Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 17 - Personal Needs Allowance, Nursing Homes (LSB 1542 HH)
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Fiscal Note Version - New

Description

House File 17 raises the personal needs allowance retained by Medicaid clients who reside in Intermediate Care Facilities for the Mentally Retarded (ICF/MRs), Intermediate Care Facilities for the Mentally Ill (ICF/MIs), and Psychiatric Medical Institutions for Children (PMICs) from $30 per month to $50 per month. The Bill also specifies that the personal needs allowance be increased annually based on the Social Security Administration cost of living adjustment (COLA).

Background

The personal needs allowance for residents of nursing facilities was increased from $30 to $50 per month during the FY 2006 Legislative Session. The Department of Human Services (DHS) implemented the change beginning July 1, 2007, allowing nursing facility residents on Medicaid with some source of income to retain $50 per month and supplementing the residents with no income with an additional $20 per month to provide the same personal needs allowance to all residents. This supplement is not required by federal regulations. Additionally, increasing the personal needs allowance for residents of other institutions is not required by the federal government.

Assumptions

- House File 17 states that the personal needs allowance for the specified population is to be increased to $50 per month. Since the personal needs allowance is the amount that a resident is allowed to retain from his or her income, it is assumed that the DHS will not supplement those residents who have less than $50 per month in income.
- There are 764 residents of ICF/MRs with incomes of $50 or more per month.
- There are 29 residents of ICF/MIs with incomes of $50 or more per month.
- There are 99 residents of PMICs with incomes of $50 or more per month.
- The State share of the Federal Medical Assistance Percentage (FMAP) rate for FY 2008 is 38.21%.
- The annual COLA is estimated to be 3.0%

Fiscal Impact

For ICF/MRs, counties would pay the State share of this increase. For FY 2008, the fiscal impact is an estimated $70,062. The estimated FY 2009 fiscal impact is $75,317 and the estimated FY 2010 fiscal impact is $80,746.

For ICF/MIs, the estimated fiscal impact for FY 2008 would be a cost to the General Fund of $2,659. The estimated FY 2009 fiscal impact is $2,859 and the estimated FY 2010 fiscal impact is $3,065.

For PMICs, the State would be responsible for funding the State share of the increase. The General Fund estimated fiscal impact for FY 2008 is $9,079. The estimated FY 2009 fiscal impact is $9,760 and the estimated FY 2010 fiscal impact is $10,463.

The total estimated fiscal impact of this change is an increase in county funding of $70,062 in FY 2008, $75,317 in FY 2009 and $80,746 in FY 2010.

The total estimated fiscal impact of this change to the General Fund is a cost of $11,738 in FY 2008, $12,619 in FY 2009 and $13,528 in 2010.

Source

Department of Human Services.

/s/ Holly M. Lyons

February 5, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.