

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 890

PRINTER NO. 1814

AMOUNT

\$9.7 Million in Total Funds
(\$4.6 million in State Funds)

FUND

General Fund

DATE INTRODUCED

October 8, 2019

PRIME SPONSOR

Senator Mensch

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 890 amends the Tobacco Settlement Act to provide for a new category of Medical Assistance for Workers with Disabilities (MAWD) entitled Workers with Job Success.

The bill defines “worker with job success” as an individual who meets all of the following:

- Is at least 16 years of age and meets age requirements as established under federal law;
- Earns at least minimum wage under section 6 of the Fair Labor Standards Act of 1938 (52 Stat. 1060, 29 U.S.C. § 206);
- Participated in a medical assistance for workers with disabilities category or a medical assistance for workers with medically improved disabilities category for the previous 12 consecutive months;
- Has monthly income that is more than 250% and less than 600% of the Federal Poverty Income Guidelines; and
- May have countable assets in excess of \$10,000 that have been developed since the individual’s initial eligibility.

Senate Bill 890 incorporates the work with job success category into the medical assistance (MA) purchase program for workers with disabilities and workers with medically improved disabilities.

The bill updates the worker responsibilities as follows:

- Requires a worker with a disability or a worker with a medically improved disability seeking to purchase MA benefits to pay 5% of the worker’s monthly income to the Department of Human Services (the department) or its designee in a manner to be determined by the department. Failure to make payments will result in termination of MA coverage;

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- Requires a worker with job success seeking to purchase MA benefits to pay 7.5% of the worker's monthly income to the department or its designee, in a manner to be determined by the department. Failure to make payments will result in termination of MA coverage; and
- Requires all three categories of workers to notify the department or its designee of any change in the worker's monthly income in a manner to be determined by the department.

The bill requires a worker with job success, who participates in MAWD with income at or above \$75,000 compounded by annual cost-of-living increases granted by the federal government under the Social Security Program annually since the year 2000 and who is seeking to purchase MA benefits, to pay the department or its designee 100% of the Commonwealth's average cost of the MAWD program.

Senate Bill 890 states assets developed by a MAWD enrollee who was made eligible under the job success category will not be counted in the determination of eligibility for the MAWD program if the enrollee loses eligibility in the job success category.

The bill requires the department's annual report on the MAWD program to be posted on its internet website.

This act shall take effect in 180 days.

FISCAL IMPACT:

Senate Bill 890 will cost an estimated net \$9.7 million in total funds (\$4.6 million in state funds).

The Department of Human Services estimates that Pennsylvania could expect MAWD enrollment to increase by at least 1,091 individuals over the course of a year if the income eligibility rules are changed from the current limit of 250% of the Federal Poverty Income Guidelines; 605 individuals will be new in the Worker with Job Success category, above the existing income limitations, and 486 will be new to the MAWD program due to the change in household eligibility policy. This estimate is based upon the number of MAWD recipients who were disenrolled due to being over income limits. This will cost approximately an additional \$12 million per year in total funds (1,091 MAWD recipients times \$10,955 annual MAWD cost per person). Collecting the required 7.5% premium payments, as well as requiring individuals who make over \$75,000 to pay 100% of the premium (as is required by federal law), results in total estimated premiums of \$2.3 million to be paid annually. The estimated total net cost of the bill related to additional enrollment would be \$9.7 million (\$4.6 million in state funds).