

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 1474 (First Edition)

SHORT TITLE: Public Assistance Benefits/Residents Only.

SPONSOR(S): Representatives Brubaker, Crawford, Howard, and Sherrill

FISCAL IMPACT

Yes (X)

No ()

No Estimate Available (X)

FY 2005-06

FY 2006-07

FY 2007-08

FY 2008-09

FY 2009-10

REVENUES:

EXPENDITURES:

POSITIONS

(cumulative):

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

Department of Health and Human Services

County Departments of Social Services

EFFECTIVE DATE: January 1, 2006

BILL SUMMARY:

This bill restricts access to services under Chapter 108A public assistance benefit programs to persons who are US citizens and non-citizens who are lawfully present in the US, unless federal law requires otherwise.

The bill requires State and local agencies that verify eligibility for public assistance to obtain certain documentation from applicants, verifying that the applicant is either a US citizen or is lawfully present in the US. This documentation is in addition to documentation that is currently required of applicants. Documentation requirements do not apply to applicants for benefits who are under the age of 19.

In the event an applicant for public assistance benefits cannot provide the documentation at the time of application, temporary benefits may be provided for a specified period of time and will end if the applicant does not provide the required documentation within that period of time. The provision allowing for temporary benefits does not apply to public assistance programs exempted

from the citizenship/presence requirements. At the time of applying for temporary benefits the applicant is informed of the legal consequences of providing false information on a public document and obtaining public benefits fraudulently. The agency must report to the Attorney General information obtained indicating that an individual has falsely reported lawful presence in the US in order to obtain public benefits.

The bill requires all State agencies administering programs of public assistance in this State to cooperate with local governments and the United States Department of Homeland Security to develop a system to facilitate verification of an individual's lawful presence in the United States in furtherance of this act. The system developed may include all or part of the Systematic Alien Verification Entitlements Program operated by the United States Department of Homeland Security.

The bill becomes effective January 1, 2006 and applies to applications for public assistance benefits submitted on and after that date.

ASSUMPTIONS AND METHODOLOGY:

Background:

Since the proposed legislation restricts access services under Chapter 108A public assistance programs, the legislation will impact the following programs located in the Department of Health and Human Services: Medicaid, NC Health Choice, State/County Special Assistance, Low Income Energy Assistance Program, Foster Care and Adoption Assistance Payments, Low Income Energy Assistance Program, and Work First. In addition, the proposed legislation also requires State and local agencies that verify eligibility for public assistance to obtain certain documentation from applicants to verify whether the applicant is either a US citizen or is lawfully present in the US. The Division of Social Services in the Department of Health and Human Services and county departments of social services are responsible for determining eligibility for public assistance programs, and these agencies would be affected by the proposed legislation.

Impact on Medicaid Program:

Under current federal law, Medicaid benefits are only available to US citizens or legal aliens except that emergency services must be provided to aliens who are not legally in the US. Emergency services will not be affected by the proposed legislation since they are required under federal law.

The proposed legislation requires that applicants who are age 19 or older must provide proof that the applicant is a US citizen or is legally present in the United States. The affirmative proof includes any valid document or combination of valid documents recognized by the Division of Motor Vehicles or a Social Security number verified by the Social Security Administration. **Since eligibility determination for Medicaid already requires all Medicaid applicants to provide a Social Security number that is then verified by the Social Security Administration, the proposed legislation will not have a significant fiscal impact on the cost of processing Medicaid eligibility.**

The proposed legislation exempts Medicaid applicants under the age of 19 from providing proof that the applicant is a US citizen or is legally present in the United States. **Since the NC Medicaid Program requires all applicants, regardless of age, to provide a Social Security number and proof of citizenship, this exemption would be an expansion of Medicaid. The Division of Medical Assistance cannot estimate the fiscal impact of the exemption because they do not know how many illegal aliens under the age of 19 currently reside in NC or project how many may be living in NC in the future.**

The proposed legislation allows applicants for public assistance benefits who cannot provide documentation of citizenship at the time of application to receive temporary benefits for up to 90 days that will end if the applicant does not provide the required documentation within the 90 days. The NC Medicaid Program does not currently provide any temporary period of assistance, except while waiting for the Social Security Administration to verify a Social Security number, while awaiting proof of citizenship or legal presence in the US. **The temporary benefits policy in the proposed legislation would be an expansion of Medicaid, and the State would be at risk to pay for all medical services provided during the 90 days with 100% State funds if the individual was determined to be ineligible for the Medicaid Program. The Division of Medical Assistance cannot estimate the fiscal impact of the temporary benefits because they do not know how many people would receive temporary benefits under proposed legislation.**

