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FISCAL IMPACT REPORT

SPONSOR: Harrison DATE TYPED: 3/12/03 HB 890/aHCPAC
 SHORT TITLE: Social Security Assistance for CYFD Children SB _____
 ANALYST: Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			(\$25.0)	Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Related to HB 35

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
 Human Services Department (HSD)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment to House Bill 890 requires CYFD to apply to be appointed as representative payee for child Social Security beneficiaries in their custody. In addition, it requires the agency to conserve the benefits of the child rather than reimbursing the department for foster care expenses ninety days prior to the child's eighteenth birthday. Editorial changes are made throughout the bill.

CYFD estimates the provision in the bill to restrict the agency from using the funds received for individuals from 90 days of the eighteenth birthday will cost it \$25.0 in federal funds from the Social Security Administration.

As a related item of interest, the Social Security Administration will conduct a review of CYFD Children's Maintenance Accounts the week of April 14-18, 2003. The maintenance accounts of 25 randomly selected cases will be reviewed.

HSD states children in State custody should be receiving Medicaid by virtue of being in foster

care at CYFD. Once approved for Supplemental Security Income (SSI), these children would transfer into Medicaid for SSI. However, if children become eligible for Social Security Disability Income (SSDI), they may become ineligible for SSI Medicaid and will revert back to a foster care category of Medicaid. Also, once children reach \$2,000 in these accounts, they would be ineligible for SSI. This switching among Medicaid categories of eligibility will impact the workload of HSD eligibility workers and may result in loss of Medicaid coverage should the foster parents of these children not make sure that these children are covered by Medicaid.

While this statement is true, the re-evaluation of eligibility would not be caused by this bill but results from an individual's changing income status.

In addition, HSD states provisions in the amended bill conflict with requirements in House Bill 35. In HB 890, CYFD would maintain the accounts; in HB 35, DFA administers the accounts.

Synopsis of Original Bill

House Bill 890 enacts new statute requiring CYFD to provide assistance to children so they can receive Social Security benefits from the federal government. CYFD will establish a program to accomplish the following: screen all children in custody of the department within six months of arrival; process applications for supplemental security income or survivor benefits from Social Security; have a process to track applications and appeal decisions; establish children's maintenance, interest-bearing, individual transaction accounts; and administer the account for the benefit of the child including a \$30 a month personal allowance.

Significant Issues

CYFD states this bill will not significantly impact the current processes for maintaining CYFD's Children's Maintenance Accounts. Currently accounts are established through the Department of Finance and Administration (DFA) and monitored to ensure the accounts do not exceed \$2,000. If they exceed that amount, the child would no longer be eligible for Medicaid services. The accounts earn interest from distributions from the State Treasurer. The bill would require these accounts to be established with a "commercial savings account" and, presumably, the DFA accounts would not satisfy this requirement. Having separate commercial accounts will probably require greater administrative effort since the records will be kept separately rather than in a consolidated account in DFA. Currently, there are 315 accounts for children in custody of CYFD.

FISCAL IMPLICATIONS

There is no appropriation in this bill; however, staff will be required to administer the accounts established under this bill and that may incur additional staff time than having the accounts established through DFA.

ADMINISTRATIVE IMPLICATIONS

CYFD will have to develop procedures for complying with the provisions of this bill. The agency will have to review the present accounting system to see if it can keep track of the accounts established. The agency averages approximately 600 individuals in custody and the number of accounts could vary considerably.

CONFLICT

CYFD is concerned with possible conflicts with Social Security regulations. Currently, when an individual is released from CYFD custody, the funds in the account are returned to the Social Security Administration and they make distribution to the next payee designated by the courts or to the individual.

POSSIBLE QUESTIONS

1. Is there a need to put in statute a process that has been established administratively by CYFD and DFA?
2. Will commercial savings accounts have a higher rate of return than funds managed by the State Treasurer?

GAC/prr:sbyr