

30:4D-6b to 6d

5/2/88

LEGISLATIVE HISTORY CHECKLIST

NJSA: 30:4D-6b to 30:4D--6D (Medicaid-- extend to certain persons eligible for AFDC)

LAWS OF: 1987

CHAPTER: 283

Bill No: A4182

Sponsor(s): Deverin

Date Introduced: June 4, 1987

Committee: **Assembly:** Health & Human Resources

Senate: Revenue, Finance & Appropriations

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: **Assembly:** June 18, 1987

Senate: September 14, 1987

Date of Approval: October 8, 1987

Following statements are attached if available:

Sponsor statement: Yes Attached: Assembly amendments, adopted 6-11-87 (with statement)

Committee statement: **Assembly** Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

See Legislative History of L. 1987, c. 282-- "REACH"

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ASSEMBLY, No. 4182

STATE OF NEW JERSEY

INTRODUCED JUNE 4, 1987

By Assemblymen DEVERIN and STUHLTRAGER

AN ACT extending Medicaid benefits for certain employed persons and supplementing P. L. 1968, c. 413 (C. 30:4D-1 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. The Legislature finds and declares that: the protection afforded
2 recipients of aid to families with dependent children (AFDC) pur-
3 suant to P. L. 1959, c. 86 (C. 44:10-1 et seq.), through the provision
4 of health care coverage under the Medicaid program, established
5 pursuant to P. L. 1968, c. 413 (C. 30:4D-1 et seq.), is a major dis-
6 incentive to public assistance recipients who are considering em-
7 ployment; and while the federal government has recognized the
8 relationship between medical coverage and successful employment
9 initiatives through its policy of allowing limited extensions of Med-
10 icaid to former AFDC recipients who lose eligibility for both pro-
10A grams as a result of employment, only 12% of those entering em-
11 ployment receive Medicaid extensions for more than four months
12 because of the strict income eligibility requirements.

13 The Legislature further finds and declares that: New Jersey's
14 welfare reform program, known as REACH, aims to transform the
15 present AFDC program, which is a payment system, into an em-
16 ployment and training program the goal of which is to assist New
17 Jersey's welfare families to realize self-sufficiency; and, therefore,
18 it is necessary to extend Medicaid coverage for a period of up to
19 12 months to those AFDC recipients who lose eligibility for AFDC
20 and Medicaid as a result of employment obtained through the wel-
21 fare program.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted June 8, 1987.

**—Assembly amendments adopted June 11, 1987.

1 2. A person who becomes ineligible for financial assistance under
 2 the aid to families with dependent children program, P. L. 1959, c.
 3 86 (C. 44:10-1 et seq.), due to earnings from, or increased hours
 4 of, employment, or receipt of benefits under the "unemployment
 5 compensation law," R. S. 43:21-1 et seq. or the "Temporary Dis-
 6 ability Benefits Law," P. L. 1948, c. 110 (C. 43:21-25 et seq.), is
 7 eligible to continue receiving Medicaid benefits pursuant to P. L.
 8 1968, c. 413 (C. 30:4D-1 et seq.) for a period of 12 consecutive
 9 months, commencing with the month in which eligibility for aid to
 10 families with dependent children ceases, if the person:

11 ***[a.]** resides in a county which is designated by the Commissioner
 12 of Human Services to participate in the REACH program estab-
 13 lished pursuant to P. L. . . . , c. . . . (C.) (now pending
 14 before the Legislature as Assembly Bill No. 3809 or Senate Bill No.
 15 3127 of 1987); **]***

16 ***[b.]** **a.** received financial assistance under the aid to families
 17 with dependent children program for three of the last six months
 18 prior to the person's becoming ineligible for the assistance, except
 19 in the case of a person who becomes eligible for aid to families with
 20 dependent children benefits on or after the effective date of this
 21 act; ***and***

22 ******[*c.]** **b.** has an annual gross income which does not exceed
 23 150% of the official poverty level, adjusted for family size,
 24 established pursuant to section 673 (2) of Subtitle B, the "Com-
 25 munity Services Block Grant Act," Pub. L. 97-35 (42 U. S. C.
 26 § 9902 (2)); and **]******

27 ***[d.]** ******[*c.]****** **b.***** would be eligible for aid to families
 28 with dependent children financial assistance, except for the person's
 29 income, resources or hours of employment.

1 3. If a person who is eligible for continued Medicaid benefits
 2 pursuant to section 2 of this act obtains employment which provides
 3 health insurance coverage, the employee's or employer's health
 4 insurance carrier, as the case may be, shall be the primary payer
 5 and the Medicaid program established pursuant to P. L. 1968, c.
 6 413 (C. 30:4D-1 et seq.), shall be the secondary payer.

