

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1633

(Delegate Elmore, *et al.*)

Health and Government Operations

Finance

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Department of Aging - Assisted Living Program Subsidies - Rate Setting  
Authority

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This bill repeals the maximum \$650 per month limit on the Department of Aging subsidy for low-income elderly individuals living in assisted living programs as an alternative to institutional care. The Secretary of Aging must provide for and set by regulation the amount of State subsidies necessary.

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Fiscal Summary

**State Effect:** None. The bill does not require an increase or decrease in the number or amount of subsidies. The department currently imposes a \$550 subsidy limit. It is noted that 95% of recipients are at the \$550 maximum and the gap between cost of care and the income of recipients is already greater than \$550 per month.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** The Secretary of Aging must:

- develop assisted living programs for the elderly, with any public or private profit or nonprofit corporation or any State or federal agency;
- make maximum use of rent and other subsidies available from federal and State sources; and

- provide for necessary subsidies from State general funds to help low-income elderly individuals live in assisted living programs as an alternative to more costly institutional care, including when necessary and with available funds, monthly subsidies for residents of assisted living programs whose adjusted gross annual income is less than their cost of care for assisted living services, provided that the subsidies meet the gap between income and cost of care to a maximum of \$650 per month.

**Background:** The Department of Aging advises that 95% of the people receiving assisted living program subsidies have hit the department's currently imposed \$550 per month cap. The department further advises that the market rate for assisted living programs is \$1,867 per month, while the average income of an individual seeking a subsidy is \$1,025 per month, an \$842 difference. In some areas of the State, providers are increasingly unable to admit residents who, even with the subsidy, do not generate enough income for the provider to cover operating expenses. As a result, those with the lowest income are routinely denied access to the program and are more likely to go to a nursing home. The fiscal 2006 budget includes a \$2.3 million appropriation to serve an estimated 545 people. There are approximately 330 people on a waiting list for an assisted living program subsidy. The Governor's fiscal 2007 budget includes \$3.5 million for the subsidy program, with the additional \$1.1 million in expenditures intended to serve all of the individuals waiting for a subsidy.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 21, 2006  
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