

MEMO



Connecting People to Policy

DATE: August 5, 2022

TO: Fran Almaraz, Forum President, Nevada Silver Haired Legislative Forum

FROM: Patrick B. Ashton, Principal Policy Analyst, Research Division, Legislative Counsel Bureau

SUBJECT: **Comparison of the Personal Needs Allowance for Seniors Enrolled in Medicaid and Residing in Institutional or Home and Community-Based Settings**

The Nevada Silver Haired Forum heard [testimony](#) from Marie A. Coe, Interim Long-Term Care Ombudsman, Aging and Disability Services Division (ADSD), Department of Health and Human Services (DHHS), on [June 22, 2022](#), regarding the current Personal Needs Allowance (PNA) of \$35 for seniors enrolled in Medicaid and residing in skilled nursing facilities throughout Nevada.

Subsequent to this testimony, you requested information related to the Forum's potential bill draft request to increase the amount of the PNA for institutionalized seniors on Medicaid and to tie future PNA increases to Cost-of-Living-Adjustments (COLA) of the [Federal Benefit Rate](#). This memorandum provides you with: (1) an overview of the PNA in federal law and Nevada; (2) PNA rate setting for certain Medicaid waiver clients; and (3) the PNA rates in other states.

OVERVIEW

Medicaid provides two care options for [long-term services and supports](#) for certain low-income individuals, including seniors: institutional care and home and community-based services. Institutional care is, for instance, seniors residing and receiving care in a skilled nursing facility due to their high level of care needs. [Home- and Community-Based Services](#) (HCBS) allow individuals with significant physical and/or cognitive limitations and who are at risk of being admitted to a nursing facility to live in their home or a home-like setting and remain integrated with the community.

In Nevada, seniors receiving HCBS through the [Waiver for the Frail Elderly](#) may live in their home or in [residential facilities for groups](#) (group homes) where they receive a lower level of care compared to a skilled nursing facility. Both seniors living in a nursing facility and seniors residing in a group home receive a PNA, but at different rates of \$35 and \$137, respectively.

PERSONAL NEEDS ALLOWANCE FOR NEVADA MEDICAID CLIENTS RESIDING IN NURSING FACILITIES

According to the National Conference of State Legislatures, [Section 1902\(q\), State Plans for Medical Assistance](#), of the Social Security Act (H.R. 7260, 74th Congress) provides the requirements for the PNA. Medicaid nursing facility residents may be charged for certain [items and services](#) received in the nursing facility. The Social Security Act essentially requires a PNA to be deducted from a Medicaid nursing facility resident's monthly income to reserve some funds to cover costs of care not reimbursed by Medicaid. Federal statute sets the minimum monthly amount at \$30. States can allow a higher monthly PNA than the required federal minimum.

In Nevada, the rate is set at \$35. According to information from Sheri Rasmussen, Social Services Program Specialist III, Eligibility and Payments, Division of Welfare and Supportive Services (DWSS), DHHS, the PNA has not been adjusted since at least 1991.

PERSONAL NEEDS ALLOWANCE FOR NEVADA MEDICAID WAIVER CLIENTS RESIDING IN GROUP HOMES

According to Ms. Rasmussen, HCBS waiver clients who reside in group homes receive a PNA that is increased based on the yearly Social Security Administration's COLA. These individuals receive [Supplemental Social Security Income](#), or a federal benefit rate currently of \$841, a supplemental state payment of \$391, and may keep a PNA of \$137. The remaining \$1,097 goes to the operator of the group home (see enclosed a DWSS letter template). The PNA is proportionate to the COLA increase. For instance, the COLA for 2022 increased the PNA for waiver clients by 5.9 percent from \$129 to \$137 per month.

Overall, the difference in the PNA between Medicaid nursing facility residents (\$35) and Medicaid waiver clients residing in group homes (\$137) is currently \$102 monthly.

PERSONAL NEEDS ALLOWANCE FOR INSTITUTIONAL CARE IN OTHER STATES

Dr. Marilyn E. Jordan, Forum Vice President, and various other entities verified and shared information from [the website of the American Council on Aging](#) that lists the PNAs for institutional care from all states and the District of Columbia.

In a review of the PNA in [50 states and the District of Columbia](#) (see Figure 1 in the addendum), only seven allow a PNA of less than \$40, including Nevada. Twenty-nine states have a PNA between \$40 and \$69; the other 15 states authorize a PNA of anywhere between \$70 up to \$200. Some states tie increases to PNAs to the COLA by the federal Social Security Administration. Examples of these states are:

- Colorado: PNA increases are based on increases in the state share of the average per diem rate pursuant to subsection 2(a) of *Colorado Revised Statutes* (CRS) [25.5-6-206](#). The increase is currently limited to no more than 3 percent as set forth in subsection(9)(b)(I) of CRS [25.5-6-202](#);
- [Minnesota](#): Established a monthly minimum amount for PNAs of \$45 and requires COLA increases by the same percentage of increase to the federal benefit rate;
- [Missouri](#): Authorized annual COLA increases up to a maximum amount of \$50; and
- [Washington](#): Set the PNA at \$70 for clients being served in medical institutions and in residential settings and increased the PNA by the COLA percentage not to exceed the maximum PNA permissible under the federal social security act.

CONCLUSION

I trust this information is helpful. Please let me know if you have any further questions or concerns.

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Figure 1: Graphic Derived from Data of the [American Council on Aging](#)

