

HB

153

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Mary Pagenkopf

Senate Rules Committee 5/4/97 8:37 p.m.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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May 6, 1997

Honorable Loren Leman
Vice-Chairman
Senate Rules Committee
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Senator Leman,

The Department of Health and Social Services respectfully requests that HB 153, "An Act relating to the eligibility of aliens for state public assistance and medical assistance programs affected by federal welfare reform legislation; and providing for an effective date." be scheduled for Senate floor consideration at your earliest convenience.

House Bill 153 moved from the Senate Finance Committee on Tuesday, May 6.

The state welfare reform legislation enacted last session was silent on the issue of eligibility of legal immigrants for public assistance and Medicaid. This legislation is necessary to clarify the state's policies in this regard in light of the new federal legislation.

The bill provides for continued eligibility for legal immigrants who were in the country prior to the August, 1996 effective date of the federal legislation.

Your favorable consideration of this request will be most appreciated.

Sincerely,



Elmer A. Lindstrom
Special Assistant to the Commissioner

HB 153 / SB 102 "An Act Relating to the Eligibility of Aliens for State Public Assistance.....

What the Bill Does

- * Allows legal immigrants who were in the country as of August 22, 1996 to continue to receive Medicaid, Alaska Temporary Assistance Program and Adult Public Assistance benefits.
- * Excludes legal immigrants from these programs for 5 years if they arrive into the country after August 22, 1996.
- * Legislation is required in response to Federal changes to welfare and immigration law.

Who is Impacted by the Bill

- * Alaska has approximately 2100 legal immigrants who are receiving benefits from these three State programs. Allows these critical services to continue for these needy Alaskans.
- * These legal immigrants are blind, disabled and low income. Many are losing Federal supplemental security income and food stamp benefits because of changes to Federal law.
- * All of these individuals are in the country legally, but have not yet become citizens.

Does the Bill Have a Fiscal Impact

- * Passage of the bill will result in a general fund savings of \$524.6 in FY 98 with savings growing to \$2,073.3 by FY 02.
- * If the bill does not pass, general fund savings in FY 98 are \$176.3 but grow to a cost of \$666.1 by FY 02.



Welfare Reform Briefing Paper

Division of Public Assistance

State of Alaska
Tony Knowles, Governor



Immigrants

The *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* significantly impacts immigrant eligibility for public assistance. Recent federal changes reduce or deny benefits to many legal aliens already in the country as well as new arrivals. Alaska has the option of continuing federal-state assistance programs for aliens who were in the United States before August 22, 1996. The following summary explains immigration changes and some policy options for Alaska.

Changes in Federal Law

Qualified Aliens

The federal welfare reform law created a new category of legal immigrants called *qualified aliens*. Qualified aliens include:

- immigrants admitted for permanent residence;
- refugees;
- asylees;
- certain immigrants granted conditional entry;
- individuals paroled into the United States for at least one year;
- immigrants whose deportation is being withheld; and
- certain battered spouses and children.

Some qualified aliens remain eligible for public assistance. Refugees, asylees and immigrants whose deportation is being withheld for their first five years in the United States; veterans and their spouses and dependents; and those who have worked a total of 10 years in the United States stay eligible. However, these exceptions are limited. Most qualified aliens are ineligible for public assistance, or are only eligible if the state chooses to cover them. Other immigrants are generally ineligible for federal, state and local public assistance benefits. These eligibility restrictions do not apply to immigrants once they become citizens.

Program Changes

The federal welfare reform law targets two types of qualified aliens: those in the United States before August 22, 1996, and those arriving on or after August 22, 1996.

Welfare Reform Briefing Paper — Immigrants

The new law reduces federal benefits for both groups of qualified aliens. For those arriving on or after August 22, 1996, eligibility for programs is eliminated for five years. After this period, new immigrants with sponsors must include the sponsors' income when applying for public assistance. For those arriving before August 22, 1996, benefits will be phased out over the first year. These changes apply to the following federal programs.

