

FISCAL NOTE

Requested by Legislative Council

01/02/2001

Bill/Resolution No.: HB 1196

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$7,957,358	\$39,969,255		
Expenditures		\$400,000	\$7,957,358	\$87,828,294		
Appropriations			\$37,680,479	(\$12,638,726)		

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
	\$400,000			\$400,000				

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill re-establishes the Intergovernmental Transfer (IGT) Program, which was established by Senate Bill 2168 of the 1999 Legislative Assembly. Senate Bill 2168 contained a sunset date of June 30, 2001. This bill, if passed, would continue the long-term Care Loan Fund and the Health Care Trust Fund. This bill changes the rate of interest on current and future loans to two percent and identifies the purposes for which loans can be used. The bill also indicates the intended uses of the moneys in the Health Care Trust fund while providing a minimum balance of \$13 million as a contingency relating to the first year payment issues with the Federal Government (Health Care Financing Agency). Additionally, the Department would be required to pay \$200,000 **each** to the McVile and Dunseith facilities during the 1999 - 2001 biennium for catch up payments. Both cities would receive additional revenue of \$200,000 **each** during the 2001 - 2003 biennium to be retained from the pool payments.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues would be generated from the following sources:

- Federal government - Medicaid program - for the initial pool payments
- IGT payments returned to the Department from the McVile and Dunseith facilities
- Principal and interest from loan repayments
- Interest income earned on the balance of the fund

Revenues cannot be estimated for the 2003 - 2005 biennium as the federal government is limiting the amount of revenue available through the Intergovernmental Transfer Program and interest earnings cannot be anticipated until the legislature approves the use of the funds for the 2001 - 2003 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures are:

- The initial pool payments to McVile and Dunseith
- Loans and previously committed grants
- Bank of North Dakota fees
- Compensation enhancements
- Training grants
- Incentives for nursing home bed reductions
- \$13 million reserved until final resolution of issues raised by the Federal Government

The expenditures for the 2003 - 2005 biennium cannot be estimated until the remaining balance of the fund after the 2001 - 2003 biennium is known along with the intent of the legislature and executive budget recommendation for the future.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The general fund appropriation for the Department of Human Services will be impacted since certain services currently funded with moneys from the Health Care Trust fund in HB1012 have not been included as intended uses under this bill. The amount for these services left without funding total \$29,723,121. Additionally, the bill calls for general funds to be used as match when making the pool payments. These general funds are not included in HB 1012 and total \$7,957,358. **The two amounts combine for an overall general fund shortfall of \$37,680,479.** As the bill is proposed, HB 1012 would have an excess of \$12,638,726 of other authority as the use of the funds for loans would be made pursuant to a continuing appropriation. Under Governor Hoeven's budget, the appropriation authority does exist to make the catch up payments.

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Agency: Department of Human Services
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Prepared: