

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB 1056

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

2. Patron: Simon

3. Committee: Health, Welfare and Institutions

4. Title: Medical assistance; determination of income; personal needs allowance

5. Summary: The proposed legislation provides that, when determining the income of a recipient of medical assistance services who is receiving long-term care in a medical institution or intermediate care facility, the Department shall disregard a personal needs allowance in an amount that is at least \$150 and that the amount of the personal needs allowance shall be adjusted annually to reflect changes in the Consumer Price Index, all urban consumers.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$9,217,393	General
2019	\$9,217,393	Federal
2020	\$9,373,167	General
2020	\$9,373,167	Federal
2021	\$9,531,573	General
2021	\$9,531,573	Federal
2022	\$9,692,657	General
2022	\$9,692,657	Federal
2023	\$9,856,463	General
2023	\$9,856,463	Federal
2024	\$10,023,037	General
2024	\$10,023,037	Federal

8. Fiscal Implications: This legislation would allow for an increase in the personal needs allowance for individuals receiving long-term care services in a medical institution or intermediate care facility from \$40 to \$150 per month and provide that such allowance limitation be tied to any change in the Consumer Price Index.

Current recipients of Medicaid funded long-term care services who reside in nursing facilities are allowed to keep \$40 per month of their income to cover any personal needs they may

have that are not covered by the facility. The rest of the individual's income must be paid to the facility as their "patient pay" or their share of the cost of their monthly care. This personal needs allowance allows the recipient to take care of things like haircuts, phone charges, personal items, etc., that are not covered as part of the Medicaid per diem paid to the facility each month.

Under the bill, the personal care allowance would increase by \$110 per month and any reductions in patient pay must be offset by Medicaid payments to the facilities. In 2017, an average of 14,115 residents contributed some portion of their income as patient pay. DMAS examined each member's monthly patient pay amount and determined that virtually all (approximately 99 percent) of these patient pay amounts exceed \$110. Based on individual patient pay calculations, DMAS estimates that HB 1056 would require increased Medicaid payments of approximately \$18.4 million (\$9.2 million general fund) in FY 2019 and \$18.7 million (\$9.3 million fund) in FY 2020 to replace the decreased patient pay amounts.

The proposed changes will require system changes to VaCMS to capture the increase in the person needs allowance and may increase costs to the Department of Social Services. However, it is expected that this change can be included during other routine system modifications.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None