

Fiscal Note – 2011-12 Session

Bill #: S0726-0 **Complete Date:** 03/18/11

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Title: ASSET LIMIT MODIFICATION

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY11	FY12	FY13	FY14	FY15
Expenditures					
General Fund		52	43	43	43
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		52	43	43	43
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		52	43	43	43
Total Cost <Savings> to the State		52	43	43	43

	FY11	FY12	FY13	FY14	FY15
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

Section 1.

This section would create new income and asset disregards for certain MA-EPD enrollees transitioning to standard MA at age 65. The asset disregard would allow enrollees who have been enrolled in MA-EPD during each of the 24 consecutive months prior to reaching age 65 to retain assets, within the current MA-EPD asset limit (\$20,000) and disregard spousal assets, retirement accounts, medical expense accounts set up through the employer, and all assets excluded under standard MA [256B.056]), when determining eligibility for standard Medical Assistance at age 65. The income of a spouse would also be disregarded when determining eligibility for standard MA when a person reaches age 65, if the person has been enrolled in each of the 24 consecutive months prior to reaching age 65. The asset disregard and spousal income disregard does not apply at the time the enrollee or the enrollee's spouse requests medical assistance payment for long-term care services.

Section 2.

This section eliminates the upper and lower age limit for MA-EPD eligibility (currently age 65 and 16). As written, it would allow individuals who met the eligibility, employment, income and asset criteria specified in 256B.057, subd.9, to become and remain enrolled at any age. **NOTE: Section 2 is not included in this fiscal analysis.**

Section 3.

This section makes an in-blank general fund appropriation for FY12 to pay for the cost of this proposal.

The bill does not specify an effective date.

Assumptions

Section 1

- People who have been on MA-EPD for 24 months prior to their 65th birthday retain the higher MA-EPD asset limit when determining eligibility for Medical Assistance.
- We expect this change to affect 30 recipients each year that will be permitted to retain additional assets.
- In the absence of this change, we assume that half of the additional asset value would be spent on the cost of care and the other half for other purposes. The projected annual cost of this change is 30 persons time \$2,850.
- An effective date of January 1, 2012 is assumed; only six months is included in the calculated fiscal impact for FY 12.

The systems edits are for eligibility changes for those going off MA-EPD. MAXIS system changes would take approximately six months to eight months to complete. (The earliest these changes could be implemented is January 1, 2012). There are no MMIS costs related to this proposal.

Section 2

We assume the language striking the age limitations for MA-EPD was not intended, since if the age limitations are eliminated there is no need for the exception in Section 1. **NOTE: This fiscal note does not include any fiscal analysis of section 2.**

Section 3

We assume the proposal is making a permanent change to MA-EPD eligibility, and that the proposal has ongoing fiscal impacts past FY2012.

Please note that the cumulative effect of all changes resulting from the legislative session may affect when this change may actually be completed. The Department will evaluate system changes and implementation dates for the omnibus package.

Expenditure and/or Revenue Formula

FY 2012

FY 2013

FY 2014

FY 2015

Recipients	15	30	30	30
Average Annual Cost	\$2,850	\$2,850	\$2,850	\$2,850
Total MA Cost	42,750	85,500	85,500	85,500
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	21,375	42,750	42,750	42,750
State share	21,375	42,750	42,750	42,750

Systems Costs

MAXIS	<u>FY 12</u>
Policy Change	\$46,395
Client Conversion	\$14,790
Total	\$61,185
FFP State Share (50%)	\$30,592

The costs include both policy changes and client conversion.

Summary of State Costs	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
33 ED MA Basic E & D	21,375	42,750	42,750	42,750
11 MAXIS	<u>30,592</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Costs	51,967	42,750	42,750	42,750
Total Costs (in thousands)	\$52	\$43	\$43	\$43

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

MMIS
DHS Reports and Forecasts
MAXIS Systems analysis

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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

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