

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** HB 572

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

**2. Patron**        Nixon

**3. Committee**   Appropriations

**4. Title**            Medical assistance services; burial expenses disregard

**5. Summary/Purpose:** The bill requires that, in determining eligibility for Medicaid, the Department of Medical Assistance Services disregard all funds an individual sets aside to meet burial expenses up to a maximum of \$5,000 for an individual and up to \$5,000 for a spouse. The current limit is up to \$3,500 for each individual.

**6. Fiscal Impact Estimates are:** Preliminary.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$4,422,000	N/A	GF
2006-07	\$4,422,000	N/A	NGF
2007-08	\$4,448,974	N/A	GF
2007-08	\$4,448,974	N/A	NGF
2008-09	\$4,468,105	N/A	GF
2008-09	\$4,468,105	N/A	NGF
2009-10	\$4,481,062	N/A	GF
2009-10	\$4,481,062	N/A	NGF
2010-11	\$4,494,057	N/A	GF
2010-11	\$4,494,057	N/A	NGF
2011-12	\$4,507,090	N/A	GF
2011-12	\$4,507,090	N/A	NGF

**7. Budget amendment necessary:** Yes, Item 302 in Service Area 45610.

**8. Fiscal implications:** The Department of Medical Assistance Services (DMAS) has identified 18,627 eligible individuals over the age of 50 enrolled in the Medicaid program for the first time (never been previously enrolled in Medicaid) during FY 2005. Of these, 10,922 were non-Supplemental Security Income (SSI) beneficiaries eligible for full Medicaid benefits and 7,302 of these 10,992 individuals received services reimbursed by DMAS.

Based on information supplied by the Department of Social Services, DMAS estimates that of those receiving services, approximately 80 percent will make use of the burial disregard. Applied to the FY 2005 recipient total this usage rate translates into 5,842 individuals.

DMAS' population forecasts project that the aged Medicaid population will increase by approximately 0.92 percent from FY 2005 to FY 2007. Therefore, the base figure for estimating the fiscal impact in FY 2007 is 5,896. The population is grown in subsequent years as shown in the table below:

<b>Fiscal Year</b>	<b>Population Growth Rate</b>	<b>Projected Population</b>	<b>Expenditures (Total Funds)</b>
2007	0.92%*	5,896	\$8,844,000
2008	0.61%	5,932	\$8,897,948
2009	0.43%	5,957	\$8,936,210
2010	0.29%	5,975	\$8,962,125
2011	0.29%	5,992	\$8,988,115
2012	0.29%	6,009	\$9,014,180

\*Growth in FY 2007 is in comparison to actual data from FY 2005.

Assuming that on average each new recipient were to shelter an additional \$1,500 (some would shelter an additional \$3,000 while others would lack any available funds) this would result in approximately \$8,844,000 in sheltered resources that would otherwise be spent on medical needs in order to qualify for Medicaid benefits. Since Medicaid funds would be used to replace these expenditures, the estimated impact for FY 2007 would be \$8,844,000 in total funds (\$4,422,000 in general funds).

**9. Specific agency or political subdivisions affected:** Department of Medical Assistance Services and the Department of Social Services.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 01/25/06 / mst

**Document:** G:\Ga Sessions\2006 Session\Fis\Hb572.Doc

cc: Secretary of Health and Human Resources