

JAN 29 1987

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: House Bill No. 1448 Amendment to: _____

Requested by: Legislative Council Date of Receipt: 1/21/87

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

There is no anticipated fiscal impact in the next biennium with respect to the equalization of rates; rather any impact is related to development of the case-mix determination system.

The estimated fiscal impact of this bill is dependent upon whether a case-mix reimbursement system is developed independent of advances made in other states or whether we are able to transfer an existing classification system to North Dakota and adapt it to our needs.

Irrespective of whether the system is developed from scratch or a transfer is possible, we will need to conduct resident assessments and an assessment of the resources necessary to meet the health care needs of the patients assessed. We estimate that the cost of these functions, including data processing and associated staff costs, will be \$240,000. These activities in Minnesota cost \$350,000 and involved the assessment of 2,000 individuals of a 45,000 resident population in nursing homes. To assure a high level of statistical validity, we project that 1,600 assessments will be necessary in North Dakota which has a resident nursing home population of 7,000.

If no transfer is effected, we will need to have the assessment data analyzed for purposes of establishing resident groups or classifications of patients. We estimate the cost of this function will be \$100,000 based upon Minnesota's experience.

Should a transfer of another state's classification system be possible, we would need to validate the applicability of that system to North Dakota at an estimated cost of \$40,000.

In conclusion, the estimated cost of developing a system from the ground up is \$340,000, of which \$255,000 is federal funds and \$85,000 is general funds. If we are able to successfully transfer in a system, the estimated cost is \$280,000, of which \$210,000 is federal and \$70,000 is general funds.

ALTERNATIVE

State Fiscal Effect:

	<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>
BUILD	127,500	42,500	127,500	42,500	255,000	85,000
TRANSFER	105,000	35,000	105,000	35,000	210,000	70,000

County and City Fiscal Effect:

	<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Mike Schwindt

Typed Name MIKE SCHWINDT

Date Prepared: 1/28/87

Department HUMAN SERVICES