

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3459-01
Bill No.: HB 1303
Subject: Health Care; Nursing and Boarding Homes; Medicaid
Type: Original
Date: February 18, 2008

Bill Summary: This legislation is allowing nursing home residents receiving MO HealthNet benefits to retain up to fifty dollars a month for discretionary spending.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$2,768,987)	(\$3,322,840)	(\$3,322,840)
Total Estimated Net Effect on General Revenue Fund	(\$2,768,987)	(\$3,322,840)	(\$3,322,840)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of \$2,735,716 in FY09 and \$3,282,860 in FY10 & FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** states that DMH does not pay for personal allowance for Medicaid consumers in nursing homes. Therefore, this proposal has no fiscal impact on the DMH.

Officials from the **Department of Social Services (DSS) - Family Services Division (FSD)** state in October, 2007, there were a total of 26,776 MO HealthNet nursing home recipients. These recipients would all be eligible to receive the increased stipend for discretionary spending. There is no fiscal impact to FSD as these people are current MO HealthNet recipients. This legislation would not add new eligibles to the MO HealthNet program.

However, SB 418 (2007) changed the Supplemental Nursing Care (SNC) personal needs allowance to always match the MO HealthNet vendor nursing facility personal needs allowance. As a result, this legislation would increase the personal needs allowance for SNC participants.

Note: The FSD does not include program participants that are placed in SNC by the Department of Mental Health (DMH) in calculating the number of participants eligible for the personal needs allowance increase. Those individuals receiving SNC cash grants through DMH are not eligible for this personal expense allowance through the Family Support Division (FSD). DMH is responsible for the personal expense allowance for DMH placements.

This legislation would not add new eligibles to the SNC program, but would increase the cost of the program. Therefore, FSD would not need new staff.

In December, 2006, there were 5,877 receiving SNC cash grants. This bill would raise the cost from \$30 per month to \$50 per month (which matches the proposed change to the MO HealthNet vendor nursing facility personal needs allowance). This would increase current spending for the SNC cash grants by \$1,410,480 (5,877 X \$20 X 12) per year. FY09 fiscal impact is \$1,175,353 for 10 months.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state the proposed legislation will have a fiscal impact on the MHD. MHD nursing facility providers are reimbursed based on the MHD eligible resident's days of care multiplied by the facility's Title XIX per diem less any patient surplus amount. The amount of money the Title XIX recipient contributes to his or her nursing home care is called patient surplus.

The patient surplus is based upon the recipient's income and expenses. The amount of the patient surplus is calculated by a Family Support Division (FSD) worker. The gross income (usually a Social Security benefit check) of the recipient is adjusted for the following: personal standard (this is the amount the recipient may keep for personal use; it is currently \$30); an allotment (money allocated for use by the community spouse or dependent children); and medical deductions (Medicare premiums or private medical insurance premiums that the recipient pays for his own medical coverage). The remainder is the patient surplus.

If the personal standard (personal needs allowance) is increased from \$30 to \$50, the patient surplus will decrease by the same amount (\$20) which will increase the State's payment.

Based on information furnished by DSS/Research Evaluation, there are 3,282 MHD nursing facility recipients who have \$0 surplus. The proposal will not impact this group. There are 95 MHD nursing facility recipients whose surplus is less than \$20. They will not have a surplus if this legislation passes. The average surplus for this group is \$5. This assumes the individuals are equally distributed in each surplus range.

It is estimated the FY 09 average number of MHD nursing facility recipients is 25,000/month. The cost of increasing the personal need allowance by \$20 is: $25,000 - 3,282 - 95 = 21,623 \times \$20 = \$432,460$; $95 \times \$5 = \475 ; $\$432,460 + \$475 = \$432,935$ per month

The total fiscal impact to the MHD would be:

FY 09 - TOTAL \$4,329,350 / \$1,593,634 GR (10 months)
FY 10 - TOTAL \$5,195,220 / \$1,912,360 GR
FY 11 - TOTAL \$5,195,220 / \$1,912,360 GR

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs</u> - Department of Social Services- Family Services Division SNC Personal Needs Allowance Increase	(\$1,175,353)	(\$1,410,480)	(\$1,410,480)
<u>Costs</u> - Department of Social Services- MO HealthNet Division Patient Surplus Replacement Costs	<u>(\$1,593,634)</u>	<u>(\$1,912,360)</u>	<u>(\$1,912,360)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,768,987)</u>	<u>(\$3,322,840)</u>	<u>(\$3,322,840)</u>
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services- MO HealthNet Division Federal Assistance	\$2,735,716	\$3,282,860	\$3,282,860
<u>Costs</u> - Department of Social Services- MO HealthNet Division Patient Surplus Replacement Costs	(\$2,735,716)	(\$3,282,860)	(\$3,282,860)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

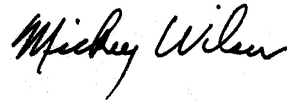
FISCAL DESCRIPTION

The proposed legislation allows any resident of a nursing home who receives MO HealthNet Program benefits to retain not less than fifty dollars per month for discretionary spending.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services



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Director
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