



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 777

PRINTERS NO. 889

PRIME SPONSOR: Grove

COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
Lottery Fund	\$0	See Fiscal Impact

SUMMARY: House Bill 777, Printer's Number 889 amends the State Lottery Law to further define the term "income" and to allow for continued eligibility for individuals enrolled in the PACE and PACENET program. This legislation would take effect immediately.

ANALYSIS: The bill amends the definition of "income" to exclude Medicare Part B premiums. The Medicare Part B premium for calendar year 2013 was \$104.90 per month or \$1,258.80 annually. Calendar year 2013 income is used to determine program eligibility for 2014. The bill also provides that enrollees in the PACE and PACENET program, as of December 31, 2012, will remain eligible for the program if the maximum income limit is exceeded due solely to a Social Security cost-of-living adjustment (COLA). Pursuant to Act 21 of 2011, the Social Security COLA 'moratorium' would have expired on December 31, 2013. This legislation extends the eligibility provision creating a new expiration date of December 31, 2015.

FISCAL IMPACT: According to the Department of Aging, excluding Medicare Part B premiums from income would result in nearly 12,000 current PACENET enrollees qualifying for PACE and 8,235 newly eligible PACENET enrollees. The estimated FY 2013-14 fiscal impact for five months for the 12,000 PACE enrollees is \$1,903,000 and for the 8,235 PACENET enrollees is \$2,276,000, for a total cost of \$4,179,000. For FY 2014-15, the annual cost to exclude Medicare Part B premiums is estimated at \$10,173,000.

Also according to the Department of Aging, without an extension of the Social Security COLA provision beyond December 31, 2013, approximately 8,315 PACENET enrollees would lose coverage at a savings of \$1,379,000 and 18,750 PACE enrollees would qualify for PACENET rather than PACE coverage at a savings of \$1,789,000. Therefore, maintaining continued eligibility without regard to income changes due to Social Security COLA adjustments would result in a FY 2013-14 state cost of \$3,168,000. The estimated annual FY 2014-15 cost of extending the moratorium is \$6,448,000.

The FY 2013-14 estimated total state cost for both provisions is \$7,347,000. This cost can be absorbed within the existing Lottery Fund revenues already provided for this program. The FY

2014-15 estimated state cost of \$16,621,000 will be partially offset by increased savings generated by federal changes to the 'donut hole' rebates for generic pharmaceuticals and the remainder can be covered with surplus funds in the Pharmaceutical Assistance Fund.

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House Appropriations Committee (R)

DATE: January 27, 2014

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