

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

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6232**

**BILL NUMBER: SB 79**

**DATE PREPARED:** Jan 25, 2000

**BILL AMENDED:** Jan 20, 2000

**SUBJECT:** Medicaid Definition of Disability.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X 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) This bill is estimated to increase the state cost of providing Medicaid services to the recipients of the federal Supplemental Security Income (SSI) program by about \$7.0 M.

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 at least two states in the nation that has a medical definition for disability, as well as financial criteria, that are more restrictive than SSI. In most other states, eligibility for SSI implies automatic eligibility for Medicaid. However, current Indiana 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 the condition could 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.

Based on an estimated 2,840 individuals on SSI who are annually denied Medicaid because of a condition that could improve with treatment and an estimated cost of \$6,352 per individual, the total cost is projected

to be about \$18 M. Assuming federal financial participation is available, the federal share of expenditures would be about \$11 M and the state share would be about \$7 M.

It should also be noted that the language of the bill is somewhat ambiguous and could allow alternative interpretations that would not limit the fiscal impact as much as is suggested by the estimate, above.

Federal reimbursement for Medicaid service costs are about 62%. 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 of 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.