

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 227 CS Optional Medicaid Payments
SPONSOR(S): Bilirakis
TIED BILLS: **IDEN./SIM. BILLS:** SB 930

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Health Care Appropriations Committee</u>	<u>15 Y, 0 N, w/CS</u>	<u>Speir</u>	<u>Massengale</u>
2) <u>Elder & Long-Term Care Committee</u>	<u>8 Y, 0 N</u>	<u>Walsh</u>	<u>Walsh</u>
3) <u>Fiscal Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Federal law requires a personal needs allowance to be deducted from a recipient's income when determining the recipient's responsibility for the cost of care in an institutional setting (nursing homes, state mental hospitals and intermediate care facilities for the developmentally disabled). The federal law establishes a minimum monthly personal needs allowance of \$30, but states may have a higher personal needs allowance.

Florida's current personal needs allowance is \$35. House Bill 227 increases the monthly personal needs allowance granted to Medicaid recipients in institutional settings from \$35 to \$45.

The fiscal impact of this bill is \$6 million. The bill will increase Medicaid spending by \$5.4 million (\$2.2 million in general revenue funds). The bill will increase the personal care allowance for Supplemental Security Income (SSI) recipients by \$660,000 in general revenue funds.

This bill has an effective date of July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government — The bill increases the government's financial contribution to a Medicaid recipient's institutional services.

B. EFFECT OF PROPOSED CHANGES:

Federal law requires a personal needs allowance to be deducted from a recipient's income when determining the recipient's responsibility for the cost of care in an institutional setting (nursing homes, state mental hospitals and intermediate care facilities for the developmentally disabled. The federal law establishes a minimum monthly personal needs allowance of \$30. States can have higher personal needs allowances.

Florida's current personal needs allowance is \$35 pursuant to Florida Administrative Code 65A - 1.7141. Paragraph (a) of subsection (3) of section 409.904, Florida Statutes, states that the monthly personal allowance shall be based on appropriations. The personal needs allowance had been \$35 since 1988.

This bill amends the statute to require a monthly personal needs allowance deduction of \$45. This will allow institutionalized Medicaid recipients to keep \$10 more of their income for personal needs. As a result the Medicaid program will have to pay \$10 more per recipient each month. It estimated that this will cost the state \$2.2 million. The bill provides an appropriation to the Agency for Health Care Administration (AHCA) for the additional Medicaid expenditures that will be incurred as a result of this bill.

It is estimated that the state will also incur additional costs in the personal care allowance category in the Department of Children and Families (DCF) budget as a result of this bill. Currently, about 5,500 institutionalized Medicaid recipients receive Supplemental Security Income (SSI) benefits from the Social Security Administration as their only income. SSI is a monthly cash assistance program for low income disabled or elderly individuals. SSI recipients are automatically Medicaid eligible in the State of Florida. When an SSI recipient is institutionalized, Social Security reduces the monthly SSI payment to \$30. To ensure that institutionalized SSI recipients receive the standard \$35 personal needs allowance, DCF issues a \$5 warrant per month to each institutionalized SSI recipient whose only income is SSI. These supplemental payments come from the state's general revenue funds.

The state is not required to provide the funds to ensure nursing home residents receive the standard personal needs allowance. The state is only required to allow the individual a deduction equal to the standard allowance when determining how much the person owes the nursing home facility (or the institution).

The bill also provides an appropriation to DCF to increase the personal needs allowance for SSI recipients so that they receive the same benefit as non-SSI recipients.

C. SECTION DIRECTORY:

Section 1. Amends s. 409.904, F.S., requiring the deduction of \$45 from a Medicaid recipient's income when determining the recipient's responsibility for the cost of care in an institutional setting.

Section 2. Appropriates \$6,012,240 to fund the cost of this bill.

Section 3. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Federal financial participation in the Florida Medicaid Program for State Fiscal Year 2006-2007 is 58.77 percent; for every \$1 the state spends, it earns \$1.43 in federal funds.

2. Expenditures:

<u>Recurring</u>	<u>2006-2007</u>	<u>2007-2008</u>
Medicaid Expenditures		
General Revenue	\$2,205,524	\$2,205,524
Medical Care Trust Fund	<u>\$3,146,716</u>	<u>\$3,146,716</u>
Total	\$5,352,240	\$5,352,240
Personal Care Allowance		
General Revenue	<u>\$660,000</u>	<u>\$660,000</u>
Total	\$660,000	\$660,000
Total Recurring Expenditures	\$6,012,240	\$6,012,240

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill will allow Medicaid recipients in nursing homes, mental health hospitals and intermediate care facilities for the developmentally disabled to keep \$10 more of their income for personal needs.

D. FISCAL COMMENTS:

The amount needed to increase the personal needs allowance is based upon the number of projected Medicaid recipients from the Social Services Estimating Conference on February 3, 2006.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to spend funds or to take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 17, 2006, the Health Care Appropriations Committee adopted an amendment offered by Representative Bilirakis which provided appropriations. As amended, the bill was reported favorably as a committee substitute. This analysis reflects the bill as amended.