Impact on NC Health Choice

NC Health Choice coverage is provided for US Citizens and some qualified legal aliens if they are residents of North Carolina and under the age of 19. Illegal aliens are not eligible for NC Health Choice. County departments of social services determine eligibility for the program. Currently, applicants for NC Health Choice are required to make a verbal statement regarding their citizenship. If the applicant's statement of citizenship is questionable, the county departments of social services may require the applicant to provide INS documents to prove legal status.

Since the proposed legislation exempts applicants for public assistance who are under the age of 19, applicants for NC Health Choice are exempt from the requirement to provide documents proving they are US Citizens or legally present in the United States.

Impact on State/County Special Assistance:

State/County Special Assistance is provided for US Citizens and some qualified legal aliens if they are residents of North Carolina. Illegal aliens are not eligible for State/County Special Assistance. County departments of social services determine eligibility for the program. Currently, applicants for State/County Special Assistance are required to make a verbal statement regarding their citizenship. If the applicant's statement of citizenship is questionable, the county departments of social services may require the following documentation as proof of citizenship:

- a. Birth certificate
- b. U.S. passport
- c. Report of birth abroad of a citizen of the US (INS Form FS-240)

- d. Certificate of birth (INS Form FS-545)
- e. Naturalization Certificate (INS Form N-550 or N-570)
- f. Certificate of Citizenship (INS Form N-560 or N-600)
- g. Hospital record of birth created at the time of birth
- h. Religious record of birth, such as baptismal record, recorded in the U.S. within 3 months of birth. The document must show the date of birth or the age at the time the record was made.
- i. Social Security Administration Records
- j. Northern Mariana Identification Card (issued by the INS to a naturalized citizen of the U.S. born in the Northern Mariana Islands before November 3, 1986; or
- k. Statement provided by a U.S. consular officer certifying that the individual is a U.S. citizen who does not have a FS-240, FS-545, or DS-1350; or
- l. American Indian Card with a classification code of "KIC" and a statement on the back (identifying U.S. citizen members of the Texas Band of Kickapoos living near the U.S./Mexican border).

Under the proposed legislation, county departments of social services would no longer be able to accept verbal applicant statements regarding citizenship. **The Division of Social Services estimates that the fiscal impact of requiring specific documentation from applicants for State/County Special Assistance will be minimal.**

The proposed legislation exempts applicants for State and local public assistance under the age of 19 from providing proof that the applicant is a US citizen or is legally present in the United States. **Since State/County special Assistance is not provided to individuals under the age of 19, this exemption does not apply.**

The proposed legislation allows applicants for public assistance benefits who cannot provide documentation of citizenship at the time of application to receive temporary benefits for up to 90 days that will end if the applicant does not provide the required documentation within the 90 days. Since State/County Special Assistance eligibility is connected to Supplemental Security Income (SSI) payments and the federal requirements for SSI does not allow the issuance of benefits until citizenship and legal status is determined, the temporary benefits provision does not apply to the State/County Special Assistance Program.

Food Stamps:

Food Stamps are provided for US Citizens and some qualified legal aliens as determined by federal regulations. Illegal aliens are not eligible for Food Stamps. County departments of social services determine eligibility for the program. Currently, applicants for Food Stamps are required to make a verbal statement regarding their citizenship. If the applicant's statement of citizenship is questionable, the county departments of social services may require the applicant to provide INS documents to prove they are qualified legal aliens eligible for Food Stamps.

Under the proposed legislation, county departments of social services will no longer be able to accept a verbal statement regarding citizenship when an applicant cannot provide a Social Security number that can be verified by the Social Security Administration and will be required to receive and review documents to determine whether an applicant is a US citizen or is legally present in the United States. **These additional requirements will increase the cost of eligibility determination**

for the Food Stamp program, but the actual impact cannot be determined. Since eligibility determination for the Food Stamp Program is supported by federal and county funds, the fiscal impact will be on the counties and not state government (Federal Share 50% and County Share is 50%).

Since the federal government prohibits the issuance of Food Stamps prior to verification of alien status, the provision of temporary benefits will not apply to the Food Stamp Program.

