

HOUSE BILL REPORT

HB 1772

As Passed House:
March 3, 2017

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: Representatives Appleton, Johnson, Tharinger, Jinkins, Harris, Goodman and Santos.

Brief History:

Committee Activity:

Appropriations: 2/13/17, 2/22/17 [DP].

Floor Activity:

Passed House: 3/3/17, 96-1.

Brief Summary of Bill

- Requires the personal needs allowance to be increased annually by the percentage cost-of-living adjustment for the Old-Age, Survivors, and Disability Social Security benefits.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 29 members: Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Fitzgibbon, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Nealey, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Tharinger, Vick, Volz and Wilcox.

Minority Report: Do not pass. Signed by 4 members: Representatives Chandler, Ranking Minority Member; Condotta, Haler and Taylor.

Staff: Mary Mulholland (786-7391).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Federal law requires Medicaid recipients to contribute to the cost of care. The contribution amount is determined by deducting certain amounts from a recipient's monthly income. One of the permitted deductions is the personal needs allowance (PNA), an amount of the Medicaid recipient's own income that can be kept and spent on personal items. After deducting the PNA and other allowable deductions, all remaining income goes toward the cost of care.

The PNA level in Washington varies depending on where the client lives, whether the client is single or married, and for some settings, the Department of Social and Health Services (DSHS) program from which they are receiving services (for example, the Aging and Long-Term Support Administration (ALTSA) or the Developmental Disabilities Administration (DDA)).

The table below summarizes the current PNA levels and how they are adjusted:

Setting	Current PNA Level/Month	Adjustments
Client's own home	<u>ALTSA</u> 100% Federal Poverty Level (FPL) if single (currently \$990), or; Medically Needy Income Level (currently \$735) if married <u>DDA</u> Special Income Level (currently \$2,205)	Adjusted annually on April 1 (FPL) or January 1 (Medically Needy Income Level and Special Income Level) if the federal levels have changed.
Community Residential	\$62.79	Adjusted by legislative policy decision.
Institutional and State Supplemental Payment Clients	\$57.28	Adjusted by legislative policy decision.

The PNA level for community residential settings (\$62.79) includes settings such as assisted living facilities and adult family homes. The PNA level for residential settings is used to determine the statewide standard for client contribution to room and board. The PNA level for institutions (\$57.28) includes settings such as nursing homes and Residential Habilitation Centers; this PNA level also applies to Economic Services Administration State Supplemental Payment clients.

At the federal level, Old-Age, Survivors, and Disability Insurance benefits are indexed for inflation. Inflation increases for this program are published by the Social Security Administration.

Summary of Bill:

Subject to appropriations, the PNA for Medicaid clients must be increased annually by the percentage cost-of-living adjustment for Old-Age, Survivors, and Disability Social Security benefits as published by the Social Security Administration. The PNA must in no case exceed the maximum permissible amount under the Social Security Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2017.

Staff Summary of Public Testimony:

(In support) The PNA allows clients to buy things such as shampoo, a haircut, and cards or gifts for grandchildren. It is an issue of human dignity and fairness. The increases that the Social Security Administration provides in the form of a cost-of-living adjustment is intended to go to the beneficiary to help make up for increased costs. Residents of long-term care institutions and community residential settings do not have enough money to buy the things that they need and may have to go to food banks for support. The impact to the state budget will be modest, but the investment in the state's seniors will increase. Assisted living facility residents have a PNA that is about \$2 per day. If the average daily rate for an assisted living facility is \$70 per client per day, then the federal government contributes \$35, the resident contributes \$23, and the state contributes \$12. Residents are paying a large portion of the state share to pull down federal match, and a modest increase in their PNA is justified.

(Opposed) None.

Persons Testifying: Joanna Grist, AARP–Washington; Vicki Elting, Washington Long-Term Care Ombudsman Program; and Dave Knutson, Washington Health Care Association.

Persons Signed In To Testify But Not Testifying: None.