1 4. The Commissioner of Human Services, pursuant to the "Ad-
 2 ministrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et
 3 seq.), shall adopt rules and regulations to carry out the purposes
 4 of this act.

1 5. This act shall take effect immediately or upon the enactment
 2 into law of Assembly Bill No. 3809 or Senate Bill No. 3127 of 1987,
 3 whichever date is later.

PUBLIC ASSISTANCE

Provides for continued Medicaid coverage for 12 months to certain persons ineligible for AFDC.

STATEMENT

This bill provides for a continuation of Medicaid coverage, for a period of up to 12 consecutive months to former recipients of aid to families with dependent children (AFDC) who become ineligible for AFDC financial assistance because of earned income or the receipt of unemployment or temporary disability benefits, and whose annual gross income does not exceed 150% of the official poverty level established by the federal government (\$16,800.00 for a family of four based on 1987 guidelines).

This expansion of Medicaid benefits was proposed by the Department of Human Services as an essential part of the State's welfare reform initiative known as the REACH program.

Currently, under federal law, AFDC recipients face a significant disincentive to seeking and obtaining full-time employment, and, thus, self-sufficiency. Within four months of obtaining employment, these public assistance recipients usually lose eligibility for both AFDC and Medicaid benefits. While income from employment often exceeds the amount of assistance received under the AFDC program, there is no comparable compensation for the loss of Medicaid health care benefits.

This bill will eliminate the disincentive for AFDC recipients to obtain employment by assuring these recipients that they can continue to receive needed health care coverage through the Medicaid program during their first year of employment.

This bill would take effect upon the enactment into law of legislation, currently pending before the Legislature as Assembly Bill No. 3809 and Senate Bill No. 3127 of 1987, which establishes the REACH program. The program will provide education, training and employment services to able-bodied AFDC recipients, along with the necessary supportive services such as extended health insurance coverage, including Medicaid benefits in accordance with the provisions of this bill, for those REACH program participants who become ineligible for AFDC and lack adequate health care coverage.

PUBLIC ASSISTANCE

Provides for continued Medicaid coverage for 12 months to certain persons ineligible for AFDC.

ASSEMBLY HEALTH AND HUMAN RESOURCES
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4182

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 8, 1987

The Assembly Health and Human Resources Committee favorably reports Assembly Bill No. 4182 with committee amendments.

As amended by the committee, this bill provides for a continuation of Medicaid coverage, for a period of up to 12 consecutive months to former recipients of aid to families with dependent children (AFDC) who become ineligible for AFDC financial assistance because of earned income or the receipt of unemployment or temporary disability benefits, and whose annual gross income does not exceed 150% of the official poverty level established by the federal government (\$16,800.00 for a family of four based on 1987 guidelines).

This expansion of Medicaid benefits was proposed by the Department of Human Services as an essential part of the State's welfare reform initiative known as the REACH program.

The committee amended the bill to cover all former AFDC recipients who meet the eligibility requirements for extended Medicaid coverage, regardless of whether they reside in a county that is participating in the REACH program.

The amended bill would take effect upon the enactment into law of legislation, currently pending before the Legislature as Assembly Bill No. 3809 and Senate Bill No. 3127 of 1987, which establishes the REACH program. That program will provide education, training and employment services to able-bodied AFDC recipients, along with the necessary supportive services such as extended health insurance coverage, including Medicaid benefits in accordance with the provisions of this bill, for those REACH program participants who become ineligible for AFDC and lack adequate health care coverage.

ADOPTED

JUN 11 1987

ASSEMBLY FLOOR Amendments
Proposed by Assemblyman Deverin

to

ASSEMBLY BILL NO. 4128 ACA

Proposed by Assemblyman Deverin

(TYPESCRIPT)

Amend:

Page	Sec.	Line	
2	2	18	After ";" Insert "and"
2	2	19-22	Omit entirely
2	2	23	Omit "c." Insert "b."

STATEMENT

Assembly Bill No. ⁴¹⁸²~~4128~~ ACA provides for a continuation of Medicaid coverage, for a period of up to 12 consecutive months to former recipients of aid to families with dependent children (AFDC) who become ineligible for AFDC financial assistance because of earned income or the receipt of unemployment or temporary disability benefits, and whose annual gross income does not exceed 150% of the official poverty level established by the federal government (\$16,800 for a family of four based on 1987 guidelines).

