

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6232

BILL NUMBER: SB 79

DATE PREPARED: Jan 22, 2000

BILL AMENDED: Jan 20, 2000

SUBJECT: Medicaid Definition of Disability.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill amends the definition of a disabled person, which is used for purposes of determining eligibility under the Medicaid program and the Supplemental Assistance for Individuals with Disabilities program, to include an individual who has a physical or mental disability that appears reasonably certain without treatment to continue throughout the individual's lifetime. The bill requires that the determination of medical disability be made without considering whether a treatment may alleviate or remove the individual's disability if the individual is unable to obtain the treatment without receiving assistance under the Medicaid program.

Effective Date: July 1, 2000.

Explanation of State Expenditures: (Revised) *Impact Summary:* This bill will increase the state cost of providing Medicaid services to the recipients of the federal Supplemental Security Income (SSI) program. Currently, about 55,000 of the 81,000 SSI recipients in Indiana are receiving Medicaid services. The additional cost of this bill is a result of more SSI recipients that are likely to be determined eligible for Medicaid services.

Indiana is one of two states in the nation that has a medical definition for disability, as well as financial criteria, that are more restrictive than SSI. Current statute provides that an SSI recipient, in order to be eligible for Medicaid services, must have a physical or mental impairment or disease that appears reasonably certain to continue throughout the individual's lifetime. If the condition is such that it can be improved with treatment, the individual is determined not to be eligible for Medicaid. This bill is intended to make eligible those individuals whose condition can be improved with treatment. The extent of the impact of this provision is currently being determined.

Note: Prior estimates of the impact of changing the definition of a disabled person for Medicaid purposes have been based on data not entirely appropriate for this calculation, both in terms of the

estimated number of disabled individuals that would qualify under the new definition, as well as the annual cost of providing Medicaid services to those individuals. Consequently, the Office of Medicaid Policy and Planning (OMPP) is drawing a new sample of Medicaid applications and analyzing the specific conditions of the applicants in order to better estimate the cost to the state of changing this definition. This note will be updated when the sample results are available.

Federal reimbursement for Medicaid service costs are about 61%. Associated with the increased provision of health care services through the Medicaid program is some potential reduction in future expenditures by other payors such as hospital charity care, township Poor Relief, and potential cost-shifts from the private-pay market. However, the amount of expenditure reduction that would be attributable to the provisions in this bill is not known.

Explanation of State Revenues: This bill's impact on Medicaid program expenditures are cost-shared with the federal government and will impact the amount revenue which Indiana receives from the federal government as noted above.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Judith Becherer, Office of Medicaid Policy and Planning, 233-6467.