Food Stamp Program: Immigrants arriving on or after August 22, 1996 are ineligible for food stamps. Immigrants receiving food stamps before August 22, 1996, are exempt from the new eligibility restrictions until April 1, 1997. This group of qualified aliens may receive food stamps through August 1997 provided they apply for certification by March 31, 1997.

Supplemental Security Income (SSI): Qualified aliens in the country before August 22, 1996 will lose this assistance by September 1997. Qualified aliens arriving on or after August 22, 1996 are ineligible.

The welfare reform law also gives states options for deciding immigrant eligibility for other state-administered programs supported with federal and state funds.

Temporary Assistance for Needy Families (TANF): States have the option to determine eligibility of qualified aliens for federal cash assistance under the TANF Program. Qualified aliens currently receiving AFDC benefits from Alaska will remain eligible for benefits until July 1, 1997, when the new TANF Program is in place. As states develop their TANF-funded program, they will decide whether to provide or deny services to qualified aliens who arrived in the country before August 22, 1996. Qualified aliens in the United States on or after August 22, 1996 are banned from receiving TANF-funded assistance for five years. The name for Alaska's new TANF-supported program is Alaska Temporary Assistance Program (ATAP).

Medicaid: Qualified aliens arriving in the United States before August 22, 1996 may be covered as a state option. Except for Medicaid emergency coverage, qualified aliens in the country on or after August 22, 1996 are banned from receiving Medicaid benefits for five years. Only Medicaid emergency coverage is available to all aliens.

The welfare reform law also gives states options for deciding immigrant eligibility for state-funded public assistance programs. Alaska's Adult Public Assistance, General Relief Assistance, and General Relief Medical programs fall into this category.

Alaska Status

Policy Choices

The Knowles Administration has made the following policy choices for immigrants for state-administered public assistance programs. Three of these choices require legislative action to revise current statutes. This legislation supports the federal direction to limit public assistance benefits to qualified aliens arriving on or after August 22, 1996.

Welfare Reform Briefing Paper — Immigrants

Alaska Temporary Assistance Program: Continue cash benefits for qualified aliens arriving in the United States before August 22, 1996. Implementing this policy requires a statute change as the current state law provides eligibility for all legal aliens meeting the financial requirements, regardless of their date of arrival in the United States.

Medicaid: Continue Medicaid coverage for qualified aliens arriving in the United States before August 22, 1996, including those who may not have been on Medicaid on August 22, 1996. This policy requires a statute change. Those qualified aliens entering the United States on or after August 22, 1996 are banned from receiving Medicaid benefits for five years.

Adult Public Assistance: Continue cash assistance for qualified aliens in the country before August 22, 1996. Immigrants arriving on or after August 22, 1996 are subject to a five-year bar. This policy requires a statute change to reduce program eligibility.

General Relief Assistance (GRA) / General Relief Medical (GRM): Continue to provide assistance to legal immigrants, regardless of the date they entered the country. The GRA and GRM are last resort programs that provide limited assistance to needy people with no other support for emergency medical and basic needs.

Impacts to Alaskans

Food Stamps: It is estimated that 1,100 legal aliens will lose Food Stamp benefits by September 1997.

Supplemental Security Income: An anticipated 800 legal immigrants will lose SSI cash benefits by September 1997.

Alaska Temporary Assistance Program: The five-year ban for services to legal aliens applies to the use of federal block grant (TANF) funds only. Current state law provides assistance to all immigrants with state funding only. There are about 820 legal aliens eligible for AFDC/ATAP benefits now. Under proposed state legislation, immigrants arriving in the United States before August 22, 1996 will remain eligible for AFDC/ATAP, while those arriving on or after August 22, 1996 will be ineligible for five years. With this statute change, about 145 of the 820 eligible for AFDC/ATAP will no longer be eligible.

