

# Senate Study Bill 1135

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
HUMAN SERVICES BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the expenditures allowable from medical  
2 assistance income trusts.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1238DP 82  
5 pf/sh/8

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1 1 Section 1. Section 633C.3, subsection 1, Code 2007, is  
1 2 amended to read as follows:  
1 3 1. Regardless of the terms of a medical assistance income  
1 4 trust, if the beneficiary's total monthly income is less than  
1 5 the average statewide charge for nursing facility services to  
1 6 a private pay resident of a nursing facility, then, during the  
1 7 life of the beneficiary, any property received or held by the  
1 8 trust shall be expended only as follows, as applicable, and in  
1 9 the following order of priority:  
1 10 a. A reasonable amount may be paid or set aside each month  
1 11 for necessary expenses of the trust, not to exceed ten dollars  
1 12 per month without court approval.  
1 13 b. From the remaining principal or income of the trust, ~~an~~  
~~1 14 amount sufficient to bring the beneficiary's available income~~  
~~1 15 up to three hundred percent of the benefit for an individual~~  
~~1 16 under the federal supplemental security income program shall~~  
~~1 17 be paid to or otherwise made available to the beneficiary on a~~  
~~1 18 monthly basis, to be counted as income or a resource in~~  
~~1 19 determining eligibility for medical assistance under chapter~~  
~~1 20 249A amounts may be paid for expenses that qualify as required~~  
~~1 21 deductions from income pursuant to 42 C.F.R. } 435.725(c) or~~  
~~1 22 435.726(c) for purposes of determining the amount by which~~  
~~1 23 medical assistance payments under chapter 249A for~~  
~~1 24 institutional services or for home and community-based~~  
~~1 25 services provided under a federal waiver will be reduced based~~  
~~1 26 on the beneficiary's income.~~  
1 27 c. If the beneficiary is an institutionalized individual  
1 28 or receiving home and community-based services provided under  
1 29 a federal waiver, the remaining principal or income of the  
1 30 trust shall be paid directly to the provider of institutional  
1 31 care or home and community-based services, on a monthly basis,  
1 32 for any cost not paid by the beneficiary from the  
~~1 33 beneficiary's available income under paragraph "b", to reduce~~  
1 34 any amount paid as medical assistance under chapter 249A.  
1 35 d. Any remaining principal or income of the trust may, at  
2 1 the trustee's discretion or as directed by the terms of the  
2 2 trust, be paid directly to providers of other medical care or  
2 3 services that would otherwise be covered by medical  
2 4 assistance, paid to the state as reimbursement for medical  
2 5 assistance paid on behalf of the beneficiary, or retained by  
2 6 the trust.

### EXPLANATION

2 7  
2 8 This bill relates to the allowable expenditures from  
2 9 medical assistance income trusts. The bill eliminates the  
2 10 limit on the amount of income that is available to individuals  
2 11 under medical assistance income trusts and special needs  
2 12 trusts while retaining their eligibility for medical  
2 13 assistance, if the individual's total monthly income is less  
2 14 than the average statewide charge for the type of care the  
2 15 individual requires. The levels of care to which the bill  
2 16 applies, including home and community-based services, are  
2 17 nursing facility care including specialized services, care  
2 18 provided through an intermediate care facility for persons  
2 19 with mental retardation, care provided through a psychiatric

2 20 medical institution for children, and care provided in a state  
2 21 mental health institute.  
2 22 Current law limits the disbursement to the individual as  
2 23 income to an amount sufficient to bring the individual's  
2 24 available income up to three hundred percent of the benefit  
2 25 for an individual under the federal supplemental security  
2 26 income program. Under the bill, the individual would have  
2 27 access to all of the individual's income for the purpose of  
2 28 allowable expenses, which are expenses that are allowed as  
2 29 deductions in determining client participation such as the  
2 30 personal needs allowance, spousal and dependent allowances,  
2 31 and unmet medical expenses. Any excess income above the  
2 32 allowable expenses would then be applied toward payment of  
2 33 providers of facility or home and community-based services,  
2 34 toward payment of other providers of medical care or services  
2 35 that would otherwise be covered by medical assistance, toward  
3 1 payment to the state for reimbursement for medical assistance  
3 2 paid on behalf of the individual, or would be retained by the  
3 3 trust.  
3 4 LSB 1238DP 82  
3 5 pf:nh/sh/8