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DATE PREPARED: April 11, 2011
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Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Based on new information

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	14,206,172	14,206,172	14,419,265	14,419,265
FEDERAL FUNDS	19,933,386		20,242,479	
OTHER FUNDS				
TOTAL FUNDS	34,139,558	14,206,172	34,661,743	14,419,265

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill establishes the Nursing Facility Quality Assurance Assessment Act. It provides for a quality assurance assessment to be placed on nursing facilities and skilled nursing facilities and provides for exceptions of certain facilities. The proceeds from the assessment will be placed in the Nursing Facility Quality Assurance Fund. The fund shall only be used for the following purposes: 1) to pay the department's administrative costs relating to the collection and enforcement of the assessment, 2) to pay the state's share of an add-on to the rate Medicaid pays for costs incurred by nursing facilities, 3) to rebase rates under the Medicaid Program and 4) to increase quality assurance payments to fund covered services to residents. The Department of Health and Human Services (HHS) is required to submit a state plan amendment to impose the assessment and also an application for a waiver to exempt certain facilities from the quality assurance assessment. The assessment will be in effect after HHS receives approval of a state plan amendment to increase rates per Section 26 of the bill.

Based on an assessment of \$3.50 per bed reduced by the amount paid by facilities meeting the high volume criteria, the annual amount collected would be \$14,206,172 in FY 12 and \$14,419,265 in FY 13. HHS estimates administrative expenses to be \$210,564 (\$105,282 from the Nursing Facility Cash Fund and \$105,282 from federal funds) in FY 12. In FY 13, and the amount would be \$164,030 (\$82,015 CF and FF). After expenses and payment of the Medicaid share, the amount available to increase rates would be \$8,196,805 in FY 12 and \$8,344,603 in FY 13 from the cash fund revenue. With the federal Medicaid match the total amount available would be \$19,722,822 in FY 12 and \$20,078,449 in FY 13.

The Governor recommended a reduction of 5% and the Appropriations Committee, 3%. Once the assessments are established, this would alleviate the rate reduction and provide an inflationary increase.