FISCAL NOTE
Requested by Legislative Council
01/07/2011

Bill/Resolution No.:   HB 1169

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				$70,085		$93,448
Expenditures			$56,423	$70,085	$75,230	$93,448
Appropriations			$56,423	$70,085	$75,230	$93,448

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 increases the amount of allowable annual education expenditures used in nursing home rates from the lesser of 1/2 of the individual's education expense or $3,750 to an amount not to exceed $3,750 annually per individual.

   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.*

Increases in allowable expenses contained in Section 1 of the Bill would increase the daily rate paid to nursing homes by the Department for Medicaid clients and also would increase the daily rate for private pay individuals beginning January 1, 2012. It is estimated the Department's cost would increase by an additional $126,508 for 18 months and the cost of private pay individuals would increase $120,314 for 18 months.

Medicaid nursing home payments are subject to an Upper Payment Limit (UPL), based on a comparison to what Medicare would pay for similar services. The UPL is calculated for each category of facility (private, state government, and non-state government).

The North Dakota Medicaid payments for nursing homes have become increasingly close to the (UPL). This proposed increase to the Medicaid payments for nursing homes will impact the UPL and may disproportionately impact the UPL for the non-state government facilities.

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 increase in revenues in each biennium is the additional federal funding the state will receive due to the increased expenditures relating to allowable expenditures.

   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.*

It is estimated that increasing the allowable expenditures used in setting nursing home rates will create additional expenditures for the Department of Human Services in the amount of $126,508 for the 11-13 biennium and $168,678

for the 13-15 biennium. The general fund need for each biennium would be $56,423 for the 11-13 biennium and 75,230 for the 13-15 biennium.

   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 126,508 of which $56,423 is general funds and 70,085 is federal fund for the 11-13 Biennium.

The Department will need an appropriation increase of 168,678 of which $75,230 is general fund and 93,448 is federal funds for the 13-15 Biennium.

Name:	Debra A. McDermott	Agency:	Dept. of Human Service
Phone Number:	328-3695	Date Prepared:	01/11/2011