

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB 1692

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

2. Patron: Rodman, Debra H.

3. Committee: Health, Welfare and Institutions

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

5. Summary: The proposed legislation increases the personal needs allowance for individuals receiving long-term care services in a medical institution or intermediate care facility from the current \$40 per month to \$150 per month. Additionally, language in the bill would dictate a change in the personal needs allowance each year based on the change in the Consumer Price Index (CPI-U).

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	-	-
2020	\$8,205,417 \$8,205,417	General Federal
2021	\$9,102,642 \$9,102,642	General Federal
2022	\$9,256,477 \$9,256,477	General Federal
2023	\$9,412,911 \$9,412,911	General Federal
2024	\$9,571,990 \$9,571,990	General Federal
2025	\$9,733,756 \$9,733,756	General Federal

8. Fiscal Implications: With the exception of Supplemental Security Income (SSI) recipients, recipients of Medicaid funded long-term care services who reside in nursing facilities are allowed to keep \$40 per month of their income as a “personal care allowance” to cover any personal needs that are not provided by the facility. The rest of the individual’s income must be paid to the facility as “patient pay” which serves to support the individual’s monthly cost of care. When available, this patient pay is used to offset the Medicaid payment made to the nursing facility.

Under the bill, the personal care allowance would increase by \$110 (from \$40 to \$150) per month and the associated reductions in patient pay would have to be backfilled with Medicaid payments to the facilities. The Department of Medical Assistance Services (DMAS) reports that, approximately 13,600 nursing facility residents contribute some portion of their income as patient pay each month.

Using actual nursing facility census data from FY 2018, DMAS calculated the impact of reducing each resident's monthly patient pay amount by \$110 per resident. In addition, DMAS assumes that the first impacted Medicaid payment will not occur until August 2019 based on a one-month lag in facility payments. As such, DMAS estimates that this legislation would require that total Medicaid payments (state and federal shares) to nursing facilities be increased by \$16.4 million (\$8.2 million general fund) in FY 2020. The subsequent years are increased to reflect estimated changes in the CPI-U as required by the bill.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None