

Revised based on amendments adopted through 3-22-07

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

This bill allows counties to transfer funds to the state for medical payments for services provided to low-income individuals who qualify for medical assistance from the counties. The payments would be used to obtain a federal Medicaid match for the purpose of paying disproportionate share payments to hospitals.

A hospital qualifies as a Disproportionate Share Hospital by having a Medicaid inpatient utilization rate which equals or exceeds the statewide average or a low-income utilization rate of 25% or more. The qualifying hospitals are eligible for an additional reimbursement under Medicaid. The counties' funds could be used to generate the federal Medicaid match of approximately 58%. The amount of the transfers from counties is voluntary and would depend on which counties choose to transfer the funds and the amount of the obligation for medical payments from those counties. It is estimated that there would be approximately \$3 million that could be transferred from the counties, if all counties participated. This amount would generate about \$4.1 million in federal match.

This bill also amends the tax rate on intermediate care facilities for the mentally retarded to comply with federal Medicaid changes. States are allowed to assess taxes on medical providers and use the tax as state matching funds for federal Medicaid dollars. These taxes must be assessed equally to all providers in a class. The current federal maximum tax rate that is allowed to be assessed and used for the state match is 6%. Beginning January 1, 2008, the maximum allowable rate is 5.5%. This bill changes the state rate beginning January 1, 2008 to 5.5%.

The tax distribution is as follows:

**FY 2006 Provider Tax Distribution**

Administration	55,000
Refund of tax to Mosaic	753,706
Community-based DD	312,000
Refund of tax to BSDC	1,015,240
Transfer to General Fund	1,553,081
<b>Total</b>	<b>3,689,027</b>

This change conforms Nebraska's provider tax to the federal law. The funding shown in the chart above will be preserved but at the lower rate. The amount transferred to the General Fund will decrease by approximately \$300,000 annually.