

## **HFAM\_UNF\_SB863**

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**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:*

Joseph DeMattos, Jr.  
President and CEO  
(410) 290-5132

### **3\_FIN\_SB0863\_UNF\_MD Dept of Health**

Uploaded by: Boyer, Andrew

Position: INFO



## DEPARTMENT OF HEALTH

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary*

February 28, 2020

The Honorable Delores G. Kelley, Chair  
Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, MD 21401-1991

### **RE: SB 863 – Maryland Medical Assistance Program – Long-Term Care Services and Supports – Personal Needs Allowance - Letter of Opposition**

Dear Chair Kelley and Committee Members:

The Department of Health (Department) respectfully submits this letter of opposition regarding SB 863 – Maryland Medical Assistance Program – Long-Term Care Services and Supports – Personal Needs Allowance and requests the Committee return the bill unfavorably. Not only does the bill have a substantial fiscal impact (\$60.9 million annually), there are also unintended consequences, including the potential loss of coverage for some of Medicaid’s most vulnerable adults.

SB 863 requires the Department to establish a Personal Needs Allowance (PNA) of not less than \$450 per month or \$5,400 per year when determining the available income of a Medicaid recipient who is aged, blind, or disabled (ABD). The bill will be effective October 1, 2020. The current PNA for Medical Assistance Long Term Care is \$82 per month. Raising the PNA to \$450 for 15,180 participants will increase the cost of providing services to the Department by as much as \$60.9 million TF (\$30.45 million FF, \$30.45 million GF) annually.

PNA is a post-eligibility deduction and is not considered when determining a person’s financial eligibility for Medicaid. However, any unspent PNA can be carried over to the next month (resulting in an accrual of available resources), which will be taken into consideration when determining eligibility and could lead to the loss of coverage.

Additional general fund expenditures may be required because the Developmental Disabilities Administration, which was not factored into the above \$60.9 million fiscal impact. Increasing the PNA will reduce the income an individual has available to make payments towards their cost of care. Many individuals receiving DDA services from Medicaid or the developmental disabilities waiver receive federal Supplemental Security Income (SSI), at the current amount of \$783 per month. The personal needs allowance is subtracted from the monthly SSI payment, with the balance applied to the cost of care. If the cost of care exceeds the balance and participants are not able to pay the remainder, DDA general fund expenditures must increase to reimburse providers by that additional amount. Under SB 836, there would be \$333/month remaining to be applied to the cost of care. Currently, Maryland residential service providers can charge \$375/month in room and board, resulting in a difference of \$42/month that MDH would be responsible for

paying. This rate has been in place for over twenty years and will likely increase under the statutory rate increases for DDA providers, which will increase the Department's expenditures.

I hope this information is useful. If you have questions or need more information about this subject, please contact Webster Ye, Director of Governmental Affairs, at (410) 260-3190 or [webster.ye@maryland.gov](mailto:webster.ye@maryland.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert R. Neall", with a long horizontal flourish extending to the right.

Robert R. Neall  
Secretary