



**TESTIMONY BEFORE THE
SENATE FINANCE COMMITTEE**

February 28, 2020

Senate Bill 863: Maryland Medical Assistance Program - Long-Term Care Services and Supports -
Personal Needs Allowance

POSITION: Oppose

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to express our opposition for Senate Bill 863. HFAM represents over 170 skilled nursing centers and assisted living communities in Maryland, as well as nearly 80 associate businesses that offer products and services to healthcare providers. Our members provide the majority of post-acute and long-term care to Marylanders in need, including more than four million Medicaid days of care and one million Medicare days of care annually.

Senate Bill 863 would require the Maryland Department of Health (MDH) to establish a personal needs allowance of no less than \$450 per month or \$5,400 per year for a recipient of long-term care services and supports under Medicaid. This would be an enormous increase from the current personal needs allowance of \$82 per month.

The personal needs allowance (PNA) is the monthly sum that Medicaid recipients retain from their personal income. Necessities such as housekeeping, room and board, meals, and activities are all included in the cost of care. The PNA allows residents to spend on additional personal items that are not included in the cost of care, such as salon services, snacks for themselves and visitors, reading materials, grooming products, and other incidentals that are not provided by the facility in the cost of care. The PNA an important compliment to services provided at a center and can help residents maintain independence and a high quality of life.

While this bill is well-intentioned to protect Marylanders in need who rely on Medicaid to receive quality care, it is important to note that approximately 80 percent of reimbursement for care provided in skilled nursing and rehabilitation centers is set by non-negotiable Medicaid and Medicare rates.

Medicaid rates for skilled nursing and rehabilitation centers have incrementally increased; however, they remain underfunded. For this reason, it is critical that Medicaid rates for quality care provided in skilled nursing and rehabilitation centers cannot be reduced to pay for a PNA increase. In order for healthcare delivery to be most effective across all settings, rates to underwrite access to quality care must be protected.

For these reasons, we oppose Senate Bill 863 and request an unfavorable report from the Committee.

Submitted by:

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