicant is eligible for assistance and to review the records of the Virginia Lottery to determine whether the applicant has received any winnings from the Virginia Lottery that may constitute income or resources for purposes of determining eligibility for medical assistance or public assistance.

This bill also requires the Department of Social Services to report annually on the types and sources of information reviewed in verifying applicants' eligibility for public assistance and the number of applications for public assistance approved, denied, or referred for investigation as a result of such review.

**6. Budget Amendment Necessary:** Yes.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**7a. Expenditure Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Positions</b></i>	<i><b>Fund</b></i>
2017	-	-	-
2018	\$271,881	-	General
	\$385,045	-	Nongeneral
2019	\$256,881	-	General
	\$370,045	-	Nongeneral
2020	\$256,881	-	General
	\$370,045	-	Nongeneral
2021	\$256,881	-	General
	\$370,045	-	Nongeneral
2022	\$256,881	-	General
	\$370,045	-	Nongeneral
2023	\$256,881	-	General
	\$370,045	-	Nongeneral

\* Expenditure impact does not include a required local match of \$113,164 in FY 2018 and each year thereafter.

- 8. Fiscal Implications:** This legislation requires a review of death records, incarceration records, employment status, income, and Virginia Lottery records to determine eligibility and resources prior to receiving public assistance. It will impact the Department of Social Services (the Department) and local departments of social services (LDSS) by requiring a change to the Department's information systems, the development and implementation of a new memorandum of agreement (MOA) between the Department and partnering agencies, and an increase in the amount of time required for LDSS staff to process an application for public assistance.

The Department can meet the requirements of this legislation using the Systems Partnering in a Demographic Repository (SPIDeR). SPIDeR is a Department web-based system which facilitates communication between systems applications. Other benefits include: minimizing fraud by providing a customer's comprehensive profile; increasing productivity by streamlining screening, intake and inquiry processes; detecting and reporting errors; and assigning a Master Customer Id (MCID) to identify an individual across all systems, programs, and cases.

To facilitate the requirements of this legislation, a new design, screen layout, and method of interface would be needed for the SPIDeR system at an estimated one-time cost of \$30,000 in FY 2018, split 50 percent general fund and 50 percent nongeneral funds. A similar level of design, layout, and interface would be necessary for all the other partnering agencies to accomplish the requirements of the legislation.

Furthermore, there would be costs related to implementing a memorandum of agreement (MOA) between the Department of Social Services and the Virginia Lottery that allows agencies to share relevant information. Although various factors can affect the implementation cost of a particular MOA, a conservative estimate of \$10,000 for Department MOA implementation costs is used in this analysis. These Department MOA costs would be ongoing annual costs that are split 50 percent general fund and 50 percent nongeneral funds.

Lastly, the increase in the number of sources that will need to be checked during the eligibility determination process will impact the workload of LDSS staff. While there will be minimal time added on to the process, it is important to recognize that even a minimal increase in time can affect the workloads of local staff considering the large volume of applications processed annually. It is estimated that applications undergoing the eligibility determination process for public assistance total approximately 919,000 each year. The Department has conservatively assumed a one-minute increase in the time required to process an application as a result of this legislation. Increasing the time to process an application by one minute creates an additional 15,317 ( $919,000 \times 1/60$ ) hours of work for local staff. At 1,500 productive annual hours per employee, the equivalent of an additional 10 ( $15,317 / 1,500$ ) full-time employees will be needed. Based on average annual salaries, benefits, and nonpersonal services costs of \$73,009 for local workers, the new staffing costs are estimated at \$730,090 ( $\$73,009 \times 10$ ) annually. These costs are split 34.5 percent general fund (\$251,881), 50 percent federal funds (\$365,045), and 15.5 percent local match funds (\$113,164).

Total costs of this legislation are \$770,090 (\$730,090 + \$30,000 + \$10,000) in FY 2018 and \$740,090 (\$730,090 + \$10,000) in FY 2019 and each year thereafter.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, Local Departments of Social Services, Department of Medical Assistance Services, and the Virginia Lottery.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The Joint Legislative Audit and Review Commission (JLARC) has issued its own fiscal impact statement for this bill. JLARC contends that the additional records verifications would cause a much smaller increase in staff time required to review the additional records than what has been assumed in the Department of Planning and Budget's (DPB) fiscal impact statement. JLARC staff estimate that this bill would require approximately 1.5 additional local staff at a cost of \$110,000 annually (\$55,000 GF / \$55,000 NGF). Additionally, they assume a one-time cost of \$40,000 for data systems changes. JLARC also questioned the need for MOAs with several state agencies. After further discussions, this FIS has been brought into partial agreement, at a savings of \$30,000 versus the original DPB FIS. \$10,000 remains included for an MOA with the Virginia Lottery, as this is deemed necessary. The Department of Social Services offered no additional input to DPB in regards to JLARC's fiscal impact.