

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** SB 893

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

**2. Patron:** Wexton

**3. Committee:** -

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

**5. Summary:** The substitute bill 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 of Medical Assistance Services shall disregard a personal needs allowance in an amount that is at least \$100. Furthermore, the amount of the personal needs allowance must be adjusted annually to reflect changes in the Consumer Price Index related to all urban consumers. As amended, the bill's provisions will not become effective unless an appropriation effectuating its purposes is included in the Appropriation Act passed by the 2018 General Assembly.

**6. Budget Amendment Necessary:** Yes. The substitute bill includes an enactment clause that the bill's provisions will not become effective unless an appropriation effectuating its purposes is included in the Appropriation Act passed by the 2018 General Assembly.

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$5,059,486	General
2019	\$5,059,486	Federal
2020	\$5,144,991	General
2020	\$5,144,991	Federal
2021	\$5,231,942	General
2021	\$5,231,942	Federal
2022	\$5,320,361	General
2022	\$5,320,361	Federal
2023	\$5,410,276	General
2023	\$5,410,276	Federal
2024	\$5,501,709	General
2024	\$5,501,709	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 \$100 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 \$60 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 of these patient pay amounts exceed \$100. Based on individual patient pay calculations, DMAS estimates that SB 893 would require increased Medicaid payments of approximately \$10.1 million (\$5.1 million general fund) in FY 2019 and \$10.2 million (\$5.1 million general 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 absorbed by the agency.

**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