

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB427 by West, Royce (Relating to the personal needs allowance for certain Medicaid recipients who are residents of long-term care facilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB427, As Introduced: a negative impact of (\$13,310,458) through the biennium ending August 31, 2009.

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
2008	(\$6,662,455)
2009	(\$6,648,003)
2010	(\$6,648,003)
2011	(\$6,648,003)
2012	(\$6,648,003)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable (Cost) from <i>GR MATCH FOR MEDICAID 758</i>	Probable (Cost) from <i>FEDERAL FUNDS 555</i>
2008	(\$2,307,600)	(\$4,354,855)	(\$6,645,691)
2009	(\$2,307,600)	(\$4,340,403)	(\$6,521,466)
2010	(\$2,307,600)	(\$4,340,403)	(\$6,521,466)
2011	(\$2,307,600)	(\$4,340,403)	(\$6,521,466)
2012	(\$2,307,600)	(\$4,340,403)	(\$6,521,466)

Fiscal Analysis

The bill would amend Section 32.024 (w), Human Resources Code and require the Department of Aging and Disability Services (DADS) to set a personal needs allowance (PNA) of not less than \$75 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.

Current statute establishes the PNA to be not less than \$45. Currently, the personal needs allowance recognized by DADS is \$60. For the purposes of this fiscal note, it is assumed that the agency would implement the provisions of the bill from a base of \$60--at an incremental cost of \$15 per client per month.

Methodology

The DADS 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. The agency estimated the eligible clients for the pure state impact to be 12,820 and the cost to be approximately \$2.3 million per fiscal year. DADS estimated the Medicaid clients to be 60,317 in fiscal year 2008 and 60,344 for fiscal years 2009-2012. The Medicaid matchable population represents the non-SSI 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 estimated the Medicaid eligible impact to be approximately \$10.8 million per year, with the federal match rate based on 60.55 percent Federal Medical Assistance Percentage (FMAP) rate for FY 2008, and 60.04 percent FMAP for subsequent years. Total cost to increase the PNA to \$75 from \$45 would be \$26.6 million in General Revenue, \$52.7 million in All Funds.

Technology

The Department of Aging and Disability Services estimates that there would be a one time technology impact of \$143,500 in FY 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML