

# Personal Needs Allowance Increase for Medicaid Recipients in Nursing Homes



## Why this Legislation is Important

The Personal Needs Allowance (PNA) is the amount of monthly Medicaid income that nursing home residents may keep for their personal use. Residents use the allowance for new shoes, power wheelchair batteries and repairs, burial insurance, haircuts, clothes, religious offerings, glasses, books, hearing aids, dentures, toiletries, family cards, and other normal expenses of life.

In 1974, the Federal government set a minimum PNA of \$25 and increased it to \$30 in 1988. Although states may increase this amount, Georgia remained at the \$30 level for 18 years until it raised the minimum by 60% to \$50 in 2006. While the price of goods and services has continued to increase, Georgia's PNA has remained the same since 2006. As a result, many nursing home residents have difficulty paying for incidental and necessary items not covered by Medicaid.

By comparison, residents of community-based personal care homes who are eligible for Medicaid-funded Community Care Services may keep at least \$95 of their monthly income, and VA residents may keep at least \$90 per month. This disparity between Medicaid programs places nursing home residents at the bottom of the ladder for basic supplemental assistance.

The periodic and substantial budget increases which occur under current law would be avoided with the provision of a Cost of Living Allowance (COLA) for the Medicaid PNA whenever there is a COLA for Social Security. Tagging the PNA COLA to the Social Security COLA would also ensure that the current economy determines the timing and percentage of the increase.

Enacting a COLA feature to the Personal Needs Allowance would help Georgia's nursing home residents maintain some buying power for meeting their basic needs and would place them on a more equitable level with other long-term care residents.

## What Other States Are Doing

Missouri enacted automatic increases to the PNA for institutionalized Medicaid recipients effective January 1, 2010. Across the country, other states such as North Carolina and Massachusetts are considering legislation to set automatic annual COLA increases.

## What this Budget Item and Legislation Would Do

Legislation would enact a Cost of Living Allowance for Medicaid residents of nursing homes that would be automatically triggered by a Social Security COLA. In addition, a state appropriation would provide the adjustment for residents who receive Supplemental Security Income through the Department of Human Services. The COLA would permit the 35,000 nursing home residents receiving Medicaid to keep more of their income to buy personal items.