Medicaid: Current state law does not provide Medicaid eligibility for most qualified aliens regardless of arrival date in the United States. About 1,575 immigrants aliens are ineligible for Medicaid. Alaska's Medicaid program does not currently have statutory authority to cover these immigrants. Some individuals that are ineligible for Medicaid are eligible for General Relief Medical. Under the proposed state legislation, immigrants arriving in the United States on or after August 22, 1996 are not eligible for five years. Most immigrants in the United States before August 22, 1996 will remain eligible. Medicaid will have about 1,680 eligibles and 265 ineligibles in Alaska if this statute change occurs.

Adult Public Assistance: Current state law provides assistance to most immigrants, regardless of their arrival date in the United States. New immigrants are not subject to the five-year federal ban. About 800 legal aliens would continue to be eligible for benefits. Under the proposed state

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legislation, immigrants arriving before August 22, 1996 will remain eligible, and immigrants arriving on or after August 22, 1996 will be ineligible for five years. About 45 of the 800 eligible legal aliens will be ineligible with this statute change.

General Relief Assistance (GRA) / General Relief Medical (GRM): Current state law provides that most immigrants will be ineligible for Medicaid, regardless of their date of arrival in the United States. Under proposed state legislation, about 265 immigrants who arrived in the United States after or on August 22, 1996, will be ineligible for Medicaid and may need to receive benefits through the GRM program.

Key Issues

- The proposed state legislation allows Alaska to follow federal law and deny public assistance benefits to most qualified aliens who arrived in the United States after or on August 22, 1996, for a five-year period or until they gain citizenship.
- Public assistance benefits provided to qualified aliens who are ineligible for federal funds must be paid from state funds.

Key Dates

- Restrictions for new legal immigrants became effective August 22, 1996.
- New restrictions for current legal immigrants receiving food stamps become effective April 1, 1997. Those certified by March 31, 1997 can receive benefits through August 1997.
- The Alaska Temporary Assistance Program goes into effective on July 1, 1997.
- Supplemental Security Income benefits for most legal immigrants stop by September 1997.

Additional Information

For additional information on immigration and the impacts of welfare reform, contact Jim Steele at the Division of Public Assistance at 465-3014.

Differences Between Legal Immigrants and the Definition of Qualified Aliens Under Public Law 104-193

Regarding a definition for "legal immigrant", there are two issues to consider. The definition of a legal immigrant before the passage of P.L. 104-193, and the definition of a "qualified alien" under P.L. 104-193.

Prior to the passage of P.L. 104-193, an immigrant was considered eligible for state and federal welfare benefits if he met the definition of a legal immigrant. For this purpose, a "legal immigrant" included all immigrants lawfully admitted for permanent residence, and immigrants permanently residing under color of law (PRUCOL). Prucol aliens are considered legal permanent residents of the U.S even though they did not go through the process of applying for and being admitted for permanent residence. Prucol aliens are aliens living in the in the country with the knowledge and permission of the Immigration and Naturalization Service (INS) whose departure the INS does not contemplate enforcing.

For public assistance purposes, P.L. 104-193 created a new category of immigrants called "qualified aliens." Most "qualified aliens" are ineligible for public assistance, or are only eligible if the state opts to cover them. Immigrants who are not "qualified aliens" are generally not eligible for benefits. Under P.L. 104-193, "qualified aliens" are: immigrants lawfully admitted for permanent residence; refugees; asylees; individuals paroled into the U.S. for at least one year; immigrants whose deportation is being withheld; certain immigrants granted conditional entry; and certain battered spouses and children.

However, under P.L. 104-193, certain categories of "qualified aliens" remain eligible for public assistance regardless of their immigrant status. These exception categories are: refugees, asylees, and certain persons whose deportation is being withheld for their first five years in the U.S.; individuals who have 40 quarters of coverage under the Social Security system; and veterans and members of the armed forces and their spouses and dependent children.

Immigrants who become U.S. citizens are not subject to immigrant restrictions on public assistance eligibility.

