

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7002**

**BILL NUMBER: HB 1632**

**NOTE PREPARED:** Feb 17, 2003

**BILL AMENDED:**

**SUBJECT:** Premiums for Medicaid Buy-In Program.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:** Sen. C. Lawson

**BILL STATUS:** As Passed - House

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

X

**Summary of Legislation:** This bill specifies that the Office of Medicaid Policy and Planning's calculation of an individual's personal needs allowance includes income in addition to federal Supplemental Security Income (SSI).

The bill also requires the Office to adjust, at additional times to the annual review, the premium for working disabled persons to participate in the Medicaid Buy-in program. The bill also requires the Office to adjust the premium upon verification of a change in the person's income or family size.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Personal Needs Allowance (PNA) Calculation:* Current statute provides for paying to institutionalized SSI recipients the difference between the statutory PNA amount of \$52 and the individual's SSI income. This bill would require considering all income, in addition to SSI income, in this calculation. This should result in reduced state expenditures. Based on an average of 2,369 institutionalized SSI recipients from July through November of 2002, a 3% growth rate, and average monthly payments of \$50,473 (an average of \$21.31 per person per month), the maximum reduction in Medicaid expenditures is estimated to be about \$643,000 per year. To the extent that the average additional income for institutionalized individuals amounts to less than \$21.31, the expenditure reduction would be less.

*Premium for Medicaid Buy-In (MED Works) Program:* Under current statute, OMPP is to annually review the premium a participant is required to pay to participate in the MED Works program. The premium may be decreased anytime OMPP is notified of a change in circumstances. However, OMPP may only increase the premium after the annual review. The bill allows for additional reviews and adjustments during the year if there is a change in the participant's income or family size. The program is new enough that there is insufficient historical income data on which to base an estimate of the number of individuals who receive increases in income sufficient to require an increase in premium.

*Background Information on MED Works:* The MED Works program allows persons with disabilities to retain

eligibility for Medicaid even if they obtain employment or their employment income increases over the “substantial gainful activity” limit of \$780 per month. Individuals must be between 16 and 64 years of age and meet income and resource requirements. Covered services and copayments are the same as for the regular Medicaid program.

By the end of CY 2002, MED Works had an enrollment of 3,318 individuals, of which 923 were required to pay a premium. Monthly premiums range from \$48 to \$187 for a single person and from \$65 to \$254 for a married person based on income. There is no premium required for an income below 150% of the federal poverty level.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning.

**Local Agencies Affected:**

**Information Sources:** Amy Kruzan, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149.

**Fiscal Analyst:** Alan Gossard, 317-233-3546