

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4569
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JUNE 11, 2019

SUMMARY

- Synopsis:** Provides for improved system for eligibility determination for Medicaid and NJ FamilyCare.
- Types of Impact:** Annual State expenditure increase, partially offset by enhanced federal Medicaid funds. Annual indeterminate impact on county expenditures and revenues.
- Agencies Affected:** Department of Human Services. County Governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
County Expenditure Impact	Indeterminate
County Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) estimates that this bill will increase annual State expenditures incurred by the Department of Human Services (DHS) by an indeterminate amount due to the establishment and operation of certain systems and programs related to eligibility determinations for the Medicaid and NJ FamilyCare programs. Any additional expenditure will likely be offset in part by federal Medicaid matching funds.
- The DHS efforts to create an information technology platform for the intake, processing, and tracking of applications for benefits under the Medicaid and NJ FamilyCare programs overlap with related provisions of the bill. Therefore, the OLS assumes that the requirement under the bill that such a system be established will not alter DHS expenditures under current law, which already include the cost of developing the information technology platform.
- The OLS anticipates that this bill will have an indeterminate impact on annual county expenditures and revenues. The direction and magnitude of the county impacts in any given fiscal year will depend on the effects on each county welfare agency (CWA) of the systems the DHS is to implement under the bill.

BILL DESCRIPTION

This bill streamlines the system for eligibility determination for the Medicaid and NJ FamilyCare programs. Specifically, the bill requires the DHS to develop an information technology platform for use by the State, CWAs, and the State's contracted health benefits coordinator for the intake, processing, and tracking of applications for benefits under the Medicaid and NJ FamilyCare programs. The bill also requires the department to establish a system to evaluate the performance of entities responsible for Medicaid and NJ FamilyCare application intake and processing, including CWAs and the State's contracted health benefits coordinator; and to annually publish certain performance metrics on the DHS website. The DHS is also to establish a system of rewards and penalties for entities responsible for application intake and processing that provides incentives for performance on these metrics and for CWAs to streamline their processes and to use the information technology platform to be developed under the bill. Finally, the bill requires the DHS to designate a customer service liaison team to review eligibility determination complaints.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will increase annual State expenditures incurred by the DHS by an indeterminate amount due to the establishment and operation of certain systems and programs related to eligibility determinations for the Medicaid and NJ FamilyCare programs. The additional expenditures will likely be offset in part by federal Medicaid matching funds. The OLS also anticipates that this bill will have an indeterminate impact on annual county expenditures and revenues. The direction and magnitude of the county impacts in any given fiscal year will depend on the effects on each CWA of the systems the DHS is to implement.

State Government Impacts: The State costs of the bill can be summarized as: 1) one-time expenses related to the development of an eligibility determination performance evaluation system and a system of rewards and penalties designed to strengthen the performance of CWAs; and 2) annual expenses in maintaining and operating these systems, publishing information gathered by the performance evaluation system, and establishing and sustaining a customer service liaison team. The OLS, however, cannot quantify these costs without more information from the DHS, which will have substantial discretion in implementing the systems and programs required under the bill. Any additional expenditure, however, will likely be offset in part by federal Medicaid matching funds.

The OLS notes that the efforts of the DHS to create an information technology platform for the intake, processing, and tracking of applications for benefits under the Medicaid and NJ FamilyCare programs overlap with related provisions of the bill. Therefore, the OLS assumes that the requirement under the bill that such a system be established will not alter DHS expenditures under current law, which already include the cost of developing the information technology platform. Nevertheless, the bill requirement could increase State expenditures, if absent the bill, the DHS were to abandon or scale back the current project.

According to the department's response to a FY 2019 OLS Discussion Point, the DHS was in the process of building the NJ FamilyCare Integrated Eligibility System (IES), which supports the Modified Adjusted Gross Income Medicaid program and the Aged Blind and Disabled (ABD) Medicaid program. The system has two main portals. The client portal allows for: 1) online applications; 2) automated address verification to improve success rate for mail sent to beneficiaries; and 3) smartphone-friendly access for registered users to check status, upload documents, and receive electronic notifications. The worker portal, in turn, allows CWAs and the contracted State health benefits coordinator to: 1) determine eligibility for electronic applications; 2) automate asset verification for the ABD program; and 3) connect to the federal data hub to automate the verification of identity, citizenship, date of birth, and Social Security number. For 2018, the major focus for the IES was to fully automate remaining eligibility and enrollment processes for the CWAs. These enhancements would automate the entry of data from paper applications and eligibility redeterminations. The CWAs would be able to use the automated verification technology built into the worker portal for all applications whether they are submitted electronically or on paper. Automating redeterminations, in turn, would streamline the annual process that requires NJ FamilyCare beneficiaries to confirm that they continue to meet eligibility requirements. The OLS is unaware of the current status of this project.

The FY 2019 Appropriations Act includes \$86.1 million for Medicaid Eligibility and Enrollment Services. As of June 5, 2019, of the \$26.7 million representing State funds, \$6.0 million is uncommitted, while, of the remaining \$59.4 million in federal funds, \$13.3 million is uncommitted. The appropriation funds payments to the contracted State health benefits coordinator (currently, Conduent) and CWAs responsible for making initial NJ FamilyCare eligibility determinations and annual eligibility redeterminations. The FY 2020 Budget proposal recommends \$24.8 million in State funds and \$56.1 million in federal funds for Medicaid Eligibility and Enrollment Services, for a total appropriation of \$80.9 million.

County Government Impacts: Under the bill, CWAs will likely experience certain recurring efficiencies, and therefore decreased recurring operating expenditures, due to the DHS' establishment of certain systems related to eligibility determinations for the Medicaid and NJ FamilyCare programs. Such recurring savings, however, may initially be offset by one-time expenditures associated with the implementation of the systems and any related staff training.

In addition, revenues counties receive from the State may increase or decrease as a result of the bill's envisioned system of DHS-determined rewards and penalties for entities responsible for application intake and processing if the rewards and penalties are monetary in nature.

The OLS, however, cannot quantify the potential fiscal impacts of the bill on county governments without more information from the DHS, which will have substantial discretion in implementing the systems and programs required under the bill.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).