

Department of Legislative Services  
 Maryland General Assembly  
 2000 Session

FISCAL NOTE

Senate Bill 288 (Senator Hollinger. *et al.*)

Finance

**Medical Assistance Program - Eligibility of Noninstitutionalized Spouses - Allowances**

This bill requires the Department of Health and Mental Hygiene (DHMH) to adopt regulations for determining Medicaid eligibility that incorporate the maximum resource allowances and maximum monthly personal needs allowances for spouses of persons who reside in an inpatient medical facility, or spouses participating in the Medicaid waiver program. DHMH must phase in the maximum allowances in three years, beginning in fiscal 2002.

**Fiscal Summary**

**State Effect:** Medicaid expenditures could increase by \$2.8 million in FY 2002 (\$1.4 million general funds and \$1.4 million federal funds). Future year expenditures reflect inflation and phasing in the maximum allowances.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
FF Revenues	0	0	0	0	0
GF Expenditures	0	1,404,800	4,135,000	6,959,900	6,959,900
FF Expenditures*	0	1,404,800	4,135,000	6,959,900	6,959,900
Net Effect	\$0	\$2,809,600	\$8,270,000	\$13,919,800	\$13,919,800

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.

**Analysis**

**Current Law:** If a married Medicaid recipient is in a nursing home or other institutional care facility, Medicaid assesses the couple's combined total assets to determine what share is attributable to the institutionalized spouse for the purposes of paying for health care, and what share is attributable to the other "community" spouse. Medicaid uses maximum and minimum "resource standards" to determine how the couple's assets should be allocated between the two spouses. Minimum and maximum allowances are determined by the federal government and have increased an average of 2.31% over the past five years. A couple's assets are first divided equally, attributing 50% of the assets to each spouse. Of this 50% share, a community spouse is allowed to keep up to \$84,120 of the couple's assets. If the community spouse's 50% share of the assets exceeds \$84,120, any amount in excess of the maximum resource standard must go to pay for the institutionalized spouse's health care. If a couple has few assets, and the community spouse's 50% share is less than the \$16,824 minimum resource standard, the community spouse is allowed to keep a minimum of \$16,824. In both situations, the remainder of the couple's assets must go to pay for the institutionalized spouse's health care.

Medicaid assesses a couple's combined income in a similar manner to determine what share of the couple's income goes to help pay for the institutionalized spouse's health care and what share the community spouse is allowed to keep. A community spouse's maximum monthly personal needs allowance may not exceed \$2,103 per month. A community spouse's minimum monthly personal needs allowance may not be less than \$1,383 per month. In both situations, the remainder of the couple's combined income is used to help pay for the institutionalized spouse's health care.

**State Expenditures:** General and federal fund expenditures for the Medicaid program are expected to increase by \$2,809,624 for fiscal 2002. Future year expenditures reflect inflation and the phase-in rates.

#### *Maximum Resource Standards*

Medicaid expenditures for the phase in of the maximum resource standards are expected to increase by \$1,796,152 for fiscal 2002 based on the following facts and assumptions:

- There are currently 16,322 institutionalized individuals whose assets fall between the minimum and maximum standards.

- The bill's provisions only apply to future applicants, so it is assumed 1/12 of the current population will apply.
- It is assumed that 20% of applicants will have community spouses and that half of these community spouses fall between the minimum and maximum standards. (16,322 x 0.08 x 0.20 x .50 = 136).
- 35% of the maximum allowance is phased in for fiscal 2002, which creates a new minimum asset amount the community spouses may keep. The new minimum is \$13,207 more than the current minimum (\$86,063 maximum x 0.35 = \$30,122).
- 136 spouses will each be allowed to keep \$13,207 in additional assets.
- Total assets retained by the spouses is \$1,796,152 (\$13,207 x 136).
- Medicaid expenditures will increase by the same amount to pay for the institutionalized spouses' health care.

<b>Maximum Resource Standard (Assets) Phase-In Rate and Total Costs</b>			
	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Projected Maximum	\$88,051	\$90,085	\$92,166
Phase-in Rate	0.35	0.70	1.0
Current Minimum	\$17,611	\$18,018	\$18,434
New Minimum	\$30,818	\$63,060	\$92,166
Total Costs	\$1,796,152	\$6,125,576	\$10,027,552

*Maximum Monthly Personal Needs Allowance*

Medicaid expenditures for the phase in of the maximum monthly personal needs allowance are expected to increase by \$1,013,472 in fiscal 2002 based on the following facts and assumptions:

- There are currently 16,322 institutionalized individuals whose income falls between the minimum and maximum standards.
- The bill's provisions apply to both current recipients and future applicants.
- It is assumed that 20% of institutionalized spouses have community spouses and that 12% of the community spouses fall between the minimum and maximum income standards (16,322 x .20 x .12 = 408).

- 75% of the maximum allowance is phased in for fiscal 2002, which creates a new minimum income level the community spouses may keep. The new minimum is \$2,482 more than the current maximum ( $\$2,202 \times .75 = \$1,652$ ).
- 408 spouses will each be allowed to keep \$207 additional income per month, or \$2,484 per year.
- Total income retained by the spouses is \$1,013,472 ( $\$2,484 \times 408$ ).
- Medicaid expenditures will increase by the same amount to pay for the institutionalized spouses' health care.

<b>Maximum Monthly Personal Needs Allowance (Income) Phase-In Rate and Total Costs</b>			
	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Projected Maximum	\$2,202	\$2,253	\$2,305
Phase-In Rate	0.75	0.85	1.0
Current Minimum	\$1,445	\$1,477	\$1,510
New Minimum	\$1,652	\$1,915	\$2,305
Total Costs	\$1,013,472	\$2,144,448	\$3,892,320

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Medicaid), Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2000  
nncsjr

---

Analysis by: Susan D. John

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510