

OFFICE OF FISCAL ANALYSIS

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sSB-264

AN ACT CONCERNING A QUALIFIED DEDUCTION FROM
MEDICAID APPLIED INCOME FOR CONSERVATOR COSTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Social Services, Dept.	GF - Cost	1,175,000	675,000
Social Services, Dept.	GF - Revenue Gain	375,000	
Probate Court	PCAF - Savings	900,000	1,125,000

Note: GF=General Fund; PCAF=Probate Court Administration Fund

Municipal Impact: None

Explanation

The bill results in the impact described below due to requiring the state to deduct certain conservatorship expenses when calculating the amount of income an institutionalized Medicaid enrollee must contribute towards his or her care, to the extent allowed under federal law.

The bill results in increased state Medicaid costs of approximately \$675,000 in FY 23 and \$1,350,000 in FY 24 (\$675,000 in FY 24 after a transfer from the Probate Court Administration Fund) by requiring the Department of Social Services (DSS) to deduct certain conservator expenses when calculating a Medicaid-eligible nursing home resident's applied income. This assumes a start date of January 1, 2023. In addition, DSS will incur one-time Other Expenses costs of approximately \$500,000 in FY 23 to enhance the state's eligibility system in order to implement the applied income deductions specified in the bill. The system enhancement costs are anticipated to result in a federal grants revenue

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gain of \$375,000, which reflects federal reimbursement for such costs under Medicaid.

These provisions also result in a net savings to the Probate Court Administration Fund (PCAF) of \$900,000 in FY 23 and \$1,125,000 in FY 24 associated with requiring the Probate Court to transfer funds to DSS equal to one-half the amount deducted for conservator expenses in the prior fiscal year, beginning in FY 23. In FY 21, the Probate Court supported conservator expenses for approximately 2,500 Medicaid individuals in long-term care.

The estimated impact to the PCAF and DSS is detailed in the tables below.

Probate Court PCAF \$			
	FY 23	FY 24	FY 25
Reduction in Conservator Reimbursement/Fee Waivers	900,000	1,800,000	1,800,000
Transfer to DSS		(675,000)	(1,350,000)
Net Impact to PCAF	900,000	1,125,000	450,000
DSS Medicaid \$			
	FY 23	FY 24	FY 25
Gross Cost	1,350,000	2,700,000	2,700,000
State Share	675,000	1,350,000	1,350,000
Transfer from Probate	-	675,000	1,350,000
Net Impact to DSS	675,000	675,000	-
DSS Other Expense/Federal Grants \$			
	FY 23	FY 24	FY 25
Impact System Enhancements	500,000	-	-
Federal Grants Rev	375,000	-	-
Net Impact to State	125,000	-	-

The actual cost to DSS will depend on (1) the amount of the conservator expenses (including conservator compensation), Probate Court filing fees/expenses, and premiums for any Probate Court bonds counted as a deduction from a beneficiary's income, and (2) the commensurate shift to the state for Medicaid costs which would have

been paid by the beneficiary.

The bill will also result in a cost to the state Medicaid program to the extent the penalty period that would have been imposed on an individual, making them temporarily ineligible for Medicaid long term care services, is either reduced or eliminated. The cost to the state Medicaid program will depend on the reduction or elimination of the penalty period which would have been imposed on the individual and the scope of services that otherwise would not be eligible for Medicaid coverage.

The Out Years

The annualized ongoing fiscal impact is detailed in the table above.