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FISCAL IMPACT STATEMENT

LS 7123

BILL NUMBER: HB 1536

NOTE PREPARED: Feb 9, 2009

BILL AMENDED:

SUBJECT: Suspension of Medicaid for Delinquent Children.

FIRST AUTHOR: Rep. Pryor

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning (OMPP) to suspend rather than terminate a child's Medicaid eligibility if the child has been adjudicated to be a delinquent child and has been placed in specified facilities. The bill does not place any limits on the length of the suspension of benefits.

The bill requires the individual, for-profit or nonprofit entity, or governmental entity operating the facility in which the child is placed to take action necessary to ensure the child is eligible for Medicaid when the child is released from the facility.

Effective Date: Upon passage; July

Explanation of State Expenditures: (Revised) The bill would require OMPP to implement a procedure to suspend eligibility rather than terminate the eligibility of a Medicaid recipient under the age of 18 years. The bill also requires OMPP to apply for an amendment to the State Medicaid Plan, if necessary.

While Medicaid eligibility is suspended, no federal funds may be used for services provided to an individual placed in a government-owned facility. The bill would require policy and systems revisions with regard to suspensions for children who are part of an assistance group and to suspensions within Hoosier Healthwise, the capitated payment system. Software modifications would be necessary. OMPP has estimated that administrative expenses of \$300,000 in state General Funds would be necessary in order to comply with the provisions of the bill.

Background- The Family and Social Services Administration (FSSA) reports that a child is often eligible for Medicaid as part of an assistance group. There currently is no function in the information systems to accommodate the suspension of benefits for one individual in a medical assistance group. When a child is no longer eligible, the eligibility of the remaining group has to be redetermined. If the child returns home, the eligibility for the assistance group again would have to be redetermined. The bill also does not provide for any time limitation for a suspension of eligibility.

The bill also requires the entity that operates the facility into which the child is placed to take the actions necessary to ensure the child has Medicaid eligibility reinstated upon release. Currently, the Department of Correction and FSSA have a memorandum of understanding (MOU) setting out a pre-release procedure to arrange for expedited eligibility determinations for newly released individuals. Additionally, the modernized Medicaid application system is available on the Internet for use around the clock in 59 counties. Using this option to meet the requirements of the bill would require some training for personnel in juvenile detention facilities. The modernization contractor is required to build a Voluntary Community Assistance Network (VCAN) to assist clients in accessing services. Local facilities could choose to enroll as VCAN members and receive training provided under the modernization contract.

Current suspension procedure: The Indiana Client Eligibility System (ICES) currently allows a suspension procedure for changes in circumstances that cause temporary ineligibility for persons in individual (not group) eligibility categories. FSSA reports that cases are rarely suspended, and the ICES Policy Manual identifies that this should only be done in situations where it is reasonably certain the recipient will again be eligible after the suspension. These allowable suspensions can last no longer than two months; if the recipient remains ineligible, the medical assistance is terminated.

Explanation of State Revenues:

Explanation of Local Expenditures: Local juvenile detention facilities would be required to include medical assistance in pre-release planning.

Explanation of Local Revenues:

State Agencies Affected: OMPP, FSSA; Department of Correction juvenile facilities.

Local Agencies Affected: Local courts and juvenile detention facilities.

Information Sources: FSSA, *State ICES Program Policy Manual*, at:

http://www.in.gov/fssa/files/2200_Internet.pdf, *A Better Life, A Safer Community, Helping Inmates Access Federal Benefits*, A Bazelon Center Issue Brief at:

<http://www.bazelon.org/issues/criminalization/publications/gains/gains.pdf>. *Indiana Eligibility Procedure Manual* at: http://www.in.gov/fssa/files/Indiana_Eligibility_Procedure_Manual.pdf

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