Public Assistance Data on Statewide Immigrant Population
(for Immigrants on Public Assistance Only)
as of January 1, 1997

Programs

Program Type	ATAP Only	ATAP/ FS	APA Only	APA/ FS	FS Only	FS/ MED	GRA/ GRM	MED Only	Total
# of Persons	167	651	639	162	154	69	7	256	2105

Heritage

Heritage	Asian	Black	Hispanic	Pacific Islander	White	Other/ Unknown	Total
# of Persons	1069	44	429	119	360	84	2105

Time on Assistance

Less than 5 Years	1461
More than 5 years	<u>644</u>
Total	2105

SSI Status:

SSI Recipient	669
Non-SSI Recipient	<u>1436</u>
Total	2105

Alien status:

Currently Sponsored :	81
Non-sponsored:	<u>2024</u>
Total	2105

Sex:

Male:	784
Female:	<u>1321</u>
Total	2105

Age:

Under Age 18:	439
18 - 64:	1025
Over Age 64:	<u>641</u>
Total	2105

Type of Recipient:

Children & Families	1304
Aged & Disabled	<u>801</u>
Total	2105

Community of Residence:

Anchorage	1414
Kodiak	160
Mat-Su	134
Fairbanks	106
Southeast	99
Other	<u>192</u>
Total	2105

**FY 97 Budgeted Expenditures
(Legal Immigrants)**

	General Fund	Total
Food Stamps	\$0.0	\$812.3
Medicaid		
AFDC/ATAP	\$2,699.4	\$1,349.7
APA	\$3,123.9	\$3,123.9

Individual Impacts on Legal Immigrants

Benefits for Blind/Disabled/Elderly

	Before Federal Legislation	After Federal Legislation (current state law)	Under Proposed State Legislation	
			Date of Arrival before 8/22/96	Date of Arrival after 8/22/96
FS	\$70	\$0	\$0	\$0
SSI	\$484	\$0	\$0	\$0
APA	\$362	\$362	\$362	\$0
Medicaid	Yes	No	Yes	No

Benefits for Children & Families

	Before Federal Legislation	After Federal Legislation (current state law*)	Under Proposed State Legislation	
			Date of Arrival before 8/22/96	Date of Arrival after 8/22/96
FS	\$70	\$0	\$0	\$0
AFDC/ATAP	\$275	\$275	\$275	\$0
Medicaid	Yes	No	Yes	No

* Under current state law, benefits paid to aliens under the ATAP program are all general funds.

Analysis of Costs/Savings with and without passage of HB 153 and/or SB 102

General Funds

(additional cost or savings calculated from FY98 Governor's Request)

	FY98	FY99	FY00	FY01	FY02	Net GF. . .
<u>With Bill</u>						
Adult Public Assistance	(156.0)	(304.2)	(446.6)	(577.2)	(705.9)	Savings
ATAP	(368.6)	(683.2)	(949.9)	(1,174.6)	(1,366.4)	Savings
Medicaid	-	-	-	-	-	N/A
Net Effect	(524.6)	(987.4)	(1,396.5)	(1,751.8)	(2,072.3)	Savings
<u>Without Bill</u>						
Adult Public Assistance	-	156.0	319.8	491.8	672.4	Cost
ATAP	203.0	376.2	523.1	646.8	752.4	Cost
Medicaid	(379.3)	(758.7)	(758.7)	(758.7)	(758.7)	Savings
Net Effect	(176.3)	(226.5)	84.2	379.9	666.1	Cost after FY99

Analysis of Costs/Savings with and without passage of HB 153 and/or SB 102

Total Funds

(additional cost or savings calculated from FY98 Governor's Request)

