



DEPARTMENT OF AUDITS AND ACCOUNTS

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January 6, 2017

Honorable Michael Rhett
State Senator
321-A Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill (LC 37 2240)

Dear Senator Rhett:

This bill would modify the state plan for medical assistance to require the department to deduct a personal needs allowance of \$70 per month when determining the amount of a recipient's income that is to be applied to payment for the costs of care in a nursing home. This amount includes the minimum amount required by federal law, which is currently \$30.00. This bill would increase the state's portion of the personal needs allowance from \$20.00 to \$40.00.

The Department of Community Health administers the Aged, Blind and Disabled Medicaid program, which handles Medicaid nursing home claims payments for non-SSI Medicaid recipients and the Department of Human Services' division of Medicaid Assistance pays the personal needs allowance for Medicaid nursing home residents who are SSI recipients.

This bill would require additional spending by the Department of Community Health (DCH) and the Department of Human Services (DHS), with the increase dependent on the number of Medicaid nursing home clients during the year. Based on a projection of 24,192 Medicaid nursing home clients for FY 2018, the bill would result in an additional \$2.2 million in state spending—approximately \$1.6 million to DCH for Medicaid non-SSI recipients and approximately \$600,000 to DHS for Medicaid SSI recipients.

Cost to the Georgia Department of Community Health

As shown in Exhibit 1, DCH would need an additional \$1.6 million in state funds for FY 2018 to cover additional nursing home claim costs resulting from the bill.

Under the state's current personal needs allowance, Medicaid nursing home residents who are not Supplemental Security Income (SSI) recipients retain \$50 from their Social Security or disability payment and the remainder is paid to the nursing home. According to DCH, it reduces the monthly nursing home claims payment by the resident's income amount less the \$50 personal allowance. The \$20 increase in the personal allowance will increase Medicaid's portion of the nursing home claim by the same amount. Under the bill, Medicaid nursing home claims payments will increase for non-SSI Medicaid recipients by slightly more than \$5 million. However, because the federal government share of Medicaid payments is more than 68%, the state portion of the increase is \$1.6 million.

Exhibit 1

DCH's Costs for Non-SSI Medicaid Recipients in Skilled Nursing Facilities, FY 2018

Number of Recipients	21,144
Projected Total Cost of Allowance Increase	\$5,074,560
Necessary Increase in State Funds (31.65%)	\$1,606,098

Cost to the Georgia Department of Human Services

As shown in **Exhibit 2**, DHS would need an additional \$576,000 in state funds for FY 2018 for SSI Medicaid recipients in nursing homes. Currently DHS provides a monthly supplement of \$20 for SSI Medicaid recipients in nursing homes. Since 2007, \$886,960 has been appropriated to DHS annually to fund monthly supplement payments. Under the bill, the monthly supplement would increase from \$20 to \$40, which would be expected to double the amount DHS will need annually to fund the payments. However, because the current appropriation has exceeded the payments made to nursing home residents, it is not necessary to double the current appropriation.

Exhibit 2

DHS Costs for SSI Medicaid Recipients in Skilled Nursing Facilities, FY 2018

Projected Number of Recipients	3,048
Projected Annual Cost at New Rate (\$40)	\$1,462,924
Current Appropriation to DHS for Allowance	\$ 886,960
Necessary Increase in State Funds	\$ 575,964

Sincerely,



Greg S. Griffin
State Auditor



Teresa A. MacCartney, Director
Office of Planning and Budget