

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB1884

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

2. Patron: Sickles

3. Committee: Finance

4. Title: Income tax, state; voluntary inclusion of personal & contact information on appropriate forms; Facilitated enrollment program.

5. Summary: Directs the Department of Taxation to include space on the appropriate individual income tax forms for voluntary inclusion of personal and contact information. Such information may be shared with the Department of Medical Assistance Services, the Department of Social Services, or the Virginia Health Benefit Exchange, as applicable, for use in determining eligibility for certain programs. Beginning with tax year 2022, the Department of Taxation shall also include a checkoff box for taxpayers to indicate their consent to the sharing of tax information with the Department of Medical Assistance Services and the Department of Social Services. Beginning with tax year 2023, there shall also be included a checkoff box for taxpayers to indicate their consent to the sharing of tax information with the Virginia Health Benefit Exchange. The bill contains provisions allowing disclosure of such information in accordance with the act. The bill also directs the Virginia Health Benefits Exchange to, in consultation with other government agencies and stakeholders, identify systems, policies, and practices to facilitate eligibility determinations and enrollment.

6. Budget Amendment Necessary: No. The impacts identified for DMAS, DSS, and TAX in this fiscal impact statement are already included in HB1800, as introduced, and the SCC has indicated that its fiscal impacts can be absorbed within its existing appropriation.

7. Fiscal Impact Estimates:

7a. Expenditure Impact: Department of Medical Assistance Services

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2021 | - | - | - |
| 2022 | \$1,166,180 | 2.0 | General |
| | \$6,959,211 | 2.0 | Nongeneral |
| 2023 | \$447,700 | 2.0 | General |
| | \$1,212,666 | 2.0 | Nongeneral |
| 2024 | \$447,700 | 2.0 | General |
| | \$1,212,666 | 2.0 | Nongeneral |
| 2025 | \$447,700 | 2.0 | General |
| | \$1,212,666 | 2.0 | Nongeneral |

| | | | |
|------|-------------|-----|------------|
| 2026 | \$447,700 | 2.0 | General |
| | \$1,212,666 | 2.0 | Nongeneral |
| 2027 | \$447,700 | 2.0 | General |
| | \$1,212,666 | 2.0 | Nongeneral |

7b. Expenditure Impact: Department of Social Services

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2021 | - | - | - |
| 2022 | \$376,910 | 0.5 | General |
| | \$2,709,776 | 1.5 | Nongeneral |
| 2023 | \$622,797 | 0.5 | General |
| | \$4,663,628 | 1.5 | Nongeneral |
| 2024 | \$622,797 | 0.5 | General |
| | \$4,663,628 | 1.5 | Nongeneral |
| 2025 | \$622,797 | 0.5 | General |
| | \$4,663,628 | 1.5 | Nongeneral |
| 2026 | \$622,797 | 0.5 | General |
| | \$4,663,628 | 1.5 | Nongeneral |
| 2027 | \$622,797 | 0.5 | General |
| | \$4,663,628 | 1.5 | Nongeneral |

7c. Expenditure Impact: Department of Taxation

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2021 | - | - | - |
| 2022 | \$234,635 | - | General |
| 2023 | \$272,459 | - | General |
| 2024 | \$124,244 | - | General |
| 2025 | \$121,244 | - | General |
| 2026 | \$112,244 | - | General |
| 2027 | \$112,244 | - | General |

7b. Revenue Impact: The Department of Taxation indicates that this bill would not have a direct impact on general fund revenues.

8. Fiscal Implications:

Department of Medical Assistance Services

The proposed legislation will necessitate that the Department of Medical Assistance Services (DMAS) make one-time modifications to information technology systems in order to share data with the Department of Taxation and the Health Benefit Exchange for the purpose of checking eligibility for medical assistance. In addition, DMAS will require additional resources to enhance call center operations and implement needed outreach and member communications.

The agency estimates the cost of one-time system changes in FY 2022, primarily to the Commonwealth's case management system (VaCMS), to be \$6.0 million (with \$568,350

from the general fund and \$193,200 from the coverage assessment). The cost to the Cover Virginia call center is expected to be \$1.0 million (with \$177,742 from the general fund and \$84,515 from the coverage assessment). In addition, DMAS reports that the first year cost of outreach and administrative staffing is \$1.1 million (with \$420,088 from the general fund and \$117,585 from the coverage assessment). The out year costs are reduced to reflect the completion of system changes as well as the outreach being scaled back as the goal of the project would be for automated enrollment without agency interaction.

