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Analysis of Selected Items in the Proposed Biennial Budget—2012-2013

Revised April 4, 2011

(We understand that some of these proposals may change. This analysis is based on the language of the printed budget presented February 11, 2011 unless otherwise indicated.)

1. Temporary Assistance for Needy Families (TANF); Parts PP and LL

- **Proposal: Imposes a strict lifetime 5-year time limit in the Temporary Assistance for Needy Families program (TANF).** This would place a life-time cap on the length of time families can receive assistance from the TANF program. Those families who have received benefits for 5 years in total as of July 1, 2011 may qualify for an additional 6 months of assistance only if their case manager decides to make an exception to the 5-year limit. After this time period families will not be able to receive assistance regardless of whether they are able to work.

General Fund Cut: \$1,250,000 (biennium)

Impact: Only a small percentage of families receive TANF for 60 months or more, but those who do face serious barriers to work. Recent research has found that nearly 90% percent of families that receive TANF for more than five years include a family member with a disability.

Since this is a lifetime limit, it also means that families that cycle on and off of the TANF program due to the instability of jobs in the low-wage labor market would be accruing time toward the five-year time limit every time they had to return to TANF over the course of their lifetime.

- **Proposal: Implements sanctions against the entire family, including children, if a parent does not fully comply with TANF/ASPIRE program rules.** Currently only the parent is sanctioned resulting in a reduction of the benefit.

General Fund Cut: \$3.75 M (biennium)

Impact: This proposal would take all cash assistance away from the family, in many cases leaving them with no income at all. In the past, sanctions have been improperly applied in some cases where families had “good cause” for not participating, but were not able to convey that to their caseworker. This proposal will place very poor families with children at greater risk of homelessness and hunger.

- **Proposal: Requires any parent that has been convicted of a drug-related felony to show proof of ongoing drug testing in order to be eligible to receive TANF for their family. The consequence of a positive test result will be the immediate termination of assistance for the entire family.**
General Fund Cut: \$100,000 (Biennium)

Impact: This proposal would take all assistance away from families, including children, with no access to help in coping with the serious problems that they face.

- **Proposal: Makes Alternative Aid available only once in a lifetime.** Currently, an eligible applicant can receive Alternative Aid once a year.

Impact: This proposal would limit short-term assistance to once in a lifetime to a parent struggling to obtain or retain employment.

2. General Assistance; Part JJ

- **NOTE: This proposal has been withdrawn by the Administration.**
<http://www.pressherald.com/news/Spokesman-says-LePage-doesnt-intend-to-limit-Mainers-general-assistance-to-once-a--year.html>

Proposal: Limits the General Assistance (GA) program to once in a calendar year. Currently eligibility is determined on a monthly basis, but in many towns it is provided on a week-to-week basis. Assistance is based on need and benefits must be provided as long as the applicant is without sufficient income to meet basic needs.

Impact: Families and individuals often apply for GA when they are in crises, such as the loss of a job, causing them to fall behind in paying their rent or paying for heat. These types of emergencies can often last for more than one month. The great majority (76%) of GA is for housing. In 2009, an average of approximately 5,000 people a month received General Assistance. This proposal will increase homelessness for many Maine families and individuals.

Many families apply for and receive GA while they are waiting for a SSI determination. In the City of Bangor, which operates the State's 2nd largest General Assistance program, 36% of those who received GA in State Fiscal Year 2010 were waiting for an SSI determination. While the average processing time for initial SSI claims is approximately 3 months, it is not at all unusual to wait more than a year before qualifying for SSI.

- **Proposal: Increases the number of days that an individual is ineligible for GA benefits from 120 days to 180 days in cases of false representation or for not complying with work requirements.**

Impact: These individuals are already ineligible to receive benefits for 120 days. Moreover, there is significant variation in the way General Assistance is administered throughout the State with differences in the number of people served in different municipalities that cannot be accounted for based on poverty population. This data raises important questions about whether the GA program is administered uniformly and in accordance with law throughout the state. As a result, determinations such as whether a person has left work with "good cause" and cannot be disqualified under Maine law may be made differently in different towns. Therefore, some may be unfairly penalized. Adding additional months to this penalty will exacerbate that problem.

