

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3294
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: DECEMBER 1, 2022

SUMMARY

Synopsis: Requires DHS to disregard certain federal pension benefits for veterans in making Medicaid eligibility determinations.

Type of Impact: Annual increase in State expenditures and revenues.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate increase in annual State expenditures due to growth in Medicaid enrollment. Any cost incurred under the bill will be partially offset by the receipt of State revenue in the form of federal Medicaid reimbursements, which, for the bill’s target population, is 50 percent of the total cost for services.
- The bill exempts federal Aid and Attendance pension benefits received by veterans or their surviving spouses from the income eligibility determination under Medicaid. The OLS estimates that 922 individuals receive Aid and Attendance benefits in New Jersey; however, it is unclear how many of these individuals would become newly eligible for Medicaid under the bill’s provisions.

BILL DESCRIPTION

This bill requires that the Department of Human Services disregard United States Department of Veterans Affairs Aid and Attendance pension benefits when making Medicaid income eligibility determinations for veterans or the surviving spouse of a veteran, aged 65 years and older.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an indeterminate increase in annual State expenditures due to growth in Medicaid enrollment under the bill. With the bill exempting federal Aid and Attendance pension benefits received by veterans or their surviving spouses from the income eligibility determination under Medicaid, some individuals may have their income reduced to the point where they become newly eligible for Medicaid coverage; thereby increasing Medicaid enrollment. Any State costs incurred under the bill will be partially offset by the receipt of State revenue in the form of federal Medicaid reimbursements, which, for the bill's target population, is 50 percent of the total cost for services.

Aid and Attendance benefits are federal benefits that provide monthly payments to veterans or their surviving spouses, aged 65 or older, who reside in a nursing home or who are in need of daily care within their home. Recipients must receive a pension from the federal Department of Veterans Affairs, to which the monthly Aid and Attendance benefits are added. According to the department, 2,459 veterans receive a pension in New Jersey. Assuming the national rate of 37.5 percent of all veterans receiving a pension also receive Aid and Attendance benefits, results in 922 individuals in New Jersey that could be receiving Aid and Attendance benefits.

The OLS cannot quantify how many of these 922 individuals would become newly eligible for Medicaid benefits or the annual cost of those Medicaid benefits, and hence the extent of the State expenditure increase under the bill, because there are multiple unknown variables. These variables include: the health insurance coverage and income levels of veterans and surviving spouses who would benefit under the bill; the overall level of benefits that these veterans and surviving spouses receive from existing coverage; and the number of eligible veterans and surviving spouses under the bill who may continue receiving existing services from one of the State's three nursing homes operated by the Department of Military and Veterans Affairs.

Moreover, it is possible that a newly eligible veteran or surviving spouse will forgo long-term care coverage under Medicaid to maintain consistency of care if the beneficiary is currently receiving those services via one of the State's veteran nursing homes. These facilities are open to veterans and their spouses, and residents pay according to ability based on income. According to the FY 2023 Budget, it is projected that the State's three veteran nursing homes will have an average daily population of 740 residents in the current fiscal year.

Section: *Human Services*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).