

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 3, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Medical Costs (3243 Medicaid) (Expense)		\$1,567,790	\$3,163,977	\$6,327,954
Total	0	\$1,567,790	\$3,163,977	\$6,327,954

Explanation

(Use Additional Sheets of Attachments, if required)

The Division of Health Care Financing and Policy (DHCFP) has reviewed this BDR and determined that it will have a fiscal impact on the Division.

Section 1 requires that the State Plan for Medicaid be amended to adjust the personal needs allowance described in 42 U.S.C. § 1396a(q) for each institutionalized person who resides in a skilled nursing facility. This bill would increase the personal needs allowance from \$35 to \$149 for affected recipients. The personal needs allowance impacts the patient liability the recipient pays towards their nursing facility stay. If the personal needs allowance increases, patient liability decreases; in turn, this increases the remaining portion of the cost covered by Nevada Medicaid. The Division assumed an increase of \$114 per patient, per month as a result of this BDR.

The estimated total computable impact for this BDR for the upcoming biennium is \$4,731,767, including \$944,762 of state general funds and \$863,074 in county funds.

Name Kimberly Adams

Title Management Analyst IV

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Thursday, February 02, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

Fiscal Impact Analysis

Division of Health Care Financing and Policy
Increase in Personal Needs Allowance
Analysis Summary

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$1,567,790	\$975,792	\$309,374	\$282,624
FY25	\$3,163,977	\$1,948,139	\$635,388	\$580,450
Total	\$4,731,767	\$2,923,931	\$944,762	\$863,074

Description of Budget Concept

Increase the monthly Personal Needs Allowance allotted to Medicaid patients living in Nursing Facilities from \$35 to \$149.

Methodology

- 1) Fee-For-Service (FFS) utilization was captured by running a report out of the Medicaid Management Information System (MMIS) using the following parameters for this provider type/service: SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, Provider Type 19 services under an institutional aid code. Services provided under a Managed Care Organization (MCO) would not be impacted. All FFS recipients with an institutional aid code will be impacted by this policy change. The personal needs allowance impacts the patient liability a member must pay monthly towards their nursing facility stay. As the personal needs allowance increases, patient liability decreases; this results in an increase to Medicaid spending to cover the difference. The number of patients were pulled at a monthly level to determine the number of payments per month. The number of payments per month was multiplied by \$114.00 (the change in policy amount) to calculate the total estimated fiscal impact.
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients.
- 3) Patient months were captured from the MMIS system for State Fiscal Year 2022.
- 4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 5) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).