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**FISCAL IMPACT STATEMENT**

**LS 6662**

**BILL NUMBER:** HB 1391

**NOTE PREPARED:** Jan 19, 2014

**BILL AMENDED:**

**SUBJECT:** CHOICE Program.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill changes asset limitations within the Community and Home Options to Institutional Care for the Elderly and Disabled Program (CHOICE) from \$500,000 to \$250,000 and specifies certain exemptions from the asset determination. It also requires annual adjustment of the asset limitation using the federal Consumer Price Index.

The bill allows a participant who is unable to perform at least one activity of daily living or one activity to participate in the program under specified circumstances.

The bill requires the Division on Aging (DoA) to: (1) establish a cost participation schedule for a program participant based on the participant's income and assets; and (2) redistribute certain savings obtained by family members and community members providing services at no cost to the program to the participant and the Area Agencies on Aging (AAA).

The bill allows the DoA to: (1) annually redetermine whether certain participants whom the DoA determines are likely to experience a material increase in income or assets remain eligible for the program; and (2) place a lien to recoup the cost of services that exceed \$10,000 for an individual in the same manner as liens that are placed under the Medicaid program.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** *Nonreversion of Appropriations:* The bill provides that CHOICE appropriations do not revert to the General Fund at year end and must be distributed to the AAAs for the provision of program services. CHOICE reversions were \$2.3 M in FY 2012 and \$1.6 M in FY 2013. The

ultimate cost of this provision would depend on the level of appropriations authorized by the General Assembly.

*CHOICE Eligibility Expansion:* The fiscal impact of this provision would be limited by the level of the appropriation. The bill would allow individuals unable to perform one activity of daily living (ADL) or some activity to qualify for CHOICE services if the AAA determines that addressing the deficit or providing targeted intervention or assistance would significantly reduce the likelihood of the loss of independence and the need for additional services. The cost of this provision would depend on the extent to which the AAAs may already be providing services for persons unable to perform one ADL. (The 2010 *CHOICE Annual Report* identified that services were provided to 571 persons with one documented ADL. These may have been only case management services.) The CHOICE program also currently provides Medicaid waiver recipients services that are not covered under the waiver.

*Case Management Services:* The bill provides that the DoA is to provide funding to provide case management services for the program. Case management dollars currently are allocated from Title III B federal funding (Supportive Services and Senior Center Programs), the CHOICE appropriation, and the Social Security Block Grant allocation. [Information has been requested from the DoA as to the potential fiscal impact of this provision. The information will be provided when available.]

*Income and Asset Determination:* The bill includes the verification of an applicant's income and assets in the definition of case management. The extent to which the AAAs verify applicants' incomes and assets is not known at this time. It would appear that applicants are initially asked for sufficient information to provide information and referral services such as to suggest that a Medicaid application should be completed to determine eligibility for Medicaid waiver services. After July 1, 2014, the bill restricts a CHOICE recipient's assets to \$250,000 as adjusted by the Consumer Price Index (CPI) and further specifies that only assets that are included in the Medicaid determination may be used for the CHOICE program. (The most common Medicaid asset exclusion is the principle home and automobile in determining available assets.) It is not clear if this language would include the Medicaid look-back requirements or the spousal impoverishment provisions concerning the transfer of assets. The bill would also allow a redetermination at the DoA's discretion. [Information has been requested from DoA as to what the current CHOICE financial eligibility determination process entails and what the fiscal impact of adding the Medicaid level of asset determination complexity might be. This information will be provided when available.]

The bill also establishes an annual process to increase the asset limitation by the CPI and requires the result to be published in the *Indiana Register* each year. This requirement would be an administrative duty that should be able to be accomplished within the resources available to the DoA.

*Cost Participation:* The bill requires the DoA to establish a cost participation schedule based on CHOICE participants' income and assets. Current statute already provides that the CHOICE board is to establish a client cost share for individuals with income above 150% of the federal poverty level (FPL). Most sliding fee scales are based solely on income since assets are not always easily converted to cash. The extent to which the current cost share is actually collected is not known at this time. [The existing cost participation schedule and collections has been requested from the Division on Aging and will be provided when available.]

*Uncompensated Care:* The bill establishes a distribution for savings realized due to services provided by a person, such as a relative, who is not compensated for the care. No dollars are allocated for care that is not compensated. Therefore, the impact of this provision if any, would be an offset of the individual's required

cost share. Any savings realized because a spouse or a parent provides care without compensation is currently available for the provision of other services within the CHOICE program.

*Additional Information:* Currently, CHOICE eligibility standards include the following: (1) 60 years of age or disabled; (2) no income restrictions - cost share is required for anyone above 150% of FPL; (3) assets under \$0.5 M; (4) unable to perform two or more assessed ADLs.

Current Medicaid waiver eligibility standards include the following: (1) 65 years of age or disabled; (2) income level must be at or under 300% of the SSI standard; (3) assets under \$1,500 for singles and \$2,000 for a couple (excepting that spousal impoverishment provisions apply); (4) unable to perform three or more ADLs.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Division of Aging.

**Local Agencies Affected:**

**Information Sources:** IC 12-10-11-8(11); CHOICE Annual Reports for 2010 - 2013. CHOICE Board Minutes - 2013, State Budget Agency Reversion Reports from FY 2012 and FY 2013.

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