

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 284 (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, when necessary and in accordance with available funds, of up to \$650 for the care of a minimum of 1,000 assisted living residents at any one time.

Fiscal Summary

State Effect: General fund expenditures increase by \$4.4 million in FY 2001. Future year expenditures increase with annualization.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	4.4	5.9	5.9	5.9	5.9
Net Effect	(\$4.4)	(\$5.9)	(\$5.9)	(\$5.9)	(\$5.9)

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 \$4.4 million in FY 2001 for subsidy and administration costs. Future year revenues and expenditures increase with annualization.

Small Business Effect: Meaningful.

Analysis

Current Law: The Secretary of Aging is to make maximum use of rent and other subsidies available and provide State funds to assist low-income elderly individuals to reside in assisted living programs as an alternative to more costly institutional care. Maximum levels of assistance and minimum numbers of low-income residents to be subsidized are not addressed.

Background: The DOA administers the Senior Assisted Living Group Home Subsidy Program which subsidizes assisted living facility costs for low-income elderly residents. The program's fiscal 2001 general fund budget allowance includes subsidy funds of \$2.7 million for 365 general subsidy (non-medicare) residents. Assuming that approximately 10% of the funds are used for local administrative costs, the current average monthly subsidy for 365 general subsidy residents is \$550.

State Fiscal Effect: General fund expenditures increase by \$4.4 million in fiscal 2001, assuming a maximum monthly subsidy of \$650 for 1,000 residents and accounting for the bill's October 1, 2000, effective date. This amount includes: (1) \$ 3.7 million to subsidize 635 residents of assisted living facilities (at least 1,000 required by the bill less the 365 currently being subsidized); (2) \$330,000 to increase the maximum monthly subsidy to \$650 a month for 365 residents currently receiving a maximum monthly subsidy of \$550; and (3) \$400,000 for a 10% administrative cost to local area offices on aging.

Local Fiscal Effect: The assisted living subsidy funds are administered by the local area offices on aging. These local offices would realize an increase of \$4.4 million in revenues from the State and expenditures in fiscal 2001, of which \$400,000 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.

Additional Information

Prior Introductions: A similar bill was introduced as SB 592 in the 1999 session, but was given an unfavorable report by the Senate Finance Committee.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Aging,

Department of Human Resources, Department of Legislative Services

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