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Adjustment to LTC Medicaid's Personal Needs  
Allowance

# What We Will Cover



What the personal needs allowance (PNA) is



When the PNA applies



Where the PNA number comes from



What needs to happen to adjust the PNA number



What the proposed adjustment means in dollars



Timing the adjustment and impact on fiscal years 2020 and 2021



Implementation Steps

What the  
personal  
needs  
allowance  
(PNA) is

**PNA is:**

- for individuals on long-term care (LTC)  
Medicaid in a nursing home
- the amount that the individual gets to keep of  
their monthly income to cover their personal  
needs

## When the PNA applies - LTC Medicaid's post-eligibility treatment of income

- After an individual is found eligible for LTC Medicaid, the State must determine how much that individual must contribute from their monthly income towards the cost of their care. The balance of their cost of care is then paid by Medicaid.
  - In VT, the income contribution from the individual is called the “patient share”
- In determining the amount of an individual's patient share, certain deductions from the individual's income are allowed. What can be deducted from the income for the individual's needs depends on where the individual is receiving their LTC services.
  - If in a nursing facility, the deduction is the PNA (currently \$47.66/month)
    - NOTE: Other deductions from income may also be available (for example, if the individual has a spouse (or certain family members) in the home)
  - If in a home or community-based setting, the deduction is the “community maintenance allowance” (currently \$1,158.00/month)
    - The amount of this deduction is higher than the PNA because an individual living in a home or community setting has greater personal needs. Unlike an individual in a nursing facility whose room and board is covered by Medicaid, individuals in the community need funds to pay for food, shelter, clothing and other personal need costs.

Where the  
PNA  
number  
comes  
from

- The PNA number (\$47.66) comes from 2 sources:
  - Federal: \$30/month
    - The Social Security Act
  - State: \$17.66/month
    - The State's SSI supplemental program called "Aid to the Aged, Blind and Disabled" (AABD)
- Because the PNA number is tied to the State's AABD program, the following is a brief summary of the AABD program

# The AABD program

- The AABD program is administered by the DCF
- The program supplements the income of individuals on the SSA's Supplemental Security Income (SSI) program
  - SSI is a cash assistance program for low-income aged, blind and disabled individuals to assist with the cost of their food and shelter
- The AABD program provides monthly state-funded supplements to help these individuals meet needs not fully covered by federal SSI payments
- The amount of the AABD supplement depends on where the individual lives
- There are 7 living arrangements under the AABD program and the AABD supplement that the PNA is tied to is the one for individuals living in a nursing facility (referred to in the AABD program as "long-term care")

# What needs to happen to adjust the PNA number

- It's not a “stand-alone” adjustment
- The amount of the PNA needs to align with the amount of the AABD supplement for long-term care
  - An SSI recipient on LTC Medicaid in a nursing home receives \$47.66 (\$30.00 from SSI; \$17.66 from the AABD supplement)
  - That amount then serves as the PNA for both the SSI recipient and the non-SSI recipient
  - It allows both the SSI recipient and the non-SSI recipient to have the same PNA
    - For the SSI recipient, it is the actual income they receive from SSI and AABD
    - For the non-SSI recipient, it is the amount they get to keep of their own income before their patient share obligation is determined

# What an adjustment means

- Currently there are 1671 individuals on LTC Medicaid in a nursing home setting
  - 90 are SSI recipients
  - 1,581 are non-SSI recipients
- For SSI recipients, the adjustment means an increase to the amount the DCF pays in AABD supplements for long-term care.
- For non-SSI recipients, the adjustment means an increase in the amount of income the individual can keep. This, in turn, means the individual will contribute a lower amount to the cost of their care which means a higher amount being contributed by Medicaid.



# Bill Impact – 1<sup>st</sup> year

- Increase the benefit by \$25:
  - SSI recipients – increase in the AABD supplement paid by the DCF
    - 90 individuals x \$25.00 x 12 months = \$27,000/yr
  - Non-SSI recipients – increase in the payment to the facility by the DVHA (Medicaid)
    - 1581 individuals x \$25.00 x 12 months = \$474,300/yr
- The new PNA = \$72.66/month  
( $\$30.00 + \$42.66 = \$72.66$ )

# Bill Impact – 2<sup>nd</sup> year

- Increase the benefit by aligning with the annual COLA increase (2.8% in 2019)\*
  - SSI recipients – increase in the AABD supplement paid by the DCF
    - 90 individuals x \$1.19 x 12 months = \$1,285.20/yr
  - Non-SSI recipients – increase in the payment to the facility by the DVHA (Medicaid)
    - 1581 individuals x \$1.19 x 12 months = \$22,576.68/yr
- The PNA after the COLA increase = \$73.85/month  
( $\$30.00 + \$42.66 + \$1.19 = \$73.85$ )

\*In this example, the adjustment would be \$1.19 (2.8% of \$42.66 = \$1.19)

## Bill Impact – Timing and Budget

- Federal law only allows for AABD supplements to be adjusted once a year at the start of a calendar year
  - AABD determinations are made in October
- Fiscal year impact SFY2020 and SFY2021:

	FY2020 (6 months)	FY2021 (12 months)
Long-term Care (SSI)(AABD)		
\$25 Increase	\$13,500	\$27,000
COLA Increase	--	\$1,286
Long-term Care (non-SSI)(Medicaid)		
\$25 Increase	\$237,150	\$474,300
COLA Increase	--	\$22,576
<b>Total per fiscal year</b>	<b>\$250,650</b>	<b>\$525,162</b>
<b>Total General Fund per FY*</b>	<b>\$122,897</b>	<b>\$257,495</b>
*Medicaid portion subject to 53.87% federal match rate		

## Bill Impact – Implementation Steps

Once budget is in place:

- Submission to the SSA to update AABD supplement for long-term care (annual)
- IT update in legacy system (ACCESS) to align with COLA adjustment (annual)
- Amendment to PNA in Medicaid State Plan to align with first AABD supplement submission (one time)