

SENATE BILL REPORT

SB 5745

As Reported by Senate Committee On:
Human Services, Reentry & Rehabilitation, January 25, 2022
Ways & Means, February 7, 2022

Title: An act relating to increasing the personal needs allowance for persons receiving state financed care.

Brief Description: Increasing the personal needs allowance for persons receiving state financed care.

Sponsors: Senators Liias, Keiser, Conway, Nobles and Wilson, C..

Brief History:

Committee Activity: Human Services, Reentry & Rehabilitation: 1/20/22, 1/25/22 [DP-WM].

Ways & Means: 2/04/22, 2/07/22 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Increases the personal needs allowance (PNA) for certain clients receiving at home and community-based waiver services authorized by home and community services while living at home to 300 percent of the federal benefit level, effective July 1, 2022.

SENATE COMMITTEE ON HUMAN SERVICES, REENTRY & REHABILITATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wilson, C., Chair; Nguyen, Vice Chair; Gildon, Ranking Member; Dozier, McCune, Saldaña and Trudeau.

Staff: Alison Mendiola (786-7488)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5745 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Schoesler, Assistant Ranking Member, Capital; Honeyford, Ranking Minority Member, Capital; Billig, Braun, Carlyle, Conway, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Mullet.

Staff: Maria Hovde (786-7474)

Background: Federal law requires Medicaid recipients to contribute to the cost of long-term care. The contribution amount is determined by deducting certain amounts from a recipient's monthly income. One of the permitted deductions is the personal needs allowance (PNA), an amount of the Medicaid recipient's own income that can be kept and spent on personal items. After deducting the PNA and other allowable deductions, all remaining income goes toward the cost of care.

The PNA in Washington is \$71.12 per month for persons in nursing facilities or institutions, and for persons in residential care, such as in an adult family home or assisted living facility. The PNA for individuals living at home varies and is dependent on marital status. As an example, the current PNA for a single person is \$1,074.

Old-Age, Survivors, and Disability Insurance benefits are increased for inflation as published by the Social Security Administration. As of January 1, 2020, and subject to legislative appropriations, the PNA for clients being served in medical institutions and in residential settings is also adjusted for inflation.

Summary of Bill (First Substitute): Unless subject to a separate determination of a monthly maintenance needs allowance for a community spouse as specified in rule, beginning July 1 2022, the PNA for clients receiving at home and community-based waiver services authorized by home and community services while living at home is increased to 300 percent of the federal benefit rate and shall not exceed the maximum personal needs allowance permissible under the federal Social Security Act.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Clarifies that clients subject to a separate determination of a monthly maintenance needs allowance for a community spouse are not subject to the PNA increasing to 300

- percent of the federal benefit rate.
- Changes the effective date of the PNA increase from January 1, 2023 to July 1, 2022.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Human Services, Reentry & Rehabilitation): PRO: PNA supports people having a choice about where they can receive their care. Individuals are safer when they stay in their own home, but they still need to pay for rent, food and other necessities. Right now people are only allowed to keep 100 percent of the federal benefit rate, while other programs allow a PNA up to 300 percent of the federal benefit rate. Living on just \$1,074 a month causes great anxiety, stress and even leads many to use food banks. Some choose instead to live elsewhere, like skilled nursing facilities covered by Medicaid which is five times the cost of in-home care. Washington has the 13th highest cost of living yet 30 other state have a higher PNA. The national average PNA is \$2,024. Ten thousand people turn 65 every day in the U.S. Seniors and those with disabilities want to remain in their homes as long as possible, however, the current system discourages this. Increasing the PNA will help address this problem. This is funded in the Governor's budget and helps to dismantle poverty.

Persons Testifying (Human Services, Reentry & Rehabilitation): PRO: Senator Marko Liias, Prime Sponsor; Bea Rector, DSHS, Aging and Long-Term Support Administration; Peter Nazzal, Catholic Community Services; Demas Nesterenko, SEIU775; Mike Gantala, Self advocate; Diana Stadden, The Arc of WA State; Ben Bledsoe, Consumer Direct Care Network; Kari Stevens, Aging & Long Term Care of Eastern Washington; Cathy Knight, Washington Association of Area Agencies on Aging; Cathy MacCaul, AARP Washington State.

Persons Signed In To Testify But Not Testifying (Human Services, Reentry & Rehabilitation): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill fights poverty. The current PNA is an unconscionable amount and requires low-income individuals to contribute two-thirds of their resources to the cost of their care. The low PNA can deter people from getting care, which can increase the costs to the system with much more challenging care needs later on. Most other states are doing a better job of making long-term care affordable for those who want to stay in their home. Home care agencies are required to collect participation from these clients and in some cases have gone

to the client's home to collect \$200 to \$300 per month only to find bare cupboards and clients trying to heat their homes with pellet stoves. So many clients want to pay their bills but may have mental health issues that makes doing so challenging. This bill would also reduce the administrative burden on home care agencies who have to mail out bills and then collect the payments.

Persons Testifying (Ways & Means): PRO: Kate White Tudor, Washington Association of Area Agencies on Aging; Peter Nazzal, Catholic Community Services.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.