All of the costs identified for DMAS as a result of this legislation have been appropriated in the Governor's introduced budget (HB1800/SB1100)

Department of Social Services

It is unknown how many additional Medicaid applications will be initiated as a result of this bill; however, the Department of Social Services (DSS) assumes an annual caseload of 150,000. Funding is needed for local department of social services (LDSS) staff to handle the initial applications, on-going case management functions, and redetermination activities.

Additionally, the department will need two program consultants to respond to eligibility and policy questions from LDSS workers and Regional Practice Consultants and to ensure eligibility policy and enrollment follows federal and state guidance. The program consultants would also work in conjunction with Regional Practice Consultants and collaborate with the DMAS Eligibility and Enrollment Division on clarifying policy when needed and updating the eligibility guidance manual.

The agency assumes a half year of funding in FY 2022, since the Department of Taxation (TAX) is not required to begin sending information to DSS until January 1, 2022. All of the DSS costs identified for this legislation have been appropriated in the Governor's introduced budget (HB1800/SB1100). A local match of 15.5 percent will also be required for local staffing costs.

Department of Taxation

This bill would result in administrative costs to the Department of Taxation (TAX) of \$234,635 in Fiscal Year 2022; \$272,459 in Fiscal Year 2023; \$124,244 in Fiscal Year 2024; \$121,244 in Fiscal Year 2025; \$112,244 in Fiscal Year 2026; and \$112,244 in Fiscal Year 2027. These costs include those associated with updating the Department's systems, forms and instructions, and the interface and reporting requirements for data exchange processes with DMAS and the Exchange. These administrative costs have been appropriated in the Governor's introduced budget (HB1800/SB1100).

State Corporation Commission

There will be additional costs to the SCC to add the ability to receive the information from TAX, beginning in tax year 2023. The SCC estimates a cost of approximately \$500,000 for revisions to the software platform and possibly internal SCC databases to hold the data in a

secure manner as required by TAX and to create an electronic data transfer mechanism to meet the requirements of § 38.2-6505 subdivisions 8 and 18. In addition to these initial costs, the SCC estimates that there will be some ongoing costs to maintain the new functionality however, that amount is indeterminate at this time.

The SCC indicates that a budget amendment is not necessary for its costs at this time.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services, Department of Social Services, Department of Taxation, and State Corporation Commission

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** The following comments have been provided by the Department of Taxation in regards to this legislation:

Current Law

Unless an exception applies, Virginia’s confidential tax information law provides that the Tax Commissioner, commissioner of the revenue, treasurer, and their staff may not divulge any information acquired in the performance of their duties with respect to the transactions, property, including personal property, income or business of any person, firm or corporation. It is also unlawful for any person to disseminate any confidential tax document which he knows or has reason to know is a confidential tax document. Any person who violates these provisions is guilty of a Class 1 misdemeanor.

During the 2020 Session, the General Assembly enacted House Bill 1428 and Senate Bill 732 to create the Virginia Health Benefit Exchange (“the Exchange”), which would be responsible for facilitating the purchase and sale of qualified health plans and qualified dental plans to qualified individuals and qualified employers. As part of that legislation, a new exception to Virginia’s confidential tax information law was established that would authorize the Department to provide to the Department of Medical Assistance Services (“DMAS”), upon entering into a written agreement, the following information regarding an individual, or spouse in the case of a married taxpayer filing jointly, who has voluntarily consented to such disclosure for purposes of identifying persons who would like to newly enroll in medical assistance:

- The name;
- Address;
- Social Security number;

- Number and type of personal exemptions;
- Tax-filing status; and
- Adjusted gross income.

That legislation also provided that the Department must include on the appropriate individual income tax return forms a checkoff box or similar mechanism for indicating whether the individual, or spouse in the case of a married taxpayer filing jointly, or any dependent of the individual:

- Is an uninsured individual at the time the return is filed; and
- Voluntarily consents to the Department providing the individual's tax information to the DMAS for purposes of affirming that the individual, the individual's spouse, or any dependent of the individual meets the income eligibility for medical assistance.

