

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2254-02
Bill No.: SCS for SB 538
Subject: Elderly; Nursing and Boarding Homes; Medicaid
Type: Original
Date: April 3, 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	(\$556,781)	(\$1,439,383)	(\$2,244,970)
Total Estimated Net Effect on General Revenue Fund	(\$556,781)	(\$1,439,383)	(\$2,244,970)

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 7 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 \$698,799 in FY 10 and \$1,676,519 in FY11 and \$2,514,272 in 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 208.016:

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

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 208.030 030 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. 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 not add new eligibles to the SNC program, but would increase the cost of the program. Therefore, FSD would not need new staff.

For the purposes of this fiscal note, the FSD assumes the phase in would occur as quickly as allowed, which is a maximum increase of \$5 per year. At this rate, the phase in would take four years. The cost per month would be: $5,745 \times \$5 = \$28,725$. This would increase current spending for the SNC cash grants by \$344,700 per year ($\$28,725 \times 12 = \$344,700$). The increase to current spending for the SNC cash grants at the end of the phase in would be \$1,378,800. (Calculating formula $5,745 \text{ people} \times \$5 \text{ per month increase} \times 12 \text{ months} \times 4 \text{ years}$) If the increase were to be less than \$5 per year, the phase in would take longer, which would reduce the yearly increase in spending.

ASSUMPTION (continued)

FY 2010 - 5,745 X 5 X 6 months = \$172,350

FY 2011 - 5,745 X 5 X 12 months & 5745 X 5 X 6 months = \$517,050

FY 2012 - 5,745 X 10 X 12 months & 5745 X 5 X 6 months = \$861,750

FY 2013 - 5,745 X 15 X 12 months & 5745 X 5 X 6 months = \$1,206,450

FY 2014 - 5,745 X 20 X 12 months = \$1,378,800

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). If the personal needs allowance is increased, the patient surplus will decrease by the same amount and the State's payment will increase.

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 patient surplus.

Based on information provided by the Department of Social Services Research and Evaluation, there is an average of 25,000 MO HealthNet recipients in nursing facilities each month, and of that number, there are 3,307 MO HealthNet recipients who have no patient surplus. The proposed legislation will not impact this group. There are 36 recipients with surplus amounts of \$1 or less and 7 recipients with surplus amounts between \$1 and \$5. There are 6 recipients with surplus amounts between \$5 and \$10 and 7 recipients with surplus amounts between \$10 and \$15. There are 5 recipients with surplus amounts between \$15 and \$20, and there are 21,632 recipients with surplus amounts greater than \$20.

ASSUMPTION (continued)

The average surplus amount is approximately \$780 each month. The average Social Security cost of living increase for the past 5 years is 3.6%. Multiplying \$780 by 3.6% yields an increase of \$28.08. The proposed legislation allows for an increase of \$5 each year up to the maximum of \$20.

The SFY 10 fiscal impact is \$1,083,210 (GR \$384,431) calculated as follows:

$21,657 \times \$5 \times 10 \text{ months} = \$1,082,850$; $36 \times \$1 \times 10 \text{ months} = \360 ;
 $\$1,082,850 + \$360 = \$1,083,210$.

The SFY 11 fiscal impact is \$2,598,852 (GR \$922,333) calculated as follows:

$21,650 \times \$10 \times 12 \text{ months} = \$2,598,000$; $7 \times \$5 \times 12 \text{ months} = \420 ; $36 \times \$1 \times 12 \text{ months} = \432 ;
 $\$2,598,000 + \$420 + \$432 = \$2,598,852$.

The SFY 12 fiscal impact is \$3,897,492 (GR \$1,383,220) calculated as follows:

$21,644 \times \$15 \times 12 \text{ months} = \$3,895,920$; $6 \times \$10 \times 12 \text{ months} = \720 ; $7 \times \$5 \times 12 \text{ months} = \420 ;
 $36 \times \$1 \times 12 \text{ months} = \432 ; $\$3,895,920 + \$720 + \$420 + \$432 = \$3,897,492$.

<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	(\$172,350)	(\$517,050)	(\$861,750)
<u>Costs</u> - Department Social Services - MO HealthNet Division			
Program Costs	<u>(\$384,431)</u>	<u>(\$922,333)</u>	<u>(\$1,383,220)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$556,781)</u>	<u>(\$1,439,383)</u>	<u>(\$2,244,970)</u>

FEDERAL FUNDS

<u>Income</u> - Department of Social Services			
Federal Assistance	\$698,799	\$1,676,519	\$2,514,272

<u>Costs</u> - Department of Social Services			
Program Costs	<u>(\$698,799)</u>	<u>(\$1,676,519)</u>	<u>(\$2,514,272)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<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

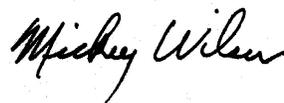
Section 208.016:

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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