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**FISCAL IMPACT STATEMENT**

**LS 7123**

**BILL NUMBER:** HB 1536

**NOTE PREPARED:** Mar 23, 2009

**BILL AMENDED:** Mar 19, 2009

**SUBJECT:** Suspension of Medicaid for Delinquent Children.

**FIRST AUTHOR:** Rep. Pryor

**FIRST SPONSOR:** Sen. Miller

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Division of Family Resources (DFR) to suspend a child's Medicaid eligibility for up to six months before terminating the child's eligibility if the child has been adjudicated to be a delinquent child and has been placed in specified facilities.

The bill requires the DFR to take action necessary to ensure that a delinquent child is eligible to participate in Medicaid if the DFR receives notice of the child's release from detention. The bill also requires a probation officer to include a statement in the predispositional report whether a child receives Medicaid. It requires a court to provide a copy of a dispositional decree of a child who receives Medicaid and is found to be delinquent to the DFR.

**Effective Date:** Upon passage; July 1, 2009; January 1, 2010.

**Explanation of State Expenditures:** (Revised) The bill would require the Division of Family Resources (DFR) to implement a procedure to suspend eligibility for up to 6 months 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 eligibility system modification expenses of \$125,000 in state General Funds would be necessary in order to comply with these provisions.

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 requires the DFR to take the actions necessary to ensure the child has Medicaid eligibility reinstated upon release if the Department of Correction gives at least 40 days notice of the child's impending 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.

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:**

**Explanation of Local Revenues:**

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

**Local Agencies Affected:** Local courts and juvenile probation officers.

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

[http://www.in.gov/fssa/files/2200\\_Internet.pdf](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](http://www.in.gov/fssa/files/Indiana_Eligibility_Procedure_Manual.pdf)

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