

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number HB1819

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Armstrong

3. Committee Health, Welfare and Institutions

4. Title Medical assistance services; personal care allowance.

5. Summary/Purpose:

This bill requires the state plan for medical assistance services to include a provision for a monthly personal care allowance of \$50 for persons receiving medical assistance and residing in nursing homes.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	0.0	GF
2000-01	\$0	0.0	NGF
2001-02	\$1,968,000	0.0	GF
2001-02	\$2,094,000	0.0	NGF
2002-03	\$1,972,000	0.0	GF
2002-03	\$2,090,000	0.0	NGF

6b. Revenue Impact: None

7. Budget amendment necessary: Yes, Item 319, Subprogram 45609

8. Fiscal implications: The majority of Medicaid recipients in nursing homes are required to contribute toward the cost of their care. The amount of their contribution is determined on an individual recipient basis based on the amount of income the individual receives. Medicaid covers the difference between the nursing facility rate and the amount paid by the Medicaid recipient.

The personal needs allowance is set aside to cover any other costs incurred by the recipient. Currently, the personal needs allowance is set at \$30 per month. The Department of Medical Assistance Services (DMAS) reports that increasing the personal needs allowance will reduce the amount of payments recipients make toward the cost of their nursing home care and, in turn, increase the amount Medicaid reimburses.

DMAS reports that of the approximately 27,900 Medicaid nursing home recipients in FY 2000, more than 22,000 contributed toward their nursing home costs. Furthermore, more than 1,200 Medicaid recipients in state intermediate care facilities contributed to their care costs during the same

period. In determining the fiscal impact of this proposed allowance increase, DMAS summarized its claims files for FY 2000 by month and by individuals. The department found that patient pay amounted to approximately \$131.1 million. DMAS then calculated what the patient pay would have been if the personal care needs allowance had been \$50 per month in FY 2000. The resulting estimate is approximately \$127 million. The difference, approximately \$4 million (\$1.9 million GF), would have been the additional cost to DMAS during that year. DMAS applied the same cost estimate to both FY 2002 and FY 2003.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: None

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cc: Secretary of Health and Human Resources

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