

# SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Richman Analyst: Darrine Distefano Bill Number: AB 1816

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 04-25-2002

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Medi-Cal Healthy Families Program/Allow County to Access State Agency Information Regarding Income

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced January 17, 2002.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED January 17, 2002. STILL APPLIES.

OTHER - See comments below.

## SUMMARY

This bill would require the Managed Risk Medical Insurance Board (MRMIB) and three counties to verify the income of applicants for enrollment in the Healthy Families Program or the Medi-Cal program.

## SUMMARY OF AMENDMENT

The April 25<sup>th</sup> amendments restated the bill's language and substituted a pilot project for three counties, rather than general requirements for all counties. The MRMIB and the three counties selected would develop and implement procedures to obtain income information from state and local data bases. The amendments also added language that the provisions of this bill will become inoperative on July 1, 2006, and will be repealed as of January 1, 2007.

The amendments resolve one of the implementation considerations noted in the department's analysis of the bill dated January 17, 2002. The remaining implementation considerations, as well as department costs, are provided below for convenience. The remainder of the department's analysis of the bill dated January 17, 2002, still applies.

## POSITION

Pending.

Board Position:

S       NA       NP  
 SA       O       NAR  
 N       OUA       PENDING

Legislative Director

Date

Brian Putler

5/24/02

## **Summary of Suggested Amendments**

Amendments 1 through 3 are provided to correct technical concerns.

### **IMPLEMENTATION CONSIDERATIONS**

Part of the criteria to qualify for eligibility in the Healthy Families Program requires the applicant to have an annual or monthly household income equal to or less than 250% of the federal poverty level (\$36,576 for a family of three). Most of these taxpayers do not have a state income tax filing requirement; therefore, FTB would not be able to effectively respond to many of these requests.

The bill requires both the MRMIB and three counties to verify an applicant's income. Depending on the number of requests from each of these organizations, it could increase the department's workload.

Department of Health Services (DHS) reimburses FTB for the workload it incurs to provide income information on handicapped individuals; the current contract limits the maximum reimbursement at \$1,000 per year. If a substantial number of applicants consent to the disclosure of income information, it might be appropriate to require an inter-agency contract between MRMIB and the counties to reimburse the department's costs. If not, FTB would be required to absorb these costs.

### **TECHNICAL CONSIDERATIONS**

The bill uses the term "shall be confidential". FTB income information is already confidential by statute, but needs to "remain" confidential once it is received by MRMIB and the counties. However, income information from other state agencies may not be confidential under state law. An amendment is provided to correct this term.

The bill uses the two different phrases, "for the board" and "to the county" when an applicant provides written consent for MRMIB and the counties to access income information which may be confusing. Amendment 2 is provided to provide consistency.

### **FISCAL IMPACT**

It is unknown how many applicants would consent to the three counties and the board to verify their income by accessing their records through state and local databases. However, based on DHS figures, there are approximately 2.7 million individuals enrolled in Medi-Cal program and 400,000 in Healthy Families Program. If 10% to 25% of these individuals opted not to supply the income related information, departmental costs could range from \$900,000 to \$2.4 million.

### **ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

### **LEGISLATIVE STAFF CONTACT**

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FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO AB 1816  
As Amended April 25, 2002

AMENDMENT 1

On page 3, line 29, strikeout "be" and insert:

remain or be

AMENDMENT 2

On page 4, line 29, after "consent" strikeout "to" and insert:

for

AMENDMENT 3

On page 4, line 37, strikeout "be" and insert:

remain or be