

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 30, 2005

**TO:** Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB288** by Chavez (Relating to the personal needs allowance for certain Medicaid recipients who are residents of long-term care facilities.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB288, Committee Report 1st House, Substituted: a negative impact of (\$12,909,484) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$6,464,359)
2007	(\$6,445,125)
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from GR MATCH FOR MEDICAID 758	Probable Savings/(Cost) from FEDERAL FUNDS 555
2006	(\$2,253,600)	(\$4,210,759)	(\$6,473,561)
2007	(\$2,253,600)	(\$4,191,525)	(\$6,406,515)
2008	\$0	\$0	\$0
2009	\$0	\$0	\$0
2010	\$0	\$0	\$0

Fiscal Analysis

The bill would amend Section 32.024 (w), Human Resources Code and allow the Department of Aging and Disability Services (DADS) to set a personal needs allowance (PNA) in an amount not to exceed \$60 per month (currently \$45 per month) for a resident of a convalescent or nursing home or related institution licensed under Chapter 242, Health and Safety Code, personal care facility, ICF-MR facility, or other similar long-term care facility who receives medical assistance. The Section would expire on September 1, 2007.

**Methodology**

The Department of Aging and Disability Services provided information for this cost estimate but stated that there would be no fiscal impact as the bill would not require the department to increase the Personal Needs Allowance. For the purposes of this fiscal note, it is assumed that the agency would implement the provisions of the bill.

The agency based their estimate on the estimated number of clients that are eligible for the personal needs allowance increase. Clients were subdivided into two categories, pure state and Medicaid eligible.

DADS estimated the eligible clients for the pure state impact to be 12,520 and the cost to be approximately \$2.25 million per fiscal year. The agency estimated the Medicaid clients to be 58,964 in fiscal year 2006 and 58,578 for fiscal year 2007. The Medicaid matchable population represents the non-SSI (Supplemental Security Income) Medicaid institutional population, which includes Nursing Facility clients as well as Community Intermediate Care Facility / Mental Retardation (ICF/MRs) and ICF/MRs in State Schools. The agency based the Medicaid client decrease on nursing facility population projections that are currently showing a slight decrease for fiscal year 2007. The agency estimated the Medicaid eligible impact to be approximately \$10.6 million per year, with the federal match rate based on 60.66 percent Federal Medical Assistance Percentage (FMAP) rate for FY 2006, and 60.45 percent FMAP for FY 2007.

**Technology**

The Department of Aging and Disability Services estimates that there would be a one-time technology impact of \$70,800 in FY 2006.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission, 537 Department of State Health Services, 539 Department of Aging and Disability Services

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