

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 777

PRINTER'S NO. 889

AMOUNT

See Fiscal Impact

FUND

Lottery Fund

DATE INTRODUCED

February 25, 2013

PRIME SPONSOR

Representative Grove

DESCRIPTION AND PURPOSE OF BILL

House Bill 777 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' provision expired on December 31, 2013. Senate Bill 1009 would extend the eligibility provision creating a new expiration date of December 31, 2015. In addition, the bill removes Medicare Part B premium payment from the definition of income that can be counted toward the maximum income limit for eligibility in the PACE/PACENET programs.

Effective immediately.

FISCAL IMPACT:

Without an extension of this provision, in fiscal year 2013-14, a Social Security cost of living adjustment will result in increased income for 10,356 PACENET enrollees causing disqualification and loss of PACENET coverage (a state savings of \$2.532 million) and 27,615 PACE enrollees would qualify for PACENET rather than PACE coverage (a state savings of \$2.008 million). Therefore, maintaining continued eligibility without regard to income changes due to Social Security cola adjustments for these enrollees will result in a state cost of \$4.540 million for PACENET enrollees who would otherwise lose pharmaceutical assistance benefits and for PACE enrollees who would become PACENET eligible in fiscal year 2013-14. This cost was already assumed in the budget.

The Medicare Part B premium exclusion will result in 8,235 newly eligible PACENET enrollees. The estimated FY 2013-14 fiscal impact for five months is \$3.277 million. For FY 2014-15, the annual cost to exclude Medicare Part B premiums is estimated at \$7.864 million. No additional funding is needed to cover these additional costs, there is sufficient underspending within the current appropriation to cover them.