

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 156 (Senator Hafer)

Finance

Appropriations

Nursing Home Residents - Increase in Personal Needs Allowance

This bill provides a \$50 personal needs allowance for each nursing home resident who receives Medicaid, beginning July 1, 2002. The personal needs allowance must be adjusted annually, beginning July 1, 2003, to reflect the percentage by which Social Security benefits are increased annually. The adjustment cannot exceed 5% in any given year.

Fiscal Summary

State Effect: Medicaid expenditures would increase by \$2.04 million (50% general funds, 50% federal funds), beginning in FY 2003. Future year expenditure increases reflect 2.2% personal needs allowance increases annually. No effect on revenues.

(\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.02	1.04	1.07	1.09
FF Expenditure	0	1.02	1.04	1.07	1.09
Net Effect	\$0	(\$2.04)	(\$2.08)	(\$2.13)	(\$2.18)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A nursing home resident may qualify for Medicaid coverage for most nursing home costs if the resident meets certain income tests. Currently, a qualifying resident cannot earn more than \$2,500 monthly. Medicaid provides a nursing home resident with a \$40 personal needs allowance. A resident's monthly income, excluding the personal needs allowance, is used to help defray the cost of the resident's care.

State Fiscal Effect: Medicaid expenditures would increase by \$2.04 million, beginning in fiscal 2003. Nursing home residents would be allowed to keep an additional \$10 per month, beginning July 1, 2002 that they otherwise would have been required to pay to their nursing home to help defray the cost of their care. This estimate: (1) reflects the bill's \$10 increase over the current personal needs allowance; (2) assumes there are 17,000 nursing home residents who receive Medicaid and this number will remain relatively constant in future years; and (3) assumes the personal needs allowance will be increased 2.2% each year (the average annual increase in Social Security benefits for the past four years), beginning July 1, 2003. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader – February 5, 2001
jm/jr Revised – Senate Third Reader – March 21, 2001

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