

House BILL NO. 236

INTRODUCED BY

Franklin *Wm Ryan Bill* *Hurdle* *Matt Forbes*
Waters

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING DIRECTION TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO ADOPT RULES TO PROVIDE FOR A GREATER PERSONAL NEEDS ALLOWANCE AND TO PROVIDE FOR AN ANNUAL REVIEW OF THE PERSONAL NEEDS ALLOWANCE AND THE EFFECT OF INCREASES IN THE COST OF LIVING; AMENDING SECTION 53-6-113, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, Rule 46.12.4008(2)(b)(iii) and (4)(b), Administrative Rules of Montana, provides for a personal needs allowance of \$40 to be deducted from an individual's gross income or an institutionalized spouse's income in determining the amount of income applicable to the cost of care for Medicaid eligibility purposes; and

WHEREAS, that amount has not increased over the same period that Social Security income and Medicaid rates have increased.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 53-6-113, MCA, is amended to read:

"53-6-113. Department to adopt rules. (1) The department of social and rehabilitation services shall adopt appropriate rules necessary for the administration of the Montana medicaid program as provided for in this part and as may be required by federal laws and regulations governing state participation in medicaid under Title XIX of the federal Social Security Act (42 U.S.C. 1396, et seq.), as amended.

(2) The department shall adopt rules as are necessary to further define for the purposes of this part the services provided under 53-6-101 and to provide that services ~~utilized~~ used are medically necessary and that these services are the most efficient and ~~most effective~~ cost-effective available. The rules may establish the amount, scope, and duration of services provided under the Montana medicaid program, including the items and components constituting the services.

(3) The department shall establish by rule the rates for reimbursement of services provided under this part. The department may in its discretion set ~~such~~ rates of reimbursement as it determines necessary

1 for the purposes of the program. In establishing rates of reimbursement, the department may consider but
2 is not limited to:

3 (a) the availability of appropriated funds;

4 (b) the actual cost of services;

5 (c) the quality of services;

6 (d) the professional knowledge and skills necessary for the delivery of services; and

7 (e) the availability of services.

8 (4) The department shall specify by rule those professionals who may deliver or direct the delivery
9 of particular services.

10 (5) The department may provide by rule for payment by a recipient of a portion of the
11 reimbursements established by the department for services provided under this part.

12 (6) The department may adopt rules consistent with this part to govern eligibility for the Montana
13 medicaid program. Rules may include but are not limited to financial standards and criteria for income and
14 resources, treatment of resources, nonfinancial criteria, family responsibilities, residency, application,
15 termination, definition of terms, and confidentiality of applicant and recipient information.

16 (7) The department may adopt rules limiting eligibility based on criteria more restrictive than that
17 provided in 53-6-131 if required by Title XIX of the federal Social Security Act (42 U.S.C. 1396, et seq.),
18 as may be amended, or if funds appropriated are not sufficient to provide medical care for all eligible
19 persons.

20 (8) The department may adopt rules necessary for the administration of medicaid managed-care
21 systems. Rules to be adopted may include but are not limited to rules concerning:

22 (a) participation in managed care;

23 (b) selection and qualifications for providers of managed care; and

24 (c) standards for the provision of managed care.

25 (9) Unless prohibited by federal law, in order to determine an individual's cost of care, the
26 department shall adopt rules to provide for a monthly deduction of no less than \$50 from the individual's
27 gross income as an allowance for personal needs. The department shall adopt rules to provide for an
28 annual review of the personal needs allowance and the effect of increases in the cost of living."
29

30 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

-END-

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0236, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act directing the Department of Social and Rehabilitation Services (SRS) to adopt rules providing for a greater personal needs allowance and to provide for an annual review of the personal needs allowance and the effect of increases in the cost of living.

ASSUMPTIONS:

1. The Executive Budget present law base serves as the starting point from which to calculate any fiscal impact due to this proposed legislation.
2. The personal needs allowance will be increased from \$40 per month to \$50 per month for each person in a Medicaid nursing home bed. No cost of living adjustment above the \$50 will be made in the 1997 biennium.
3. The number of occupied Medicaid nursing home beds averaged 4,060 per month in FY94, with a projected growth of 1% annually through the end of the 1997 biennium. Therefore, the projected number of nursing home beds will be 4,142 in FY96 and 4,183 in FY97.
4. Medicaid nursing home costs are funded at the federal matching rate of 69.74% federal funds and 30.26% general fund in FY96 and 69.00% federal funds and 31.00% general fund in FY97.
5. The personal needs allowance will be increased to a minimum of \$50 per month for each adult in a developmental disabilities (DD) group home.
6. This increase will affect 127 individuals per month who are in homes that do not already provide the \$50 personal needs allowance. The net increase will be \$14,760 per year. (Not all will receive a \$10 increase in their personal needs allowance. For example, some individuals currently have \$45 allowances, and will only receive an additional \$5. The calculation of \$14,760 is the net additional funds needed for the 127 individuals who will see some change in their personal needs allowance.)
7. The increased reimbursement for the DD personal needs allowance will require 100% general fund.
8. The Department of Corrections and Human Services (DCHS) estimates that a net increase of roughly 26 individuals who are covered by Medicaid and served by either the Montana Veterans Home (MVH), the Montana Developmental Center (MDC), the Center for the Aged (CFA), the Eastmont Human Services Center (EHSC), or the Montana State Hospital (MSH) will be impacted by the increase in the personal needs allowance to \$50 per month. This will result in a loss of revenue for the department of approximately \$3,120 each year of the biennium. Any increase in the personal needs allowance above \$50 will result in additional lost revenue for DCHS.

FISCAL IMPACT:

Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Nursing Home Benefits	496,993	501,963
DD Group Home Benefits	<u>14,760</u>	<u>14,760</u>
Total Expenses	\$511,753	\$516,723

Dave Lewis 1-24-95
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

WILLIAM RYAN, PRIMARY SPONSOR DATE

Fiscal Note for HB0236, as introduced

HB 236

(continued)

Funding:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
General Fund	165,150	170,368
Federal Funds	<u>346,603</u>	<u>346,355</u>
Total Funds	511,753	516,723

Revenues:

General Fund	(3,120)	(3,120)
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Net Impact:

General Fund	(168,270)	(173,488)
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TECHNICAL NOTES:

Page 2, Section 2 (New Section), effective on passage and approval:

This would require the DCHS Reimbursement Bureau to review all people within an institution or nursing facility for Montana Medicaid Program eligibility purposes. This bill would be administratively more feasible if it were effective at the start of the new fiscal year, July 1, 1995. Re-evaluation of all people within an institution or a nursing facility is required July 1, 1995, due to new interim facility rates going into effect, with or without this bill.