

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2481

PRINTER'S NO. 4309

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

September 16, 2014

PRIME SPONSOR

Representative Mentzer

DESCRIPTION AND PURPOSE OF BILL

House Bill 2481, as amended, creates a freestanding act, to be known as the Supplemental Security Income State Supplement Payments for Out-of-State Payors Act, authorizing the Treasury Department to process supplemental security income state supplement payments for other states.

The legislation authorizes the Treasury Department to enter into contracts, on a contingent fee basis, to process supplemental security income state supplement payments (SSP) for out-of-state payors. A restricted account known as the SSP Processing Account is established in the General Fund, which will be utilized for the deposit of all fees charged to out-of-state payors for the processing of their SSPs.

The General Assembly shall appropriate funds from the account to support Treasury's activities under this act. All funds in the account on July 31 of each year which have not been appropriated shall be transferred to the General Fund. For fiscal year 2014-15, an amount of \$4.5 million is appropriated on a continuing basis from the account to the department.

By March 31 of each year, the department shall issue a report to the Governor and the General Assembly with the following: (1) a report of all of the department's activities undertaken in accordance with this act; (2) a list of the contracts authorized under this act; (3) a detailed accounting of the operating costs and other costs incurred for activities authorized under the act; (2) the total revenue collected by the department under the act; and (3) a detailed estimate of the department's operating costs and other costs for activities authorized under this act for the upcoming fiscal year.

House Bill 2481 provides that nothing in this act shall be construed to permit or authorize the waiver of sovereign immunity. Also, nothing under this act shall permit the Treasury Department or the Commonwealth to indemnify another party for a loss, damage or shortfall associated with a contract to process payments for out-of-state payors.

The act shall take effect immediately.

SENATE APPROPRIATIONS COMMITTEE

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FISCAL IMPACT:

Allowing the Treasury Department to enter into contracts to process SSP payments for other states has the potential to generate additional revenues for the Commonwealth. It is at the discretion of the Treasury Department to determine whether to enter into a contract for contingent fees for processing the payments and whether these fees would be sufficient to cover the operating costs and any other costs incurred by the department to carry out the responsibilities of this legislation. The amount of additional revenues will be dependent on the number of contracts with other states.

In 2004 the Treasury Department, along with the Department of Public Welfare, assumed the responsibility for processing SSP payments to eligible PA residents. Prior to this, SSP payments were processed by the Social Security Administration (SSA) on behalf of the Commonwealth. The department has been able to process these payments at significantly less cost than SSA was charging. Information provided by the department indicates that there is a net savings to the Commonwealth of approximately \$30 million to \$35 million each year as a result of in-state processing.

Each state that would enter into an agreement with the Treasury Department would be responsible for determining the eligibility of its own SSP recipients in conjunction with SSA. The department would simply process the payments on a contingency fee with the state under contract. The legislation provides for an initial appropriation from the restricted account in the amount of \$4.5 million which would occur only in the event that the department contracts with another state to process the SSP payments.