	FY98	FY99	FY00	FY01	FY02	Net GF. . .
<u>With Bill</u>						
Adult Public Assistance	(156.0)	(304.2)	(446.6)	(577.2)	(705.9)	Savings
ATAP	(405.9)	(752.4)	(1,046.1)	(1,293.6)	(1,504.8)	Savings
Medicaid	-	-	-	-	-	N/A
Net Effect	<u>(561.9)</u>	<u>(1,056.6)</u>	<u>(1,492.7)</u>	<u>(1,870.8)</u>	<u>(2,210.7)</u>	Savings
<u>Without Bill</u>						
Adult Public Assistance	-	156.0	319.8	491.8	672.4	Cost
ATAP	-	-	-	-	-	Cost
Medicaid	<u>(1,219.7)</u>	<u>(2,439.3)</u>	<u>(2,439.3)</u>	<u>(2,439.3)</u>	<u>(2,439.3)</u>	Savings
Net Effect	<u>(1,219.7)</u>	<u>(2,283.3)</u>	<u>(2,119.5)</u>	<u>(1,947.5)</u>	<u>(1,766.9)</u>	Cost after FY99

Introduction

HB 153 and SB102 propose changes to State law regarding the eligibility of legal immigrants for the Alaska Temporary Assistance Program, Medicaid, and the Adult Public Assistance program. These bills extend eligibility for these programs to all legal immigrants who were in the country as of August 22, 1996 (the date of passage of Federal Welfare Reform). Most legal immigrants arriving after August 22, 1996 would be barred from the programs for five years after their date of arrival. The following is an assessment of the impact if neither of these bills passes.

Alaska Temporary Assistance Program (ATAP)

Approximately 820 legal immigrants currently qualify for ATAP benefits. If neither of these bills were to pass, legal immigrants would be eligible for ATAP regardless of their date of arrival as long as they continued to meet all other eligibility criteria. This is because eligibility criteria in statute for ATAP do not currently contain any exclusion for legal immigrants. However, because of changes in federal law, legal aliens arriving after August 22, 1996 are subject to a 5-year bar on federally funded assistance. These immigrants would, therefore, be paid with General Funds during their first five years in the country.

Assumptions:

- Each year, approximately 145 legal immigrants who arrive in the country will qualify for ATAP benefits and the number of immigrant recipients from previous years will decrease by 15 percent because of normal attrition. The net result of these factors and the anticipated effects of welfare reform will be zero net growth in the number legal immigrant cases over the period.
- The ratio of GF to Federal expenditures remains constant after FY02 because new immigrants become eligible after the five-year federal bar.

Adult Public Assistance (APA)

Approximately 800 legal immigrants currently qualify for APA. If neither HB 153 nor SB 102 pass, legal immigrants will be eligible for APA benefits regardless of their date of arrival as long as they continue to meet all other eligibility criteria. This is because Alaska Statutes do not currently exclude legal immigrants from this program. APA is a general fund only program, so no costs shift to the state if HB 153 or SB 102 do not pass.

Assumption:

- Caseloads will increase by 5 percent each year.

Medicaid and General Relief Medical

If neither HB 153 or SB 102 passes this session, the state would stop providing regular Medicaid coverage to most legal immigrants. Some legal immigrants would remain eligible for Medicaid because they fall into mandatory coverage groups, like veterans and refugees. All immigrants remain eligible for Medicaid payment for emergency medical treatment.

Some immigrants would also qualify for the state's General Relief Medical program which pays for a very limited range of intensive services for the very poorest Alaskans. Therefore, while failing to pass HB 153 or SB 102 would produce some savings to the Medicaid program, significant amounts of funds would still be spent on legal immigrants through the Medicaid and GRM programs. The majority of these funds would be spent on intensive acute care services.

