



February 17, 2005

House Bill 24 by Thompson:
Personal needs Allowance for Nursing Home Residents

Only 1 in 9 Texans overall is on Medicaid, yet 7 of 10 Texans in a nursing home is on Medicaid (the same is true on average across the U.S.). Clearly, Texas' Nursing Home programs serve many middle-income Texans.

The 78th Legislature reduced the personal needs allowance of Medicaid nursing home residents from \$60 to \$45.

The personal needs allowance (PNA) is the monthly amount that Medicaid nursing home residents get to keep from their SSI, Social Security or other pension income; the rest of their income goes to the nursing facility, with Medicaid making up the rest of the nursing home payment.

This PNA is must cover all of the client's needed personal hygiene products (including adult diapers beyond the number allotted by the home per day), clothing, and any other needs or wants. To illustrate, nursing home residents will have save this allowance in order to buy a pair of glasses or a hearing aid, unless the Legislature restores those benefits.

Because the "savings" to the Medicaid program from retaining an additional \$15 dollars per month from each nursing home resident were shared by the state and federal budgets, elimination of \$25.1 million in personal needs allowances was projected in the HB 2292 fiscal note in 2003 to yield the state a \$13 million GR spending reduction.

One problem with Texas' historical approach to the PNA has been the failure to take the logical step of indexing the amount to avoid a loss of buying power due to inflation.

Legislation enacted in 1973 provides for automatic cost-of-living adjustments, or COLAs, which prevent inflation from eroding Social Security and Supplemental Security Income (SSI) benefits. The latest COLA is 2.7 percent for Social Security benefits and SSI payments. Social Security benefits increased by 2.7 percent beginning with the December 2004 benefits, payable in January 2005, and Federal SSI payment levels increased by 2.7 percent effective for payments made for January 2005.

Increasing the PNA above its 2003 levels would help "catch up" the PNA for erosion in buying power that has occurred due to the lack of an inflator.

CPPP supports HB 24 by Thompson.

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