

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5262

STATE OF NEW JERSEY  
219th LEGISLATURE

DATED: NOVEMBER 12, 2021

SUMMARY

- Synopsis:** Revises eligibility requirements for NJ Workability Program and Personal Assistance Services Program.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Marginal

- The Office of Legislative Services (OLS) determines that this bill would result in additional costs for the Division of Disability Services (DDS) within the Department of Human Services (DHS) to expand eligibility for the NJ WorkAbility Program by lifting the upper age limit and increasing the upper income limit for program eligibility, by limiting the income sources that the DDS considers in calculating the premium contributions required of program participants, and by allowing a NJ WorkAbility participant to remain eligible for Medicaid for up to one year if, through no fault of the individual, a job loss occurs.
- The NJ WorkAbility Program is a Medicaid buy-in option for employed, permanently disabled individuals; as such, program expansion not only will raise State Medicaid expenditures, but also will increase State revenues in the form of federal matching funds for qualifying State Medicaid expenditures.
- The bill also increases State expenditures for the Personal Assistance Services Program by removing the age cap on program eligibility. Currently, only individuals with permanent disabilities who are between the ages of 18 and 70, and work, pursue educational advancement, or volunteer at least 20 hours per month are eligible for services under this program.

## **BILL DESCRIPTION**

This bill revises eligibility requirements for the NJ WorkAbility Program and the Personal Assistance Services Program (PASP), which operate under the purview of the DDS within the DHS. The NJ WorkAbility Program is a Medicaid buy-in option for employed, permanently disabled individuals, authorized under federal law. Current law limits eligibility for participation in the NJ WorkAbility Program to applicants who are between the ages of 16 and 65 years and have earned income of \$65,196 or less, in the case of an individual, and \$87,900 or less for couples. Program eligibility guidelines, moreover, limit assets to \$20,000 for an eligible individual, and \$30,000 for a couple. However, the NJ WorkAbility Program's asset determination disregards a limited number of applicant assets, including an applicant's primary home, a car necessary for work or medical transportation, and a 401(k) or individual retirement accounts.

Eligibility for the NJ WorkAbility Program is expanded in various ways under the bill. First, the bill removes the upper age limit for program eligibility, providing that any individual aged 16 years or older who meets the program's other requirements may apply. The bill also specifies that the premium contribution required of all NJ WorkAbility applicants, as established by the DHS, is to be based solely on the applicant's earned and unearned income. Spousal income is not to be taken into account in such premium contribution calculations. However, if an applicant's spouse reports over \$250,000 in earned and unearned income combined, the DHS may consider spousal income in determining the premium contribution required of the NJ WorkAbility applicant. Under current law, the earned and unearned income of both the applicant and the applicant's spouse may be considered in determining an applicant's premium contribution.

The bill additionally raises the income eligibility limit for NJ WorkAbility applicants from 250 percent of the federal poverty level (FPL), or \$32,200 for an individual and \$43,550 for a couple, to 450 percent of the FPL, or \$57,960 for a single person and \$78,390 for a couple. The bill, moreover, specifies that an eligible NJ WorkAbility applicant is to remain eligible for Medicaid benefits for up to a period of one year if, through no fault of the applicant, a job loss occurs.

Finally, the bill removes the age cap for individuals who may qualify for benefits through the PASP, a State-funded program that provides up to 40 hours per week of non-medical personal care assistance to individuals with permanent physical disabilities who work, seek educational advancement, or volunteer in the community for a minimum of 20 hours per month. Currently, only individuals 18 through 70 years of age who meet the program's employment, income, and asset criteria may qualify for assistance through this program.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that the program expansions effectuated under various provisions of this bill would cumulatively increase expenditures under the NJ WorkAbility Program and the PASP. Specifically, provisions of the bill that remove the upper age limit and raise the upper income limit for applicants to the NJ WorkAbility Program, from 250 percent to 450 percent of the FPL, would substantively increase State costs under this program. State expenditures for the program would also grow pursuant to a provision that disregards the earned and unearned income of an eligible applicant's spouse, up to a spousal income ceiling of \$250,000. After spousal earned and unearned

income surpasses \$250,000, the DHS may take spousal income into consideration in NJ WorkAbility eligibility determinations. NJ WorkAbility Program costs would increase further under the provision in the bill that allows an eligible program applicant to remain eligible for Medicaid coverage for up to one year if, through no fault of the applicant, a job loss occurs.

Estimates of incremental State costs for each of these program expansions are hampered by a lack of publicly available NJ WorkAbility participation and per-capita cost data, and information on the number of program participants whose spouse has an annual income that exceeds \$250,000. Data concerning the number of individuals participating in the NJ WorkAbility Program are outdated; the most recent data, from 2013, show 9,530 program participants. By way of context, NJ FamilyCare enrollment data for October 2021, displayed on the DHS' FamilyCare Dashboard, report 207,162 disabled individuals enrolled in NJ FamilyCare, with 85 percent of these individuals aged 21 years or older. These NJ FamilyCare enrollment data also include 809 blind enrollees, of whom 94 percent are aged 21 years or older. The percentage of these NJ FamilyCare enrollees who participate in the NJ WorkAbility Program, however, is not reported. Advances in medicine and medical technology, however, have increased the life expectancy and improved the physical capabilities of many individuals with disabilities, thereby increasing the likelihood that the number of individuals eligible to purchase Medicaid coverage through the NJ WorkAbility Program has increased by some magnitude since 2013.

The DDS, which manages the NJ WorkAbility Program, does not report per-participant cost data on its website. The NJ FamilyCare Comprehensive Demonstration renewal proposal, which the DHS submitted to the federal Centers for Medicare and Medicaid services on September 10, 2021, projects that expenditures for Other Aged, Blind, and Disabled NJ FamilyCare beneficiaries will total \$3.3 million in FY 2023.

Since NJ WorkAbility Program is a Medicaid buy-in initiative, greater State expenses for the program will also increase State revenues in the form of federal financial participation for qualifying State expenditures under the Medicaid program. However, without access to updated participation and expenditure data from the division, any estimate of the magnitude of this State revenue increase would be incomplete.

The bill furthermore removes the upper age limit of 70 years that is currently in effect for the PASP. The DDS, which administers the PASP, does not report client data by age; therefore, the OLS concludes that this provision will increase State costs for PASP services by an indeterminate amount. The PASP, which receives State funding via the General Fund and the Casino Revenue Fund, provides up to 40 hours per week of non-medical personal care assistance to those individuals with permanent physical disabilities who work, seek educational advancement, or volunteer in the community for a minimum of 20 hours per month. Eligible individuals may apply for the PASP starting at age 18 years. By way of context, Evaluation Data in the Governor's FY 2022 Budget (page D-203) show that in FY 2020, the PASP served 490 clients at an average cost of \$20,443 per client. In FY 2022, the DDS anticipates that the PASP will serve 510 clients at an average per capita cost of \$21,253, a four percent cost increase over FY 2020 funding levels.

*Section:* Human Services

*Analyst:* Anne Cappabianca  
Associate Fiscal Analyst

*Approved:* Thomas Koenig  
Legislative Budget and Finance Officer

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.).