Assumptions:

- The Division of Medical Assistance estimates that one-quarter of those aliens age 65 and over and 15 percent of aliens under age 65 fall into an immigration status that federal law requires states to cover.
- The Division estimates that for the remaining aliens, one-half of all hospital and transportation services and 10 percent of all physician services received would still be provided under Medicaid coverage for emergency medical treatment for aliens.
- Some aliens would be eligible for coverage of inpatient hospital, nursing facility services, physician services, transportation services, and prescription drugs for certain chronic conditions under the General Relief Medical program. The Division estimates that one half of these services that are not covered under Medicaid emergency medical treatment would be covered under GRM. Hospital and nursing facility services are reimbursed at 28 percent of Medicaid rates. Other GRM services are reimbursed at 100 percent of Medicaid rates.
- Due to the timing of termination of coverage for immigrants and the time lag in billings for services already provided, the impact to the FY 98 budget would be only 50 percent of the annual impact of these coverage changes.

**Five Year Bar to Medicaid for New Legal Immigrants
Impact on Medicaid of Incremental Caseload Reduction
FY 98**

Federal welfare reform prevents most legal immigrants who arrived in the U.S. after August 22, 1996, from receiving regular Medicaid benefits for 5 years. Over time, this may reduce the Medicaid caseload as people going off Medicaid are not replaced by new arrivals.

These new arrivals remain eligible for Medicaid coverage of emergency medical services and some may qualify for General Relief Medical coverage of limited medical services. So, while legal immigrants leaving the regular Medicaid program are not replaced by newly arrived legal immigrants on regular Medicaid, they are replaced by an increased number of newly arrived immigrants receiving Medicaid for emergency medical services or receiving GRM coverage.

The average per person GF reduction from removing legal immigrants from the regular Medicaid caseload is approximately \$500, accounting for the cost shift to emergency coverage and GRM. (Fiscal note for HB153 estimates an annual GF reduction of \$758,700, based on a reduction of approximately 1530 immigrants.)

The Division of Public Assistance estimates caseload attrition of 163 people in FY 98. Allowing for another 40 people for attrition of Medicaid-only clients, total FY 98 attrition in Medicaid would be 203. Total Annual GF reduction in for Medicaid/GRM for 203 people is \$101,500. Assuming that the attrition occurred throughout FY 98, the average length of time these people would be off the caseload is six months. **Therefore, the net GF reduction in Medical Assistance for FY 98 would be \$50,750.**

A number of factors could reduce this impact, especially in FY 98:

Because of transitional Medicaid benefits, recipients may not leave the Medicaid caseload as quickly as they leave the cash assistance program.

Recipients with substantial medical expenses (above average costs) may be less likely to leave the caseload than recipients with fewer medical needs (below average costs).

Because payments for Medicaid services can be made up to six months after the services are provided, reductions in caseloads may not result in immediate, equivalent reductions in Medicaid expenditures.

In summary, there may be some incremental reduction in Medical Assistance spending in FY 98 as a result of federal restrictions on coverage of immigrants. However, this reduction is small, uncertain, and is within the limits accounted for by the Department's low-growth budget assumptions for Medical Assistance.

Legal Aliens

On August 22, 1996 President Clinton signed into law P.L. 104-193, The Personal Responsibility and Work Opportunity Act of 1996. This law has a substantial impact on immigrant eligibility for public assistance and medical assistance benefits. The table below compares the benefits to be received by legal aliens under current law and proposed legislation

Program	Current Law	Proposed Change
Food Stamps	Most legal aliens no longer eligible	No change: Fed only program
Supplemental Security Income	Most legal aliens no longer eligible	No change: Fed only program
Medicaid	Most legal aliens barred from Medicaid coverage regardless of entry date into country.	Legal aliens receiving Medicaid as of 3/22/96 grandfathered; legal aliens arriving after 3/22/96 barred for 5 years.
Alaska Temporary Assistance Program (ATAP)	Legal aliens eligible for benefits regardless of date of entry; legal alien benefits all general funds.	Legal aliens receiving benefits as of 3/22/96 grandfathered; legal aliens arriving after 3/22/96 barred for 5 years. Continue federal/state funding.
Adult Public Assistance	All legal aliens continue program eligibility.	Grandfathered eligibility to only those legal aliens in country as of 3/22/96 - legal aliens arriving after 3/22/96 barred for 5 years