

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6637

BILL NUMBER: HB 1139

DATE PREPARED: Dec 9, 1998

BILL AMENDED:

SUBJECT: Personal Needs Allowance.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides that certain elderly or disabled individuals who reside in a county home (ARCH Program), room and board assistance facility (RBA Program), hospital, nursing facility, or community residential facility (ICF/MR) for the developmentally disabled (CRF/DD) are allowed to retain a monthly personal allowance of \$62.35 beginning July 1, 1999. The bill also requires the monthly personal allowance amount to be adjusted before October 1, 1999, and annually thereafter using the Consumer Price Index.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The total estimated cost to the State of increasing the personal needs allowance from \$35 per month to \$62.35 per month for FY2000 and \$64.00 per month for FY2001 for institutionalized individuals is about \$4.88 million and \$5.31 million, respectively.

Residents of nursing facilities, ICFs/MR, and individuals receiving assistance through the Assistance to Residents of County Homes (ARCH) and Room and Board Assistance (RBA) programs will be allowed a monthly personal needs allowance of \$35 for FY2000. In the case of an RBA or ARCH recipient with no income, the state pays the recipient the personal needs allowance. This amount is not considered income to the individual in the determination of eligibility and is for the exclusive use of the recipient for personal needs.

Based on current numbers of Medicaid recipients in state operated facilities, group homes, nursing facilities, and recipients of residential assistance in the ARCH and RBA programs (State funded programs with no Medicaid dollars), the total additional cost from increasing the personal needs allowance by \$27.35 per month (to a total of \$62.35) would be about \$11.76 million for FY2000. This would represent about \$6.88 million in federal share and about \$4.88 million in state dollars (i.e., \$4.34 million in Medicaid expenditures and \$536,000 in state only dollars for the 1,632 ARCH/RBA recipients.). (This is based on estimated FY2000

Medicaid Program cost shares of 61.31% federal and 38.69% state.)

This estimate would be overstated to the extent that some individuals in the Medicaid Program would have zero income. Increasing the personal needs allowance for an individual with no income would not affect state costs.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding the additional federal dollars accessed through the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected:

Information Sources: Bob Hornyak, Aging/In Homes Services, 232-7020.
Lauren Polite, FSSA, 232-1149.