Foster Care and Adoption Assistance Payments:

Foster Care and Adoption Assistance Payments are provided for children up to age 18 regardless of their legal status. Only US Citizens can be served with Federal IV-E funding, but current state law and regulations allow state and county funds to be used to pay foster care and adoption payments for children up to age 18 who are not US citizens or legally present in the United States. County departments of social services determine eligibility for the program. In order to determine eligibility for federal foster care and adoption benefits, clients must provide documentation proving citizenship or legal residence status using Medicaid requirements. Documentation is not required when foster and adoption assistance payments are paid with state or county funds.

Since the proposed legislation exempts applicants for public assistance who are under the age of 19, foster care and adoption assistance payments for children up to age 18 are exempt from the requirement to provide documents proving they are US Citizens or legally present in the United States.

Low Income Energy Assistance Program:

The Low Income Energy Assistance Program serves US Citizens and some qualified legal aliens as determined by federal regulations. Illegal aliens are not eligible for the Low Income Energy Assistance Program. County departments of social services determine eligibility for the program. Currently, applicants for the Low Income Energy Assistance Program are required to make a verbal statement regarding their citizenship. If the applicant's statement of citizenship is questionable, the county departments of social services may require the applicant to provide INS documents to prove they are qualified legal aliens eligible for the Low Income Energy Assistance Program.

Under the proposed legislation, county departments of social services will no longer be able to accept a verbal statement regarding citizenship and will be required to receive and review documents to determine whether an applicant is a US citizen or is legally present in the United States. **These additional requirements will increase the cost of eligibility determination for the Low Income Energy Assistance Program, but the actual impact cannot be determined. Since eligibility determination for the Low Income Energy Assistance Program is supported by federal block grant funds, the fiscal impact will be a reduction in funding for program services.**

The proposed legislation allows applicants for public assistance benefits who cannot provide documentation of citizenship at the time of application to receive temporary benefits for up to 90

days that will end if the applicant does not provide the required documentation within the 90 days. The Low Income Energy Assistance Program does not currently provide any temporary period of assistance while awaiting proof citizenship or legal presence in the US. **The temporary benefits policy in the proposed legislation may be an expansion of the Low Income Energy Assistance Program, and payments made to ineligible households would reduce the payments for eligible households. The Division of Social Services cannot estimate the fiscal impact of the temporary benefits because they do not know how many people would receive temporary benefits under proposed legislation.**

Work First:

The Work First Program is available for US Citizens and some qualified legal aliens as determined by federal regulations. Illegal aliens are not eligible for the Work First Program. County departments of social services determine eligibility for the program. All applicants for Work First are required to provide birth certificates and Social Security numbers or an application for a Social Security number. Currently, applicants for the Work First Program are required to make a verbal statement regarding their citizenship. If the applicant's statement of citizenship is questionable, the county departments of social services may require the applicant to provide INS documents to prove they are qualified legal aliens eligible for the Work First Program.

Since eligibility determination for the Work first Program already requires a Social Security number verified by the Social Security Administration, the proposed legislation will not have a significant impact on the cost of processing Work First eligibility.

The proposed legislation exempts Work first applicants under the age of 19 (child only cases) from providing proof that the applicant is a US citizen or is legally present in the United States. **Since the Work First Program requires all applicants, regardless of age, to provide a Social Security number and proof of citizenship, this exemption may be an expansion of the Work First Program when the applicant is under age of 19. The Division of Social Services cannot estimate the fiscal impact of the exemption because they do not know how many illegal aliens under the age of 19 currently reside in NC or project how many may be living in NC in the future.**

The proposed legislation allows applicants for public assistance benefits who cannot provide documentation of citizenship at the time of application to receive temporary benefits for up to 90 days that will end if the applicant does not provide the required documentation within the 90 days. The Work First Program does not currently provide any temporary period of assistance while awaiting proof citizenship or legal presence in the US. **The temporary benefits policy in the proposed legislation may be an expansion of the Work First Program, and the State would be at risk to pay for all Work First payments provided during the 90 days with 100% State funds if the individual was determined to be ineligible for the Work First Program. The Division of Social Services cannot estimate the fiscal impact of the temporary benefits because they do not know how many people would receive temporary benefits under proposed legislation.**

SOURCES OF DATA:

Department of Health and Human Services

TECHNICAL CONSIDERATIONS: None

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