FISCAL NOTE

Requested by Legislative Council
02/04/2011

Amendment to: HB 1325

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$679,193		$899,740
Expenditures			$546,786	$679,193	$724,340	$899,740
Appropriations			$546,786	$679,193	$724,340	$899,740

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill extends the nursing home and basic care moratoriums thru July 1, 2013 and also creates a 24 month bed layaway program for up to 25% of a nursing facility's beds.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of this Bill will allow nursing facilities to de-license beds for up to 24 months. It is assumed that all facilities subject to the 90% occupancy limitation would take advantage of the bed layaway program. In those facilities that take advantage of the bed layaway the nursing facility daily rate, beginning January 1, 2012, will increase for both Medicaid recipients and private pay individuals. The proposed increase to the Medicaid payments for nursing facilities will impact the Upper Payment Limit (UPL) and based on the UPL calculation for the 2011 nursing facility rates, we expect this proposal to exceed the UPL for non-state government owned facilities. This fiscal note is based on 18 months of expenditures for the 11-13 biennium.

If this bill and/or the cumulative impact of legislation passed during the 2011 Legislative Assembly results in the UPL being exceeded for one or more of the facility types, the Department will need to reduce the Medicaid rates to comply with the Upper Payment Limit. Subsequently, because of equalized rates, the rates for the private pay would be reduced as well. If the Department were to reduce rates, we would need guidance from the Legislature about the use of non-federal funds to pay for the portion of costs associated with approved nursing facility rate increases, which exceed the UPL.

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.*

The revenue increase in each biennium is the additional federal funds the state would receive for the higher costs incurred if a bed layaway program is approved and the UPL is not exceeded.

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 costs paid by Medicaid for nursing home care are estimated to increase by $1,225,979 in the 11-13 biennium, of which $546,786 would be general fund. The costs for 13-15 biennium are estimated at $1,624,080, of which $724,340 would be general fund.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Department will need an appropriation increase of $1,225,979 in the 11-13 biennium, of which $546,786 would be general fund and $679,193 is federal funds.

The Department will need an appropriation increase of $1,624,080 in the 13-15 biennium, of which $724,340 would be general fund and $899,740 is federal funds.

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