

Testimony
House Bill 1312 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
January 21, 2009

Chairman Weisz, members of the House Human Services Committee, I am Curtis Volesky, Director of Medicaid Eligibility for the Department of Human Services. The Department is here today to provide information, request an amendment, and identify a fiscal impact for House Bill 1312.

Minimum Monthly Maintenance Needs Allowance

The minimum monthly maintenance needs allowance, commonly referred to as “the community spouse income level,” applies to Medicaid spousal impoverishment cases. Medicaid spousal impoverishment situations occur when an individual applies for Medicaid coverage of long-term care services, and has a non-Medicaid spouse that resides in the community. The spousal impoverishment provisions allow the community spouse to keep more income to meet maintenance needs.

A community spouse is allowed to keep all of his or her own income regardless of the amount; however, if the community spouse has income below the community spouse income level (the minimum monthly maintenance needs allowance), the institutionalized spouse can give his or her excess income to the community spouse to bring the community spouse’s total income up to the community spouse income level. This transfer of income reduces the amount the institutionalized spouse pays toward his or her cost of care.

The Medicaid program stopped increasing the community spouse income level in 2003 due to budget constraints. The current community spouse income level is \$2,267 per month. An increase to the maximum community spouse income level allowed under federal statute would raise that amount to \$2,739 in 2009. This is an increase of \$472 per month, and the maximum would increase each January.

There are currently 359 spousal impoverishment cases on Medicaid. This change would affect 110 of those cases. The remaining 249 cases would not be affected because either the couple's total income is below the current community spouse income level of \$2,267, or the community spouse currently has income above \$2,739.

Amendment

Section 2 of House Bill 1312 makes this change effective on the first day of the month following its filing with the Secretary of State. The proposed amendment would make the change effective on the first day of the second month following filing. Eligibility determinations for all currently open Medicaid cases are budgeted by month and are budgeted prospectively, one month in advance. For instance, on April 1 eligibility workers begin budgeting cases for the month of May. If the bill were filed in March and became effective April 1, eligibility for April would have to be recalculated before the bill took effect on April 1. To process eligibility determinations allowing the higher income level, minor computer system updates would be needed and eligibility workers need to be informed. The additional time added by the amendment would allow for the Department to put these changes into place and would accommodate the prospective budgeting.

Fiscal Impact

The increase in the amount of income that can be given to the community spouse reduces the amount the institutionalized spouse pays, which in turn increases the amount Medicaid must pay. This change is anticipated to increase costs to the Medicaid program by \$1,879,188 (\$1,184,264 federal funds / \$694,924 general funds) for the 2009 – 2011 biennium. The emergency clause on the bill would require Medicaid to implement the change earlier at an average cost of \$41,542 per month for each month prior to July. The fiscal note that was prepared estimates an effective date of May 1, 2009, for a total fiscal impact of \$83,084.

I would be happy to address any questions that you may have.