- **Proposal: Requires that benefits from the Maine Residents Property Tax Program (“circuit breaker”) be counted as income for the purposes of applying for GA when it is received even though it is meant to repay households for past expenses.** Currently Maine law does *not* allow this benefit to be counted.

Impact: The purpose of this program is to offset the cost of property taxes for people with low income who pay a high percentage of their income on this cost. The circuit breaker program reimburses renters and homeowners for a share of the property taxes that they paid during the past year. Renters receive a reimbursement for the portion of their rent costs that go to cover the cost of the property taxes paid by the landlord. The circuit breaker program recognizes that these costs are high and gives families a chance to “catch up” with this critical benefit. Using these funds to reduce the amount of GA that a person may qualify for now undermines that purpose.

- **Proposal: Disqualifies a GA applicant who voluntarily abandons a resource without cause from receiving assistance for 120 days.**

Impact: Under current law GA applicants must apply for any assistance that they may be eligible for in order to get GA. This proposal goes a step further. It would deny a GA benefit for 120 days to an applicant who gave up a resource that they had in the past. The unfairness of this is obvious. Applicants would be disqualified for something they did in the past with no knowledge of how it would affect their eligibility for GA. For example, this new provision could be applied to a family that left a subsidized housing unit in another state because of the high crime rate to come to Maine to raise their children where crime is low, or one that was fleeing domestic violence, or to care for a sick parent. In some towns these reasons may be considered “good cause” and in some they would not be. As noted above, there are dramatic differences in how GA is administered throughout the State. We have no confidence that the “good cause” provision in this bill would be fairly and correctly administered in all municipalities.

- **Proposal: Disqualifies GA applicants who lose benefits from another public assistance program as a result of fraud for the length of the disqualification in the other program or 180 days, whichever is longer.** Under current law the disqualification lasts for the length of the disqualification from the other program.

Impact: This adds a potential additional period of disqualification further punishing a person who has already served the full period of disqualification, or punishment, in the other public assistance program.

Note: *While no specific deappropriation corresponds to the above proposals, the budget document does appear to cut \$2,909,392 (biennium) from the program.*

- **Proposal: Reduces the reimbursement level to municipalities providing the most GA in the State from 90% to 75% of the amount in excess of .0003 of the municipality’s most recent state valuation.**

General Fund Cut: \$1,402,500 (biennium)

Impact: This proposal will likely affect approximately a dozen municipalities providing the greatest share of GA in the State, including Portland, Bangor and the tribal GA programs. While this proposal does not directly cut aid to people in need, it will inevitably have that result by placing even greater stress on already financially strapped municipalities.

3. MaineCare

- **Proposal: Reduces eligibility for MaineCare for parents from 200% to 133% of the federal poverty level (FPL).** Freezes eligibility for those parents with income from 133% to 200% of the FPL already enrolled so that if they temporarily lose eligibility they cannot return to the program.

Cut: \$29,199,898 (biennium)

General Fund: \$8,494,454

Federal Funds: \$18,487,514

Other Special Revenue: \$2,217,930

Impact: 14,000 parents with income between 133% and 200% of the FPL currently receive MaineCare. This proposal threatens access to health care for many of these parents by preventing them from getting back their MaineCare coverage if they lose eligibility because of temporary change in their income. For example, a family whose income goes over the limits because of a seasonal increase in work hours could not return to the program once those hours were no longer available.

Many more MaineCare recipients with income below 133% FPL hope to move their way up the income ladder as the economy improves. But in many cases this proposal would leave them uninsured once their income exceeds 133% FPL.

- **Implements new premiums equal to 4% of household income for all people, including children, parents, seniors and people with disabilities, with income over 150% FPL receiving health care services through MaineCare, Katie Beckett, the Medicare Savings Program, Drugs for the Elderly and Long Term Care.** Currently MaineCare families with income between 150% and 200% FPL pay some of the highest premiums in the country for their coverage.

