HOUSE BILL REPORT
HB 2651

As Reported by House Committee On:
Appropriations

Title: An act relating to increasing the personal needs allowance for people in residential and institutional care settings.

Brief Description: Increasing the personal needs allowance for people in residential and institutional care settings.

Sponsors: Representatives Stanford, Johnson, Macri, Haler, Tharinger, Goodman, Caldier, Appleton, Harris, Jinkins, Barkis, Dolan, Senn, Gregerson, Wylie, Tarleton, McBride, Doglio, Eslick, Pollet, Slatter, Fey and Santos.

Brief History:
Committee Activity:
Appropriations: 1/22/18, 2/6/18 [DPS].

Brief Summary of Substitute Bill

- Establishes that the baseline monthly Personal Needs Allowance (PNA) for clients in institutional and residential settings is $70 beginning January 1, 2019.
- Beginning January 1, 2020, maintains the requirement that that the PNA for clients in institutional and residential settings be increased annually by the percentage cost-of-living adjustment for federal Social Security benefits.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 32 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Condotta, Fitzgibbon, Graves, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Schmick, Senn, Stanford, Sullivan, Taylor, Tharinger, Vick, Volz and Wilcox.

Staff: Mary Mulholland (786-7391).

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.

Background:

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 Developmental Disabilities Administration (DDA). The table below summarizes the current PNA levels in major service areas and how they are adjusted:

Setting	Current PNA Level/Month	Adjustments
Client's own home	ALTSA 100% Federal Poverty Level (FPL) if single (currently $1,005); or Medically Needy Income Level (currently $750) if married DDA Special Income Level (currently $2,250)	Adjusted annually on April 1st (FPL) or January 1st (Medically Needy Income Level and Special Income Level) if the federal levels have changed.
Community Residential	$64.05	May be adjusted by the cost-of-living adjustment for federal benefits, subject to legislative appropriation.
Institutional and State Supplemental Payment (SSP) Clients	$58.43	May be adjusted by the cost-of-living adjustment for federal benefits, subject to legislative appropriation.

The PNA level for community residential settings ($64.05) includes settings such as assisted living facilities and adult family homes. The PNA level for institutions ($58.43) includes settings such as nursing homes and Residential Habilitation Centers; this PNA level also applies to Economic Services Administration (ESA) SSP clients.

At the federal level, Old-Age, Survivors, and Disability Insurance benefits are indexed for inflation and may receive cost-of-living adjustments (COLAs). Inflation increases for this program are published by the Social Security Administration in January.

In 2017 legislation was enacted to adjust the PNA for community residential and institutional settings annually by the percentage COLA for federal benefits as published by the Social

Security Administration, subject to appropriation, in July of each year. The PNA must in no case exceed the maximum permissible amount under the Social Security Act.

Summary of Substitute Bill:

Beginning January 1, 2019, a baseline PNA of $70 per month is established for clients in community residential and institutional settings. Beginning January 1, 2020, the PNA for these settings will be adjusted by the percentage COLA for federal benefits as published by the Social Security Administration.

Substitute Bill Compared to Original Bill:

The baseline PNA for clients in community residential and institutional settings is established at $70 per month rather than $85 per month.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 8, 2018.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The PNA affects about 27,000 seniors and disabled adults in the state in settings like assisted living. These folks have very little of their own spending money for items like new socks, a pair of eyeglasses, or books. Increasing the PNA is the right thing to do. Individuals should not be deprived of small personal items.

In 2017 the Legislature enacted an annual COLA increase for the PNA. The baseline amount has not increased for about 10 years.

A new federal rule requires adult family homes to ensure that their residents have access to community integration activities. The greatest barrier to community integration is the residents' small amounts of spending money.

(Opposed) None.

Persons Testifying: Representative Stanford, prime sponsor; John Ficker, Adult Family Home Council; and Mike Tucker, AARP.

Persons Signed In To Testify But Not Testifying: None.