

- SUBJECT:** Personal needs allowances for Medicaid recipients
- COMMITTEE:** Human Services — favorable, without amendment
- VOTE:** 9 ayes — Naishtat, Maxey, Chavez, Christian, J. Davis, Noriega, Telford, Truitt, Wohlgemuth
- 0 nays
- WITNESSES:** For — Win Frankel, John Holtermann, and Bob McCracken, Texas Silver-Haired Legislature
- Against — None
- On — Dee Church, Texas Department of Human Services
- BACKGROUND:** Medicaid is the state/federal health benefit program for low-income, elderly and disabled individuals. Among the health benefits provided through Medicaid are institutional long-term care services, such as those provided to residents of nursing homes, personal care facilities, and intermediate care facilities for the mentally retarded (ICF/MR).
- Poor and low-income elderly who are Medicaid residents of nursing homes may have income up to 223 percent of poverty (\$1,500 per month) but may keep only \$30 of that income as a “personal needs allowance.” The rest of their income must be applied to the cost of nursing-home care to reduce Medicaid costs. Some Medicaid residents receive income from Supplemental Security Income (SSI), the federal cash assistance program for low-income individuals with disabilities, or through pensions.
- Medicaid waiver programs for long-term care provide home and community services to Medicaid recipients otherwise eligible for institutional care.
- DIGEST:** HB 143 would require the Texas Health and Human Services Commission (HHSC) to establish a personal needs allowance of not less than \$60 per month for a Medicaid resident of a long-term care facility if that resident was not participating in a waiver program.

The act would take effect on September 1, 1999, and would apply only to a personal needs allowance paid on or after that date.

**SUPPORTERS  
SAY:**

This bill would increase the Medicaid allowance to a modest \$60 to help residents take better care of their personal needs. This allowance has not been changed since 1983, despite the rise in prices due to inflation.

Many residents of nursing homes and other institutions have no family to help pay for the small items that contribute to a sense of health and well-being, or their families are too poor themselves to help much. Personal needs allowances are used for clothing, such as slippers and socks, soap, deodorant, other personal care items, hair-care expenses, and small gifts for friends.

Increasing the allowance to \$60 would be a conservative step after 17 years of no increase. In comparison, war veterans in institutions are able to keep \$90 of their income.

Providing a decent quality of life for institutionalized, low-income elderly and disabled individuals should be a state priority, not a local or private one. Churches and other charity groups are beginning to feel financial strains as well. Some communities do not have a church or charity group that is wealthy enough to take on the additional service of providing for residents of long-term care facilities.

**OPPONENTS  
SAY:**

According to the fiscal note, this bill would cost the state about \$13 million per year from general revenue by diverting income that normally would go toward defraying the costs of Medicaid.

An alternative to state funding could be to request donations of personal-care items and financial assistance from charity groups and churches. Such a measure also would increase community awareness of the plight of the institutional residents, and the presence of volunteers could provide additional oversight on the operations of these facilities.

**OTHER  
OPPONENTS  
SAY:**

If the allowance must be raised, a more conservative increase, such as \$40, would help the institutional residents while containing state government expansion.

HB 143  
House Research Organization  
page 3

NOTES: A related bill, HB 314 by Chavez, Thompson, and A. Reyna, which would increase the personal needs allowance to \$40 per month, was left pending in the House Human Services Committee.