

**Testimony**  
**Senate Bill 2069 – Department of Human Services**  
**Senate Human Services Committee**  
**Senator Judy Lee, Chairman**  
**January 8, 2007**

Chairman Lee, members of the Senate Human Services Committee, I am Curtis Volesky, Director of Medicaid Eligibility of the Department of Human Services. I am here to provide information regarding suggested changes in SB 2069 which relates to establishing eligibility for the State Children's Health Insurance Program for self-employed families.

When determining eligibility for the State Children's Health Insurance Program, also known as the Healthy Steps Program, for families with self-employment income, current State law requires use of the adjusted gross income or loss from the lower of either the previous one year's income tax return, or the average from the previous three years income tax returns. While this process works well for most cases, it poses difficulties for families and eligibility staff when processing applications early in the year before families have filed their previous year's taxes. Currently, families must provide ledgers and try to estimate the previous year's adjusted income or loss if the business is new, or use a prior year's tax return as an estimate of the income or loss from the year that has not yet been filed.

The changes recommended in this bill would allow flexibility to use the previous year, or years, of income taxes that have been filed. For instance, if applying in January 2007, and they have not yet filed their 2006 taxes, eligibility could be established based on the adjusted gross

income or loss from the lower of either their 2005 taxes, or the average from their 2004 and 2005 taxes.

Similarly, some families that apply may have recently established their self-employment business and may not have filed their first tax return, they may have recently terminated a self employment business, or their business may have been subjected to a severe change, such as an uninsured loss or a decrease or increase in the size of their operation. The recommended changes would allow these families to provide other reliable information to better estimate their income and more accurately determine whether they qualify for benefits.

I will be glad to answer any questions regarding my testimony.  
Thank you.