

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** HB 1953

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron** Morgan

**3. Committee** Commerce and Labor

**4. Title** Burial Expenses Disregard for Medicaid and Preneed Funeral Contracts

**5. Summary/Purpose:** The bill amends the Code of Virginia relating to the State Plan for Medical Assistance. The bill requires that, in determining eligibility for Medicaid, the Department of Medical Assistance Services (DMAS) disregard funds a married couple sets aside to meet burial expenses up to a maximum of \$7,000 for an individual and \$14,000 per couple. This bill increases the current limit from \$3,500 to \$7,000 for each individual.

The bill also authorizes an incorporated association that is authorized to sell burial association group life insurance certificates, and whose principal purpose is to assist its members in financial planning for their funerals and burials and obtaining insurance for the payment for funeral and burial expenses, to serve as the trustee of a trust established to fund a preneed funeral contract.

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

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$5,729,500	N/A	GF
2008	\$5,729,500	N/A	NGF
2009	\$5,783,750	N/A	GF
2009	\$5,783,750	N/A	NGF
2010	\$5,845,000	N/A	GF
2010	\$5,845,000	N/A	NGF
2011	\$5,906,250	N/A	GF
2011	\$5,906,250	N/A	NGF
2012	\$5,969,250	N/A	GF
2012	\$5,969,250	N/A	NGF
2013	\$6,030,500	N/A	GF
2013	\$6,030,500	N/A	NGF

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

- 8. Fiscal implications:** DMAS identified 4,060 new Medicaid recipients over the age of 50 who would have been eligible for the increased burial expenses disregard during FY 2006. Using the FY 2006 number, DMAS estimates that approximately 80 percent (3,248 Medicaid recipients) would make use of the burial expenses disregard.

DMAS' population forecasts project that the affected Medicaid populations will increase by approximately 0.81 percent on average from FY 2006 to FY 2008. Therefore, the base figure for estimating the fiscal impact in FY 2008 is 3,274. In subsequent years, the population is grown as illustrated in the table below:

<b>Fiscal Year</b>	<b>Population Growth Rate</b>	<b>Projected Population</b>	<b>Expenditures (Total Funds)</b>
2008	0.81%	3,274	\$11,459,000
2009	0.95%	3,305	\$11,567,500
2010	1.05%	3,340	\$11,690,000
2011	1.05%	3,375	\$11,812,500
2012	1.05%	3,411	\$11,938,500
2013	1.05%	3,446	\$12,061,000

Assuming that each new recipient, on average, would shelter an additional \$3,500 (some would shelter an additional \$7,000 while others would lack any available funds) this would result in approximately \$11,459,000 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 2008 would be \$11,459,000 in total funds (\$5,729,500 general fund).

- 9. Specific agency or political subdivisions affected:** Department of Medical Assistance Services.

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

**11. Other comments:** None.

**Date:** 01/12/07 / mst

**Document:** G:\Ga Sessions\2007 Session\Fis\Hb1953.Doc

**cc:** Secretary of Health and Human Resources