

1 **ELIMINATE SPEND DOWN PROVISION FOR**
2 **MEDICAID**

3 2003 GENERAL SESSION
4 STATE OF UTAH

5 **Sponsor: Rebecca D. Lockhart**

6 **This act modifies the Medicaid spend down requirements. The act amends the Medical**
7 **Assistance Act. The act defines terms and directs the Health Department to use 100% of**
8 **the federal poverty level as the income standard when determining if the aged, blind, or**
9 **disabled have spent down enough excess income to be eligible for Medicaid benefits.**

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12 **26-18-3**, as last amended by Chapter 316, Laws of Utah 2000

13 *Be it enacted by the Legislature of the state of Utah:*

14 Section 1. Section **26-18-3** is amended to read:

15 **26-18-3. Administration of Medicaid program by department -- Disciplinary**
16 **measures and sanctions -- Funds collected.**

17 (1) The department shall be the single state agency responsible for the administration
18 of the Medicaid program in connection with the United States Department of Health and
19 Human Services pursuant to Title XIX of the Social Security Act.

20 (2) The department shall develop implementing policy in conformity with this chapter,
21 the requirements of Title XIX, and applicable federal regulations.

22 (3) The department may, in its discretion, contract with the Department of Human
23 Services or other qualified agencies for services in connection with the administration of the
24 Medicaid program, including but not limited to the determination of the eligibility of
25 individuals for the program, recovery of overpayments, and enforcement of fraud and abuse
26 laws, consistent with Section 26-20-13, to the extent permitted by law and quality control
27 services.



28 (4) The department shall provide, by rule, disciplinary measures and sanctions for
29 Medicaid providers who fail to comply with the rules and procedures of the program, provided
30 that sanctions imposed administratively may not extend beyond:

- 31 (a) termination from the program;
- 32 (b) recovery of claim reimbursements incorrectly paid; and
- 33 (c) those specified in Section 1919 of Title XIX of the federal Social Security Act.

34 (5) Funds collected as a result of a sanction imposed under Section 1919 of Title XIX
35 of the federal Social Security Act shall be deposited in the General Fund as nonlapsing
36 dedicated credits to be used by the division in accordance with the requirements of that section.

37 (6) (a) In determining whether an applicant or recipient is eligible for a service or
38 benefit under this part or Chapter 40, Utah Children's Health Insurance [Program] Act, the
39 department shall, if Subsection (6)(b) is satisfied, exclude from consideration one passenger
40 vehicle designated by the applicant or recipient.

41 (b) Before Subsection (6)(a) may be applied:

42 (i) the federal government must:

43 (A) determine that Subsection (6)(a) may be implemented within the state's existing
44 public assistance-related waivers as of January 1, 1999;

45 (B) extend a waiver to the state permitting the implementation of Subsection (6)(a); or

46 (C) determine that the state's waivers that permit dual eligibility determinations for
47 cash assistance and Medicaid are no longer valid; and

48 (ii) the department must determine that Subsection (6)(a) can be implemented within
49 existing funding.

50 (7) (a) For purposes of this Subsection (7):

51 (i) "aged, blind, or disabled" shall be defined by administrative rule; and

52 (ii) "spend down" means an amount of income in excess of the allowable income
53 standard that must be paid in cash to the department or incurred through the medical services
54 not paid by Medicaid.

55 (b) In determining whether an applicant or recipient who is aged, blind, or disabled is
56 eligible for a service or benefit under this chapter as a result of a spend down, the department
57 shall use 100% of the federal poverty level as the allowable income standard for the spend
58 down.

Legislative Review Note

as of 10-21-02 12:50 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Interim Committee Note

as of 12-12-02 4:43 PM

The Health and Human Services Interim Committee recommended this bill.

Mixed Membership Committee Note

as of 12-12-02 4:43 PM

The Access to Health Care and Coverage Task Force recommended this bill.

Membership:	8 legislators	2 non-legislators		
Legislative Vote:	6 voting for	0 voting against	4 absent	

State Impact

This bill mandates that 100 percent of the Federal Poverty Level (FPL) will be the allowable income standard before "spend down" is required for Medicaid coverage. Because of an upcoming (March 1, 2003) change in Medicaid rules that reduces eligibility to 75 percent of FPL, the fiscal impact of this bill will encompass the entire cost from 75 percent FPL to 100 percent.

The estimated cost of this bill is \$23.3 million, of which \$6.8 million is state General Funds, with the balance coming from Federal matching funds. Administrative implementation of this bill will cost approximately \$100,000, half of which would be from the General Fund and half from federal matching funds.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
General Fund	\$6,823,100	\$6,823,100	\$0	\$0
Federal Funds	\$16,492,000	\$16,492,000	\$0	\$0
TOTAL	\$23,315,100	\$23,315,100	\$0	\$0

Individual and Business Impact

This bill will allow individuals who are aged and/or disabled who qualify for Medicaid to utilize 100 percent of FPL as the allowable income standard for Medicaid spend down.

Office of the Legislative Fiscal Analyst