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FISCAL IMPACT REPORT

SPONSOR Woods ORIGINAL DATE 2/8/18
 LAST UPDATED _____ HB _____

SHORT TITLE Cliff Effect Amelioration Program SB 241

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$600.0	\$0.0	\$600.0	Nonrecurring	General Fund and Matching Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Senate Bill 241 relates to Senate Bill 37, Public Assistance Work Requirements; and Senate Bill 242, SNAP Program Work Requirements .
 Senate Bill 241 relates to appropriations in the 2018 General Appropriation Act .

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 241 proposes the Human Services Department (HSD) establish a cliff effect amelioration program to encourage public assistance recipients to decrease dependence on public assistance while reducing or removing the cliff effect.

FISCAL IMPLICATIONS

The bill does not include an appropriation.

The Human Services Department estimates under the provisions of the bill, the department would need to amend its federal Medicaid waiver authority or receive federal approval of State Plan Amendments. Additionally, IT changes would be necessary to the state's ASPEN Eligibility System estimated to cost \$600 thousand for a 4 thousand hour change request which would include changes to design, development, and implementation.

SIGNIFICANT ISSUES

HSD indicates currently the Supplemental Nutrition Assistance Program (SNAP), Medicaid Program, and Child Support Enforcement Program have regulations that support individuals who are transitioning from public assistance into employment.

HSD reports implementing or expanding existing programs to eliminate the cliff effect would require an increase in the income eligibility standards for the programs. This change increases the number of individuals that are eligible for assistance, increasing the budget and the caseload.

ADMINISTRATIVE IMPLICATIONS

HSD reports Medicaid would require eligibility system changes, rule changes, federal State Plan Amendments, or federal 1115 Waiver changes to implement changes to Medicaid categories that address the “cliff effect.”

Cash assistance programs (i.e., Temporary Assistance for Needy Families and General Assistance) would require eligibility system changes and rule changes to implement to address the “cliff effect” as proposed in SB 241.

RELATIONSHIP

Senate Bill 241 relates to Senate Bill 37, Public Assistance Work Requirements; and Senate Bill 242, SNAP Program Work Requirements .

OTHER SUBSTANTIVE ISSUES

The Human Services Department (HSD) reports the following:

Transitional Food Stamps (TFS): The TFS program allows households receiving Temporary Assistance for Needy Families (TANF), New Mexico Education Works, Transition Bonus¹ or General Assistance for an unrelated child, to continue receiving a fixed SNAP benefit for five months when they become ineligible for their cash assistance program due to their earned gross or net income exceeding the federal poverty limit (FPL) for the specified program.

The TFS benefit is calculated without the household’s new income. In some circumstances, this allows a household that was receiving the maximum SNAP benefit for their household size to receive an additional five months of food stamps without considering their new income. The reporting requirements for TFS households is suspended during the transitional benefit period, guaranteeing the issuance of food stamp benefits for 5 months.

Medical Assistance: Most Medicaid recipients are covered under a Medicaid category that uses modified adjusted gross income (MAGI) methodology. MAGI Medicaid categories apply to adults, children, and pregnant women. Eligibility for MAGI Medicaid is solely based on meeting the income thresholds as there is no resource limit.

¹ The Transition Bonus Program was suspended in December 2010 due to a lack of state or federal funds.

MAGI Medicaid categories are mandatory except for the MAGI Adult (ages 19 up to 64) and family planning populations, which are optional.

Long-term care Medicaid categories have both an income and a resource limit. HSD has some flexibility through its State Plan to adjust income and resource levels. For Medicaid institutional care and home and community-based waiver categories, individuals exceeding income limits can create an income diversion trust that allows them to become income eligible by depositing funds into a trust account. Individuals who have their Medicaid determined using Supplemental Security Income (SSI) methodology can also set up trusts and ABLE accounts to protect resources.

HSD has the flexibility through either State Plan Amendments (SPA) or 1115 Waiver authority to make changes to the Medicaid program. Presently, the MAGI Adult income threshold is 133 percent of the federal poverty level (FPL). HSD through a SPA, for example, can offer MAGI Adult coverage at a higher income threshold or eliminate the MAGI Adult eligibility group altogether. Individuals no longer eligible for Medicaid are referred to the State Exchange to purchase their health care. Additionally, HSD could make individuals personally responsible for their Medicaid coverage through the implementation of premiums and co-payments.

The Child Support Enforcement Division (CSED) will continue to provide full program services on TANF cases. State statute requires that CSED establish paternity and support for children receiving public assistance and that CSED recover monies assigned to the state for periods of public assistance.

ALTERNATIVES

HSD notes the Transitional Food Stamp (TFS) Program is currently implemented to help individuals who lose TANF due to exceeding the set income limit.

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