

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 587 (Senator Hollinger. *et al.*)

Finance

Medical Assistance Program - Eligibility of Noninstitutionalized Spouses of Residents of Inpatient Medical Facilities

This bill requires the Department of Health and Mental Hygiene (DHMH) to allow community spouses of individuals residing in institutions to retain the maximum income and resource amounts that are allowed under federal Medicaid regulations.

Fiscal Summary

State Effect: Expenditures for the Medicaid program would increase by \$12.04 million in FY 2000, of which \$6.02 million is general funds and \$6.02 million is federal funds. The estimate is based on the October 1, 1999 effective date. Future year expenditures reflect annualization and 5% inflation. General fund revenues would not be affected.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$6.02	\$8.43	\$8.85	\$9.29	\$9.76
FF Expenditures*	\$6.02	\$8.43	\$8.85	\$9.29	\$9.76
Net Effect	\$12.04	\$16.86	\$17.70	\$18.58	\$19.52

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

*- federal fund expenditures are reimbursable by the federal government.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: The spousal impoverishment guidelines under the Medicaid program allows a spouse (who is living in a community) of an institutionalized resident to retain a certain amount of the couple's combined income and assets. The remaining amount of income and assets are attributable to the institutionalized spouse and are considered in determining the income eligibility of people applying for Medicaid-funded nursing home care. The larger the amount that is allowed for a community spouse, the smaller the amount that is attributable to the institutionalized spouse, thus allowing the nursing home resident to either: (1) spend-down sooner to qualify for Medicaid-funded nursing home coverage, if the resident were a private-pay resident; or (2) contribute less towards the cost of nursing home care, if the resident were already Medicaid qualified. In either case, the Medicaid program will incur additional expenditures.

Federal law specifies the maximum resource and income amounts that community spouses may retain. States are allowed to set their own limits subject to the federal maximum standards. The current spousal impoverishment standards adopted by Maryland's Medicaid program are:

For resource limits: The greater of: (1) \$16,152; or (2) 50% of combined assets, subject to a maximum of \$80,760. For instance, if the couple's combined assets total \$60,000, the community spouse would retain \$30,000 under the current standards.

For income limits: If the monthly income of the community spouse is less than \$1,357, the institutionalized spouse may supplement the community spouse's income up to \$1,357. If shelter expenses exceed \$408 a month, the institutionalized spouse may further supplement the community spouse equal to the excess, subject to a maximum maintenance and shelter allowance of \$2,019. For instance, if the institutionalized spouse has an income of \$700 and the community spouse has an income of \$1,200 and shelter expenses of \$700 a month, \$449 of the institutionalized spouse's monthly income would be retained by the community spouse; thereby retaining \$1,649 in monthly income.

This bill would allow the community spouse to retain up to the maximum resource and income amount allowable under federal law: \$80,760 in combined assets and \$2,019 in monthly income. Using the examples discussed above, the community spouse would retain \$60,000 in assets under the bill, and \$1,900 in monthly income, which includes all of the institutionalized spouse's monthly income (\$700).

According to DHMH, allowing community spouses to retain the maximum resource amount will result in 400 private-pay nursing home residents qualifying for Medical Assistance, at a cost to the Medicaid program of \$11.3 million in fiscal 2000, of which \$5.65 million is general funds and \$5.65 million is federal funds.

In addition, applying the maximum monthly income limit to all community spouses will reduce the monthly contributions from 340 Medicaid nursing home residents, resulting in increased cost for the Medicaid program of \$765,000, of which \$382,500 is general funds and \$382,500 million is federal funds.

Combined, the total cost to the Medicaid program is \$12.04 million in fiscal 2000 (\$6.02 million in general funds). The above estimates reflect the October 1, 1999 effective date.

Out-year estimates reflect annualization and account for annual increases of 5% in nursing home costs.

Information Source(s): Department of Health and Mental Hygiene (Health Services Analysis and Evaluation Administration, Medical Care Policy Administration), Department of Legislative Services

Fiscal Note History: First Reader - February 24, 1999
ncs/jr

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