The legislation provided that such information would not be permitted to be used to determine an individual is ineligible for medical assistance.

Proposed Legislation

This bill would require the Department to include space on its individual income tax returns for an individual to voluntarily include a preferred method for the DMAS to contact the individual for purposes of an eligibility determination with respect to specified Virginia health programs. This portion of the bill would be effective for taxable years beginning on and after January 1, 2021.

This bill would require the Department to include on the appropriate individual income tax return forms the following:

- A checkoff box or similar mechanism for indicating whether the individual, or spouse in the case of a married taxpayer filing jointly, or any dependent of the individual voluntarily consents to the Department providing certain tax information to DSS and DMAS; and
- Space for an individual to voluntarily include the following information:
 - o Date of birth;
 - o Email address;
 - o Dependent's name and date of birth, and
 - o Preferred method for DSS and DMAS to contact the individual for purposes of an eligibility determination.

This portion of the bill would be effective for taxable years beginning on and after January 1, 2022.

This bill would require the Department to include on the appropriate individual income tax return forms the following:

- A checkoff box or similar mechanism for indicating whether the individual, or spouse in the case of a married taxpayer filing jointly, or any dependent of the individual voluntarily consents to the Department providing tax information to the Exchange; and

- Space for an individual to voluntarily include a preferred method for the Exchange to contact the individual for purposes of an eligibility determination.

This portion of the bill would be effective for taxable years beginning on and after January 1, 2023.

Information obtained pursuant to this bill would not be allowed to be used to determine whether an individual is ineligible for medical assistance.

This bill would modify the exception to Virginia's confidential tax information law so that certain information currently allowed to be disclosed to DMAS could also be disclosed to DSS. This exception would also be modified so that both DMAS and DSS can receive email addresses, dependent information, and any additional information voluntarily provided by the taxpayer for disclosure. This information would only be allowed to be disclosed upon entering into a written agreement with the Department. If enacted during the 2021 Regular Session of the General Assembly, this portion of the bill would become effective July 1, 2021.

This bill would also establish a new exception to Virginia's confidential tax information law with respect to the Exchange. Under such exception, the Tax Commissioner would be authorized to provide to the Exchange, upon entering into a written agreement, for taxable years starting on January 1, 2023, or as soon thereafter as practicable, the name, address, Social Security number, email address, dependent information, number and type of personal exemptions, tax-filing status, adjusted gross income, and any additional information voluntarily provided by the taxpayer for disclosure, of an individual, or spouse in the case of a married taxpayer filing jointly, who has voluntarily consented to such disclosure for purposes of identifying persons who do not meet the income eligibility requirements for medical assistance and would like to newly enroll in a qualified health plan. If enacted during the 2021 Regular Session of the General Assembly, this portion of the bill would become effective July 1, 2021.

This bill would require the Exchange to identify systems, policies, and practices to achieve the requirements of inform individuals of their eligibility for certain assistance and coordinate the operations of the Exchange with the operations of the state plan for medical assistance and in doing so, consult with stakeholders, including the Department, the DMAS, DSS, consumer groups, insurers, health care providers, navigators or other consumer assisters, insurance brokers or agents, and other relevant stakeholders selected by the Exchange. If enacted during the 2021 Regular Session of the General Assembly, this portion of the bill would become effective July 1, 2021.

This bill would require the Department, upon entering into a written agreement, to provide to DMAS the following otherwise confidential tax information of an individual, or spouse in the case of a married taxpayer filing jointly, who has voluntarily consented to such disclosure for purposes of identifying persons who would like to newly enroll in medical assistance:

- The name;

- Address;
- Social Security number;
- Number and type of personal exemptions;
- Tax-filing status; and
- Adjusted gross income.

This portion of the bill would be effective taxable years beginning on and after January 1, 2021.

This bill would require the Department, upon entering into a written agreement, to provide to DMAS and DSS all information authorized for disclosure under this bill. This portion of the bill would be effective taxable years beginning on and after January 1, 2022.

This bill would require the Department, upon entering into a written agreement, to provide to the Exchange all information authorized for disclosure under this bill. This portion of the bill would be effective taxable years beginning on and after January 1, 2023.

Date: January 24, 2021

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