Cut: \$13,563,766 (biennium)

General Fund: \$4,668,848

Federal Funds: \$8,894,918

Impact: This proposal will lead seniors, people with disabilities and children to go without needed health coverage. Studies have clearly shown that increased cost sharing significantly reduces access to health care, particularly for people with low income. A multi-state study found that when premiums for public health programs rose to 3% of a family's income participation dropped by half among eligible individuals and families with low income. Under this proposal, a working mother with two kids and gross annual income of \$27,795 will have to pay an annual MaineCare premium of \$1,112.

- **Proposal: Doubles the time period for a disability determination for MaineCare from 45 days to 90 days.**

General Fund Cut: \$9,000,000 (biennium)

Impact: Individuals applying for MaineCare based on disability have serious medical conditions and live below the federal poverty level. Under this proposed change in policy, this already vulnerable population would have to go without critical, medically necessary care, such as prescription drugs, for up to 3 months while they wait to either be determined eligible or receive a temporary MaineCare card. Doubling the time that they have to wait for coverage will lead further deterioration of people's health. In addition, this proposal will shift costs from the State and federal government to local municipalities. Poor individuals in need of medical care and without coverage will go to local General Assistance programs where many will be eligible for assistance with basic needs, including medical procedures.

Last year, an alternative proposal was adopted in lieu of changing the disability determination time period from 45 to 90 days. This involved hiring 6 temporary staff to facilitate the disability determination process

by assisting both applicants and providers in getting necessary information to the disability determination unit more promptly. These pilots will generate more than \$2 million in savings over this fiscal year and provide a solution that will both create savings and ensure that people with serious health conditions can get the services that they so desperately need.

4. Medicare Buy-In (prescription drug program for seniors and people with disabilities, sometimes referred to as the “Medicare Savings Program” or “QMB; SLMB; and QI”)—Part AAA

- **Proposal: Eliminates or substantially reduces assistance with Medicare Part B premiums and other associated costs; Part D premiums; some co-payments and deductibles; and coverage through the “donut hole” for certain seniors and people with disabilities** This proposal will mainly affect seniors and people with disabilities with income between 135%-185% of the federal poverty level.
Fund for Healthy Maine Cut: \$14,868,460 (biennium)

Impact: Approximately 40,000 seniors and people with disabilities will lose all or some of the help they currently get with the costs of Medicare premiums, co-payments and deductibles, including help with paying for prescription drugs. Of the 40,000, approximately 12,500 will lose all assistance; 6,500 will lose most of the assistance; and 21,000 will lose some assistance. This cut will add hundreds of dollars of increased medical costs to the budgets of low-income seniors and people with disabilities.

5. Assistance for Legal Immigrants; Part KK

- **Proposal: Eliminates eligibility for MaineCare, TANF, Food Supplement and SSI benefits for legal immigrants’ first five years of residency in Maine.** In addition, certain refugees could be left without SSI benefits after seven years of obtaining refugee status.
General Fund Cut: \$7,090,440 (biennium)

Impact: Legal immigrants who are currently receiving assistance through one of these programs will abruptly lose this assistance. Fortunately, the Affordable Care Act protects pregnant women and children from losing their MaineCare under this proposal because the State receives federal matching funds for these groups. Nonetheless, these cuts will impact children in other programs, seniors and people with disabilities who are currently receiving these supports to meet their most basic needs.

6. Dirigo Health: Part A (page 140) and Part BBB (revised)

- **Proposal: Eliminates Fund for Healthy Maine funding for Dirigo Health**
Fund for Healthy Maine Cut: \$8,582,622 (biennium)

Impact: There will be less funding available to pay for DirigoChoice subsidies.

- **Proposal: Reduces the “access” payment (an assessment on insurance companies and others used to fund the Dirigo Program) from 2.14% to 1.75% as of July 1, 2011; to 1.25% as of July 1, 2012; and .75% as of July 1, 2013 and repeals the access payment altogether as of December 31, 2013.**
Access Payment Cut: \$26,677,233 (biennium)

Impact: There will be less funding available to pay for DirigoChoice subsidies, the MaineCare parents covered by Dirigo, administration of the program, and the Maine Quality Forum.