

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB560

Patron: Hope

Bill Title: Administrative Process Act; exemptions; limitations; appeals of case decisions regarding benefits sought.

Bill Summary: The proposed legislation provides that in case decision appeals brought by individuals for themselves or representatives entitled to appeal on their behalf regarding the grant or denial of Temporary Assistance to Needy Families, Medicaid, Supplemental Nutrition Assistance Program benefits, general relief, auxiliary grants, or state-local hospitalization, the review shall be based upon the agency record. The bill also provides that for case decision appeals regarding the grant or denial of Medicaid, the review shall be based solely upon the agency record, the court shall be limited to ascertaining whether there was substantial evidence in the agency record to support the case decision of the agency acting as the trier of fact, and no intermediate relief shall be granted.

Budget Amendment Necessary: Yes

Items Impacted: 291

Explanation: The potentially significant programmatic impact on the state and local agencies is indeterminate. However, the Department of Medical Assistance Services (DMAS) has also identified an administrative impact; a similar impact in the Department of Social Services is indeterminate.

Fiscal Summary: The proposed legislation would allow individuals unsatisfied with the adequacy of standards of need and payment levels for public assistance and social services programs to appeal through the administrative appeals process. As such, it is possible that circuit court rulings could increase benefit payments and/or eligibility in public assistance programs. The cost of rulings is indeterminate but could be significant.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DMAS (602) Admin	-	\$147,864	\$144,194	\$144,194	\$144,194	\$144,194
DMAS (602) Medical	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
DSS (765)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DMAS (602)	\$0	\$147,864	\$144,194	\$144,194	\$144,194	\$144,194
DMAS (602) Medical	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
DSS (765)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

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Fiscal Analysis:

Program Costs

The proposed legislation would allow individuals unsatisfied with the adequacy of standards of need and payment levels for public assistance and social services programs to appeal through the administrative appeals process. Impacted public assistance programs are expected to include Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, general relief, auxiliary grants, or state-local hospitalization. It is unknown as to how many individuals would choose to appeal the adequacy of standards of need and payment levels. It is also unknown the cost impacts related to the possibility of the circuit court ruling that payments are inadequate. In addition, many of these programs are funded at least in part by federal funds and are governed by federal rules and regulations. If a circuit court judge, in an appeal, rules that current payments are inadequate and grants an individual a higher payment than is authorized by federal or state guidelines, that increased payment amount will likely have to be funded with general fund dollars.

Administrative Costs

DMAS reports that the agency's appeals division needs two additional Hearing and Legal Services Officers to handle the estimated increase in appeals volume created due to changes in exemptions and limitations for specific appeal case types. The agency indicates that it does not have capacity in its appeals division to absorb any additional workload. Each position is estimated to cost \$147,864 the first year and \$144,194 thereafter and will be split 50 percent general fund and 50 percent nongeneral funds. These amounts include salaries, benefits and related operating expenses. One-time onboarding costs are assumed in the first year.

DSS maintains that there is no reasonable way to predict how the bill's provisions would affect agency operations or how greater judicial oversight of benefit programs would impact state spending. Attorney costs and time spent will vary greatly among the different localities. Due to these factors, the fiscal impact on DSS and LDSS is indeterminate.

This legislation may have an impact on the Office of the Attorney General. At this time, the impact is indeterminate. If the OAG provides input, this fiscal impact statement will be updated.

Other: None