

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 1401

STATE OF NEW JERSEY

DATED: JUNE 5, 1996

Assembly Bill No.1401 (1R) of 1996 would require that the Division of Family Development (DFD) in the Department of Human Services pay the fees of attorneys or any legal entity, such as the Community Health Law Project, who represent recipients of public assistance in successful appeals of claims for federal Supplemental Security Income (SSI) benefits. The bill provides that the fee paid would be an amount fixed by rules and regulations promulgated by the Commissioner of Human Services.

Funding for the payment of these fees would be disbursed from funds in the State Aid account titled "Payments to Municipalities for Cost of General Assistance," that are otherwise obligated to be paid to municipal welfare departments as reimbursement for public assistance provided to individuals awaiting SSI claim appeals. This funding is provided through a contractual agreement between the federal Social Security Administration and the State.

The Office of Legislative Services cannot estimate the bill's fiscal impact because an estimate of the increase in the number of public assistance recipients who would seek legal services in SSI appeals due to this bill is not readily available and the amount of the fee that would be paid to attorneys for successful appeals is unknown. However, some observations can be noted. For several fiscal years, the State budget has appropriated funds to the DFD to contract with the Community Health Law Project to provide legal representation to General Assistance recipients who are appealing a denial of SSI benefits. These funds are as follows: FY 1995 - \$101,000, FY 1996 - \$116,000, and FY 1997 - \$116,000 (recommended). The average cost is approximately \$1,100 per case, regardless of the outcome of the appeal.

As to the fiscal impact of the bill, the municipal welfare departments would face a reduction in reimbursement funds received from the DFD for assistance granted to individuals while awaiting the appeal of a claim for SSI benefits. This reduction would be a per case amount equal to the fee paid to the attorney or legal entity providing legal services, as set by the Commissioner of Human Services. However, this bill could provide an incentive for increased attorney representation of public assistance recipients and thus possibly enable a larger number of public assistance recipients to receive SSI benefits and leave the municipal welfare rolls. Nonetheless, while State costs for GA benefits may be reduced, the State's share of Medicaid costs

incurred by persons who become eligible for SSI benefits, and thus Medicaid, may exceed any GA savings the State may realize.

The 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.