Department of Planning and Budget
2012 Fiscal Impact Statement

1. **Bill Number:** HB 1090

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

2. **Patron:** O'Bannon

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Medicaid eligibility; determination of assets

5. **Summary:** Provides that for the purpose of determining eligibility for Medicaid, the sale or transfer of real property at a price that is less than the assessed value of the property shall be considered an uncompensated transfer of assets equal to the amount of the difference between the assessed value of the property and the amount received from the sale or transfer, except that any sale or transfer of real property at a price that is less than the assessed value of the property shall not be considered an uncompensated transfer of assets if the price at which the property is sold or transferred is equal to or greater than the value of the property as determined by a good-faith appraisal or is a fair market price for the property in an arm's length transaction.

6. **Budget Amendment Necessary**: Yes, Item 307, Service Area 45610.

7. **Fiscal Impact Estimates:** Final.

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2012	-	-	-
2012	-	-	-
2013	$483,537	-	GF
2013	$483,537	-	NGF
2014	$1,482,185	-	GF
2014	$1,482,185	-	NGF
2015	$2,530,810	-	GF
2015	$2,530,810	-	NGF
2016	$3,125,771	-	GF
2016	$3,125,771	-	NGF
2017	$3,236,111	-	GF
2017	$3,236,111	-	NGF
2018	$3,350,346	-	GF
2018	$3,350,346	-	NGF

8. **Fiscal Implications:** The proposed bill would expand Medicaid coverage for certain individuals who would otherwise be ineligible for Medicaid payment of long-term care services due to an uncompensated asset transfer based on the sale of property for less than the tax assessed value rather than, as the bill provides, a good faith appraisal.

   Currently, as a part of determination of eligibility for Medicaid payment of long-term care services, the eligibility worker looks back five years for transfers of assets, including real estate transfers. In the case of a real estate transfer the value of the asset is determined by the assessment at that time of the sale. County tax assessments are completed with the intention of finding the true 100 percent market value of the property and are completed, at least every three years, but generally more often. If the sales price is less than the assessment, the difference is considered an uncompensated transfer of assets. In some cases this amount prevents eligibility or delays eligibility for those entering nursing facilities or seeking to receive Medicaid payment of their home and community based waiver services. There is currently available an "Undue Hardship" review of cases, that while not overriding the valuation determination, may result in eligibility being granted.

   The proposed legislation allows for a good faith appraisal to replace the county tax assessment as a potential determiner of property value. With this alternative way of determining asset value, the Department of Medical Assistance Services (DMAS) assumes more individuals will provide personally-obtained good faith appraisals and thus become eligible for Medicaid and for coverage of nursing facility care or less often Medicaid community based waiver care. Based on past "Undue Hardship" reviews that involve the transfer of real property, DMAS estimates an additional 58 individuals would be newly eligible the first year after the proposed legislation goes into effect. These additional individuals are assumed to enter nursing facilities.

   Nursing facility care costs on average $29,700 per person in state fiscal year 2011 and additional acute care costs for those in nursing facilities was $2,500 per person. The newly eligible are assumed to be enrolled gradually through the year and continue to be enrolled into subsequent years. The number of newly eligible individuals is assumed to grow at 2.0 percent a year and nursing facility and additional acute care costs are assumed to grow at 1.5 percent. DMAS estimates fiscal year 2013 costs to be $1.0 million total funds ($0.5 million GF) and $3.0 million total funds ($1.5 million GF) in fiscal year 2014.

9. **Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services.

10. **Technical Amendment Necessary:** No.

11. Other Comments: None.

Date: 1/18/12
Document: G:\GA Sessions\2012 Session\HB1090.DOC