

PRELIMINARY FISCAL NOTE

Appropriations Committee Meeting

April 3, 2014



OFFICE OF FISCAL ANALYSIS

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1. sHB 5324 - An Act Increasing the Minimum Amount of Assets that may be Retained by the Spouse of an Institutionalized Person

The bill will result in a cost to the Department of Social Services (DSS) associated with increasing the minimum assets that a community spouse can hold from \$23,448 to \$50,000. Currently, a community spouse has access to half of the couple's assets as determined by DSS, with a minimum of \$23,448 and a maximum of \$117,240.

For example, if a couple's total counted assets equal \$45,000, the community spouse would now keep all \$45,000 under the terms of the bill, instead of \$23,448, reducing the amount available for the institutionalized spouse. The assets of the institutionalized spouse are intended to be used to pay for the cost of their care, with certain exceptions. It is not known what portion of the institutional spouse's assets are used to cover the cost of their care prior to Medicaid eligibility. However, by reducing the amount available to the institutional spouse, it is likely that they would achieve Medicaid eligibility sooner.

As disposition of a couple's assets prior to Medicaid eligibility is not known, the pace of the accelerated eligibility cannot be known. Based on historical data, there are approximately 150 married Medicaid long-term care enrollees per month (1,800 annually). An unknown subset of these with assets between \$23,448 and \$100,000 (double the new community spouse minimum) would be affected by the bill.

Medicaid nursing home care costs approximately \$6,000 per month. Therefore, for example, a month of accelerated eligibility for 40 clients per month would result in an annualized increased Medicaid cost of \$2,880,000. The actual cost will depend on the number of couples affected by the bill and on the disposition of the couples' assets prior to Medicaid eligibility. The bill requires the Department of Social Services to report to the legislature by July 1, 2015 on the number of community spouses who were able to keep additional assets as a result of the increase, and the resulting cost to the state.