

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3035

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 3, 2022

SUMMARY

- Synopsis:** Increases personal needs allowance to \$100 for low-income persons residing in certain facilities.
- Type of Impact:** Annual increase in State expenditures; potential increase in county costs.
- Agencies Affected:** Department of Human Services, county-operated psychiatric hospitals.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$17.2 million to \$17.4 million
Local Cost Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that annual State expenditures would increase anywhere from \$17.2 million to \$17.4 million in order to increase by \$50 the monthly personal needs allowance (PNA) provided for residents of nursing homes, State and county psychiatric hospitals, and State developmental centers who receive Medicaid or Supplemental Security Income public assistance benefits.
- County governments, moreover, are required under current law to reimburse the Department of Human Services (DHS) for the cost of care provided to certain county residents who receive care in State psychiatric hospitals or who reside in State developmental centers. To the extent that the department passes on a portion of the costs associated with the increased PNA, county governments may face higher costs under the bill.

BILL DESCRIPTION

This bill would double the monthly PNA to \$100 for residents of nursing homes, State and county psychiatric hospitals, and State developmental centers who receive Medicaid or Supplemental Security Income (SSI) benefits. Currently, the State provides a \$50 monthly PNA

for residents who receive Medicaid or SSI benefits. The PNA is intended for residents to spend on discretionary expenses, such as telephone expenses, a meal out with friends, cards to send to family, reading materials, or hobbies.

For Medicaid recipients, the PNA is the monthly sum of money that residents may retain from their personal income. Any income above the allowance is applied toward the cost of their care.

Residents of nursing homes, State and county psychiatric hospitals, and State developmental centers who receive SSI public assistance, a federal income supplement program designed to help aged, blind, and disabled people with little to no income, currently receive a \$50 monthly allowance. Of this amount, 60 percent, or \$30 per month, is contributed by the federal government, while 40 percent, or \$20 per month, is provided by the State.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that annual State expenditures would increase anywhere from \$17.2 million to \$17.4 million in order to double the monthly PNA provided for residents of nursing homes, State and county psychiatric hospitals, and State developmental centers who receive Medicaid or SSI public assistance benefits. Pursuant to the bill, the State would increase the PNA for these residents from the current \$50 per month to \$100 per month. In preparing this fiscal estimate, the OLS assumes that nearly all SSI beneficiaries would be enrolled in the Medicaid program, since annual income and resource limits for the SSI program, which are established at the federal level, are lower than those under the State Medicaid program.

Based upon Medicaid enrollment data and patient census data for the State psychiatric hospitals that are available on the DHS website, and patient census data for the county psychiatric hospitals and for the State developmental centers displayed in the Governor's FY 2023 Budget, the OLS estimates that between 28,640 and 28,928 Medicaid enrollees would receive the higher monthly PNA provided under the bill. The low end of the fiscal estimate is based on an assumption that 50 percent of patients in the State's psychiatric hospitals are enrolled in the Medicaid program. The high end of the estimate is based on the assumption that 75 percent of patients in the State psychiatric hospitals are enrolled in the Medicaid program.

Of the \$50 monthly PNA currently provided for SSI recipients who reside in nursing homes, State or county psychiatric hospitals, and State developmental centers, the State contributes \$20 while the federal government provides \$30. The OLS assumes that, of the enhanced monthly PNA established pursuant to the bill, the federal government will continue to contribute \$30 per month, while the State will provide \$70 per month.

Pursuant to statute, county governments provide funding to the DHS for the cost of care provided to certain county residents who receive care in State psychiatric hospitals or who reside in State developmental centers. To the extent that the department passes on a portion of the costs associated with the increased PNA, county governments may face higher costs under the bill.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).