

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3455

**STATE OF NEW JERSEY
219th LEGISLATURE**

DATED: DECEMBER 2, 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 removing 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. The NJ Workability Program is a Medicaid buy-in option for employed, permanently disabled individuals, authorized under the federal “Ticket to Work and Work Incentives Improvement Act of 1999,” Pub.L.106-170. The bill expands the eligibility for this program in various ways. First, the bill removes the upper age limit for program eligibility, providing that any individual who is older than 16 may qualify. The current age requirement is between 16 and 65 years of age. Second, the bill requires that the premium contribution established by the DHS is to be based solely on the applicant’s earned and unearned income. Currently, spousal income, both earned and unearned, is considered as part of a NJ WorkAbility applicant’s premium determination. Third, the bill eliminates the program’s existing income eligibility limit of 250 percent of the federal poverty level, plus established disregards, and explicitly provides that a qualified applicant is not to be subject to any eligibility requirements regarding the earned or unearned income of the applicant or the applicant’s spouse. Finally, the bill permits that an eligible applicant for the program is to remain eligible for Medicaid for up to a period of one year if, through no fault of the applicant, a job loss occurs.

The Personal Assistance Services Program is a State-funded program that 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. Currently, only individuals 18 through 70 years of age can qualify for this program. Under the bill, the age cap is removed, providing that anyone over the age of 18 may be eligible for these services.

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 eliminate the upper income limit for applicants to the NJ WorkAbility Program, currently set at 250 percent of the FPL plus certain income disregards, would substantively increase State costs under this program. State expenditures for the program would also grow pursuant to a provision that explicitly disregards the earned and unearned income of both an eligible applicant and the applicant’s spouse as part of an NJ WorkAbility applicant’s income eligibility determination. Under current law, the DHS may take into consideration both earned and unearned spousal income as part of NJ WorkAbility eligibility determinations. State costs also would rise subsequent to the requirement that an eligible applicant’s Medicaid premium and cost-sharing contribution be based solely on the applicant’s earned and unearned income. Existing State regulations specify that spousal income be factored into such premium 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, as well as a dearth of information on the number of permanently-disabled individuals for whom spousal income renders them ineligible for the program. 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 Hunt 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.).