

# SENATE BILL REPORT

## SB 5517

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As Reported By Senate Committee On:  
Ways & Means, February 28, 2007

**Title:** An act relating to increasing the personal needs allowance for persons receiving state-financed care.

**Brief Description:** Increasing the personal needs allowance for persons receiving state-financed care.

**Sponsors:** Senators Berkey, Kauffman, Haugen, Eide, Kastama, Schoesler, Shin, Hatfield, Keiser, Rasmussen, Kline and Regala.

**Brief History:**

**Committee Activity:** Ways & Means: 2/6/07, 2/28/07 [DPS, DNP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5517 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brandland, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senator Fairley.

**Staff:** Chelsea Buchanan (786-7446)

**Background:** Elderly people and people with disabilities who receive publicly-financed care in facilities operated or contracted by the Department of Social and Health Services (DSHS) are required to contribute a portion of their income toward the cost of care. For clients receiving Medicaid services, their income is generally made up of Social Security payments or Supplemental Security Income. DSHS, with a combination of state and federal funds, pays the remainder, less these client contributions.

In order to avoid leaving DSHS clients with no funds, a clothing and personal incidentals allowance, also called the personal needs allowance (PNA), is set aside for the clients' use. The remainder is then credited to the cost of care. Clients may use their personal needs allowance for whatever they like; common uses are clothing, beauty/barber, phone bills, postage, travel, snacks, etc. The state and federal government share about equally in the cost

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of the PNA, regardless of setting, depending on the current federal match rate for Medicaid programs.

There are two categories of PNAs, depending on the type of care setting in which a client resides: (1) medical/institutional and (2) community (congregate care facilities). The medical/institutional PNA is required by both federal and state law, and must be at least \$30. States have the option to provide a higher PNA. Through operating budget increases, the total PNA in Washington State for medical/institutional is currently \$53.68. Medical/institutional facilities include contracted nursing homes, the two state psychiatric hospitals, and "Intermediate Care Facilities for the Mentally Retarded"— primarily the five Residential Habilitation Centers (RHCs).

The community PNA is not required by the federal government. Washington State has elected to provide a PNA, although statute does not require it. The PNA for community settings is higher than those for medical/institutional, and is currently \$58.84/month. This level has not been increased since 1988. Community settings include contracted adult family homes, assisted living/boarded homes, adult residential care, and group homes. These facilities take clients from DSHS Long-Term Care, Developmental Disabilities Division, and the Mental Health Division.

**Summary of Bill:** The Legislature intends to establish a minimum level for the PNA, to equalize the PNA between settings, and to increase it annually to reflect federal Social Security cost of living adjustments.

PNAs are required for community settings in statute.

Effective July 1, 2007, the PNA for Medicaid clients in both medical/institutional and community settings is increased to \$68.84/month. The increase for group homes is limited to those for persons with developmental disabilities.

Effective July 1, 2008, and each fiscal year thereafter, the PNA must be increased by the Federal Social Security Administration's cost of living adjustment, unless it conflicts with the maximum PNA allowed under federal law.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Ways & Means):** Effective July 1, 2007, and each fiscal year thereafter, the PNA for Medicaid clients in both medical/institutional and community settings is increased by the percentage increase in federal social security benefits. The portion of the bill increasing all PNAs to \$68.84 per month is removed. The bill no longer equalizes PNAs between settings.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The personal needs allowance for the elderly and other people in the community is only \$59 per month and hasn't increased in years. That isn't enough. We appreciate past increases for people in nursing homes, but people have

similar needs in the community so they should have an increase, too. Fairness across the board would require equal personal needs allowances among settings.

**Persons Testifying:** PRO: Senator Berkey, prime sponsor; Louise Ryan, Long-Term Care Ombudsman.