

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

Senate Bill 145
 Finance

(Senator Hollinger, *et al.*)

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 seven years, beginning in fiscal 2002.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$1.48 million in FY 2002 (50% general funds and 50% federal funds). Future year expenditures reflect inflation and phasing in the maximum allowances.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	740,500	2,004,400	3,069,500	4,277,600	5,584,200
FF Expenditure*	740,500	2,004,400	3,069,500	4,277,600	5,584,200
Net Effect	(\$1,481,000)	(\$4,008,800)	(\$6,139,000)	(\$8,555,200)	(\$11,168,400)

*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% annually 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 \$87,000 of the couple's assets. If the community spouse's 50% share of the assets exceeds \$87,000, any amount in excess of the maximum resource standard must go to pay for the institutionalized spouse's health care. If the community spouse's 50% share is less than the \$17,400 minimum resource standard, the community spouse is allowed to keep a minimum of \$17,400. 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 \$2,175 per month. A community spouse's minimum monthly personal needs allowance may not be less than \$1,407 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 \$1,481,040 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 \$1,044,072 for fiscal 2002 (see **Exhibit 1**) 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 (136) fall between the minimum and maximum standards.
- 31.5% of the maximum allowance is phased in for fiscal 2002, which creates a new minimum asset amount the community spouse may keep. The new minimum is \$10,236 more than the current minimum.
- 136 spouses will each be allowed to keep \$10,236 in additional assets in fiscal 2002.
- Total assets retained by the spouses is \$1,044,072.
- Medicaid expenditures will increase by the same amount to pay for the institutionalized spouses' health care.

Exhibit 1					
Maximum Resource Standard (Assets) Phase-In Rate and Total Costs					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Projected Max.	\$89,010	\$91,066	\$93,169	\$97,524	\$99,776
Phase-In Rate	31.5%	43%	54.5%	66%	77.5%
Current Min.	\$17,802	\$18,213	\$18,633	\$19,064	\$19,505
New Minimum	\$28,038	\$39,158	\$50,777	\$64,366	\$77,326
Total Medicaid Costs	\$1,044,072	\$2,848,520	\$4,371,584	\$6,161,072	\$7,863,656

Maximum Monthly Personal Needs Allowance

Medicaid expenditures for the phase in of the maximum monthly personal needs allowance are expected to increase by \$436,968 in fiscal 2002 (see **Exhibit 2**) 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 (408) fall between the minimum and maximum income standards.
- 70% 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 \$119 more than the current minimum.
- 408 spouses will each be allowed to keep \$119 additional income per month, or \$1,428 each per year.
- Total income retained by the spouses is \$436,968.
- Medicaid expenditures will increase by the same amount to pay for the institutionalized spouses' health care.

Exhibit 2					
Maximum Monthly Personal Needs Allowance (Income)					
Phase-In Rate and Total Costs					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Projected Max.	\$2,225	\$2,277	\$2,329	\$2,383	\$2,494
Phase-In Rate	70%	75%	80%	85%	90%
Current Min.	\$1,438	\$1,470	\$1,502	\$1,536	\$1,570
New Minimum	\$1,557	\$1,707	\$1,863	\$2,025	\$2,245
Total Medicaid Costs	\$436,968	\$1,160,352	\$1,767,456	\$2,394,144	\$3,304,800

Additional Information

Prior Introductions: A similar bill, SB 288, was introduced in the 2000 session, but was not reported from the Senate Finance Committee.

Cross File: None.

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

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cm/jr

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