

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2254-01
Bill No.: SB 538
Subject: Elderly; Nursing and Boarding Homes; Medicaid
Type: Original
Date: March 19, 2009

Bill Summary: This legislation allowing nursing home residents under MO HealthNet to retain fifty dollars per month discretionary spending.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$2,685,062)	(\$3,222,626)	(\$3,222,626)
Total Estimated Net Effect on General Revenue Fund	(\$2,685,062)	(\$3,222,626)	(\$3,222,626)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of approximately \$2,792,928 in FY 10 and \$3,351,514 in FY11 and FY12.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 198.188:

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)** state the DMH does not fund or pay for services to individuals in these facilities so there is no fiscal impact to the Department.

Officials from the **Department of Social Services - Family Support Division** assume in November 2008, there were a total of 26,545 MO HealthNet vendor nursing facility recipients. These would all be eligible to retain the increased personal needs allowance 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.

Section 208.030 requires the 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. 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 November 2008, there were 5,745 receiving SNC cash grants.

NOTE: The 5,745 does not include program participants that are placed by the Department of Mental Health (DMH). Individuals placed in SNC cash grant facilities by DMH are not eligible for this personal needs allowance through the FSD. DMH is responsible for the personal needs allowance for DMH placements.

This legislation would raise the cost to \$50 per month. The cost per month would be: $5,745 \times \$50 = \$287,250$. One year at \$50 per month is \$3,447,000 ($\$287,250 \times 12$ months). This would increase current spending for the SNC cash grants by \$1,378,800 per year. (Calculating formula $5,745$ people \times \$20 per month increase \times 12 months)

ASSUMPTION (continued)

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

Family Support Division staff calculates the amount of patient surplus which is based upon the recipient's income and expenses. 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 - 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 is increased from \$30 to \$50 dollars, the patient surplus will decrease by the same amount (\$20) and the State's payment will increase.

Based on information provided by the Department of Social Services Research and Evaluation, there are 3,307 MO HealthNet nursing facility recipients who have no patient surplus. The proposed legislation will not impact this group. In addition, there are 61 MO HealthNet nursing facility recipients whose surplus is less than \$20. They will not have a patient surplus if this legislation passes. The average surplus for this group is \$5.

It is estimated that the average number of MO HealthNet recipients each month is 25,000. The cost of increasing the personal standard by \$20 is calculated as follows:

$$25,000 - 3,307 - 61 = 21,632 \times \$20 = \$432,640; \quad 61 \times \$5 = \$305;$$

$$\$432,640 + \$305 = \$432,945 \text{ each month. } \$432,945 \times 12 = \$5,195,340$$

The fiscal impact for SFY 10 is \$4,329,450 (GR \$1,536,522). The fiscal impact for SFY 11 and 12 is \$5,195,340 (GR \$1,843,826) for each year.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs</u> - Department Social Services - Family Support Division			
Program Costs	(\$1,148,540)	(\$1,378,800)	(\$1,378,800)
<u>Costs</u> - Department Social Services - MO HealthNet Division			
Program Costs	<u>(\$1,536,522)</u>	<u>(\$1,843,826)</u>	<u>(\$1,843,826)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,685,062)</u>	<u>(\$3,222,626)</u>	<u>(\$3,222,626)</u>
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services			
Federal Assistance	\$2,792,928	\$3,351,514	\$3,351,514
<u>Costs</u> - Department of Social Services			
Program Costs	<u>(\$2,792,928)</u>	<u>(\$3,351,514)</u>	<u>(\$3,351,514)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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

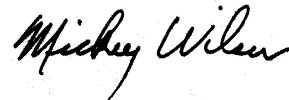
Section 198.188:

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



Mickey Wilson, CPA
Director
March 19, 2009