

Department of Planning and Budget 2009 Fiscal Impact Statement

1. **Bill Number:** HB 2375
House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled
2. **Patron:** Englin, David L.
3. **Committee:** Health, Welfare and Institutions
4. **Title:** Application for social or health services; for purposes of qualifying for any program
5. **Summary:** The proposed legislation requires the Boards of Health and Social Services to include in regulations that any determination of individual, family, or household income for the purposes of qualifying for any program or service shall not include any income or resources of a person whose relationship to the applicant is not recognized by the laws of the Commonwealth.
6. **Fiscal impact is unknown**
7. **Budget Amendment Necessary:** No
8. **Fiscal Implications:** This bill regulates the determination of income for the purposes of qualifying an individual for programs, which will not include income of a person whose relationship to the applicant is not recognized by the laws of the Commonwealth. Although the specific fiscal impact of this bill cannot be determined at this time, the following attempts to outline the potential areas effected.

Department of Social Services

Eligibility determinations regarding the inclusion or exclusion of income and/or resources for public assistance benefits such as Food Stamps, Temporary Assistance for Needy Families (TANF), Energy Assistance, Child Care, Medicaid, and Auxiliary Grants are based upon established federal authority. Federal authorities' mandatory criterion requires that eligibility be determined based upon more than just the state's recognition or non-recognition of certain relationships within the household, but rather, is based upon a household concept. For example, there must be an evaluation of whether the individuals share the same residence functioning as an economic unit. Further, TANF is administered by the Department of Social Services (DSS) in compliance with Title IV-A of the Social Security Act and related federal regulations. These regulations do not permit income exclusions as included in the proposed legislation. The income of the natural and adoptive parents of the child(ren) must be considered in the determination of eligibility for assistance. Furthermore, eligibility for child care subsidies requires that the family unit be considered biological parents, adoptive parents, stepparents, legal guardians, adults standing in loco parentis, and persons cohabiting with the natural or adoptive parent. Excluding the income could potentially increase waiting lists and could increase the Commonwealth's share of the cost of care.

The failure to fully evaluate a household's economic circumstance, consistent with federal law, would jeopardize Virginia's receipt of federal funding. Further, this would result in the erroneous determination of eligibility for public assistance benefits and further expose the Commonwealth to federal sanctions.

General Relief is the only state funded program administered by DSS that HB 2375 could potentially impact. However, General Relief has an allocation that is capped. Once the funds allocated for the fiscal year are depleted, benefits cease. Though this bill could create a larger eligible population for General Relief, once the spending maximum has been reached, there would be no additional funds.

Virginia Department of Health

The Virginia Department of Health (VDH) maintains that the use of a more restrictive definition of household to determine eligibility, could result in more clients being eligible for programs that set higher income limits for the qualification of services (Ryan White and ADAP). In addition, clients receiving services on a sliding scale will pay less and the local health departments will earn less revenue. The department has five eligibility categories for services provided, two of which could be impacted by this proposal. These eligibility categories are 1) programs that have an upper limit to determine eligibility (i.e., Ryan White Services and AIDS Drug Assistance Program (ADAP)); and 2) other services provided in local health departments that are subject to a means test based on income (i.e., dental, prenatal, and family planning services).

Currently, when an individual applies for services they must provide the income of the family and any health insurance information that covers the client. The family unit may consist of the following: husband and wife and their minor dependents, single individual and his/her minor dependents, individual with no minor dependents, and individuals who pool or commingle their income. An example of individuals that pool or commingle their income would be an unmarried client who lives with a companion, and both are employed. They are co-lessees on their apartment and pay living expenses for food utilities, etc. out of both incomes. The patient and the companion would be considered an economic unit and both incomes would be used for eligibility determination. Based on the income of the family or economic unit and the number of members living in the household, as determined by the Federal Poverty Levels (FPL), the client will be assigned to an income level and will receive a discount on charges.

Not allowing the income of additional household members could impact the eligibility of that person, which could result in that person qualifying for programs and/or additional discounts on charges for the service provided. If a service is not covered by Medicaid, Medicare, or private health insurance, the client is charged based on their income category as determined in the eligibility process.

At this time, VDH reports that it cannot be determined how many people will qualify for programs that have an upper income limit to determine eligibility, and those programs that are subject to a means test based on income. In addition, the potential lost of revenue cannot be determined at this time since it will depend on the number of clients that apply for services and their final income determination.

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services

Local Departments of Social Services

Virginia Department of Health

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/28/2009

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