STATE OF MICHIGAN

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GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

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ENROLLED BILL ANALYSIS

BILL NUMBER: HB 4409

TOPIC: Elimination of Extended Family Independence Program Benefits (EFIP)

SPONSOR: Representative Poleski

CO-SPONSORS: None

COMMITTEE: House/Senate Appropriations

ANALYSIS DONE BY: Bruce Noll (517) 488-2675

DATE OF COMPLETED ANALYSIS: 5/26/15

REVIEWED BY: SD DA

SHORT SUMMARY/HIGHLIGHTS OF THE BILL

House Bill 4409 eliminates a $10 per month payment to DHHS clients that are no longer eligible for Family Independence Program (FIP) benefits due to earned income. Currently, any client that becomes ineligible for FIP due to work participation, and resulting earned income, may still receive a monthly stipend of $10 for up to six months. This bill repeals that monthly stipend.

ADMINISTRATION POSITION

Support

PROBLEM/BACKGROUND

EFIP is a short term transition benefit provided to FIP clients as they exit the program. FIP recipients that exceed the eligibility requirement due to earned income, become EFIP eligible with a grant amount of $10 a month for six months. Programmatic changes have reduced the effectiveness of the program over the last several years. EFIP once allowed individuals exiting FIP due to earned income to categorically qualify for Medicaid and daycare benefits. However, policy changes have delinked Medicaid and child daycare benefits from EFIP eligibility, requiring a client to qualify separately.

This benefit does count against a client's 48-month lifetime assistance limit. As a result, it can be more beneficial for a client to close their FIP case and not impact their time limit rather than accept the small EFIP benefit. These changes, along with continued declines in caseloads for the FIP program, have reduced the total caseload from 3,247 in FY 2011 to about 1,106 in FY 2014, a 66% reduction.

The Department at one time benefited from the EFIP program because those recipients could be counted toward the federal work participation rate (WPR). However, EFIP now accounts for such a small segment of the total program that it has a negligible impact on calculation of the WPR. Coupled with the administrative burden from the program

on the field and central office, the relative impact of the program overall is minor in meeting the Department's strategic goals.

DESCRIPTION OF BILL

House Bill 4409 amends the Social Welfare Act (PA 280 of 1939) by repealing section 57s (MCL 400.57s):

- Section 57s states that the "Department shall pay $10 a month for six months to individuals who leave FIP due to no longer meeting the financial eligibility criteria based on earned income, if those individuals continue to meet the federal guidelines for work participation."

SUMMARY OF ARGUMENTS

Pro

- EFIP counts towards a client's federal and state time limit counts. It is more beneficial to the client to receive a full grant amount toward their counters at a later time than to receive a $10 grant.

- EFIP no longer includes automatic Medicaid eligibility. Prior to Bridges integrated eligibility system, having EFIP meant automatic eligibility, regardless of the earnings in the home. Now that the Department has an integrated eligibility system, continued Medicaid coverage is no longer the case.

Con

- This bill eliminates a transitional benefit, albeit minor, for clients moving into self-sufficiency from family independence program.

FINAL PASSAGE VOTE

House: 110 – 0 with immediate effect.

Senate: 38 – 0 with immediate effect.

FISCAL/ECONOMIC IMPACT

Are there revenue or budgetary implications in the bill to the –

(a) Department

Budgetary: **Total Savings = $100,800 Gross and General Fund** – based on an average of 840 cases at cost of $10 per month annually, based on 2016 consensus.

Revenue:

Comments:

(b) State

Budgetary:

Revenue:

Comments:

(c) Local Government

Comments:

OTHER STATE DEPARTMENTS

None

ANY OTHER PERTINENT INFORMATION

None

ADMINISTRATIVE RULES IMPACT

None.