

February 1, 2016

The Honorable Mary Pilcher-Cook, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Pilcher-Cook:

SUBJECT: Fiscal Note for SB 372 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 372 is respectfully submitted to your committee.

SB 372 would revise the Temporary Assistance for Needy Families (TANF) diversion assistance from 42 to 30 months. This is a technical amendment to comport with the shorter lifetime limit on cash assistance that was passed in the 2015 legislative session. The bill would make TANF and Child Care Subsidy Program recipients ineligible if the individuals fail to cooperate with a fraud investigation. The period of ineligibility would continue until the individual cooperates. The Department for Children and Families (DCF) would be required to maintain a sufficient level of fraud investigative staff to conduct fraud investigations in a timely manner. The bill would also require DCF staff to monitor requests for benefit replacement cards and send notices when four replacement cards are requested within a 12 month period. These notices would alert the household that the account is being monitored for suspicious activity. If a fifth replacement card is requested, the case would be referred to the fraud investigation unit.

SB 372 would also require non-TANF child care recipients to be employed a minimum of 20 hours per week, except for individuals meeting one of the exemptions listed. Previously only mandatory Supplemental Nutrition Assistance Program (SNAP) education and training participants were exempted from the work requirement. The bill would remove the word "mandatory" making all SNAP education and training participants eligible for child care, if they are in a voluntary work program. An additional exemption would be added for adults participating in Early Head Start Child Care Partnership Program who are in school or training.

The bill would establish work requirements for eligibility for SNAP. Additional language would be added to current law to identify the USDA requirements and the ineligibility periods for noncompliance. Currently, identity checks are required for only the primary individual on

cash, food and child care assistance cases. SB 372 would require identify checks on all adults in the assistance home.

Additionally, the Kansas Lottery Commission would be required to provide a monthly list to DCF including the name, address and social security numbers for all Kansas residents with winnings over \$10,000. These names would then be checked to determine whether the winners receive TANF cash, food assistance and child care assistance to reassess their eligibility. Claims for assistance only could be recovered from the recipient. The bill would allow recoveries from other third parties. For example, a child care provider could be sued, civilly, to recover child care assistance paid to the provider.

Estimated State Fiscal Effect				
	FY 2016 SGF	FY 2016 All Funds	FY 2017 SGF	FY 2017 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$157,343	\$1,171,545
FTE Pos.	--	--	--	1.00

DCF states that the fiscal impact of SB 372 would result from three provisions: identity verification, cooperation with fraud investigations and providing child care for voluntary SNAP Education and Training participants. Current law requires the verification of the case head's identity. This bill would require the identification of other adults on the case. Annually, there are approximately 37,400 unduplicated adult recipients who are not the case head in the TANF and SNAP programs. At an estimated cost of \$5.00 per verification, the annual impact would be \$187,000, of which \$73,024 would be from the State General Fund. In addition, this requirement would need to be included in the automated eligibility process. The estimated cost of incorporating this feature into the KEES automated eligibility system is \$98,200, of which \$19,660 is from the State General Fund. This would be a one-time development cost.

The primary impact of required cooperation with fraud investigations would be the incorporation of this requirement into the automated eligibility process. The estimated development cost is \$98,200, of which \$19,660 is from the State General Fund. This would be a one-time development cost. The bill would also allow SNAP Employment and Training participants to receive child care assistance benefits. This would make an additional 203 children eligible to receive child care assistance in 2017 and 232 in 2018. Costs for these children would total \$608,145 for FY 2017 and \$694,018 for FY 2018, all of which would be federal funds. There would be no impact on State General Funds.

SB 372 proposes to attach to Medicaid beneficiaries a debt due to the State totaling the amount of medical assistance that was improperly sold, transferred or otherwise disposed of to others. The Kansas Department of Health and Environment, Division of Health Care Finance (KDHE-DHCF), states that the attachment process would require a detailed investigation to

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document dollar amounts of the gain obtained by the beneficiary, filing a lawsuit and winning a judgment to collect the debt. Further efforts would be needed to execute the collection. Federal financial participation rates of 75.0 percent are available for fraud waste and abuse activities. The federal share of any collections received would have to be returned to the federal government. To enhance this function at KDHE-DHCF would require at least one FTE to aggressively pursue cases and investigations, in addition to private attorney's fees for filing and prosecution. The agency estimates additional expenditures of \$180,000, including \$45,000 from the State General Fund, in FY 2017. These expenditures would consist of \$60,000 to fund the new FTE position and \$120,000 in filing fees and private attorney fees. The agency is unable to estimate recovery revenue of the additional cases.

The bill would require the Lottery to provide the DCF with a list of winners of Lottery winnings of over \$10,000 every month. It also would prohibit DCF from publicly disclosing the identity of any prize winner information from the Lottery, in order not to violate the Lottery's existing statutory mandate to allow a player to keep their anonymity. The Lottery states that SB 372 would not affect revenues or expenditures, unless additional staff time or hardware/IT resources are needed to fulfill the bills mandates. The Lottery notes that it is currently working with DCF to develop an easier, more cost efficient method of retrieving winner information directly from the Department of Administration and the SMART system. Any fiscal effect associated with SB 372 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jackie Aubert, Children & Families
Stephen Durrell, Lottery
Aaron Dunkel, Health & Environment