

SUBJECT: Increasing personal allowance for Medicaid recipients in nursing homes

COMMITTEE: Human Services — committee substitute recommended

VOTE: 5 ayes — Naishtat, Chavez, Ehrhardt, Noriega, Villarreal

2 nays — J. Davis, Wohlgemuth

2 absent — Raymond, Telford

WITNESSES: For — Carlos Higgins and John Holtermann, Texas Silver Haired Legislature; *Registered but did not testify*: Teresa Aguirre, Texas Association of Homes and Services for the Aging; Bruce Bower, Texas Senior Advocacy Coalition; Alison Dieter, Texas Gray Panthers; Tim Graves, Texas Health Care Association; Leslie Hernandez, National Association of Social Workers; Susan Jones, Texas Hospital Association; Susan Marshall, The Arc of Texas

Against — None

BACKGROUND: Medicaid is the state-federal health-benefit program for low-income, elderly, and disabled people. Medicaid benefits include institutional long-term care services, such as those provided to residents of nursing homes, personal care facilities, and intermediate care facilities for the mentally retarded (ICF/MR).

Poor and low-income elderly recipients of Medicaid who live in nursing homes may have income up to 223 percent of poverty (about \$1,500 per month) but may keep only \$45 of that income as a “personal needs” allowance. This allowance is used to pay for toiletries, clothing, and other incidental items, such as newspaper subscriptions. The rest of their income must be applied to the cost of nursing-home care to reduce Medicaid costs. Some Medicaid residents receive income from Supplemental Security Income (SSI), the federal cash assistance program for low-income people with disabilities, or through pensions.

Human Resources Code, sec. 32.024(v) authorizes the Texas Department of Human Services (DHS) to increase the personal needs allowance above the

minimum of \$30, subject to the availability of funds.

DIGEST: CSHB 154 would require DHS to set a personal needs allowance of at least \$60 per month.

This bill would take effect September 1, 2001.

SUPPORTERS SAY: CSHB 154 would increase the minimum Medicaid allowance to a modest \$60 to help nursing-home residents take better care of their personal needs. In 1999, the 76th Legislature authorized DHS to increase the personal needs allowance, subject to the availability of funds, and the agency now allows residents to keep \$45 of their Social Security and retirement income. As a comparison, war veterans in institutions can keep \$90 of their income.

Many residents of nursing homes and other institutions have no family to help pay for the small items that contribute to a sense of health and well-being, or their families are too poor themselves to help much. Personal needs allowances are used for clothing, such as slippers and socks, soap, deodorant, other personal-care items, hair-care expenses, and small gifts for friends.

Providing a decent quality of life for institutionalized, low-income elderly and disabled people should be a state priority, not a local or private one. Churches and other charity groups are beginning to feel financial strains. Some communities do not have a church or charity group that is wealthy enough to take on the additional service of providing for residents of long-term care facilities. Also, some residents may live in nursing homes that are different communities than the ones they were a part of. Because they may not have strong ties to local churches or groups, these residents are less likely to receive the help they need.

OPPONENTS SAY: According to the bill's fiscal note, CSHB 154 would cost the state more than \$14 million per year in general revenue by diverting income that normally would go toward defraying the state's Medicaid costs. Given that Medicaid costs are projected to continue to rise for the foreseeable future, the state should be cautious about raising benefits at this time.

An alternative to state funding could be to request donations of personal-care items and financial assistance from charity groups and churches. Such a measure also would increase community awareness of the plight of the institutional residents. Also, the presence of volunteers could provide additional oversight for the operations of these facilities.

OTHER
OPPONENTS
SAY:

CSHB 154 would legislate what DHS could implement by rule. Residents now receive a personal needs allowance above the minimum, and if funds are available, the allowance can be raised without legislation.

NOTES:

The fiscal note estimates a cost of \$14.4 million in fiscal 2002-03 and a similar cost in the following biennium. Article 11 of the House-approved version of SB 1 by Ellis, the general appropriations bill for fiscal 2002-03, includes a contingency rider for this purpose.

HB 154 as filed would have raised the minimum personal needs allowance to \$75 and would have authorized DHS to send the personal needs allowance directly to a nursing-home resident who received Supplemental Security Income (SSI).

A similar bill, HB 986 by Chavez, was considered in a public hearing by the House Human Services Committee on February 12 and left pending.