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BILL ANALYSIS

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Senate Bill 1300 (as reported without amendment)
Sponsor: Senator Gilda Z. Jacobs
Committee: Families and Human Services

Date Completed: 7-15-08

RATIONALE

Title XVI of the Social Security Act provides for payment of Supplemental Security Income (SSI) for aged, blind, and disabled individuals who meet certain eligibility requirements. The application process for benefits can be lengthy, particularly if an application is rejected initially and the individual must appeal the decision. Often, individuals obtain assistance from an attorney or other professional who is familiar with the application process. Once an individual is determined to be eligible for SSI payments, he or she may be eligible for retroactive benefits, beginning on the date of the initial application for benefits. If the individual was receiving interim benefits from the State during the application process, the Social Security Administration must reimburse the State for those benefits. When this occurs, State law requires the Department of Human Services (DHS) to pay a fee to an attorney or other professional who represented the applicant in obtaining SSI benefits. In many cases, however, the applicant already has paid the attorney or other professional for his or her services. It has been suggested that the law should prevent duplicate payments under those circumstances.

CONTENT

The bill would amend the Social Welfare Act to prohibit the payment of a fee to an attorney or other representative of a person in a claim to obtain retroactive benefits under the Supplemental Security Income program if the Social Security Administration or the person already had paid a fee or if the attorney or representative were eligible for the

Social Security Administration to pay a fee.

Under the Act, the Department of Human Services must pay a fee to an attorney or other competent professional who represents a person in obtaining benefits from the Social Security Administration in a proceeding establishing retroactive benefits for that person under the SSI for the aged, blind, and disabled program (Title XVI of the Social Security Act). The DHS must pay the fee only if the proceeding results in direct reimbursement to the Department of interim assistance paid to the person for the period covered by the award.

The bill would prohibit the payment of a fee under that provision if the Social Security Administration or the person applying for benefits had paid a fee related to his or her claim, or if the attorney or representative were eligible for the Social Security Administration to pay a fee related to the person's Title XVI claim.

An attorney or representative requesting a fee under these provisions would have to take all the necessary steps to become eligible for payments by the Social Security Administration under the Title XVI claim.

MCL 400.44

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The Act contains provisions to ensure that a lawyer or other professional is compensated for assisting an applicant for SSI benefits, if the proceeding results in repayment to the DHS of interim benefits provided while the proceeding was ongoing. Those provisions do not make allowances for cases in which an applicant has paid for an attorney's services. This can lead to double payments, and a loss of revenue that the DHS otherwise could use to provide services to other individuals. The bill would ensure that lawyers and other professionals were paid for assisting applicants in receiving benefits while preventing any overpayment.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would likely reduce the proportion of retroactive Supplemental Security Income benefits allocated to attorneys or representatives of recipients, having a positive fiscal impact on the State. The extent of the savings achieved by the State would be associated with the number of successful claims for retroactive SSI benefits made by representatives who already had received a fee from the Social Security Administration or their client.

Fiscal Analyst: David Fosdick

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.