

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 25, 2011

TO: Honorable Richard Pena Raymond, Chair, House Committee on Human Services

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

IN RE: HB1947 by Gonzalez, Naomi (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 HB1947, As Introduced: a negative impact of (\$505,794) through the biennium ending August 31, 2013.

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
2012	\$0
2013	(\$505,794)
2014	(\$464,504)
2015	(\$1,100,160)
2016	(\$1,059,430)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>GR Match For Medicaid</i> 758	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2012	\$0	\$0	\$0
2013	(\$167,574)	(\$338,220)	(\$441,740)
2014	(\$167,574)	(\$296,930)	(\$399,761)
2015	(\$380,850)	(\$719,310)	(\$953,665)
2016	(\$380,850)	(\$678,580)	(\$913,583)

Fiscal Analysis

The bill would amend Section 32.024, Human Resources Code, by amending Subsection (w) and adding Subsection (w-1). Subsection (w) would change the personal needs allowance (PNA) at the Department of Aging and Disability Services (DADS) for Medicaid residents in convalescent or nursing homes, personal care facilities, ICF-MR facilities, or other similar long-term care facilities from at least \$60 a month to the greater of \$60 a month or the amount described in subsection (w-1). The section would not apply to a resident who is participating in a medical assistance waiver program.

Subsection (w-1) would require DADS on September 1 of each even-numbered year, to adjust the amount of the PNA in effect on that date by a percentage representing the most recent annual change in the CPI-U. The adjusted amount would apply with respect to a PNA paid on or after the date the

adjustment computation is made.

The Health and Human Services Commission (HHSC) would be required to make the initial adjustment to the amount of the PNA required by Section 32.024(w-1) on September 1, 2012.

The bill would take effect September 1, 2011.

Methodology

DADS used estimates for CPI-U from Global Insight and indicated the estimated increases in the CPI-U for calendar years 2012 and 2014 were 1.8 percent and 2.3 percent, respectively. Using those inflators DADS estimated the current PNA of \$60 per month would increase to \$61.10 per month for fiscal years 2013 and 2014, and to \$62.50 for fiscal years 2015 and 2016. DADS estimated 12,695 Medicaid individuals residing in the facilities listed above have incomes of \$60 or less. The department indicated the cost for this group would be pure General Revenue.

For the remaining Medicaid population, estimated by DADS to be 52,633 for FY 2013, 52,780 for fiscal year 2014, 52,926 for fiscal year 2015 and 53,072 for fiscal year 2016, the increased cost would be at the Medicaid match since the increase in PNA would reduce the amount of income that the individuals would apply toward their cost of care.

Technology

The HHSC estimated a one-time cost for programming of \$17,000 in All Funds. DADS indicated that each year the PNA would increase there would be an automation cost of \$85,200 in All Funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, CL, ML, MB, NB