

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6852
BILL NUMBER: HB 1244

DATE PREPARED: Dec 21, 1998
BILL AMENDED:

SUBJECT: Personal Needs Allowance.

FISCAL ANALYST: Alan Gossard
PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		4,457,000	4,576,000
Net Increase (Decrease)		(4,457,000)	(4,576,000)

Summary of Legislation: This bill increases the monthly personal needs allowance to at least \$60 beginning July 1, 1999, for: (1) elderly, blind, and disabled individuals residing in county homes who receive residential care assistance from the state; (2) other individuals receiving residential care assistance from the state who reside in room and board facilities; (3) Medicaid eligible individuals receiving care in hospitals or nursing facilities; and (4) Medicaid eligible individuals residing in community residential facilities for the developmentally disabled. (Current law provides that the monthly personal needs allowance for these individuals may not be less than \$28.50 or more than \$35.)

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 \$60 per month for institutionalized individuals is about \$4.457 million for FY2000 and \$4.576 million for FY2001.

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 are allowed a monthly personal needs allowance of \$35 for FY99. 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 \$25 per month (to a total of \$60) would be about \$10.744 million for FY2000. This would represent about \$6.287 million in federal share and about \$4.457 million in state dollars. (This is based on estimated FY2000 Medicaid Program cost shares of 61.31% federal and 38.69% state. As part of the impact to the state, the cost of changing the personal needs allowance for the 1,632 ARCH/RBA recipients is about \$489,600 and would be funded solely from state funds.)

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.

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.