

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO.

Senate Bill 922
as amended

PRINTER'S NO.

1462

AMOUNT

\$61 Million in savings
to the Commonwealth

FUND

General Fund

DATE INTRODUCED

June 5, 2009

PRIME SPONSOR

Senator Kitchen

HISTORY OF BILL

Referred to PUBLIC HEALTH & WELFARE, June 5, 2009
Reported as committed, Oct. 2, 2009
First consideration, Oct. 2, 2009
Re-referred to APPROPRIATIONS, Oct. 2, 2009
Re-reported as amended, Oct. 5, 2009
Second consideration, Oct. 5, 2009

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 922 would amend the Public Welfare Code to provide for limits to allowable long-term care deductions and assessment collection costs for municipalities.

Under current law, when an individual makes an application for medical assistance, they are subject to a "look back period," which examines their personal assets. Individuals that have improperly reduced or eliminated their assets may be subject to penalties. These penalties could delay their medical assistance eligibility. In the case of long-term care, necessary medical or remedial care expenses are allowable income deductions when determining an individual's financial responsibility. To qualify, these deductions must not be paid by medical assistance and must be allowed by federal and state law. In most cases, a \$10,000 maximum lifetime limit is applied to these expenses whether they were incurred before or after medical assistance eligibility is granted. An exception may be made in the case

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of undue hardship where if it was not granted it would endanger the individual's life or deprive them of medical care, food, shelter or necessities of life.

SB 922 would limit the timeframe for allowable long-term care medical expense deductions to six months prior to an individual's medical assistance application. It would further limit these expenses to zero in the case of a transfer of assets penalty. Exceptions would apply when these limitations result in undue hardship. These changes will amend the law to comply with federal requirements as well as avoiding a potential disallowance of federal funds.

In addition to allowable long-term care deductions, SB 922 would also amend the hospital assessment language that was added to the Public Welfare Code in 2008. Currently, Philadelphia County imposes a provider assessment on hospitals in the county. A portion of the assessment dollars are matched by federal funds and then returned to the hospitals in a form of supplemental payments. Exceptions due apply to certain hospitals which exclude them from paying the assessment. Temple University Hospital is currently the only hospital that is excluded from the assessment. The City of Philadelphia collects the assessment for the Pennsylvania Department of Public Welfare and may retain a reasonable portion of what is collected in order to cover administrative costs.

SB922 clarifies that the portion of allowable costs that the City of Philadelphia may retain to include both the administrative costs and now also a portion of its public health clinic operation costs. Further amendatory language was included to expand the list of hospitals that are assessed. Under this amendment, the exemption for state-related institution hospitals in Philadelphia County, namely Temple University Hospital is removed and now would be subject to the assessment. In order for the assessment to apply, the Department of Public Welfare must receive approval from the Centers for Medicare and Medicaid Assistance Services (CMS).

Lastly, SB 922 would eliminate the necessity for county board of assistance members to receive Senate confirmation. As amended, appointments made by the Governor would be subject to the nominee's resident senator's endorsement. Nominees in districts with a senatorial vacancy would be endorsed by a senator from an adjacent district. This legislation has passed the Senate unanimously on numerous occasions including this session as Senate Bill 47.

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FISCAL NOTE

This act shall take effect immediately.

FISCAL IMPACT:

By limiting the allowable income deductions for long-term care, it estimated that Commonwealth will save \$7.6 million in FY 2009-2010.

Funding for the hospital assessment is included in the Medical Assistance Outpatient Services line-item. An estimated \$53.4 million will be saved in Commonwealth funds in FY 2009-10. It is projected that including Temple University Hospital in this calculation would result in additional Commonwealth savings.

Both savings referenced above are included in the calculations of budget requirements for FY 2009-10.