



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1527

PRINTER'S NO. 2053

PRIME SPONSOR: Sanchez

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$1.8 million See Fiscal Impact	\$3.6 million See Fiscal Impact

SUMMARY:

House Bill 1527 Printer's Number 2053 amends the act of June 13, 1967, known as the Human Services Code, to increase the Personal Needs Allowance Deduction for certain individuals in the Medical Assistance (MA) program.

ANALYSIS:

This legislation amends the Human Services Code to increase the Personal Needs Allowance Deduction for individuals residing in a nursing facility that are eligible for the MA program from \$45 to \$60 per month. The individual's monthly personal needs allowance amount is subtracted from their monthly gross income which is used to determine the amount the individual must pay towards the cost of their nursing facility services, as required by the MA program.

This legislation will take effect on January 1, 2024.

FISCAL IMPACT:

Almost all the individuals eligible for the increase in the personal needs allowance deduction are covered by the Community HealthChoices (CHC) program. Therefore, any fiscal impact to the commonwealth would result from the increase in the monthly capitation rates paid by the Department of Human Services to the CHC Managed Care Organizations. Capitation rates are required by federal regulations to be actuarially sound and vary depending on the demographics of the population. However, the fiscal impact to the CHC capitation rates cannot be determined at this time.

In place of the estimated CHC capitation rate increase, this fiscal note uses the increased costs to the MA program to estimate the fiscal impact of this legislation. Beginning January 1, 2024, 44,000 individuals per month are estimated to be eligible to receive the personal needs allowance deduction. The MA program costs are expected to increase by \$15 per month for each eligible individual. This results in \$660,000 per month in costs shifted off eligible individuals to the MA program.

Assuming the increase in monthly MA program costs translate directly into higher CHC capitation rates and that federal matching funds cover 54% of those increased costs, the impact to the commonwealth is estimated to be \$300,000 per month in state General Funds. Based on this monthly increase amount, the estimated fiscal impact to the commonwealth in state General Funds for January to June 2024 totals \$1.8 million and for FY 2024/25 totals \$3.6 million.

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House Appropriations Committee (D)

DATE: October 4, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.