

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2020 REGULAR SESSION**

MEASURE

2020 BR NUMBER 1154

HOUSE BILL NUMBER 1/HCS1

TITLE AN ACT relating to public assistance.

SPONSOR Representative David Meade

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department for Community Based Services; Department for Medicaid Services; Department for Public Health; General Administration and Program Support

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of the measure is to require utilization of a single electronic benefit transfer (EBT) card for each beneficiary of assistance programs administered by the Cabinet for Health and Family Services (CHFS), to monitor the use of the EBT card; to establish a transitional Supplemental Nutrition Assistance Program (SNAP) benefit, and, to establish a health insurance option.

FISCAL EXPLANATION:

Section 1

CHFS estimates that the provisions of Section 1 will cost \$17.1 million to implement with \$6.6 million of the costs incurred for issuance of new cards and \$10.5 million in costs associated with changes in the information technology (IT) system. Applying a blended match rate of 30 percent General Fund and 70 percent for public assistance programs, there would be a fiscal impact of \$5.1 million in General Fund and \$12.0 million in Federal Funds. In estimating the fiscal impact of the provisions of Section 1, CHFS assumed that all cash assistance programs would be impacted including those for which the Cabinet currently issues EBT cards - SNAP) and the Temporary Assistance for Needy Families (TANF) program – and also those for which the Cabinet does not currently issue EBT cards - child care, foster care and adoption assistance, and the Women, Infants, and Children program.

Section 2

It is estimated that the provisions of Section 2 will cost \$1 million for additional staff to monitor EBT cards for cash withdrawals and to investigate cases when cash benefits are being used in violation of

Section 3 of this legislation. Applying a blended match rate of 30 percent General Fund and 70 percent for public assistance programs, there would be a fiscal impact of \$300,000 in General Fund and \$700,000 in Federal Funds.

Section 3

The cost estimates are indeterminable for this section. While there might be possible cost savings in establishing a transitional benefit alternative due to less administrative burden, these savings would be offset by IT systems redesign to allow SNAP beneficiaries the ability to recertify online. Any requested demonstration waiver projects would need federal approval prior to being implemented, and any approved demonstration waiver projects could add to the administrative burden by needing additional administrative oversight.

Section 4

The Department for Medicaid Services (DMS) estimates that the provisions of Section 6 would result in a per member per month (PMPM) capitation rate of \$550. DMS did not provide an estimate of the number of Medicaid eligibles that would result from the provisions of this section.

Section 5

This section establishes a health insurance option available on a sliding scale for individuals who meet certain eligibility guidelines. The costs related to implementation of this section cannot be determined. It is uncertain as to how many individuals would meet the required income and other eligibility requirements and the cost of the health insurance plans to be developed. Although the legislation requires that the health insurance option includes premiums and cost sharing, it is uncertain as to whether the premiums collected would be enough to offset the cost of any claims.

Section 6

There would be additional administrative burden to conduct an analysis of state expenditures within the Cabinet and to identify any unobligated balances. The cost estimates are indeterminable for this section.

Section 9

The Cabinet estimates that the provisions of Section 9 would cost \$2.5 million due to an increase in the request for administrative hearings as beneficiaries become ineligible as a result of fraudulent activities. Applying an administration program match rate of 50 percent General Fund and 50 percent Federal Funds, there would be a fiscal impact of \$1.25 million in General Fund and \$1.25 million in Federal Funds.

In summary, the legislation has an estimated determinable cost of \$20.6 million of which \$6.9 million is General Fund and \$13.7 million is Federal Fund, however, the costs associated with the implementation of Sections 3, 5, and 9 cannot be determined. Therefore, the overall impact of the legislation is indeterminable.

DATA SOURCE(S): Cabinet for Health and Family Services

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