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*Working since 1987 to enhance residents' quality of life and improve the quality of the care they receive.*

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**INCREASE NEEDED IN  
NORTH CAROLINA MEDICAID  
PERSONAL NEEDS ALLOWANCE**

**BACKGROUND**

Most Medicaid recipients who reside in nursing homes or assisted living facilities (adult care homes or family care homes) have some personal income. That income may be personal retirement funds, a pension, or Social Security. The residents receive those funds each month, and the home providing care for them uses almost all those funds to defray the costs of caregiving.

However, each Medicaid recipient, according to regulations, retains some of those funds for personal use. Some of these funds for their individual use are called the *Personal Needs Allowance* or *PNA*. Medicaid rules indicate that a resident's PNA can be used "to meet the costs of certain expenses not covered by the monthly rate such as personal articles." Medicaid recipients in residential care (assisted living) also have what is called a \$20 income exclusion, which means that the first \$20 of their income can't be used by homes and is retained by the resident.

The items purchased with these personal funds vary from resident to resident and type of facility, but they often include item such as those below:

- the co-pay for prescribed medication for assisted living residents
- shoes and slippers,
- snacks,
- books and magazines
- cell phone costs,
- hearing aids and supplies, if needed.
- toiletries (soap, shampoo, deodorant, razors, toothpaste, toothbrushes, etc.),
- clothing, and
- cards or small gifts for family birthdays and other occasions.

**For nursing homes residents**, a PNA rate of \$30 per month was established by the Federal government in 1987. That figure has not been increased, as it can be, by the North Carolina State Legislature. Thus, the funds for personal expenditures for nursing home residents has remained at \$30 for 30 years—North Carolina ranks with three other states that have not increased the PNA since the beginning of the program. For nursing home residents to have the same buying power today that they did in 1987, the PNA would need be almost \$70 to keep pace with inflation.

Nursing home residents in North Carolina in 2018 have **less than one-half** the buying power of North Carolina nursing home residents in 1987. Yet, the goods residents purchased in 1987 are largely the same as those that must be purchased in 2018. The only problem is that these goods are over twice as expensive in 2018 as in 1987.

**For assisted living residents**, North Carolina has provided, since 2003, a PNA of \$46 per month. Assisted living residents also have an income exclusion of \$20. In 2018, the goods purchased with that \$66, according to changes in the consumer price index, require just over \$89 for the same purchases in 2018. Assisted living residents buying power has **been reduced by about one-third** over the last 15 years.

At the same time, unlike nursing home residents, Medicaid recipients in assisted living are responsible for the co-pays for their medications. Most of these residents have at least five prescribed medications; some have 10 prescribed medications.

Shortfalls in residents' personal funds (the PNA plus income exclusion) mean that residents are often faced with decisions about how to make trade-offs. They must decide to buy, for example, slippers or a sweater, toothpaste or deodorant. Such items are required for a person's wellbeing and quality of life. Nonetheless, after co-pays paying for medications, a resident is often forced make such trade-offs because the remaining PNA funds don't allow them to purchase goods to meet their other monthly personal needs.

At times, homes will voluntarily supplement a resident's personal funds when their monthly expenses are unusually high. A resident might, for example, have much higher than usual costs for medications, and the home may pay for some of those medication. Such behavior by homes is to be applauded. Not all homes, however, can, will, or can afford to provide such assistance. This is especially true for facilities housing a high proportion of Medicaid recipients.

The families of assisted living residents can't be depended on to help with purchases to meet these personal needs. Often, no family members are available to help. This is especially true for older residents, almost all of whom are widowed. Also, even if family are available, individuals receive Medicaid services because they are poor. Poor residents are very likely to have poor families.

### **Friends of Residents in Long-Term Care Policy Goal**

In the 2019 session of the North Carolina State Legislature, Friends of Residents in Long-Term Care's primary policy goal is to see the North Carolina Medicaid **PNA raised to a more reasonable \$70 per month for both nursing home and assisted living residents**. This change would give nursing home residents \$70 in buying power and \$90 for assisted living residents. Industry estimates for the annual state cost of the increase are \$3.65 million for nursing home residents and \$2.54 million for residents in assisted living.