

JAN 22 2003

HUMAN RESOURCES

HOUSE FILE 40
BY SHOULTZ

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the personal needs allowance amount of a
2 medical assistance recipient residing in a nursing facility.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 40

1 Section 1. Section 249A.4, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 16. Adopt rules pursuant to chapter 17A
4 to increase the ongoing monthly personal needs allowance for a
5 medical assistance recipient residing in a nursing facility as
6 defined in section 135C.1 to fifty dollars beginning July 1,
7 2003. The rules shall provide that the amount shall be
8 increased annually thereafter by the same percentage as the
9 percentage increase in the consumer price index for all urban
10 consumers during the twelve-month period prior to June of the
11 calendar year involved.

12 Sec. 2. EMERGENCY RULES. The department of human services
13 may adopt emergency rules to implement this Act.

14 EXPLANATION

15 This bill directs the director of human services to adopt
16 rules to increase the ongoing personal needs allowance for a
17 Medicaid recipient residing in a nursing facility to \$50
18 beginning July 1, 2003. The rules are to provide that the
19 amount is to be increased annually thereafter by the same
20 percentage as the percentage increase in the consumer price
21 index for all urban consumers during the 12-month period prior
22 to June of the calendar year involved. The bill authorizes
23 the department to adopt emergency rules to implement the bill.

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FEBRUARY 4, 2003

**Legislative Fiscal Bureau
Fiscal Note**

HF 40 - Personal Needs Allowance (LSB 1558 HH)

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Fiscal Note Version — New

Description

House File 40 requires the Director of the Department of Human Services to adopt rules to increase the personal needs allowance for a Medicaid recipient in a nursing facility to \$50 beginning July 1, 2003. The amount is to be increased annually by the percentage increase in the Consumer Price Index. The current personal needs allowance is \$30 per month.

Assumptions

1. There are 529 nursing facility residents who have no other source of income. The increase in the personal needs allowance for these individuals would require 100% State funds.
2. The annual cost to increase the personal needs allowance by \$20 per month for the 100% State funded population is \$127,000 General Fund (529 x \$20 x 12 months) for FY 2004.
3. There are approximately 14,000 Medicaid recipients in nursing facilities who do have income above the current \$30 allowance and would be able to keep an additional \$20 per month pursuant to the Bill.
4. The \$20 would otherwise have been used to offset the cost of their care. This results in an increase in the Medicaid reimbursement to the facility to replace the \$20 per recipient per month.
5. The state match rate for FY 2004 is 36.18%.
6. The state match rate for FY 2005 is 36.20%
7. The annual cost to increase the personal needs allowance for the state/federally funded population is \$3.4 million in total State and federal funds (14,000 x \$20 x 12) for FY 2004. Of this amount \$1.2 million is from the State General Fund.
8. The estimated percentage increase in the consumer price index for FY 2005 is 2.9%.

Fiscal Impact

The estimated fiscal impact of House File 40 is an increase in General Fund expenditures of \$1.3 million for FY 2004 and \$1.4 million for FY 2005.

Source

Department of Human Services

/s/ Dennis C Prouty

January 30, 2003
