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FISCAL IMPACT REPORT

SPONSOR <u>Sharer/Burt/Diamond</u>	LAST UPDATED _____
	ORIGINAL DATE <u>3/6/23</u>
SHORT TITLE <u>Medicaid Applicant Proof of Residency</u>	BILL NUMBER <u>Senate Bill 480</u>
	ANALYST <u>Esquibel</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$300.00	\$300.0	\$600.00	Recurring	General Fund
		\$900.0	\$900.0	\$1,800.0	Recurring	Federal Medicaid Matching Funds
Total		\$1,200.0	\$1,200.0	\$2,400.0	Recurring	General Fund, Federal Medicaid Matching Funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From
 Human Services Department (HSD)

SUMMARY

Synopsis of Senate Bill 480

Senate Bill 480 (SB480) would add a new section of the Public Assistance Act that would require applicants for Medicaid to be living in New Mexico on the date the application is submitted and to provide at least two documents that include the applicant’s name and principal residence. Acceptable documents would include a current rental property agreement, a recent utility bill, an insurance bill, a bank or credit card statement, an employment pay stub, a local property tax statement etc.

Under the provisions of the bill, if the applicant is under age 18, an affidavit by the parent or guardian stating the applicant lives with them accompanied by the parent or guardian’s New Mexico identification card or two documents that prove the residency of the parent or guardian would be required.

FISCAL IMPLICATIONS

The Human Services Department (HSD) reports requiring two forms of proof of residency would

require changes to the ASPEN integrated eligibility IT system, the Yes-NM online application portal, and modifications to information collected by the NM health insurance exchange (NMHIX) at an estimated cost of \$1.2 million in state and federal matching funds.

SIGNIFICANT ISSUES

HSD reports implementing the provisions in the bill would result in the Medicaid program being noncompliant with federal regulations. SB480 conflicts with the federal Code of Federal Regulations (CFR) 435.403 residence requirements. Per the CFR residency section, “The state of residence is the state where the individual is living and intends to reside, including without a fixed address, or has entered the state with a job commitment or seeking employment.”

Furthermore, the CFR states, “The agency may not deny or terminate a resident's Medicaid eligibility because of that person's temporary absence from the state if the person intends to return when the purpose of the absence has been accomplished, unless another state has determined that the person is a resident there for purposes of Medicaid.”

Federal requirements prohibit the state from asking for paper documents from applicants when the state can verify information electronically via data sources.

Currently residency for Medicaid is self-attestation and no documentation is required unless the information provided by the applicant is questionable. Requiring two documents to verify residency would be burdensome for the Income Support Division (ISD) staff to have to gather additional documentation. The documentation requirement would also impact real-time eligibility Medicaid determinations in the online Yes-NM portal as online applications would require that additional documentation be uploaded by applicants or task out for review.

Requiring paper documentation from applicants for residency would mean the issuance of more request for information notices to individuals and in some instances would impact the timeliness of processing applications if the information is not readily available.

Creating additional tasks for ISD is particularly problematic now, at the beginning of the unwinding of the public health emergency. Starting in March, ISD will have 12 months to issue redeterminations on every Medicaid member and terminations of Medicaid for ineligible members begin in May.

ADMINISTRATIVE IMPLICATIONS

HSD reports, under the bill’s provisions, the Medical Assistance Division (MAD) would have to update its State Verification Plan with the federal Centers for Medicare and Medicaid Services (CMS), which currently allows for the self-attestation of residency for Medicaid without paper documentation. However, it is unlikely the new requirements would be approved by the federal CMS because they are contrary to federal regulations.

As noted previously, ISD staff would have to issue more requests for information notices and process the returned paper documentation. ISD staff would have to manually work more applications since Real Time Eligibility (RTE) processes would create manual tasks for field workers due to lack of residency verification in the YES-NM online application portal.

OTHER SUBSTANTIVE ISSUES

HSD reports the department is required to participate in the Public Assistance Reporting Information System (PARIS) exchange administered by the federal Administration for Children and Families (ACF) of the Health and Human Services Department (HHS) to determine if current Medicaid and Supplemental Nutrition Assistance Program (SNAP) recipients are receiving assistance in any other state. HSD receives a quarterly match file with data from other participating states and uses information in the file to verify residency post eligibility. Individuals identified on this list must verify their residency or may lose eligibility.

SB480 as proposed is in violation of the *Debra Hatten Gonzales vs. Scrase* Revised Modified Settlement Agreement Doc. 848 Section III, Paragraph G: Defendant will comply with the verification requirements of 7 CFR for SNAP and 42 CFR for Medicaid. Within this section, HSD is not allowed to require additional information or documentation unless questionable or it cannot be obtained electronically. HSD may not request information that is not readily available from the applicant. Readily available is defined as verification or documentation that cannot be obtained by the applicant within five working days and at no cost to the applicant. Subparagraph 5 of Paragraph G indicates the defendant will allow the applicant to verify eligibility factors through a sworn statement, to the extent allowed by 42 CFR 435.952(c)(3).

RAE/rl/hg/mg