These amendments would delete the income eligibility level of 150% of the official poverty line, because the Department of Human Services can more efficiently, at much less administrative cost, recover Medicaid benefits paid on behalf of recipients who are no longer eligible for Medicaid coverage, rather than attempting to monitor the income of all former AFDC recipients who may qualify for extended Medicaid coverage under this bill. The latter approach would require monthly income determinations that would be burdensome for recipients and costly for the department, without resulting in a savings of Medicaid funds commensurate with the necessary administrative expense.

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SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4182

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STATE OF NEW JERSEY

DATED: AUGUST 6, 1987

The Senate Revenue, Finance and Appropriations Committee reported Assembly Bill No. 4182 (2nd OCR) favorably.

Assembly Bill No. 4182 (2nd OCR) provides for a continuation of Medicaid coverage, for a period of up to 12 consecutive months, to certain recipients of aid to families with dependent children (AFDC) who become ineligible for AFDC assistance because of earned income or the receipt of unemployment or temporary disability. To receive continued AFDC assistance, the person who became ineligible must have received such assistance for three of the last six months prior to ineligibility and must otherwise be eligible for the assistance except for the person's income, resources or hours of employment.

This expansion of the Medicaid benefits was proposed by the Department of Human Services as an essential part of the State's Realizing Economic Achievement program (REACH).

FISCAL IMPACT:

The fiscal year 1988 budget included \$12,500,000.00 for the REACH program. Of the amount, the Department of Human Services estimates that approximately \$1,200,000.00 to \$1,500,000.00 will be needed in 1988 to fund the program established by this bill. The costs for this program will increase to approximately \$12,900,000.00 in 1989 and \$31,500,000.00 in 1990. The reasons for the cost increases are that county participation is being phased in and participation by recipients is expected to increase as the program develops.

The State has applied to the federal government for a waiver of the current federal Medicaid program provisions which provide continued assistance for periods less than 12 months to people who lose eligibility. If the waiver is granted to the State, the federal government will provide 50% of the funds needed. If the waiver is not granted, the State will pay 100% of the costs.

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: CARL GOLDEN
609-292-8956 OR 292-6000 EXT. 207

TRENTON, N.J. 08625

Release: THURS., OCT. 8, 1987

Governor Thomas H. Kean today signed two bills to begin implementation of a broad program of welfare reform built around education, job training and employment for welfare recipients.

Known as REACH --- Realizing Economic Achievement --- the program will begin in three counties and over the next two years be expanded to the remainder of the State.

Kean signed the bills at a ceremony in the Bergen County Administration Building in Hackensack. Bergen is one of the three counties in the initial phase of the program, along with Union and Middlesex counties.

Kean also announced Federal approval of waivers of a number of regulations which will enable the State to move ahead with the reform program.

The two bills signed by Kean today are A-3809, sponsored by Assemblymen Harold Colburn, R-Burlington, and Gary Stuhltrager, R-Salem, and A-4182, sponsored by Assemblymen Thomas Deverin, D-Middlesex, and Stuhltrager.

A-3809 established the REACH program, while the companion bill provides for a 12-month extension of Medicaid benefits to recipients who would otherwise be ineligible because of income earned while in the program.

The REACH program will require all recipients of Aid to Families with Dependent Children (AFDC) assistance to accept employment, attend job training classes, or complete their education in order to remain eligible for the assistance. In return, the State will provide the participant with a variety of supportive services, including child care, transportation, and Medicaid.

-more-

Every able-bodied recipient of AFDC must register with the REACH program and must participate in one or more of the program activities with the goal of obtaining full time, private sector employment.

Kean originally outlined and recommended the REACH program in his 1987 State of the State message to the Legislature.

"This program is the most comprehensive ever undertaken in New Jersey to break, once and for all, the cycle of welfare dependency which traps individuals, saps their initiative and destroys their determination," Kean said. "It recognizes that welfare recipients want to work rather than remain dependent and it provides the means for them to gain economic independence."

The Governor said the program will remove the major obstacles which have always stood in the way of welfare recipients in their efforts to secure employment.

"In return for the individual's written commitment to undergo job training or complete an education program, the State will honor its commitment to provide day care services, medical coverage, and transportation while the training is being taken or the education completed," the Governor said. "This program reverses what has historically been the core of the welfare problem; namely, a disincentive to find work and an incentive to remain dependent.

"We will, under the REACH program, provide a viable and workable means for welfare recipients to attain what for most has been the unattainable --- a productive, meaningful job and economic independence," Kean said.

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