

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 592 (Senator Hollinger. *et al.*)

Finance

Department of Aging - Assisted Living Programs - Subsidies

This bill requires the Department of Aging (DOA) to provide monthly subsidies to assisted living facility residents whose adjusted gross income is less than their cost of care. DOA must provide a monthly subsidy of up to \$600 for the care of a maximum of 500 assisted living residents at any one time.

Fiscal Summary

State Effect: General fund expenditures increase by \$410,900 in FY 2000. Future year expenditures increase with annualization. Potentially offsetting federal fund revenues.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	-	-	-	-	-
GF Expenditures	410,900	547,800	547,800	547,800	547,800
Net Effect	(\$410,900)	(\$547,800)	(\$547,800)	(\$547,800)	(\$547,800)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local revenues (from the State) and expenditures would increase by \$410,900 in FY 2000 for the subsidy and administration costs. Future year revenues and expenditures increase with annualization.

Small Business Effect: Meaningful.

Fiscal Analysis

Background: The Department of Aging administers the Senior Assisted Living Group Home Subsidy Program which subsidizes assisted living facility costs for low-income elderly residents. The program's proposed fiscal 2000 budget includes subsidy funds of \$3.4 million for 459 residents. Of that amount, \$2.9 million is general funds, \$0.3 million is federal Medicaid waiver funds, and \$0.1 million is local funds to supplement the State subsidy. Assuming that approximately 10% of the State and federal funds are used for local administrative costs, the current average monthly subsidy for 459 residents is \$535.

State Expenditures: General fund expenditures would increase by \$410,850, which assumes a maximum monthly subsidy of \$600 for 500 residents and accounts for the bill's October 1, 1999 effective date. This amount includes: (1) \$221,400 to subsidize 41 assisted living facility residents (up to 500 required by the bill less 459 currently being subsidized); (2) \$152,100 to increase the maximum monthly subsidy to \$600 a month for 338 residents currently receiving a maximum monthly subsidy of \$550; and (3) \$37,350 for a 10% administrative cost to local area offices on aging.

State expenditures would be lower to the extent that these additional subsidy funds would qualify for federal matching funds for assisted living residents eligible for the Medicaid waiver. Approximately 17% of current residents in the Senior Assisted Living Group Home Subsidy Program are eligible for the Medicaid waiver.

Local Effect: The assisted living subsidy funds are administered by the local area offices on aging. These local offices would realize an increase of \$410,850 in revenues from the State and expenditures in fiscal 2000, of which \$37,350 would go towards local administrative costs.

Small Business Effect: Small business assisted living facilities would be favorably affected by an additional State subsidy for low-income residents. There are approximately 4,000 assisted living programs, most of which would be considered small businesses.

Information Source(s): Department of Aging, Department of Health and Mental Hygiene (Licensing and Certification Administration, Medical Care Programs Administration), Department of Legislative Services

Fiscal Note History: First Reader - March 15, 1999

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